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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 2012 Open to Public Inspection
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization MEMORIAL HEALTH SYSTEMS INC		D Employer identification number 59-0973502
	Doing Business As FLORIDA HOSPITAL MEMORIAL MEDICAL CENTER		
	Number and street (or P O box if mail is not delivered to street address) 301 MEMORIAL MEDICAL PARKWAY	Room/suite	E Telephone number (386) 676-6000
	City or town, state or country, and ZIP + 4 DAYTONA BEACH, FL 32117		G Gross receipts \$ 250,361,142
	F Name and address of principal officer DARYL TOL 301 MEMORIAL MEDICAL PARKWAY DAYTONA BEACH, FL 32117		
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527		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)	
J Website: ▶ WWW.FLORIDAHOSPITALMEMORIAL.ORG		H(c) Group exemption number ▶	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities MEDICAL CARE TO THE COMMUNITY THROUGH THE OPERATION OF TWO HOSPITALS WITH A TOTAL OF 396 BEDS		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	18
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	2,187
	6 Total number of volunteers (estimate if necessary)	6	254
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	38,540
7b Total unrelated business taxable income from Form 990-T, line 34	7b	21,849	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	0	0
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	234,363,158	245,872,207
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,870,212	1,996,583
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	2,315,873
	12	236,233,370	250,184,663
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	165,981	105,713
	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)	99,777,661	106,892,001
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) $\rightarrow$ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	135,774,686	132,937,234
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	235,718,328	239,934,948
	19 Revenue less expenses Subtract line 18 from line 12	515,042	10,249,715
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	434,016,611	440,515,926
	21 Total liabilities (Part X, line 26)	190,151,117	187,836,321
	22 Net assets or fund balances Subtract line 21 from line 20	243,865,494	252,679,605

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	*****				2013-11-04		
	Signature of officer				Date		
	LYNN C ADDISCOTT ASSISTANT SECRETARY						
	Type or print name and title						
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date	Check ☐ if self-employed	PTIN
	Firm's name					Firm's EIN	
	Firm's address					Phone no	

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

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

ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION AND ALL OF ITS SUBSIDIARY ORGANIZATIONS WERE ESTABLISHED BY THE SEVENTH-DAY ADVENTIST CHURCH TO BRING A MINISTRY OF HEALING AND HEALTH TO THE COMMUNITIES SERVED. OUR MISSION IS TO EXTEND THE HEALING MINISTRY OF CHRIST.

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 are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4e	Total program service expenses	222,035,586
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7 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 for escrow or custodial account liability, 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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	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 and XII 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, Parts I and IV	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 United States? If "Yes," complete Schedule F, Parts 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 United States? If "Yes," complete Schedule F, Parts 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 (see instructions)	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 hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 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 lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect 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, Part II, III, or IV, and Part V, line 1	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b 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.	161	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	2,187	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	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, securities account, or other financial account)?		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?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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 as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		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. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the 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 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	18	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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
7b	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		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	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	Yes
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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	Yes
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	FL
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
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 during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	DEBORA THOMAS 301 MEMORIAL MEDICAL PARKWAY DAYTONA BEACH, FL (386) 231-3901

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MICHAEL SCHULTZ CHAIRMAN/DIRECTOR	60 50 00	X						199	1,305,933	169,103
(2) RICK BANKER DIRECTOR (END 12/12)	60 0 00	X						199	0	0
(3) LONNIE BROWN DIRECTOR (BEG 9/12)	60 0 00	X						199	0	0
(4) DAVID BURT DIRECTOR	60 0 00	X						199	0	0
(5) PAUL CLARE DIRECTOR	60 0 00	X						199	0	0
(6) SURESH DESAI MD DIRECTOR	4 70 0 00	X						33,621	0	0
(7) CHARLES D HOOD JR DIRECTOR	60 0 00	X						199	0	0
(8) SANDRA K JOHNSON DIRECTOR	60 50 00	X						0	590,485	99,955
(9) MARK LAROSE CEO (END 2/12)/DIRECTOR	8 30 41 70	X		X				0	575,006	96,916
(10) NANCY LOHMAN DIRECTOR (END 12/12)	60 0 00	X						199	0	0
(11) DAVID OTTATI DIRECTOR	60 50 00	X						199	432,475	78,624
(12) WILLIAM MCMUNN DIRECTOR	60 0 00	X						199	0	0
(13) ED NOSEWORTHY DIRECTOR	60 50 00	X						0	446,272	75,791
(14) EDDIE SCHATZ JR DIRECTOR	60 0 00	X						199	0	0
(15) JULIE SCHNEIDER MD DIRECTOR	82 60 0 00	X						1,199,257	0	21,432
(16) LEWIS SEIFERT DIRECTOR	60 50 00	X						199	681,597	118,449
(17) DARYL TOL DIRECTOR/CEO	41 70 8 30	X		X				0	564,953	116,809

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ELIZABETH WEAGRAFF DIRECTOR	60 50 00	X						199	344,942	64,960
(19) DEBORA THOMAS REGION CFO/DIRECTOR	41 70 8 30	X		X				0	401,061	57,811
(20) NIGEL HINDS CFO (END 2/12)	8 30 41 70			X				0	305,345	58,764
(21) DARLINDA COPELAND COO	50 00 0 00				X			0	336,623	42,773
(22) MICHELE GOEB-BURKETT CNO	50 00 0 00				X			0	255,075	36,417
(23) RONALD JIMENEZ CMO	50 00 0 00				X			0	369,639	71,518
(24) MICHAEL KELLEY MD PHYSICIAN	70 00 0 00					X		784,833	0	35,704
(25) ROBERT MARTIN MD PHYSICIAN	58 00 0 00					X		742,213	0	26,444
(26) ROBERT HEWES MD PHYSICIAN	52 00 0 00					X		735,141	0	26,165
(27) CHRISTOPHER SUTTON KENT MD PHYSICIAN	87 00 0 00					X		689,367	0	39,284
(28) DINDI REDDY MD PHYSICIAN	50 00 0 00					X		671,860	0	36,285

1b	Sub-Total	▶			
c	Total from continuation sheets to Part VII, Section A	▶			
d	Total (add lines 1b and 1c)	▶	4,858,680	6,609,406	1,273,204

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▶66

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
	SHERIDAN HEALTHCORP INC PO BOX 452197 SUNRISE FL 33323	MEDICAL SERVICE	2,908,124
	HURON CONSULTING GROUP 3005 MOMENTUM PLACE CHICAGO IL 60689	CONSULTING SERVICE	1,772,297
	SPACE COAST HOSPITAL SERVICES 1895 MURRELL ROAD ROCKLEDGE FL 32955	LINEN SERVICE	824,538
	MONTI ELIGIBILITY & DENIAL SOLUTIONS 540 S PINE MEADOW DR DEBARY FL 32713	COLLECTION SERVICE	476,130
	AMERISOURCE FUNDING INC PO BOX 4738 HOUSTON TX 77210	AGENCY SERVICE	462,979
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 ▶33		

Part VIII

Statement of Revenue

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

			(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				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f					
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 900099	237,160,180	237,121,640	38,540	
	b	MANAGEMENT FEES	561000	5,448,274	5,448,274		
	c	MEDICAL OFFICE BUILDING	531120	1,534,409	1,534,409		
	d	CAFETERIA REVENUE	900099	1,499,518	1,499,518		
	e	HEALTH EDUCATION	900099	170,280	170,280		
	f	All other program service revenue		59,546	59,546		
	g	Total. Add lines 2a-2f		245,872,207			
	3	Investment income (including dividends, interest, and other similar amounts)	840,405			840,405	
4	Income from investment of tax-exempt bond proceeds						
5	Royalties						
Other Revenue	6a	Gross rents	(i) Real (ii) Personal				
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
	7a	Gross amount from sales of assets other than inventory	(i) Securities 1,238,936 (ii) Other 93,721				
	b	Less cost or other basis and sales expenses	0	176,479			
	c	Gain or (loss)	1,238,936	-82,758			
	d	Net gain or (loss)	1,156,178			1,156,178	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
	Miscellaneous Revenue		Business Code				
	11a	EHR REVENUE	900099	2,315,873	2,315,873		
	b						
	c						
	d	All other revenue					
	e	Total. Add lines 11a-11d		2,315,873			
	12	Total revenue. See Instructions		250,184,663	248,149,540	38,540	1,996,583

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).

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.	105,713	105,713		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	3,489,855		3,489,855	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	79,478,109	79,478,109		
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	2,531,300	2,488,711	42,589	
9	Other employee benefits.	15,191,706	14,918,377	273,329	
10	Payroll taxes.	6,201,031	6,096,699	104,332	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	703,955		703,955	
c	Accounting.	56,764		56,764	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	16,942,757	11,633,239	5,309,518	
12	Advertising and promotion.	927,893		927,893	
13	Office expenses.	5,157,559	3,889,570	1,267,989	
14	Information technology.	8,091,341	6,978,473	1,112,868	
15	Royalties.				
16	Occupancy.	5,476,319	5,476,319		
17	Travel.	381,189		381,189	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	175,825		175,825	
20	Interest.	7,238,781	7,238,781		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	18,523,850	18,523,850		
23	Insurance.	3,634,569	3,532,367	102,202	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	UNRELATED BUSINESS INCO	9,346		9,346	
b	MEDICAL SUPPLIES	52,569,126	52,569,126		
c	REPAIRS & MAINTENANCE	5,602,904	5,602,904		
d	PURCHASED SERVICES	4,614,474	672,766	3,941,708	
e	All other expenses	2,830,582	2,830,582		
25	Total functional expenses. Add lines 1 through 24e.	239,934,948	222,035,586	17,899,362	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		4,311	1	4,987
	2	Savings and temporary cash investments		106,482,950	2	121,912,428
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		26,445,233	4	27,653,963
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		4,634,870	8	5,413,676
	9	Prepaid expenses and deferred charges		6,009,911	9	6,780,042
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	337,490,590		
	b	Less accumulated depreciation	10b	82,359,235	268,926,757	10c 255,131,355
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		4,548,297	12	3,502,352
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		281,875	14	233,505
	15	Other assets See Part IV, line 11		16,682,407	15	19,883,618
	16	Total assets. Add lines 1 through 15 (must equal line 34)		434,016,611	16	440,515,926
Liabilities	17	Accounts payable and accrued expenses		13,106,544	17	12,370,776
	18	Grants payable			18	
	19	Deferred revenue			19	0
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other 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		177,044,573	25	175,465,545
	26	Total liabilities. Add lines 17 through 25		190,151,117	26	187,836,321
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		240,453,830	27	249,231,866
	28	Temporarily restricted net assets		585,929	28	622,004
	29	Permanently restricted net assets		2,825,735	29	2,825,735
	Organizations that do not follow SFAS 117 (ASC 958), 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		243,865,494	33	252,679,605
	34	Total liabilities and net assets/fund balances		434,016,611	34	440,515,926

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	250,184,663
2	Total expenses (must equal Part IX, column (A), line 25)	2	239,934,948
3	Revenue less expenses Subtract line 2 from line 1	3	10,249,715
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	243,865,494
5	Net unrealized gains (losses) on investments	5	-11,610
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,423,994
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	252,679,605

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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
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?		No
3b	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		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

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 described in **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 - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in Sections 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a 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—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. 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—2011. 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.

▶ See separate instructions.

OMB No 1545-0047

2012

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, Part V, line 35c (Proxy Tax), then

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

Name of the organization MEMORIAL HEALTH SYSTEMS INC	Employer identification number 59-0973502
---	--

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 in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

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

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function 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)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
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-															
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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)	(b)	
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		10,114
j	Total. Add lines 1c through 1i.			10,114
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
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 carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible 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, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	AMERICAN HOSPITAL ASSOCIATION DUES AND FLORIDA HOSPITAL ASSOCIATION DUES

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

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 can 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 education)☐ Preservation of an historically important land area☒ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year

0

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

0 00

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year

\$ 0

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

\$

b

Assets included in Form 990, Part X

\$

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

- 3

Using the organization's acquisition, 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 XIII
- 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 XIII and complete the following table

	Amount
1c	
1d	
1e	
1f	
- 2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

☐

b

Permanent endowment

☐

c

Temporarily restricted endowment

☐

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

Yes

No
- 4

Describe in Part XIII 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 | | 19,759,070 | | 19,759,070 |
| b Buildings | | 241,473,411 | 37,141,704 | 204,331,707 |
| c Leasehold improvements | | | | |
| d Equipment | | 75,224,565 | 44,920,501 | 30,304,064 |
| e Other | | 1,033,544 | 297,030 | 736,514 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 255,131,355 |
- Schedule D (Form 990) 2012

Part XI				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 XIII)	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 XIII)	4b					
c	Add lines 4a and 4b			4c			
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)			5			

Part XII				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 XIII)	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 XIII)	4b					
c	Add lines 4a and 4b			4c			
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)			5			

Part XIII	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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF HOW ORGANIZATION REPORTS CONSERVATION EASEMENTS	PART II, LINE 9	THE FILING ORGANIZATION HAS RECORDED THE LAND CONSERVATION EASEMENT ON ITS FINANCIAL STATEMENTS AS A PROPERTY, PLANT, AND EQUIPMENT ASSET. THE CONSERVATION EASEMENT GENERATES NO REVENUE AND THE FILING ORGANIZATION DID NOT INCUR ANY EXPENSE IN THE CURRENT YEAR RELATED TO THE MAINTENANCE AND MONITORING OF THE CONSERVATION EASEMENT.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE HOSPITAL IS PART OF A CONSOLIDATED AUDITED FINANCIAL STATEMENT. THE CONSOLIDATED AUDITED FINANCIAL STATEMENT INCLUDES THE FOLLOWING FIN 48 FOOTNOTE - THE DIVISION FOLLOWS THE INCOME TAXES TOPIC OF THE ASC (ASC 740), WHICH PRESCRIBES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAX POSITIONS RECOGNIZED IN FINANCIAL STATEMENTS. ASC 740 PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN.

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

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)			9,502,619		9,502,619	3 960 %
b Medicaid (from Worksheet 3, column a)			25,399,134	9,132,002	16,267,132	6 780 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			34,901,753	9,132,002	25,769,751	10 740 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			57,993		57,993	0 020 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,868		1,868	0 %
j Total Other Benefits			59,861		59,861	0 020 %
k Total. Add lines 7d and 7j			34,961,614	9,132,002	25,829,612	10 760 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support			26,250		26,250	0 010 %
4Environmental improvements			48,785		48,785	0 020 %
5Leadership development and training for community members						
6Coalition building			19,442		19,442	0 010 %
7Community health improvement advocacy			6,615		6,615	0 %
8Workforce development			17,024		17,024	0 010 %
9Other						
10Total			118,116		118,116	0 050 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?

1

Yes

2Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount

2

10,437,942

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit

3

1,855,039

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)

5

79,791,587

6Enter Medicare allowable costs of care relating to payments on line 5

6

75,711,932

7Subtract line 6 from line 5 This is the surplus (or shortfall)

7

4,079,655

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI

9b

Yes

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—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—see instructions)
How many hospital facilities did the organization operate during the tax year?
2

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	FLORIDA HOSPITAL MEMORIAL MEDICAL CENTER 301 MEMORIAL MEDICAL PARKWAY DAYTONA BEACH, FL 32117 WWW.FLORIDAHOSPITALMEMORIAL.ORG	X	X					X			
2	FLORIDA HOSPITAL OCEANSIDE 264 SOUTH ATLANTIC AVE ORMOND BEACH, FL 32176 WWW.FLORIDAHOSPITALMEMORIAL.ORG	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 or facility reporting groups listed in Part V, Section A)

FLORIDA HOSPITAL MEMORIAL MEDICAL CENTER

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
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 the community health 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 CHNA 20 ____		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
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 CHNA, indicate how (check all that apply to date)		
a ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b ☐ Execution of the implementation strategy		
c ☐ Participation in the development of a community-wide plan		
d ☐ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to 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 on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☒ Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following 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			
e ☐ Other similar actions (describe in Part VI)			
17 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?		17	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)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ 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)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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 its 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)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

FLORIDA HOSPITAL OCEANSIDE

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

2

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
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 the community health 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 CHNA 20 ____		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
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 CHNA, indicate how (check all that apply to date)		
a ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b ☐ Execution of the implementation strategy		
c ☐ Participation in the development of a community-wide plan		
d ☐ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to 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 on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☒ Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following 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			
e ☐ Other similar actions (describe in Part VI)			
17 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?		17	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)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19	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?	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)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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 its 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)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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?		No
	If "Yes," explain in Part VI		
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?		No
	If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

20

Name and address	Type of Facility (describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VII Supplemental Information

Complete this part to provide the following information

- 1 Required descriptions. Provide the descriptions required for Part I, lines 6c, 6a, and 7, Part II, Part III, lines 4, 8, and 9D, Part V, Section A, and Part V, Section B, lines 1, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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.
- 8 Facility reporting group(s). If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

Identifier	Return/Reference	Explanation
		PART I, LINE 6A THE FILING ORGANIZATION IS A WHOLLY OWNED SUBSIDIARY OF ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC). AHSSHC SERVES AS A PARENT ORGANIZATION TO 24 TAX-EXEMPT SORORITY-HOSPITAL-CORPORATION-UNITED-FAMILY-43 HOSPITALS IN TEN STATES WITHIN THE U.S. THE SYSTEM OF ORGANIZATIONS UNDER THE CONTROL AND OWNERSHIP OF AHSSHC IS KNOWN AS "ADVENTIST HEALTH SYSTEM" (AHS). ALL HOSPITAL ORGANIZATIONS WITHIN AHS COLLECT, CALCULATE, AND REPORT THE COMMUNITY BENEFIT. AHS ALSO INFORMS THE COMMUNITIES THEY SERVE. AHS ORGANIZATIONS EXIST SOLELY TO IMPROVE AND ENHANCE THE LOCAL COMMUNITIES THEY SERVE. AHS HAS A SYSTEM-WIDE COMMUNITY BENEFITS ACCOUNTING POLICY THAT PROVIDES GUIDELINES FOR THE NECESSARY PROVIDER ORGANIZATIONS TO CAPTURE AND REPORT THE COSTS OF SERVICES PROVIDED TO THE UNDERPRIVILEGED AND TO THE BROADER COMMUNITY. ON AN ANNUAL BASIS, THE COMMUNITY BENEFITS OF ALL AHS ORGANIZATIONS ARE CONSOLIDATED AND REPORTED IN THE AHS ANNUAL REPORT DOCUMENT PREPARED BY AHSSHC (EIN 59-2170012).
		PART I, LINE 7 THE AMOUNTS OF COSTS REPORTED IN THE TABLE IN LINE 7 OF PART I OF SCHEDULE H WERE DETERMINED BY UTILIZING A COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES, CONTAINED IN THE SCHEDULE H INSTRUCTIONS.
		PART III, LINE 9B AT THE TIME OF PATIENT REGISTRATION, NON-ELECTIVE SELF-PAY PATIENTS ARE INFORMED OF THE MINIMUM DISCOUNT AVAILABLE UNDER THE FILING ORGANIZATION'S SELF-PAY DISCOUNT POLICY. SUCH PATIENTS ARE ALSO INFORMED OF THE FILING ORGANIZATION'S CHARITY CARE POLICY AND TOLD THAT THEY WILL BE REQUIRED TO SUBMIT NECESSARY FINANCIAL DATA IN ORDER TO POTENTIALLY RECEIVE ANY ADDITIONAL DISCOUNTS UNDER THE FILING ORGANIZATION'S FINANCIAL ASSISTANCE POLICY. PERCENTAGE DISCOUNTS ARE BASED ON A PATIENT'S ACCOUNT BASED UPON AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERING SUCH CARE. UNDER THE FILING ORGANIZATION'S POLICIES, PAYMENT PLANS FOR PARTIAL CHARITY ACCOUNTS WILL BE INDIVIDUALLY DEVELOPED WITH THE PATIENT. PARTIAL CHARITY ACCOUNTS RESULT WHEN A FINANCIAL ASSISTANCE ELIGIBILITY DETERMINATION ALLOWS FOR A PERCENTAGE REDUCTION BUT LEAVES THE PATIENT WITH A SELF-PAY BALANCE. IF THE PATIENT COMPLIES WITH THE AGREED-UPON PAYMENT PLAN, THE FILING ORGANIZATION DOES NOT PURSUE ANY COLLECTION ACTION WITH RESPECT TO THE PATIENT. HOWEVER, IF A PATIENT DOES NOT MAKE ANY PAYMENTS FOR THREE CONSECUTIVE MONTHS, THE ACCOUNT MAY BE REFERRED FOR FURTHER COLLECTION ACTION. THE FILING ORGANIZATION DOES NOT PURSUE COLLECTION OF AMOUNTS FROM PATIENTS DETERMINED TO QUALIFY FOR A 100% REDUCTION IN CHARGES UNDER ITS CHARITY CARE POLICY.
	SUPPLEMENTAL SCHEDULE TO SCHEDULE H, PART III, SECTION B	RECONCILIATION OF SCHEDULE H REPORTED MEDICARE SURPLUS/(SHORTFALL) TO UNREIMBURSED MEDICARE COSTS ASSOCIATED WITH THE PROVISION OF SERVICES TO ALL MEDICARE BENEFICIARIES. THE MEDICARE REVENUE AND ALLOWABLE COSTS OF CARE REPORTED IN SECTION B OF PART III OF SCHEDULE H ARE BASED UPON THE AMOUNTS REPORTED IN THE FILING ORGANIZATION'S MEDICARE COST REPORT IN ACCORDANCE WITH THE IRS INSTRUCTIONS FOR SCHEDULE H. ON AN ANNUAL BASIS, THE FILING ORGANIZATION ALSO DETERMINES ITS TOTAL UNREIMBURSED COSTS ASSOCIATED WITH PROVIDING SERVICES TO ALL MEDICARE PATIENTS. UNREIMBURSED COSTS ARE REPORTED AS A COMMUNITY BENEFIT TO THE ELDERLY AND ARE INCLUDED IN THE CONSOLIDATED ADVENTIST HEALTH SYSTEM (AHS OR THE COMPANY) COMMUNITY BENEFITS REPORT CONTAINED IN THE AHS ANNUAL REPORT DOCUMENT. THE PRIMARY RECONCILING ITEMS BETWEEN THE MEDICARE SURPLUS/(SHORTFALL) SHOWN ON LINE 7 OF SECTION B OF PART III OF SCHEDULE H AND THE FILING ORGANIZATION'S UNREIMBURSED COSTS OF SERVICES PROVIDED TO MEDICARE PATIENTS AS REPORTED IN THE AHS COMMUNITY BENEFIT REPORT ARE AS FOLLOWS: MEDICARE SURPLUS/(SHORTFALL) SHOWN ON LINE 7 OF SECTION B OF SCHEDULE H \$ 4,079,655- DIFFERENCE IN COSTING METHODOLOGY (9,258,804)- UNREIMBURSED COSTS INCURRED FOR SERVICES PROVIDED TO MEDICARE PATIENTS THAT ARE NOT INCLUDED IN THE ORGANIZATION'S MEDICARE COST REPORT (11,485,074) -----TOTAL SURPLUS/(SHORTFALL) COSTS OF SERVING ALL MEDICARE PATIENTS PER THE FILING ORGANIZATION'S COMMUNITY BENEFIT REPORTING \$(16,664,223)AS INDICATED ABOVE, THE PRIMARY DIFFERENCES BETWEEN THE MEDICARE SURPLUS/(SHORTFALL) REPORTED ON SCHEDULE H, PART III, SECTION B, LINE 7 AND THE FILING ORGANIZATION'S PORTION OF THE COMPANY'S ANNUAL COMMUNITY BENEFIT STATEMENT IS DUE TO A DIFFERENCE IN THE COSTING METHODOLOGY AND DIFFERENCES IN THE POPULATION OF MEDICARE PATIENTS WITHIN THE FILING ORGANIZATION. THE COST METHODOLOGY UTILIZED IN CALCULATING ANY MEDICARE SURPLUS/(SHORTFALL) FOR PURPOSES OF THE ANNUAL COMMUNITY BENEFIT REPORTING IS BASED UPON THE COST-TO-CHARGE RATIO OUTLINED IN WORKSHEET 2 OF THE SCHEDULE H INSTRUCTIONS. THE SAME COST-TO-CHARGE RATIO IS USED TO DETERMINE THE COSTS ASSOCIATED WITH SERVICES PROVIDED TO CHARITY CARE PATIENTS AND MEDICAID PATIENTS AS REPORTED IN SCHEDULE H, PART I, LINE 7. IN ADDITION, THE MEDICARE COST REPORT EXCLUDES SERVICES PROVIDED TO MEDICARE PATIENTS FOR PHYSICIAN SERVICES, SERVICES PROVIDED TO PATIENTS ENROLLED IN MEDICARE HMOs, AND CERTAIN SERVICES PROVIDED BY OUTPATIENT DEPARTMENTS OF THE FILING ORGANIZATION THAT ARE REIMBURSED ON A FEE SCHEDULE. THE COMPANY'S OWN COMMUNITY BENEFIT STATEMENT CAPTURES THE MEDICARE UNREIMBURSED COST OF PROVIDING SERVICES TO ALL MEDICARE BENEFICIARIES THROUGHOUT THE ORGANIZATION.
	PART III, LINE 2	THE AMOUNT OF BAD DEBT EXPENSE, REPORTED ON LINE 2 OF SECTION A OF PART III IS RECORDED IN ACCORDANCE WITH HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION STATEMENT NO. 15. DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE RECORDED AS ADJUSTMENTS TO REVENUE, NOT BAD DEBT EXPENSE.
	PART III, LINE 3	METHODOLOGY FOR DETERMINING THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE THAT MAY REPRESENT PATIENTS WHO COULD HAVE QUALIFIED UNDER THE FILING ORGANIZATION'S CHARITY CARE POLICY. SELF-PAY PATIENTS ARE REQUIRED TO COMPLETE A PATIENT FINANCIAL ASSISTANCE APPLICATION SHORT FORM (PFAA). IF THE PFAA IS NOT COMPLETED AFTER REASONABLE ATTEMPTS TO OBTAIN IT ARE EXHAUSTED, PATIENT INFORMATION PROVIDES THE NECESSARY DATA TO THE SCORER PRODUCT. THE SCORER PRODUCT UTILIZES PUBLICLY AVAILABLE DATA, SUCH AS CREDIT REPORTS, TO ASSESS AN INDIVIDUAL PATIENT'S FINANCIAL VIABILITY. PATIENTS WHO EARN A CERTAIN SCORE ON THE SCORER PRODUCT ARE CONSIDERED TO QUALIFY AS NON-STATE CHARITY PATIENTS. AN AMOUNT UP TO \$1,000 OF SUCH A PATIENT'S BILL IS WRITTEN OFF AS BAD DEBT EXPENSE, WHILE THE REMAINING PORTION OF THE PATIENT'S BILL IS CONSIDERED TO BE NON-STATE CHARITY. THE AMOUNT WRITTEN OFF AS BAD DEBT EXPENSE FOR THOSE PATIENTS WHO POTENTIALLY QUALIFY AS NON-STATE CHARITY USING THE SCORER PRODUCT IS THE AMOUNT SHOWN ON LINE 3 OF SECTION A OF PART III. RATIONALE FOR INCLUDING CERTAIN BAD DEBTS IN COMMUNITY BENEFIT: THE FILING ORGANIZATION IS DEDICATED TO THE VIEW THAT MEDICALLY NECESSARY HEALTH CARE FOR EMERGENCY AND NON-ELIGIBLE PATIENTS SHOULD BE ACCESSIBLE TO ALL, REGARDLESS OF AGE, GENDER, GEOGRAPHIC LOCATION, CULTURAL BACKGROUND, PHYSICIAN MOBILITY, OR ABILITY TO PAY. THE FILING ORGANIZATION TREATS EMERGENCY AND NON-ELECTIVE PATIENTS REGARDLESS OF THEIR ABILITY TO PAY OR THE AVAILABILITY OF THIRD-PARTY COVERAGE BY PROVIDING HEALTH CARE TO ALL WHO REQUIRE EMERGENCY OR NON-ELECTIVE CARE IN A NON-DISCRIMINATORY MANNER. THE FILING ORGANIZATION IS PROVIDING HEALTH CARE TO THE BROAD COMMUNITY. IT SERVES AS A 501(C)(3) HOSPITAL ORGANIZATION. THE FILING ORGANIZATION MAINTAINS A 24/7 EMERGENCY ROOM PROVIDING CARE TO ALL WHOM PRESENT WHEN A PATIENT'S ARRIVAL AND/OR ADMISSION TO THE FACILITY BEGINS WITHIN THE EMERGENCY DEPARTMENT, TRIAGE AND MEDICAL SCREENING ARE ALWAYS COMPLETED PRIOR TO REGISTRATION STAFF PROCEEDING WITH THE DETERMINATION OF A PATIENT'S SOURCE OF PAYMENT. IF THE PATIENT REQUIRES ADMISSION AND CONTINUED NON-ELECTIVE CARE, THE FILING ORGANIZATION PROVIDES THE NECESSARY CARE REGARDLESS OF THE PATIENT'S ABILITY TO PAY. THE FILING ORGANIZATION'S OPERATION OF A 24/7 EMERGENCY DEPARTMENT THAT ACCEPTS ALL INDIVIDUALS IN NEED OF CARE PROMOTES THE HEALTH OF THE COMMUNITY THROUGH THE PROVISION OF CARE TO ALL WHOM PRESENT. CURRENT INTERNAL REVENUE SERVICE GUIDANCE THAT TAX-EXEMPT HOSPITALS MAINTAIN SUCH EMERGENCY ROOMS WAS ESTABLISHED TO ENSURE THAT EMERGENCY CARE WOULD BE PROVIDED TO ALL WITHOUT DISCRIMINATION. THE TREATMENT OF ALL AT THE FILING ORGANIZATION THROUGH THE EMERGENCY DEPARTMENT IS A COMMUNITY BENEFIT. UNDER THE FILING ORGANIZATION'S CHARITY CARE POLICY, EVERY EFFORT IS MADE TO OBTAIN A PATIENT'S NECESSARY FINANCIAL INFORMATION TO DETERMINE ELIGIBILITY FOR CHARITY CARE. HOWEVER, NOT ALL PATIENTS WILL COOPERATE WITH SUCH EFFORTS. IF A PATIENT'S ELIGIBILITY DETERMINATION CAN NOT BE MADE IN THIS CASE, A PATIENT'S PORTION OF A BILL THAT REMAINS UNPAID FOR A CERTAIN STIPULATED TIME PERIOD IS WHOLLY OR PARTIALLY CLASSIFIED AS BAD DEBT. BAD DEBTS ASSOCIATED WITH PATIENTS WHO HAVE RECEIVED CARE THROUGH THE FILING ORGANIZATION'S EMERGENCY DEPARTMENT SHOULD BE CONSIDERED TO BE COMMUNITY BENEFIT AS CHARITABLE HOSPITALS EXIST TO PROVIDE SUCH CARE IN PURSUIT OF THEIR PURPOSE OF MEETING THE NEED FOR EMERGENCY MEDICAL CARE SERVICES AVAILABLE TO ALL IN THE COMMUNITY.
	PART III, LINE 4	FINANCIAL STATEMENT FOOTNOTE RELATED TO ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS. THE FINANCIAL INFORMATION OF THE FILING ORGANIZATION IS INCLUDED IN A CONSOLIDATED AUDITED FINANCIAL STATEMENT FOR THE CURRENT YEAR. THE APPLICABLE FOOTNOTE FROM THE ATTACHED CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ADDRESSES ACCOUNTS RECEIVABLE, THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS, AND THE PROVISION FOR BAD DEBTS CAN BE FOUND ON PAGES 6 AND 7. PLEASE NOTE THAT DOLLAR AMOUNTS ON THE ATTACHED CONSOLIDATED AUDITED FINANCIAL STATEMENTS ARE IN THOUSANDS.
FLORIDA HOSPITAL MEMORIAL MEDICAL CENTER		PART V, SECTION B, LINE 14G FLORIDA HOSPITAL MEMORIAL MEDICAL CENTER HAS DEVELOPED A PATIENT-FRIENDLY SUMMARY VERSION OF ITS FINANCIAL ASSISTANCE POLICY (FAP). THE FILING ORGANIZATION'S FAP PROVIDES THAT ITS HOSPITAL FACILITY WILL POST THE PATIENT-FRIENDLY SUMMARY VERSION OF ITS FAP ON THE HOSPITAL'S WEBSITE. IN ADDITION, THE FAP OF THE HOSPITAL FACILITY STATES THAT SIGNAGE REGARDING THE AVAILABILITY OF THE HOSPITAL FACILITY'S FAP WILL BE VISIBLE AT POINTS OF ADMISSION AND REGISTRATION, INCLUDING THE EMERGENCY DEPARTMENT.
FLORIDA HOSPITAL OCEANSIDE		PART V, SECTION B, LINE 14G FLORIDA HOSPITAL OCEANSIDE HAS DEVELOPED A PATIENT-FRIENDLY SUMMARY VERSION OF ITS FINANCIAL ASSISTANCE POLICY (FAP). THE FILING ORGANIZATION'S FAP PROVIDES THAT ITS HOSPITAL FACILITY WILL POST THE PATIENT-FRIENDLY SUMMARY VERSION OF ITS FAP ON THE HOSPITAL'S WEBSITE. IN ADDITION, THE FAP OF THE HOSPITAL FACILITY STATES THAT SIGNAGE REGARDING THE AVAILABILITY OF THE HOSPITAL FACILITY'S FAP WILL BE VISIBLE AT POINTS OF ADMISSION AND REGISTRATION, INCLUDING THE EMERGENCY DEPARTMENT.
FLORIDA HOSPITAL MEMORIAL MEDICAL CENTER		PART V, SECTION B, LINE 20D IN DETERMINING THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO FINANCIAL ASSISTANCE POLICY (FAP) FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, THE HOSPITAL USES THE FOLLOWING METHODOLOGY: THE HOSPITAL IDENTIFIES ALL COMMERCIAL PAYORS WHOSE VOLUME OF ACTIVITY WITH THE HOSPITAL EQUALS OR EXCEEDS \$100,000 FOR THE TAXABLE YEAR. FOR THOSE IDENTIFIED COMMERCIAL PAYORS, AN AVERAGE OF THE NEGOTIATED COMMERCIAL INSURANCE RATES IS DETERMINED. THE AVERAGE OF ALL OF THE NEGOTIATED COMMERCIAL INSURANCE RATES FOR THOSE IDENTIFIED COMMERCIAL PAYORS DETERMINES THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO PATIENTS ELIGIBLE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY.
FLORIDA HOSPITAL OCEANSIDE		PART V, SECTION B, LINE 20D IN DETERMINING THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO FINANCIAL ASSISTANCE POLICY-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, THE HOSPITAL USES THE FOLLOWING METHODOLOGY: THE HOSPITAL IDENTIFIES ALL COMMERCIAL PAYORS WHOSE VOLUME OF ACTIVITY WITH THE HOSPITAL EQUALS OR EXCEEDS \$100,000 FOR THE TAXABLE YEAR. FOR THOSE IDENTIFIED COMMERCIAL PAYORS, AN AVERAGE OF THE NEGOTIATED COMMERCIAL INSURANCE RATES IS DETERMINED. THE AVERAGE OF ALL OF THE NEGOTIATED COMMERCIAL INSURANCE RATES FOR THOSE IDENTIFIED COMMERCIAL PAYORS DETERMINES THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO PATIENTS ELIGIBLE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY.
		PART VI, LINE 2 IN ACCORDANCE WITH IRC SECTION 501 (R)(3), THE FILING ORGANIZATION HAS ADOPTED AND IMPLEMENTED A POLICY THAT SETS FORTH THE GENERAL REQUIREMENTS, PROCESSES AND PROCEDURES WITH RESPECT TO CONDUCTING A COMMUNITY HEALTH NEEDS ASSESSMENT AND ASSOCIATED IMPLEMENTATION STRATEGY. DURING 2012, THE FILING ORGANIZATION WAS IN THE PROCESS OF PLANNING FOR THEIR INITIAL COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) THAT IS TO BE COMPLETED BY 12/31/2013. IN ADDITION TO THE CHNA THAT IS BEING CONDUCTED, A VARIETY OF PRACTICES AND PROCESSES ARE IN PLACE TO ENSURE THAT THE FILING ORGANIZATION IS RESPONDING TO THE HEALTH NEEDS OF ITS COMMUNITY. SUCH PRACTICES AND PROCESSES INVOLVE THE FOLLOWING: 1. A HOSPITAL OPERATING/COMMUNITY BOARD COMPOSED OF INDIVIDUALS BROADLY REPRESENTATIVE OF THE COMMUNITY, COMMUNITY LEADERS, AND THOSE WITH SPECIALIZED MEDICAL TRAINING AND EXPERTISE, 2. POST-DISCHARGE PATIENT FOLLOW-UP RELATED TO THE ON-GOING CARE AND TREATMENT OF PATIENTS WHO SUFFER FROM CHRONIC DISEASES, 3. SPONSORSHIP AND PARTICIPATION IN COMMUNITY HEALTH AND WELLNESS ACTIVITIES THAT REACH A BROAD SPECTRUM OF THE FILING ORGANIZATIONS COMMUNITY, AND 4. COLLABORATION WITH OTHER LOCAL COMMUNITY GROUPS TO ADDRESS THE HEALTH CARE NEEDS OF THE FILING ORGANIZATIONS COMMUNITY.
		PART VI, LINE 3 THE FILING ORGANIZATION HAS A PROCESS IN PLACE WHEREBY PATIENTS ARE INFORMED ABOUT THE HOSPITAL'S CHARITY CARE POLICY AND OTHER FORMS OF FINANCIAL ASSISTANCE, SUCH AS SELF-PAY DISCOUNTS. SIGNAGE IS POSTED IN THE EMERGENCY ROOM INDICATING THAT FINANCIAL ASSISTANCE IS AVAILABLE FOR THOSE WHO ARE SELF-PAY PATIENTS MEETING ELIGIBILITY REQUIREMENTS AFTER EMERALA MEDICAL SCREENING AND STABILIZATION REQUIREMENTS ARE MET, REGISTRATION PERSONNEL WILL SECURE FINANCIAL INFORMATION ON AS MANY SELF-PAY PATIENTS AS POSSIBLE AT THE TIME OF SERVICE. FOR THOSE WHO APPEAR TO QUALIFY FOR MEDICAID OR UNDER THE HOSPITAL'S CHARITY CARE POLICY, THE FINANCIAL COUNSELORS WILL CONTINUE TO WORK WITH THOSE PATIENTS UNTIL FINAL ACCOUNT RESOLUTION IS ACHIEVED. ALL OTHER SELF-PAY PATIENTS ARE COVERED UNDER THIS PROCESS. AT ANY TIME DURING THE PROCESS THAT PATIENTS PROVIDE SHOWING THAT A PATIENT QUALIFIES FOR ASSISTANCE UNDER THE CHARITY CARE POLICY THE DISCOUNTS EXTENDED UNDER THAT POLICY WILL BE APPLIED AS PART OF THE BILLING PROCESS, THE HOSPITAL INCLUDES THE APPLICATION FOR CHARITY CARE ASSISTANCE ALONG WITH THE INITIAL PATIENT BILL. THE HOSPITAL'S CHARITY CARE APPLICATION IS ALSO AVAILABLE TO PATIENTS ON THE HOSPITAL'S WEB-SITE IN BOTH AN ENGLISH AND SPANISH VERSION. ADDITIONALLY, THE HOSPITAL'S FINANCIAL COUNSELORS ARE AVAILABLE TO WORK WITH EVERY PATIENT DURING THE FIRST 120 DAYS OF THE BILLING PROCESS TO ASSIST THE PATIENT WITH COMPLETING CHARITY CARE APPLICATIONS AND INVESTIGATING OTHER POTENTIAL SOURCES OF THIRD-PARTY ASSISTANCE. THE DETERMINATION OF A PATIENT'S ELIGIBILITY FOR CHARITY CARE IS MADE ON A CASE-BY-CASE BASIS. VARIOUS FACTORS ARE CONSIDERED IN THAT DETERMINATION. EACH INDIVIDUAL PATIENT WHO IS IDENTIFIED AS POTENTIALLY BEING ELIGIBLE TO RECEIVE CHARITY CARE IS SEEN BY A FINANCIAL COUNSELOR AT THE HOSPITAL. THE FINANCIAL COUNSELOR WORKS WITH THE PATIENT TO MAKE SURE THAT OTHER SOURCES OF ASSISTANCE (PUBLIC OR OTHERWISE) HAVE BEEN SOUGHT TO THE FULLEST EXTENT POSSIBLE. WHEN OTHER FORMS OF ASSISTANCE ARE NOT AVAILABLE OR HAVE BEEN EXHAUSTED, THE HOSPITAL WILL GATHER CERTAIN FINANCIAL INFORMATION FROM THE PATIENT TO DETERMINE THE PATIENT'S ABILITY TO PAY BASED UPON LEVEL OF INCOME.
		PART VI, LINE 4 THE FILING ORGANIZATION OPERATES 2 HOSPITALS IN VOLUSIA COUNTY, FLORIDA, FLORIDA HOSPITAL MEMORIAL MEDICAL CENTER (MEMORIAL), A 277-BED FACILITY AND FLORIDA HOSPITAL OCEANSIDE (OCEANSIDE), A 119-BED FACILITY. ADDITIONALLY, THE FILING ORGANIZATION SERVES ITS COMMUNITIES WITH PHYSICIAN PRACTICES, IMAGING SERVICES, AND LABORATORY SERVICES THROUGHOUT EAST CENTRAL FLORIDA. MORE THAN 400 PHYSICIANS HOLD PRIVILEGES AT THE FILING ORGANIZATION'S FACILITIES AND COMBINED, THE FILING ORGANIZATION EMPLOYS MORE THAN 2,100 INDIVIDUALS. THERE IS AN AFFILIATE HOSPITAL AND TWO OTHER HOSPITALS WITHIN A RADIUS OF 20 MILES OR LESS FROM MEMORIAL AND OCEANSIDE. APPROXIMATELY 55% OF THE FILING ORGANIZATION'S PATIENTS DURING 2012 WERE MEDICARE PATIENTS, ABOUT 10% WERE MEDICAID PATIENTS, 5% WERE SELF-PAY, AND THE REMAINING PERCENTAGE WERE PATIENTS COVERED UNDER COMMERCIAL INSURANCE. FOR 2012, ABOUT 55% OF THE HOSPITAL'S IN-PATIENTS WERE ADMITTED THROUGH THE HOSPITAL'S EMERGENCY DEPARTMENT. MEMORIAL IS VOLUSIA COUNTY'S NEWEST AND MOST COMPREHENSIVE FACILITY. ITS NEW FACILITY FEATURES THE AREA'S ONLY ENDOVASCULAR/HYBRID OPERATING ROOM WHERE PATIENTS ARE DIAGNOSED AND TREATED IN ONE LOCATION FOR A VARIETY OF HEART AND ENDOVASCULAR CONDITIONS. THE AREA'S ONLY SIEMENS SOMATOM 64-SLICE CT SCANNER FOR FASTER, PAINLESS DIAGNOSES OF HEART CONDITIONS AND STROKES USING 50 PERCENT LESS RADIATION, AND A NEWLY EXPANDED EMERGENCY DEPARTMENT. FEATURING "NO WAIT" SERVICES, MEMORIAL SERVES A POPULATION OF APPROXIMATELY 297,000 PEOPLE IN THE HOSPITAL'S PRIMARY MARKET. DAYTONA BEACH IS THE REGIONAL COMMERCIAL AND CULTURAL HUB OF DELTONA-DAYTONA BEACH-ORMOND BEACH AREA. THE CITY IS AN INTEGRAL SEGMENT OF THE INTERSTATE HIGHWAY 4 CORRIDOR WITH SPECIALIZED INDUSTRIES IN AEROSPACE, AUTOMOTIVE, AND MANUFACTURING. THE WEIGHTED AVERAGE HOUSEHOLD INCOME, BASED ON POPULATION, IN THE PRIMARY MARKET IS APPROXIMATELY \$41,000, WITH AN ESTIMATED 71.000 OVER THE AGE OF 65. HIGH SCHOOL GRADUATE RATES ACCOUNT FOR APPROXIMATELY 87% OF VOLUSIA COUNTY WITH AN ESTIMATED 21% HAVING A BACHELOR'S DEGREE OR HIGHER. IT IS ESTIMATED THAT 13% OF THE INDIVIDUALS RESIDING IN VOLUSIA COUNTY LIVE BELOW THE POVERTY LEVEL AND THE UNEMPLOYMENT RATE IS ABOUT 7%. OCEANSIDE HAS A LONG HISTORY OF COMMUNITY SUPPORT AND SERVICES WHICH INCLUDES MEDICAL/SURGICAL CARE AND THE OPERATION OF PENINSULA REHABILITATION CENTER, VOLUSIA COUNTY'S ONLY INFANT/REHABILITATION CENTER. IT ALSO OFFERS AN OUTPATIENT REHABILITATION, IMAGING SERVICES, LABORATORY SERVICES, AND CARDIOPULMONARY SERVICES.
		PART VI, LINE 5 THE PROVISION OF COMMUNITY BENEFIT IS CENTRAL TO THE FILING ORGANIZATION'S MISSION OF SERVICE AND COMPASSION. RESTORING AND PROMOTING THE HEALTH AND QUALITY OF LIFE OF THOSE IN THE COMMUNITIES SERVED BY THE FILING ORGANIZATION IS A FUNCTION OF "EXTENDING THE HEALING MINISTRY OF CHRIST" AND EMBODIES THE FILING ORGANIZATION'S COMMITMENT TO ITS VALUES AND PRINCIPLES. THE FILING ORGANIZATION COMMITTS SUBSTANTIAL RESOURCES TO PROVIDING A WIDE RANGE OF SERVICES TO BOTH THE UNDERPRIVILEGED AS WELL AS THE BROADER COMMUNITY. IN ADDITION TO THE COMMUNITY BENEFIT INFORMATION PROVIDED IN PARTS I, II AND III OF THIS SCHEDULE H, THE HOSPITAL CAPTURES AND REPORTS THE BENEFITS PROVIDED TO ITS COMMUNITY THROUGH FAITH-BASED CARE. EXAMPLES OF SUCH BENEFITS INCLUDE THE COST ASSOCIATED WITH CHAPLAINCY CARE PROGRAMS AND MISSION PEER REVIEWS AND MISSION CONFERENCES. DURING THE CURRENT YEAR, THE FILING ORGANIZATION PROVIDED \$407,799 OF BENEFIT WITH RESPECT TO FAITH-BASED AND SPIRITUAL NEEDS OF THE COMMUNITY. IN CONJUNCTION WITH ITS OPERATION OF 2 COMMUNITY HOSPITALS, THE FILING ORGANIZATION ALSO PROVIDES BENEFITS TO ITS COMMUNITY'S INFRASTRUCTURE BY INVESTING IN CAPITAL IMPROVEMENTS TO ENSURE THAT UTILITIES AND TECHNOLOGY PROVIDE THE BEST POSSIBLE CARE TO THE COMMUNITY. DURING THE CURRENT YEAR, THE FILING ORGANIZATION EXPENDED \$5,837,740 IN NEW CAPITAL IMPROVEMENTS AS A FAITH-BASED MISSION-DRIVEN COMMUNITY HOSPITAL, THE FILING ORGANIZATION IS CONTINUALLY INVOLVED IN MONITORING ITS COMMUNITY, IDENTIFYING UNMET HEALTH CARE NEEDS AND DEVELOPING SOLUTIONS AND PROGRAMS TO ADDRESS THOSE NEEDS. IN ACCORDANCE WITH ITS CONSERVATIVE APPROACH TO FISCAL RESPONSIBILITY, SURPLUS FUNDS OF THE HOSPITAL ARE CONTINUALLY BEING INVESTED IN PROGRAMS THAT IMPROVE THE AVAILABILITY AND QUALITY OF DELIVERY OF HEALTH CARE SERVICES AND PROGRAMS TO ITS COMMUNITY.
		PART VI, LINE 6 THE FILING ORGANIZATION IS A PART OF A FAITH-BASED HEALTHCARE SYSTEM OF ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC). THE SYSTEM IS KNOWN AS ADVENTIST HEALTH SYSTEM (AHS). AHSSHC IS AN ORGANIZATION EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SEC. 501(C)(3). AHSSHC AND ITS SUBSIDIARY ORGANIZATIONS OPERATE 43 HOSPITALS IN 10 STATES THROUGHOUT THE U.S. PRIMARILY IN THE SOUTHEASTERN PORTION OF THE U.S. AHSSHC AND ITS SUBSIDIARIES ALSO OPERATE 16 NURSING HOME FACILITIES AND OTHER ANCILLARY HEALTH CARE PROVIDER FACILITIES, SUCH AS AMBULATORY SURGERY CENTERS, DIAGNOSTIC IMAGING CENTERS. AS THE PARENT ORGANIZATION OF THE AHS SYSTEM, AHSSHC PROVIDES EXECUTIVE LEADERSHIP AND OTHER PROFESSIONAL SUPPORT SERVICES TO ITS SUBSIDIARY ORGANIZATIONS. PROFESSIONAL SUPPORT SERVICES INCLUDE AMONG OTHERS CORPORATE COMPLIANCE, LEGAL, HUMAN RESOURCES, REIMBURSEMENT, RISK MANAGEMENT, AND TAX AS WELL AS TREASURY FUNCTIONS. THE PROVISION OF THESE EXECUTIVE AND SUPPORT SERVICES ON A CENTRALIZED BASIS BY AHSSHC PROVIDES AN APPROPRIATE BALANCE BETWEEN THE VARIOUS AHS SUBSIDIARY HOSPITAL ORGANIZATIONS WITH MISSION-DRIVEN CONSISTENT LEADERSHIP AND SUPPORT WHILE ALLOWING THE HOSPITAL ORGANIZATION TO FOCUS ITS RESOURCES ON MEETING THE SPECIFIC HEALTH CARE NEEDS OF THE COMMUNITY IT SERVES. THE HEADQUARTERS OF THIS FORM 990 SHOULD KEEP IN MIND THAT THE REPORTING ENTITY MAY DIFFER IN CERTAIN AREAS FROM THAT OF A STAND-ALONE HOSPITAL ORGANIZATION DUE TO ITS INCLUSION IN A LARGER SYSTEM OF HEALTHCARE ORGANIZATIONS AS A PART OF A SYSTEM OF HOSPITAL AND OTHER HEALTH CARE PROVIDER ORGANIZATIONS. THE ORGANIZATION BENEFITS FROM REDUCED COSTS DUE TO SYSTEM EFFICIENCIES, SUCH AS LARGE GROUP PURCHASING DISCOUNTS, AND THE AVAILABILITY OF INTERNAL RESOURCES SUCH AS INTERNAL LEGAL COUNSEL. EACH AHS SUBSIDIARY PAYS A MANAGEMENT FEE TO AHSSHC FOR THE INTERNAL SERVICES PROVIDED BY AHSSHC. AS A RESULT, MANAGEMENT FEE EXPENSE REPORTED BY A AHS SUBSIDIARY ORGANIZATION MAY APPEAR GREATER IN RELATION TO MANAGEMENT FEE EXPENSE THAT MAY BE REPORTED BY A SINGLE STAND-ALONE HOSPITAL. THE SINGLE STAND-ALONE HOSPITAL WOULD LIKELY REPORT COSTS ASSOCIATED WITH MANAGEMENT AND OTHER PROFESSIONAL SERVICES ON VARIOUS EXPENSE LINE ITEMS IN ITS STATEMENT OF REVENUE AND EXPENSE AS OPPOSED TO REPORTING SUCH COSTS IN ONE OVERALL MANAGEMENT FEE EXPENSE AS THE FILING ORGANIZATION HAS CHOSEN TO DO ON AN ENTITY BY ENTITY BASIS. THERE IS NO SINGLE FORM 990 THAT CAPTURES THE PROGRAMS AND OPERATIONS OF AHS AS A WHOLE. THE READER IS DIRECTED TO VISIT THE WEB-SITE OF AHS AT WWW.ADVENTISTHEALTHSYSTEM.ORG TO LEARN MORE ABOUT THE MISSION AND OPERATIONS OF AHS AND TO ACCESS AHS'S ANNUAL REPORT THAT CONTAINS FINANCIAL DATA AS WELL AS COMMUNITY BENEFIT REPORTING FOR THE ENTIRE SYSTEM.
	PART VI, LINE 7	THE ANNUAL COMMUNITY BENEFIT REPORT CONTAINED IN THE ANNUAL REPORT PREPARED BY ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC) ON BEHALF OF THE ENTIRE AHS SYSTEM OF HEALTHCARE ORGANIZATION IS NOT FILED WITH ANY STATE AGENCIES.

Additional Data

Software ID:
Software Version:
EIN: 59-0973502
Name: MEMORIAL HEALTH SYSTEMS INC

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

20

Name and address	Type of Facility (describe)
1 FLORIDA MEMORIAL HOSPITAL IMAGING CENTER 335 CLYDE MORRIS BLVD ORMOND BEACH,FL 32174	DIAGNOSTIC IMAGING
2 FHMMC CANCER CARE CENTER 224 MEMORIAL MEDICAL PKWY DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
3 WOUND CARE 305 MEMORIAL MEDICAL PKWY 101 DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
4 HEMATOLOGY ONCOLOGY ASSOCIATES 345 CLYDE MORRIS BLVD 490 ORMOND BEACH,FL 32174	DIAGNOSTIC IMAGING
5 PRACTICE OF DR MURRPHY MARTIN & KENT 305 MEMORIAL MEDICAL PKWY 206 DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
6 FHMMC AT THE PAVILION-REHAB 5535 S WILLIAMSON BLVD700 PORT ORANGE,FL 32128	DIAGNOSTIC IMAGING
7 FLORIDA WOMEN'S HEALTH CENTER 335 CLYDE MORRIS BLVD 240 ORMOND BEACH,FL 32174	DIAGNOSTIC IMAGING
8 PRACTICE OF DR BIRKEDAL 305 MEMORIAL MEDICAL PKWY 205 DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
9 FHMMC REHABILITATION SVCS OUTPATIENT CTR 501 STERTHAUS AVENUE ORMOND BEACH,FL 32174	DIAGNOSTIC IMAGING
10 PRACTICE OF DR RASMUSSEN 305 MEMORIAL MEDICAL PKWY 209 DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
11 PRACTICE OF DR LEVINE 305 MEMORIAL MEDICAL PKWY 207 DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
12 FHMMC AT THE PAVILION-LAB 5535 S WILLIAMSON BLVD700 PORT ORANGE,FL 32128	DIAGNOSTIC IMAGING
13 PRACTICE OF DR DAAS 305 MEMORIAL MEDICAL PKWY 203 DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
14 PRACTICE OF DR COHEN 305 MEMORIAL MEDICAL PKWY 208 ORMOND BEACH,FL 32174	DIAGNOSTIC IMAGING
15 FHMMC AT THE PAVILION-RADIOLOGY 5535 S WILLIAMSON BLVD700 PORT ORANGE,FL 32128	DIAGNOSTIC IMAGING
16 FHMMC AT THE PAVILION-DR MANTINEO 5535 S WILLIAMSON BLVD700 PORT ORANGE,FL 32128	DIAGNOSTIC IMAGING
17 PRACTICE OF DR CASIMIRO 290 N CLYDE MORRIS BLVD A-2 ORMOND BEACH,FL 32174	DIAGNOSTIC IMAGING
18 FHMMC CARDIAC REHAB 305 MEMORIAL MEDICAL PKWY 306 DAYTONA BEACH,FL 32117	DIAGNOSTIC IMAGING
19 MEMORIAL FAMILY CARE DR GONSALVES 335 CLYDE MORRIS BLVD 240 DAYTONA BEACH,FL 32174	DIAGNOSTIC IMAGING
20 MEMORIAL MEDLAB 290 N CLYDE MORRIS BLVD ORMOND BEACH,FL 32174	DIAGNOSTIC IMAGING

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

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

59-0973502

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

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

[illegible]**Schedule I (Form 990) 2012**

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

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

Part IV

Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANTS ARE GENERALLY MADE ONLY TO RELATED ORGANIZATIONS THAT ARE EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3), OR TO OTHER LOCAL CHARITABLE COMMUNITY ORGANIZATIONS, OR TO OTHER 501(C)(3) ORGANIZATIONS THAT ARE A PART OF THE GROUP EXEMPTION RULING ISSUED TO THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS ACCORDINGLY, THE FILING ORGANIZATION HAS NOT ESTABLISHED SPECIFIC PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS IN THE UNITED STATES AS THE FILING ORGANIZATION DOES NOT HAVE A GRANT MAKING PROGRAM THAT WOULD NECESSITATE SUCH PROCEDURES

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

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☒ Travel for companions ☒ Tax idemnification and gross-up payments ☒ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ 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 or provision of all of the expenses described above? If "No," complete Part III to explain	1bYes	
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?	2Yes	
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☐ Compensation survey or study ☐ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment?	4a	No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4bYes	
c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c	No
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? If "Yes," to line 5a or 5b, describe in Part III	5b	No
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?	6aYes	
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b	No
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 accrued pursuant to a contract that was subject to the initial contract exception described in Regulations 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 duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(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 as deferred in prior Form 990
		(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, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II

Also complete this part for any additional information

Identifier	Return Reference	Explanation
	PART I, LINE 1A	AS DISCUSSED IN OUR RESPONSE TO SECTION B, PART VI, QUESTION 15A & B, THE FILING ORGANIZATION IS A PART OF THE SYSTEM OF HEALTHCARE ORGANIZATIONS KNOWN AS ADVENTIST HEALTH SYSTEM (AHS) MEMBERS OF THE FILING ORGANIZATION'S EXECUTIVE MANAGEMENT TEAM THAT HOLD THE POSITION OF VICE-PRESIDENT OR ABOVE ARE COMPENSATED BY AND ON THE PAYROLL OF ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC), THE PARENT ORGANIZATION OF AHS AHSSHC IS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C) (3) THE FILING ORGANIZATION REIMBURSES AHSSHC FOR THE SALARY AND BENEFIT COST OF THOSE EXECUTIVES ON THE PAYROLL OF AHSSHC THAT PROVIDE SERVICES AND ARE ON THE MANAGEMENT TEAM OF THE FILING ORGANIZATION TRAVEL FOR COMPANIONS AHSSHC HAS A CORPORATE EXECUTIVE POLICY THAT PROVIDES A BENEFIT TO ALLOW FOR A TRAVELING AHSSHC EXECUTIVE TO HAVE HIS OR HER SPOUSE ACCOMPANY THE EXECUTIVE ON CERTAIN BUSINESS TRIPS EACH YEAR TYPICALLY, REIMBURSEMENT IS ONLY PROVIDED TO VICE PRESIDENTS AND ABOVE AND IS USUALLY LIMITED TO ONE BUSINESS TRIP PER YEAR BEYOND THE ANNUAL AHS PRESIDENT'S COUNCIL BUSINESS MEETING AND OTHER MEETINGS WHERE THE SPOUSE IS SPECIFICALLY INVITED THE AHSSHC CORPORATE EXECUTIVE SPOUSAL TRAVEL POLICY WAS ORIGINALLY APPROVED AND REVIEWED BY THE AHSSHC BOARD STRATEGY & COMPENSATION COMMITTEE, AN INDEPENDENT BODY OF THE AHSSHC BOARD OF DIRECTORS ALL SPOUSAL TRAVEL COSTS REIMBURSED TO THE EXECUTIVE ARE CONSIDERED TAXABLE COMPENSATION TO THE EXECUTIVE TAX INDEMNIFICATION AND GROSS-UP PAYMENTS AHS HAS A SYSTEM-WIDE POLICY ADDRESSING GROSS-UP PAYMENTS PROVIDED IN CONNECTION WITH EMPLOYER-PROVIDED BENEFITS/OTHER TAXABLE ITEMS UNDER THE POLICY, CERTAIN TAXABLE BUSINESS-RELATED REIMBURSEMENTS (I E TAXABLE BUSINESS-RELATED MOVING EXPENSES, TAXABLE ITEMS PROVIDED IN CONNECTION WITH EMPLOYMENT) PROVIDED TO ANY EMPLOYEE MAY BE GROSSED-UP AT A 25% RATE UPON APPROVAL OF THE FILING ORGANIZATION'S CEO AND CFO ADDITIONALLY, EMPLOYEES AT THE DIRECTOR LEVEL AND ABOVE ARE ELIGIBLE FOR GROSS-UP PAYMENTS ON GIFTS RECEIVED FOR BOARD OF DIRECTOR SERVICES DISCRETIONARY SPENDING ACCOUNT A NOMINAL DISCRETIONARY SPENDING AMOUNT WAS PROVIDED IN THE CURRENT YEAR TO ALL ELIGIBLE EXECUTIVES WHO ATTEND THE ANNUAL AHS PRESIDENT'S COUNCIL BUSINESS MEETING (\$500 PER EXECUTIVE) OR THE ANNUAL AHS CFO CONFERENCE BUSINESS MEETING (\$300 PER EXECUTIVE) WITH RESPECT TO THE AHS PRESIDENT'S COUNCIL MEETING, ELIGIBLE EXECUTIVES MAY INCLUDE AHSSHC VICE PRESIDENTS AND ABOVE AND ALL AHSSHC SUBSIDIARY ORGANIZATION CEOS AND REGIONAL CFOS THE PAYMENT PROVIDED TO EACH EXECUTIVE WAS CONSIDERED TAXABLE COMPENSATION TO THE EXECUTIVE
	PART I, LINE 4B	AS DISCUSSED IN LINE 1A ABOVE, EXECUTIVES ON THE FILING ORGANIZATION'S MANAGEMENT TEAM THAT HOLD THE POSITION OF VICE-PRESIDENT OR ABOVE ARE COMPENSATED BY AND ON THE PAYROLL OF ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC), THE PARENT ORGANIZATION OF A HEALTHCARE SYSTEM KNOWN AS ADVENTIST HEALTH SYSTEM (AHS) IN RECOGNITION OF THE CONTRIBUTION THAT EACH EXECUTIVE MAKES TO THE SUCCESS OF AHS, AHS PROVIDES TO ELIGIBLE EXECUTIVES PARTICIPATION IN THE AHS EXECUTIVE FLEX BENEFIT PROGRAM (THE PLAN) THE PURPOSE OF THE PLAN IS TO OFFER ELIGIBLE EXECUTIVES AN OPPORTUNITY TO ELECT FROM AMONG A VARIETY OF SUPPLEMENTAL BENEFITS, INCLUDING DEFERRED COMPENSATION BENEFITS TAXABLE UNDER INTERNAL REVENUE CODE (IRC) SECTION 457(F), TO INDIVIDUALLY TAILOR A BENEFITS PROGRAM APPROPRIATE TO EACH EXECUTIVE'S NEEDS THE PLAN PROVIDES ELIGIBLE PARTICIPANTS A PRE-DETERMINED BENEFITS ALLOWANCE CREDIT THAT IS EQUAL TO A PERCENTAGE OF THE EXECUTIVE'S BASE PAY FROM WHICH IS DEDUCTED THE COST OF MANDATORY AND ELECTIVE EMPLOYEE BENEFITS THE PRE-DETERMINED BENEFITS ALLOWANCE CREDIT PERCENTAGE IS APPROVED BY THE AHS BOARD STRATEGY & COMPENSATION COMMITTEE, AN INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS OF AHSSHC ANY FUNDS THAT REMAIN AFTER THE COST OF MANDATORY AND ELECTIVE BENEFITS ARE SUBTRACTED FROM THE ANNUAL PRE-DETERMINED BENEFITS ALLOWANCE ARE CONTRIBUTED, AT THE EMPLOYEE'S OPTION, TO EITHER AN IRC 457(F) DEFERRED COMPENSATION ACCOUNT OR TO AN IRC 457(B) ELIGIBLE DEFERRED COMPENSATION PLAN UPON ATTAINMENT OF AGE 65, ALL PREVIOUS 457(F) DEFERRED AMOUNTS ARE PAID IMMEDIATELY TO THE PARTICIPANT AND ANY FUTURE EMPLOYER CONTRIBUTIONS ARE MADE QUARTERLY FROM THE PLAN DIRECTLY TO THE PARTICIPANT THE PLAN DOCUMENTS DEFINE AN EMPLOYEE WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN TO GENERALLY INCLUDE THE CHIEF EXECUTIVE OFFICERS OF AHS ENTITIES AND VICE PRESIDENTS OF ALL AHS ENTITIES WHOSE BASE SALARY IS AT LEAST \$210,000 THE PLAN PROVIDES FOR A CLASS YEAR VESTING SCHEDULE (2 YEARS FOR EACH CLASS YEAR) WITH RESPECT TO AMOUNTS ACCUMULATED IN THE EXECUTIVE'S 457(F) DEFERRED COMPENSATION ACCOUNT DISTRIBUTIONS COULD ALSO BE MADE FROM THE EXECUTIVE'S 457(F) DEFERRED COMPENSATION ACCOUNT UPON ATTAINMENT OF AGE 65 OR UPON AN INVOLUNTARY SEPARATION THE ACCOUNT IS FORFEITED BY THE EXECUTIVE UPON A VOLUNTARY SEPARATION IN ADDITION TO THE PLAN, AHS HAS INSTITUTED A DEFINED BENEFIT, NON-TAX-QUALIFIED DEFERRED COMPENSATION PLAN FOR CERTAIN EXECUTIVES WHO HAVE PROVIDED LENGTHY SERVICE TO AHS AND/OR TO OTHER SEVENTH-DAY ADVENTIST CHURCH HOSPITALS OR HEALTH CARE INSTITUTIONS PARTICIPATION IN THE PLAN IS OFFERED TO AHS EXECUTIVES ON A PRORATA SCHEDULE BEGINNING WITH 20 YEARS OF SERVICE AS AN EMPLOYEE OF AHS AND/OR ANOTHER HOSPITAL OR HEALTH CARE INSTITUTION CONTROLLED BY THE SEVENTH-DAY ADVENTIST CHURCH AND WHO SATISFY CERTAIN OTHER QUALIFYING CRITERIA THIS SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) WAS DESIGNED TO PROVIDE ELIGIBLE EXECUTIVES WITH THE ECONOMIC EQUIVALENT OF AN ANNUAL INCOME BEGINNING AT NORMAL RETIREMENT AGE EQUAL TO 60% OF THE AVERAGE OF THE PARTICIPANT'S THREE, FIVE OR SEVEN HIGHEST YEARS OF BASE SALARY FROM AHS ACTIVE EMPLOYMENT INCLUSIVE OF INCOME FROM ALL OTHER SEVENTH-DAY ADVENTIST CHURCH HEALTHCARE EMPLOYER-FINANCED RETIREMENT INCOME SOURCES AND INVESTMENT INCOME EARNED ON THOSE CONTRIBUTIONS THROUGH SOCIAL SECURITY NORMAL RETIREMENT AGE AS DEFINED IN THE PLAN THE NUMBER OF YEARS INCLUDED IN HIGHEST AVERAGE COMPENSATION IS DETERMINED BY THE INDIVIDUAL'S YEAR OF ENTRY TO THE SERP AND BY THE INDIVIDUAL'S YEAR OF ENTRY TO THE AHS EXECUTIVE FLEX BENEFIT PROGRAM FLEX PLAN FLEX PLAN/ SERP 457(B) CY CY EMPLOYER CY CONTRIB / DISTRIBUTIONS CONTRIB DISTRIBUTIONS* PAYMENT ----- MICHAEL H SCHULTZ \$114,908 \$ 97,967 \$300,548 \$ 0 MARK E LAROSE \$ 69,265 \$ 53,519 \$ 0 \$ 0 DEBORA H THOMAS \$ 26,850 \$ 9,465 \$ 0 \$ 0 SANDRA K JOHNSON \$ 51,102 \$ 32,385 \$ 0 \$ 0 DAVID A OTTATI \$ 30,836 \$ 14,836 \$ 0 \$ 0 LEWIS A SEIFERT \$ 72,738 \$ 42,384 \$ 0 \$ 0 DARLINDA G COPELAND \$ 29,766 \$ 6,489 \$ 0 \$ 0 ELIZABETH WEAGRAFF \$ 15,373 \$ 11,618 \$ 0 \$ 0 ED NOSEWORTHY \$ 38,752 \$ 31,019 \$ 0 \$ 0 DARYL TOL \$ 65,638 \$ 35,595 \$ 0 \$ 0 RONALD JIMENEZ \$ 31,350 \$ 3,941 \$ 0 \$ 0 NIGEL HINDS \$ 19,058 \$ 4,151 \$ 0 \$ 0 *INCLUDING INVESTMENT EARNINGS
	PART I, LINE 6	THE FILING ORGANIZATION'S PHYSICIAN COMPENSATION FORMULA IS DESIGNED TO RESULT IN TOTAL COMPENSATION THAT WOULD BE REASONABLE FOR EACH PHYSICIAN THE FILING ORGANIZATION UTILIZES NATIONAL SURVEY PRODUCTIVITY, COST, AND COMPENSATION DATA IN FORMULATING ALL ASPECTS OF THE COMPENSATION PLAN PHYSICIAN COMPENSATION CONTRACTUAL AGREEMENTS INCLUDE A CEILING OR REASONABLE MAXIMUM ON THE AMOUNT A PHYSICIAN MAY EARN THE FILING ORGANIZATION'S EMPLOYED PHYSICIANS ENTER INTO A WRITTEN AGREEMENT THAT REQUIRES THE PHYSICIANS TO PROVIDE MEDICAL CARE TO INDIVIDUALS WHO ARE REFERRED BY THE FILING ORGANIZATION THE FILING ORGANIZATION'S COMPENSATION ARRANGEMENT DOES NOT USE A METHOD OF COMPENSATION THAT IS BASED UPON A PERCENTAGE OF THE ORGANIZATION'S NET INCOME RATHER, UNDER THE COMPENSATION ARRANGEMENT, PHYSICIAN BASE SALARY IS SET BASED ON FAIR MARKET VALUE BENCHMARKS, AND ANY ADDITIONAL COMPENSATION IS BASED ON A PERCENTAGE OF THE PRACTICE/LOCATION NET REVENUE
SUPPLEMENTAL INFORMATION	PART III	PART I, QUESTION 3 AS NOTED IN OUR RESPONSE TO QUESTION 15 OF PART VI OF FORM 990, THE INDIVIDUAL WHO SERVES AS THE CEO OF THE FILING ORGANIZATION IS COMPENSATED BY ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC) FOR THAT INDIVIDUAL'S ROLE IN SERVING AS THE CEO COMPENSATION AND BENEFITS PROVIDED TO THIS INDIVIDUAL ARE DETERMINED PURSUANT TO POLICIES, PROCEDURES, AND PROCESSES OF AHSSHC THAT ARE DESIGNED TO ENSURE COMPLIANCE WITH THE INTERMEDIATE SANCTIONS LAWS AS SET FORTH IN IRC SECTION 4958 AHSSHC USES ALL OF THE FOLLOWING TO ESTABLISH COMPENSATION OF THE CEO - COMPENSATION COMMITTEE, - INDEPENDENT COMPENSATION CONSULTANT, - COMPENSATION SURVEY OR STUDY, AND - APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE

Software ID:
Software Version:
EIN: 59-0973502
Name: MEMORIAL HEALTH SYSTEMS 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				
MICHAEL SCHULTZ	(i)	0	0	199	0	0	199	0
	(ii)	642,188	195,183	468,562	128,507	40,596	1,475,036	91,255
SANDRA K JOHNSON	(i)	0	0	0	0	0	0	0
	(ii)	390,514	120,945	79,026	47,701	52,254	690,440	29,763
MARK LAROSE	(i)	0	0	0	0	0	0	0
	(ii)	423,408	65,966	85,632	82,864	14,052	671,922	53,478
DAVID OTTATI	(i)	0	0	199	0	0	199	0
	(ii)	323,487	69,726	39,262	44,434	34,190	511,099	14,825
ED NOSEWORTHY	(i)	0	0	0	0	0	0	0
	(ii)	313,162	62,353	70,757	52,350	23,441	522,063	27,967
JULIE SCHNEIDER MD	(i)	295,834	902,349	1,074	13,599	7,833	1,220,689	0
	(ii)	0	0	0	0	0	0	0
LEWIS SEIFERT	(i)	0	0	199	0	0	199	0
	(ii)	462,337	126,959	92,301	86,337	32,112	800,046	42,022
DARYL TOL	(i)	0	0	0	0	0	0	0
	(ii)	447,934	70,129	46,890	79,237	37,572	681,762	34,812
ELIZABETH WEAGRAFF	(i)	0	0	199	0	0	199	0
	(ii)	220,894	79,653	44,395	28,972	35,988	409,902	11,609
DEBORA THOMAS	(i)	0	0	0	0	0	0	0
	(ii)	293,181	49,914	57,966	23,449	34,362	458,872	9,460
NIGEL HINDS	(i)	0	0	0	0	0	0	0
	(ii)	228,842	42,983	33,520	27,657	31,107	364,109	3,942
DARLINDA COPELAND	(i)	0	0	0	0	0	0	0
	(ii)	265,788	40,542	30,293	26,364	16,409	379,396	6,486
MICHELE GOEB-BURKETT	(i)	0	0	0	0	0	0	0
	(ii)	199,555	36,809	18,711	13,599	22,818	291,492	0
RONALD JIMENEZ	(i)	0	0	0	0	0	0	0
	(ii)	297,804	42,456	29,379	27,949	43,569	441,157	3,939
MICHAEL KELLEY MD	(i)	261,778	522,391	664	13,599	22,105	820,537	0
	(ii)	0	0	0	0	0	0	0
ROBERT MARTIN MD	(i)	741,523	0	690	13,599	12,845	768,657	0
	(ii)	0	0	0	0	0	0	0
ROBERT HEWES MD	(i)	496,978	107,442	130,721	13,599	12,566	761,306	0
	(ii)	0	0	0	0	0	0	0
CHRISTOPHER SUTTON KENT MD	(i)	688,917	0	450	13,599	25,685	728,651	0
	(ii)	0	0	0	0	0	0	0
DINDI REDDY MD	(i)	492,229	135,224	44,407	13,599	22,686	708,145	0
	(ii)	0	0	0	0	0	0	0

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number

59-0973502

Part I

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

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2

Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958

\$

3

Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

\$

Part II

Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
Total							\$				

Part III

Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) GERI MANLEY	FAMILY MEMBER OF KEY EMPLOYEE	32,798	EMPLOYEE COMPENSATION		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE 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

2012

Open to Public
Inspection

Name of the organization MEMORIAL HEALTH SYSTEMS INC	Employer identification number 59-0973502
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	CHARLES D HOOD, JR AND DAVID BURT - BUSINESS RELATIONSHIP DARYL TOL AND JULIE SCHNEIDER, MD - BUSINESS RELATIONSHIP CHARLES D HOOD, JR AND NANCY LOHMAN - BUSINESS RELATIONSHIP CHARLES D HOOD, JR AND DARYL TOL - BUSINESS RELATIONSHIP CHARLES D HOOD, JR AND SURESH DESAI, MD - BUSINESS RELATIONSHIP DARLINDA COPELAND AND EDDIE SCHATZ, JR - BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	MEMORIAL HEALTH SYSTEMS, INC (THE FILING ORGANIZATION) HAS ONE MEMBER THE SOLE MEMBER OF THE FILING ORGANIZATION IS ADVENTIST HEALTH SYSTEM/SUNBELT, INC ADVENTIST HEALTH SYSTEM/SUNBELT, INC (AHSSI) IS A FLORIDA, NOT-FOR-PROFIT CORPORATION THAT IS EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3) THERE ARE NO OTHER CLASSES OF MEMBERSHIP IN THE FILING ORGANIZATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE SOLE MEMBER OF THE FILING ORGANIZATION IS AHSSI THE BOARD OF DIRECTORS OF THE FILING ORGANIZATION ARE APPOINTED BY THE SOLE MEMBER, AHSSI, WHO HAS THE RIGHT TO ELECT, APPOINT OR REMOVE ANY MEMBER OF THE BOARD OF DIRECTORS OF THE FILING ORGANIZATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	AHSSI, AS THE SOLE MEMBER OF THE FILING ORGANIZATION, HAS CERTAIN RESERVED POWERS AS SET FORTH IN THE BYLAWS OF THE FILING ORGANIZATION. THESE RESERVED POWERS INCLUDE THE FOLLOWING: A) TO APPROVE AND DISAPPROVE THE EXECUTIVE AND/OR ADMINISTRATIVE LEADERSHIP OF THE FILING ORGANIZATION, AND THEIR SALARIES; B) TO ADOPT, AMEND, RESTATE, AND REPEAL THE ARTICLES OF INCORPORATION OR BYLAWS OF THE FILING ORGANIZATION; C) TO SET LIMITS AND TERMS FOR THE BORROWING OF FUNDS; D) TO APPROVE OR DISAPPROVE THE PURCHASE OR SALE OF PERSONAL PROPERTY OR REAL PROPERTY EQUAL TO OR IN EXCESS OF CERTAIN DOLLAR AMOUNT THRESHOLDS; E) TO APPROVE OR DISAPPROVE THE ANNUAL OPERATING AND CAPITAL BUDGETS OF THE FILING ORGANIZATION; F) TO DIRECT THE PLACEMENT OF FUNDS AND CAPITAL OF THE FILING ORGANIZATION; G) TO ESTABLISH GENERAL GUIDING POLICIES, TO IMPLEMENT QUALITY ASSESSMENT, IMPROVEMENT AND UTILIZATION REVIEW PROGRAMS; H) TO APPROVE THE APPOINTMENT OF AN AUDITING FIRM AND ELECTION OF THE FISCAL YEAR FOR THE FILING ORGANIZATION; AND I) TO ESTABLISH A PROCESS FOR ADDRESSING PATIENT GRIEVANCES.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE FILING ORGANIZATION'S CURRENT YEAR FORM 990 WAS REVIEWED BY THE BOARD CHAIRMAN, BOARD FINANCE COMMITTEE CHAIR, CEO AND BY THE CFO PRIOR TO ITS FILING WITH THE IRS. THE REVIEW CONDUCTED BY THE BOARD CHAIRMAN, BOARD FINANCE COMMITTEE CHAIR, CEO AND THE CFO DID NOT INCLUDE THE REVIEW OF ANY SUPPORTING WORKPAPERS THAT WERE USED IN PREPARATION OF THE CURRENT YEAR FORM 990, BUT DID INCLUDE A REVIEW OF THE ENTIRE FORM 990 AND ALL SUPPORTING SCHEDULES.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY OF THE FILING ORGANIZATION APPLIES TO MEMBERS OF ITS BOARD OF DIRECTORS AND ITS PRINCIPAL OFFICERS (TO BE KNOWN AS INTERESTED PERSONS) IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICT OF INTERESTS, ANY MEMBER OF THE BOARD OF DIRECTORS OF THE FILING ORGANIZATION OR ANY PRINCIPAL OFFICER OF THE FILING ORGANIZATION (I.E. INTERESTED PERSONS) MUST DISCLOSE THE EXISTENCE OF ANY FINANCIAL INTEREST WITH THE FILING ORGANIZATION AND MUST BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS CONCERNING THE FINANCIAL INTEREST/ARRANGEMENT TO THE BOARD OF DIRECTORS OF THE FILING ORGANIZATION OR TO ANY MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS THAT IS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT SUBSEQUENT TO ANY DISCLOSURE OF ANY FINANCIAL INTEREST/ARRANGEMENT AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE RELEVANT BOARD MEMBER OR PRINCIPAL OFFICER, THE REMAINING MEMBERS OF THE BOARD OF DIRECTORS OR COMMITTEE WITH BOARD DELEGATED POWERS SHALL DISCUSS, ANALYZE, AND VOTE UPON THE POTENTIAL FINANCIAL INTEREST/ARRANGEMENT TO DETERMINE IF A CONFLICT OF INTEREST EXISTS. ACCORDING TO THE FILING ORGANIZATION'S CONFLICT OF INTEREST POLICY, AN INTERESTED PERSON MAY MAKE A PRESENTATION TO THE BOARD OF DIRECTORS (OR COMMITTEE WITH BOARD DELEGATED POWERS), BUT AFTER SUCH PRESENTATION, SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT RESULTS IN A CONFLICT OF INTEREST. EACH INTERESTED PERSON, AS DEFINED UNDER THE FILING ORGANIZATION'S CONFLICT OF INTEREST POLICY, SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICT OF INTERESTS POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE FILING ORGANIZATION IS A CHARITABLE ORGANIZATION THAT MUST PRIMARILY ENGAGE IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS EXEMPT PURPOSES. THE FILING ORGANIZATION'S CONFLICT OF INTEREST POLICY ALSO REQUIRES THAT PERIODIC REVIEWS SHALL BE CONDUCTED TO ENSURE THAT THE FILING ORGANIZATION OPERATES IN A MANNER CONSISTENT WITH ITS CHARITABLE PURPOSES.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE TOP-TIER PARENT OF THE FILING ORGANIZATION IS ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION (AHSSHC). AHSSHC IS THE PARENT ORGANIZATION OF A HEALTHCARE SYSTEM, KNOWN AS ADVENTIST HEALTH SYSTEM, THAT OPERATES HOSPITALS, NURSING HOME FACILITIES, AND OTHER HEALTHCARE PROVIDER ORGANIZATIONS. AHSSHC IS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) PURSUANT TO A GROUP RULING ISSUED TO THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS. THE INDIVIDUALS WHO SERVE AS THE CEO, CFO OR VICE PRESIDENT OF THE FILING ORGANIZATION ARE COMPENSATED BY AHSSHC. COMPENSATION AND BENEFITS PROVIDED TO THESE INDIVIDUALS IS DETERMINED PURSUANT TO POLICIES, PROCEDURES, AND PROCESSES OF AHSSHC THAT ARE DESIGNED TO ENSURE COMPLIANCE WITH THE INTERMEDIATE SANCTIONS LAWS AS SET FORTH IN IRC SECTION 4958. AHSSHC HAS TAKEN STEPS TO ENSURE THAT PROCESSES ARE IN PLACE TO SATISFY THE REBUTTABLE PRESUMPTION OF REASONABLENESS STANDARD AS SET FORTH IN TREASURY REGULATION 53.4958-6 WITH RESPECT TO ITS ACTIVE EXECUTIVE-LEVEL POSITIONS. THE AHSSHC BOARD STRATEGY AND COMPENSATION COMMITTEE (THE COMMITTEE) SERVES AS THE GOVERNING BODY FOR ALL EXECUTIVE COMPENSATION MATTERS. THE COMMITTEE IS COMPOSED OF CERTAIN MEMBERS OF THE BOARD OF DIRECTORS (THE BOARD) OF AHSSHC. VOTING MEMBERS OF THE COMMITTEE INCLUDE ONLY INDIVIDUALS WHO SERVE ON THE BOARD AS INDEPENDENT REPRESENTATIVES OF THE COMMUNITY, WHO HOLD NO EMPLOYMENT POSITIONS WITH AHSSHC AND WHO DO NOT HAVE RELATIONSHIPS WITH ANY OF THE INDIVIDUALS WHOSE COMPENSATION IS UNDER THEIR REVIEW THAT IMPACTS THEIR BEST INDEPENDENT JUDGMENT AS FIDUCIARIES OF AHSSHC. THE COMMITTEE'S ROLE IS TO REVIEW AND APPROVE ALL COMPONENTS OF THE EXECUTIVE COMPENSATION PLAN OF AHSSHC. AS AN INDEPENDENT GOVERNING BODY WITH RESPECT TO EXECUTIVE COMPENSATION, IT SHOULD BE NOTED THAT THE COMMITTEE WILL OFTEN CONFER IN EXECUTIVE SESSIONS ON MATTERS OF COMPENSATION POLICY AND POLICY CHANGES. IN SUCH EXECUTIVE SESSIONS, NO MEMBERS OF MANAGEMENT OF AHSSHC ARE PRESENT. THE COMMITTEE IS ADVISED BY AN INDEPENDENT THIRD PARTY COMPENSATION ADVISOR. THIS ADVISOR PREPARES ALL THE BENCHMARK STUDIES FOR THE COMMITTEE. COMPENSATION LEVELS ARE BENCHMARKED WITH A NATIONAL PEER GROUP OF OTHER NOT-FOR-PROFIT HEALTHCARE SYSTEMS AND HOSPITALS OF SIMILAR SIZE AND COMPLEXITY TO AHS AND EACH OF ITS AFFILIATED ENTITIES. THE FOLLOWING PRINCIPLES GUIDE THE ESTABLISHMENT OF INDIVIDUAL EXECUTIVE COMPENSATION - THE SALARY OF THE PRESIDENT/CEO OF AHS WILL NOT EXCEED THE 40TH PERCENTILE OF COMPARABLE SALARIES PAID BY SIMILARLY SITUATED ORGANIZATIONS, AND - OTHER EXECUTIVE SALARIES SHALL BE ESTABLISHED USING MARKET MEDIANS. THE COMPENSATION PHILOSOPHY, POLICIES, AND PRACTICES OF AHSSHC ARE CONSISTENT WITH THE ORGANIZATION'S FAITH-BASED MISSION AND CONFORM TO APPLICABLE LAWS, REGULATIONS, AND BUSINESS PRACTICES. AS A FAITH-BASED ORGANIZATION SPONSORED BY THE SEVENTH-DAY ADVENTIST CHURCH (THE CHURCH), AHSSHC'S PHILOSOPHY AND PRINCIPLES WITH RESPECT TO ITS EXECUTIVE COMPENSATION PRACTICES REFLECT THE CONSERVATIVE APPROACH OF THE CHURCH'S MISSION OF SERVICE AND WERE DEVELOPED IN COUNSEL WITH THE CHURCH'S LEADERSHIP.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	AS DISCUSSED IN OUR RESPONSE TO QUESTION 15A & B IN SECTION B OF THIS PART VI, THE FILING ORGANIZATION IS A PART OF THE SYSTEM OF HEALTHCARE ORGANIZATIONS KNOWN AS ADVENTIST HEALTH SYSTEM (AHS). EACH YEAR, AHS PUBLISHES AN ANNUAL REPORT DOCUMENT THAT INCLUDES A FINANCIAL REPORT FOR THE RELEVANT YEAR AS WELL AS A COMMUNITY BENEFIT REPORT. THE FINANCIAL REPORT AND COMMUNITY BENEFIT REPORT ARE PRESENTED ON A CONSOLIDATED BASIS AND REPRESENT ALL OF THE ACTIVITIES, RESULTS OF OPERATIONS, AND FINANCIAL POSITION AT YEAR-END OF THE ENTIRE AHS SYSTEM. IN ADDITION, THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF AHS AND OF THE AHS "OBLIGATED GROUP" ARE FILED ANNUALLY WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB). THE "OBLIGATED GROUP" IS A GROUP OF AHSSHC SUBSIDIARIES THAT ARE JOINTLY AND SEVERALLY LIABLE UNDER A MASTER TRUST INDENTURE THAT SECURES DEBT PRIMARILY ISSUED ON A TAX-EXEMPT BASIS. UNAUDITED QUARTERLY FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) ARE ALSO FILED WITH MSRB FOR AHS ON A CONSOLIDATED BASIS AND FOR THE GROUPING OF AHS SUBSIDIARIES COMPRISING THE "OBLIGATED GROUP". THE FILING ORGANIZATION DOES NOT GENERALLY MAKE ITS GOVERNING DOCUMENTS OR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC.

Identifier	Return Reference	Explanation
	PART VII, SECTION A	FOR THOSE BOARD OF TRUSTEE MEMBERS WHO DEVOTE LESS THAN FULL-TIME TO THE FILING ORGANIZATION (BASED UPON THE AVERAGE NUMBER OF HOURS PER WEEK SHOWN IN COLUMN (B) ON PAGE 7 OF THE RETURN) THE COMPENSATION AMOUNTS SHOWN IN COLUMNS (E) AND (F) ON PAGE 7 WERE PROVIDED IN CONJUNCTION WITH THAT PERSON'S RESPONSIBILITIES AND ROLES IN SERVING IN AN EXECUTIVE LEADERSHIP POSITION WITHIN ADVENTIST HEALTH SYSTEM

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	ALLOCATIONS WITH RESPECT TO TAX-EXEMPT DEBT -1,387,253 TRANSFER TO TAX-EXEMPT PARENT CORPORATION -1,220,464 CHANGE IN INVESTMENT IN RELATED FOUNDATION - TEMPORARILY RESTRICTED 36,074 GIFTS - TEMPORARILY RESTRICTED 65,630 TRANSFER FROM AFFILIATED ORGANIZATION 1,082,019

Identifier	Return Reference	Explanation
	PART X, LINE 2	THE AMOUNTS SHOWN ON LINE 2 OF PART X OF THIS RETURN INCLUDE THE FILING ORGANIZATION'S INTEREST IN A CENTRAL INVESTMENT POOL MAINTAINED BY ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION, THE FILING ORGANIZATION'S TOP-TIER PARENT. THE INVESTMENTS IN THE CENTRAL INVESTMENT POOL ARE RECORDED AT MARKET VALUE.

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

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH SYSTEMS INC

Employer identification number
59-0973502

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) 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" to 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 entity?	
						Yes	No
See Additional Data Table							

Part III

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
See Additional Data Table									

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

[illegible]

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

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Software ID:

Software Version:

EIN: 59-0973502

Name: MEMORIAL HEALTH SYSTEMS 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
ADVENTIST BOLINGBROOK HOSPITAL 500 REMINGTON BLVD BOLINGBROOK, IL 60440 65-1219504	OPERATION OF HOSPITAL & RELATED SERVICES	IL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMS SUNBELT INC	No
ADVENTIST CARE CENTERS - COURTLAND INC 730 COURTLAND STREET ORLANDO, FL 32804 20-5774723	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	FL	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
ADVENTIST GLENOAKS HOSPITAL 701 WINTHROP AVENUE GLENDALE HEIGHTS, IL 60139 36-3208390	OPERATION OF HOSPITAL & RELATED SERVICES	IL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMS SUNBELT INC	No
ADVENTIST HLTH MID-AMERICA INC 9100 W 74TH STREET SHAWNEE MISSION, KS 66204 52-1347407	HLTHCARE RELATED SERVICES	KS	501(C)(3)	509(A)(3) TYPE I	ADVENTIST HLTH SYSTEMS SUNBELT INC	No
ADVENTIST HLTH PARTNERS INC 1000 REMINGTON BLVD STE 200 BOLINGBROOK, IL 60440 36-4138353	OPERATE OUT-PATIENT PHYSICIAN CLINICS	IL	501(C)(3)	170(B)(1)(A)(III)	AHS MIDWEST MANAGEMENT INC	No
ADVENTIST HLTH SYSTEM AFFILIATED BENEFIT TRUST 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 26-6422966	PROMOTION OF HLTHCARE	FL	501(C)(3)	509(A)(3) TYPE I	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-2170012	MANAGEMENT SERVICES	FL	501(C)(3)	509(A)(3) TYPE I	N/A	No
ADVENTIST HLTH SYSTEMGEORGIA INC 1035 RED BUD ROAD CALHOUN, GA 30701 58-1425000	OPERATION OF HOSPITAL & RELATED SERVICES	GA	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
ADVENTIST HLTH SYSTEMSUNBELT INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-1479658	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
ADVENTIST HLTH SYSTEMTEXAS INC 602 COURTLAND STREET ORLANDO, FL 32804 74-2578952	LEASING PERSONNEL TO AFFILIATED HOSPITAL	TX	501(C)(3)	509(A)(3) TYPE III	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
ADVENTIST HINSDALE HOSPITAL 120 NORTH OAK STREET HINSDALE, IL 60521 36-2276984	OPERATION OF HOSPITAL & RELATED SERVICES	IL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMS SUNBELT INC	No
ADVENTIST UNIVERSITY OF HEALTH SCIENCES INC (630 YEAR END) 671 LAKE WINYAH DRIVE ORLANDO, FL 32803 59-3069793	EDUCATION/OPERATION OF SCHOOL	FL	501(C)(3)	170(B)(1)(A)(II)	ADVENTIST HLTH SYSTEMS SUNBELT INC	No
AHS MIDWEST MANAGEMENT INC 1000 REMINGTON BLVD STE 200 BOLINGBROOK, IL 60440 36-3354567	OPERATION OF PHYSICIAN PRACTICE MGMT	IL	501(C)(3)	509(A)(3) TYPE I	ADVENTIST HLTH SYSTEMS SUNBELT INC	No
AHSCENTRAL TEXAS INC 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 74-2621825	PROVIDE OFFICE SPACE - MEDICAL PROFESSIONALS	TX	501(C)(3)	509(A)(3) TYPE III-F	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
APOPKA HLTH CARE PROPERTIES INC 305 E OAK STREET APOPKA, FL 32703 51-0605694	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
BATTLE CREEK ADVENTIST HOSPITAL 1000 REMINGTON BLVD STE 200 BOLINGBROOK, IL 60440 38-1359189	INACTIVE	MI	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMS SUNBELT INC	No
BOLINGBROOK HOSPITAL FOUNDATION 1000 REMINGTON BLVD N ENTRANCE 2ND BOLINGBROOK, IL 60440 90-0494445	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	IL	501(C)(3)	170(B)(1)(A)(VI)	MIDWEST HLTH FOUNDATION	No
BRADFORD HEIGHTS HLTH & REHAB CENTER INC 950 HIGHPOINT DRIVE HOPKINSVILLE, KY 42240 20-5782342	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	KY	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
BURLESON NURSING & REHAB CENTER INC 301 HUGULEY BLVD BURLESON, TX 76028 20-5782243	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	TX	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
CALDWELL HLTH CARE PROPERTIES INC 1333 WEST MAIN PRINCETON, KY 42445 51-0605680	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No

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
CENTRAL TEXAS HLTHCARE COLLABORATIVE 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 45-3739929	SUPPORT OPERATION OF HOSPITAL	TX	501(C)(3)	509(A)(3) TYPE I	ADVENTIST HLTH SYSTEMSUNBELT INC	No
CEDAR CRAG TERRACE INC (630 YEAR END) RT 5 BOX 900 MANCHESTER, KY 40962 61-1120442	OPERATION OF HOME FOR THE ELDERLY-DISABLED	KY	501(C)(3)	170(B)(1)(A)(VI)	MEMORIAL HOSPITAL INC	No
CENTRAL TEXAS MEDICAL CENTER FOUNDATION 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 74-2259907	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	TX	501(C)(3)	170(B)(1)(A)(VI)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
CHICKASAW HLTH CARE PROPERTIES INC 250 S CHICKASAW TRAIL ORLANDO, FL 32825 51-0605681	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
CHIPPEWA VALLEY HOSPITAL & OAKVIEW CARE CENTER INC 1220 THIRD AVENUE WEST DURAND, WI 54736 39-1365168	OPERATION OF HOSPITAL & RELATED SERVICES	WI	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
COBB MEDICAL ASSOCIATES LLC 3949 SOUTH COBB DRIVE SE SMYRNA, GA 300806342 58-2617089	OPERATION OF PHYSICIAN PRACTICES & MEDICAL SERVICES	GA	501(C)(3)	170(B)(1)(A)(III)	EMORY-ADVENTIST INC	No
COURTLAND HLTH CARE PROPERTIES INC 730 COURTLAND STREET ORLANDO, FL 32804 51-0605682	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
CREEKWOOD PLACE NURSING & REHAB CENTER INC 683 E THIRD STREET RUSSELLVILLE, KY 42276 20-5782260	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	KY	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
DAIRY ROAD HLTH CARE PROPERTIES INC 7350 DAIRY ROAD ZEPHYRHILLS, FL 33540 51-0605684	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
EAST ORLANDO HLTH & REHAB CENTER INC 250 S CHICKASAW TRAIL ORLANDO, FL 32825 20-5774748	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	FL	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
EMORY-ADVENTIST INC 3949 SOUTH COBB DRIVE SMYRNA, GA 30080 58-2171011	OPERATION OF HOSPITAL & RELATED SVCS	GA	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
FLETCHER HOSPITAL INC 100 HOSPITAL DRIVE HENDERSONVILLE, NC 28792 56-0543246	OPERATION OF HOSPITAL & RELATED SVCS	NC	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
FLNC INC 3355 E SEMORAN BLVD APOPKA, FL 32703 20-5774761	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	FL	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
FLORIDA HOSPITAL WATERMAN INC 1000 WATERMAN WAY TAVARES, FL 32778 59-3140669	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
FLORIDA HOSPITAL ZEPHYRHILLS INC 7050 GALL BLVD ZEPHYRHILLS, FL 33541 59-2108057	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
FLORIDA HOSPITAL MEDICAL GROUP INC 900 WINDERLEY PLACE MAITLAND, FL 32751 59-3214635	OPERATION OF PHYSICIAN PRACTICES & MEDICAL SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
FOUNDATION FOR SHAWNEE MISSION MEDICAL CENTER INC 9100 W 74TH STREET SHAWNEE MISSION, KS 66204 48-0868859	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	KS	501(C)(3)	509(A)(3) TYPE I	SHAWNEE MISSION MEDICAL CENTER INC	No
GLENOAKS HOSPITAL FOUNDATION 701 WINTHROP AVENUE GLENDALE HEIGHTS, IL 60139 36-3926044	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	IL	501(C)(3)	170(B)(1)(A)(VI)	MIDWEST HLTH FOUNDATION	No
HAYS MEMORIAL HOSPITAL ASSOCIATION OF SEVENTH-DAY ADVENTISTS 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78667 74-1362785	LEASE OF HOSPITAL PERSONNEL	TX	501(C)(3)	509(A)(3) TYPE II	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
HELEN ELLIS MEMORIAL HOSPITAL AUXILIARY INC 1395 S PINELLAS AVE TARPON SPRINGS, FL 34689 59-2106043	FUND-RAISING FOR TAX-EXEMPT HOSPITAL/FOUNDATION	FL	501(C)(3)	509(A)(3) TYPE I	TARPON SPRINGS HOSPITAL FOUNDATION INC	No

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
HELEN ELLIS MEMORIAL HOSPITAL FOUNDATION INC 1395 S PINELLAS AVE TARPON SPRINGS, FL 34689 59-3690149	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	FL	501(C)(3)	509(A)(3) TYPE I	TARPON SPRINGS HOSPITAL FOUNDATION INC	No
HINSDALE HOSPITAL FOUNDATION 7 SALT CREEK LANE SUITE 203 HINSDALE, IL 60521 52-1466387	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	IL	501(C)(3)	170(B)(1)(A)(VI)	MIDWEST HLTH FOUNDATION	No
HUGULEY COMMUNITY CARE CORP 11801 SOUTH FREEWAY BURLESON, TX 76028 45-2793120	SUPPORT OPERATION OF HOSPITAL	TX	501(C)(3)	509(A)(3) TYPE I	ADVENTIST HLTH SYSTEMSUNBELT INC	No
IN-MOTION REHAB INC 602 COURTLAND STREET STE 200 ORLANDO, FL 32804 20-8023411	THERAPY SERVICES TO TAX EXEMPT NURSING HOMES	KS	501(C)(3)	509(A)(3) TYPE II	SUNBELT HLTH CARE CENTERS INC	No
JELICO COMMUNITY HOSPITAL INC 188 HOSPITAL LANE JELICO, TN 37762 62-0924706	OPERATION OF HOSPITAL & RELATED SERVICES	TN	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
LA GRANGE MEMORIAL HOSPITAL FOUNDATION 5101 S WILLOW SPRINGS RD LA GRANGE, IL 60525 30-0247776	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	IL	501(C)(3)	170(B)(1)(A)(VI)	MIDWEST HLTH FOUNDATION	No
MEMORIAL HLTH SYSTEMS FOUNDATION INC 770 WEST GRANADA BLVD ORMOND BEACH, FL 32174 31-1771522	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	FL	501(C)(3)	170(B)(1)(A)(VI)	MEMORIAL HLTH SYSTEMS INC	No
MEMORIAL HLTH SYSTEMS INC 301 MEMORIAL MEDICAL PARKWAY DAYTONA BEACH, FL 32117 59-0973502	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
MEMORIAL HOSPITAL FLAGLER INC 60 MEMORIAL MEDICAL PARKWAY PALM COAST, FL 32164 59-2951990	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	MEMORIAL HLTH SYSTEMS INC	Yes
MEMORIAL HOSPITAL - WEST VOLUSIA INC 701 WEST PLYMOUTH AVENUE DELAND, FL 32720 59-3256803	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	MEMORIAL HLTH SYSTEMS INC	Yes
MEMORIAL HOSPITAL INC 210 MARIE LANGDON DRIVE MANCHESTER, KY 40962 61-0594620	OPERATION OF HOSPITAL & RELATED SERVICES	KY	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
MERRIAM HLTH CARE PROPERTIES INC 9700 WEST 62ND STREET MERRIAM, KS 66203 36-4595806	LEASE TO RELATED ORGANIZATION	KS	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
METROPLEX ADVENTIST HOSPITAL INC 2201 S CLEAR CREEK ROAD KILLEEN, TX 76549 74-2225672	OPERATION OF HOSPITAL & RELATED SERVICES	TX	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
METROPLEX CLINIC PHYSICIANS INC 2201 S CLEAR CREEK ROAD KILLEEN, TX 76549 11-3762050	PHYSICIAN HLTHCARE SERVICES TO THE COMMUNITY	TX	501(C)(3)	170(B)(1)(A)(III)	METROPLEX ADVENTIST HOSPITAL INC	No
METROPLEX HOSPITAL INC (1023-123112) 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 46-1256516	FUTURE OPERATION OF HOSPITAL & RELATED SVCS	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
MIDWEST HLTH FOUNDATION 120 NORTH OAK STREET HINSDALE, IL 60521 35-2230515	SUPPORT OF SUBSIDIARY FOUNDATIONS	IL	501(C)(3)	509(A)(3) TYPE II	N/A	No
MILLS HLTH & REHAB CENTER INC 500 BECK LANE MAYFIELD, KY 42066 20-5782320	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	KY	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
MISSION STRATEGIES INC 602 COURTLAND STREET STE 200 ORLANDO, FL 32804 20-5982365	PROVISION OF SUPPORT TO THE NURSING HOME DIVISION	KS	501(C)(3)	509(A)(3) TYPE II	SUNBELT HLTH CARE CENTERS INC	No
MISSION STRATEGIES OF GEORGIA INC 3949 S COBB DRIVE SMYRNA, GA 30080 90-0866024	PROVISION OF SUPPORT TO THE NURSING HOME DIVISION	GA	501(C)(3)	509(A)(3) TYPE II	SUNBELT HLTH CARE CENTERS INC	No
MISSOURI ADVENTIST HLTH INC 9100 W 74TH STREET SHAWNEE MISSION, KS 66204 43-1224729	SUPPORT HLTH CARE SERVICES	MO	501(C)(3)	509(A)(3) TYPE III-O	ADVENTIST HLTH MID-AMERICA INC	No

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
NORTH REGIONAL EMS INC 188 HOSPITAL LANE JELLICO, TN 37762 26-2653616	EMS SERVICES	TN	501(C)(3)	509(A)(2)	JELICO COMMUNITY HOSPITAL INC	No
ORMOND BEACH MEMORIAL HOSPITAL AUXILIARY INC 301 MEMORIAL MEDICAL PARKWAY DAYTONA BEACH, FL 32117 59-1721962	VOLUNTEER SUPPORT SERVICES	FL	501(C)(3)	509(A)(3) TYPE III-F	MEMORIAL HLTH SYSTEMS INC	No
OVERLAND PARK NURSING & REHAB CENTER INC 6501 WEST 75TH STREET OVERLAND PARK, KS 66204 20-5774821	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	KS	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
PARAGON HLTH CARE PROPERTIES INC 950 HIGHPOINT DRIVE HOPKINSVILLE, KY 42240 51-0605686	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
PASCO-PINELLAS HILLSBOROUGH COMMUNITY HLTH SYSTEM INC 2400 BEDFORD ROAD ORLANDO, FL 32803 20-8488713	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	N/A	No
PORTERCARE ADVENTIST HLTH SYSTEM (630 YEAR END) 2525 S DOWNING STREET DENVER, CO 80210 84-0438224	OPERATION OF HOSPITAL & RELATED SERVICES	CO	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
PORTLAND NURSING & REHAB CENTER INC 215 HIGHLAND CIRCLE DRIVE PORTLAND, TN 37148 20-5774842	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	TN	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
PRINCETON HLTH & REHAB CENTER INC 1333 WEST MAIN PRINCETON, KY 42445 20-5782272	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	KY	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
PRINCETON PROFESSIONAL SERVICES INC 601 E ROLLINS STREET ORLANDO, FL 32803 59-1191045	PROVISION OF HLTHCARE SERVICES	FL	501(C)(3)	509(A)(2)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
QUALITY CIRCLE FOR HLTHCARE INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 26-3789368	HLTHCARE QUALITY SERVICES	FL	501(C)(3)	509(A)(3) TYPE III-F	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
RESOURCE PERSONNEL INC 602 COURTLAND STREET STE 200 ORLANDO, FL 32804 20-8040875	PROVIDE ADMINISTRATIVE SUPPORT TO TAX EXEMPT NURSING HOMES	FL	501(C)(3)	509(A)(3) TYPE II	SUNBELT HLTH CARE CENTERS INC	No
ROCKY MOUNTAIN ADVENTIST HLTHCARE FOUNDATION (630 YEAR END) 2525 SOUTH DOWNING STREET DENVER, CO 80210 84-0745018	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	CO	501(C)(3)	170(B)(1)(A)(VI)	PORTERCARE ADVENTIST HLTH SYSTEM	No
ROLLINS BEDFORD CORP 602 COURTLAND STREET STE 200 ORLANDO, FL 32804 37-0908840	INACTIVE	FL	501(C)(3)	509(A)(3) TYPE II	SUNBELT HLTH CARE CENTERS INC	No
ROLLINS BROOK COMMUNITY CARE CORP (1120-123112) 2201 S CLEAR CREEK ROAD KILLEEN, TX 76549 46-1656773	INACTIVE	TX	501(C)(3)		METROPLEX ADVENTIST HOSPITAL INC	No
RUSSELLVILLE HLTH CARE PROPERTIES INC 683 EAST THIRD STREET RUSSELLVILLE, KY 42276 51-0605691	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
SAN MARCOS HLTH CARE PROPERTIES INC 1900 MEDICAL PARKWAY SAN MARCOS, TX 78666 51-0605693	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
SAN MARCOS NURSING & REHAB CENTER INC 1900 MEDICAL PARKWAY SAN MARCOS, TX 78666 20-5782224	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	TX	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
SHAWNEE MISSION HLTH CARE INC 6501 WEST 75TH STREET OVERLAND PARK, KS 66204 48-0952508	LEASE TO RELATED ORGANIZATION	KS	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
SHAWNEE MISSION MEDICAL CENTER INC 9100 W 74TH STREET SHAWNEE MISSION, KS 66204 48-0637331	OPERATION OF HOSPITAL & RELATED SERVICES	KS	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH MID-AMERICA INC	No
SOUTH CENTRAL NURSING HOMES PROPERTIES INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-3686109	MANAGEMENT SUPPORT	GA	501(C)(3)	509(A)(3) TYPE III-O	SOUTH CENTRAL INC	No

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SOUTH CENTRAL NURSING HOMES INC 602 COURTLAND STREET ORLANDO, FL 32804 61-1242373	MANAGEMENT SUPPORT	KY	501(C)(3)	509(A)(3) TYPE III-O	SOUTH CENTRAL INC	No
SOUTH CENTRAL PROPERTIES III INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-3692860	REAL ESTATE	GA	501(C)(2)		SOUTH CENTRAL NURSING HOMES PROPERTIES INC	No
SOUTH CENTRAL PROPERTIES IV INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-3692862	REAL ESTATE	GA	501(C)(2)		SOUTH CENTRAL NURSING HOMES PROPERTIES INC	No
SOUTH CENTRAL PROPERTIES VI INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-3692857	REAL ESTATE	GA	501(C)(2)		SOUTH CENTRAL NURSING HOMES PROPERTIES INC	No
SOUTH CENTRAL PROPERTIES INC 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-3651692	REAL ESTATE	GA	501(C)(2)		SOUTH CENTRAL NURSING HOMES PROPERTIES INC	No
SOUTH CENTRAL INC 602 COURTLAND STREET ORLANDO, FL 32804 59-3689740	MANAGEMENT SUPPORT	GA	501(C)(3)	509(A)(3) TYPE III-F	N/A	No
SOUTH PASCO HLTH CARE PROPERTIES INC 38250 A AVENUE ZEPHYRHILLS, FL 33542 51-0605679	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
SOUTHWEST VOLUSIA HLTH SERVICES INC 1055 SAXON BLVD ORANGE CITY, FL 327638468 59-3281591	MEDICAL OFFICE BUILDING FOR HOSPITAL	FL	501(C)(3)	509(A)(3) TYPE I	SOUTHWEST VOLUSIA HLTHCARE CORP	No
SOUTHWEST VOLUSIA HLTHCARE CORP 1055 SAXON BLVD ORANGE CITY, FL 327638468 59-3149293	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
SPECIALTY PHYSICIANS OF CENTRAL TEXAS INC 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 20-8814408	PHYSICIAN HLTHCARE SERVICES TO THE COMMUNITY	TX	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
SPRING VIEW HLTH & REHAB CENTER INC 718 GOODWIN LANE LEITCHFIELD, KY 42754 20-5782288	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	KY	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
SUNBELT HLTH & REHAB CENTER - APOPKA INC 305 EAST OAK STREET APOPKA, FL 32703 20-5774856	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	FL	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
SUNBELT HLTH CARE CENTERS INC 602 COURTLAND STREET STE 200 ORLANDO, FL 32804 58-1473135	MANAGEMENT SERVICES	TN	501(C)(3)	509(A)(3) TYPE II	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
SUNSYSTEM DEVELOPMENT CORP 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 59-2219301	FUND RAISING FOR AFFILIATED TAX-EXEMPT HOSPITALS	FL	501(C)(3)	170(B)(1)(A)(VI)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
TARPON SPRINGS HOSPITAL FOUNDATION INC 1395 S PINELLAS AVE TARPON SPRINGS, FL 34689 59-0898901	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	UNIVERSITY COMMUNITY HOSPITAL INC	No
TARRANT COUNTY HLTH CARE PROPERTIES INC 301 HUGULEY BLVD BURLESON, TX 76028 51-0605677	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
TAYLOR CREEK HLTH CARE PROPERTIES INC 718 GOODWIN LANE LEITCHFIELD, KY 42754 51-0605678	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
TEXAS HLTH HUGULEY INC (11-43012) 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 45-2694620	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEMSUNBELT INC	No
THE VOLUNTEER AUXILIARY OF FLORIDA HOSPITAL - FLAGLER INC 60 MEMORIAL MEDICAL PARKWAY PALM COAST, FL 32164 59-2486582	VOLUNTEER SUPPORT SERVICES	FL	501(C)(3)	509(A)(3) TYPE III-F	MEMORIAL HOSPITAL FLAGLER INC	No
TRINITY NURSING & REHAB CENTER INC 9700 WEST 62ND STREET MERRIAM, KS 66203 20-5774890	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	KS	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No

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UNIVERSITY COMMUNITY HOSPITAL AUXILIARY INC 3100 E FLETCHER AVE TAMPA, FL 33613 23-7011345	VOLUNTEER SUPPORT SERVICES	FL	501(C)(3)	509(A)(3) TYPE III-F	UNIVERSITY COMMUNITY HOSPITAL INC	No
UNIVERSITY COMMUNITY HOSPITAL FOUNDATION INC 3100 E FLETCHER AVE TAMPA, FL 33613 59-2554889	FUND-RAISING FOR TAX-EXEMPT HOSPITAL	FL	501(C)(3)	509(A)(3) TYPE I	UNIVERSITY COMMUNITY HOSPITAL INC	No
UNIVERSITY COMMUNITY HOSPITAL SPECIALTY CARE INC 3100 E FLETCHER AVE TAMPA, FL 33613 59-3231322	INACTIVE	FL	501(C)(3)	509(A)(3)	UNIVERSITY COMMUNITY HOSPITAL INC	No
UNIVERSITY COMMUNITY HOSPITAL INC 3100 E FLETCHER AVE TAMPA, FL 33613 59-1113901	OPERATION OF HOSPITAL & RELATED SERVICES	FL	501(C)(3)	170(B)(1)(A)(III)	ADVENTIST HLTH SYSTEM SUNBELT HLTHCARE CORP	No
WEST KENTUCKY HLTH CARE PROPERTIES INC 500 BECK LANE MAYFIELD, KY 42066 51-0605676	LEASE TO RELATED ORGANIZATION	GA	501(C)(3)	509(A)(3) TYPE III-F	SUNBELT HLTH CARE CENTERS INC	No
ZEPHYR HAVEN HLTH & REHAB CENTER INC 38250 A AVENUE ZEPHYRHILLS, FL 33542 20-5774930	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	FL	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No
ZEPHYRHILLS HLTH & REHAB CENTER INC 7350 DAIRY ROAD ZEPHYRHILLS, FL 33540 20-5774967	OPERATION OF HOME FOR THE AGED/HLTHCARE DELIVERY	FL	501(C)(3)	509(A)(2)	SUNBELT HLTH CARE CENTERS INC	No

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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	(i) Section 512(b)(13) controlled entity?	
								Yes	No
ALTAMONTE MEDICAL PLAZA CONDOMINIUM ASSOCIATION INC 601 EAST ROLLINS STREET ORLANDO, FL 32803 59-2855792	CONDO ASSOCIATION	FL	N/A	C					No
APOPKA MEDICAL PLAZA CONDOMINIUM ASSOCIATION INC 601 EAST ROLLINS STREET ORLANDO, FL 32803 59-3000857	CONDO ASSOCIATION	FL	N/A	C					No
ARAPAHOE MEDICAL BUILDING I INC (7111-12512) 2525 S DOWNING STREET DENVER, CO 80210 84-1574506	REAL ESTATE LEASING	CO	N/A	C					No
ARAPAHOE MEDICAL BUILDING II INC (7111-12512) 2525 S DOWNING STREET DENVER, CO 80210 84-1574507	REAL ESTATE LEASING	CO	N/A	C					No
CC MOB INC 2201 S CLEAR CREEK ROAD KILLEEN, TX 76549 74-2616875	REAL ESTATE RENTAL	TX	N/A	C					No
CENTRAL TEXAS MEDICAL ASSOCIATES 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 74-2729873	PHYSICIAN CLINICS	TX	N/A	C					No
CENTRAL TEXAS PROVIDER'S NETWORK 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 74-2827652	PHYSICIAN HOSPITAL ORG	TX	N/A	C					No
FLORIDA HOSPITAL FLAGLER MEDICAL OFFICES ASSOCIATION INC 60 MEMORIAL MEDICAL PARKWAY PALM COAST, FL 32164 26-2158309	CONDO ASSOCIATION	FL	N/A	C					No
FLORIDA HOSPITAL HEALTHCARE SYSTEM INC 602 COURTLAND STREET ORLANDO, FL 32804 59-3215680	PHO/TPA	FL	N/A	C					No
FLORIDA HOSPITAL WESLEY CHAPEL INC (11-51512) 900 HOPE WAY ALTAMONTE SPRINGS, FL 32714 20-3965753	INACTIVE	FL	N/A	C					No
FLORIDA MEDICAL PLAZA CONDO ASSOCIATION INC 601 EAST ROLLINS STREET ORLANDO, FL 32803 59-2855791	CONDO ASSOCIATION	FL	N/A	C					No
FLORIDA MEMORIAL HEALTH NETWORK INC 770 W GRANADA BLVD STE 317 ORMOND BEACH, FL 32174 59-3403558	PHYSICIAN HOSPITAL ORG	FL	MHS MHF MHWV OR SWVHC	C	5,833,151	805,107	25 000 %		No
HARVARD PARK EAST INC (7111-12512) 2525 S DOWNING STREET DENVER, CO 80210 84-1574365	REAL ESTATE LEASING	CO	N/A	C					No
HELEN ELLIS MEMORIAL HOSPITAL REAL ESTATE CORP (11-101912) 1395 S PINELLAS AVE TARPON SPRINGS, FL 34689 59-3375731	REAL ESTATE RENTAL	FL	N/A	C					No
HUGULEY ALLIANCE FOUNDATION 11801 SOUTH FREEWAY FORT WORTH, TX 76115 75-2642209	INACTIVE	TX	N/A	C					No
HUGULEY MEDICAL ASSOCIATES INC (11-43012) 11801 SOUTH FREEWAY BURLESON, TX 76028 75-2547668	PHYSICIAN CLINICS	TX	N/A	C					No
KISSIMMEE MULTISPECIALTY CLINIC CONDOMINIUM ASSOCIATION INC 201 HILDA STREET SUITE 30 KISSIMMEE, FL 34741 59-3539564	CONDO ASSOCIATION	FL	N/A	C					No
MIDWEST MANAGEMENT SERVICES INC 9100 WEST 74TH STREET SHAWNEE MISSION, KS 66204 48-0901551	REAL ESTATE RENTAL	KS	N/A	C					No
METROPLEX ADVENTIST HOSPITAL CRNA 2201 S CLEAR CREEK ROAD KILLEEN, TX 76549 26-0760794	SUPPORT HOSPITAL - PROVIDE ALLIED HEALTH PROFESSIONALS	TX	N/A	C					No
NORTH AMERICAN HEALTH SERVICES INC & SUBS 111 N ORLANDO AVENUE WINTER PARK, FL 32789 62-1041820	LESSOR/HOLDING CO	TN	N/A	C					No
ORMOND PROFESSIONAL CONDO ASSOCIATION (430 YEAR END) 770 W GRANADA BLVD STE 101 ORMOND BEACH, FL 32174 59-2694434	CONDO ASSOCIATION	FL	MEMORIAL HLTH SYSTEMS INC	C	8,744	345	79 900 %		No
PARK RIDGE PROPERTY OWNER'S ASSOCIATION INC 1 PARK PLACE NAPLES ROAD FLETCHER, NC 28732 03-0380531	CONDO ASSOCIATION	NC	N/A	C					No
PORTER AFFILIATED HLTH SERVICES INC DBA DIVERSIFIED AFFILIATED HLTH SVCS 2525 S DOWNING STREET DENVER, CO 80210 84-0956175	HEALTHCARE SERVICES	CO	N/A	C					No
PORTER MEDICAL PLAZA INC (7111- 12512) 2525 S DOWNING STREET DENVER, CO 80210 84-1574369	REAL ESTATE LEASING	CO	N/A	C					No
SAN MARCOS REGIONAL MRI INC 1301 WONDER WORLD DRIVE SAN MARCOS, TX 78666 77-0597968	HOLDING COMPANY	TX	N/A	C					No

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								Yes	No
THE GARDEN RETIREMENT COMMUNITY INC 602 COURTLAND STREET STE 200 ORLANDO, FL 32804 59-3414055	REAL ESTATE RENTAL	FL	N/A	C					No
UNIVERSITY COMMUNITY HEALTH INSURANCE COMPANY SPC LTD C/O AON INSURANCE MANAGERS PO BOX GRAND CAYMAN CJ	CAPTIVE INSURANCE	CJ	N/A	C					No
UCH SERVICES INC 3100 EAST FLETCHER AVE TAMPA, FL 33613 59-3508454	MANAGEMENT COMPANY	FL	N/A	C					No
WEST COAST MEDICAL GROUP INC (11-101912) 1395 S PINELLAS AVE TARPON SPRINGS, FL 34689 59-3537305	PHYSICIAN CLINICS	FL	N/A	C					No
WINTER PARK MEDICAL OFFICE BUILDING I CONDO ASSOC INC 200 LAKEMONT AVE WINTER PARK, FL 32792 45-2228478	PHYSICIAN CLINICS	FL	N/A	C					No

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MEMORIAL HOSPITAL FLAGLER INC	Q	1,329,498	COST
MEMORIAL HOSPITAL FLAGLER INC	N	3,167,649	COST
MEMORIAL HOSPITAL FLAGLER INC	J	321,649	COST
MEMORIAL HOSPITAL FLAGLER INC	O	205,047	COST
FLORIDA MEMORIAL HEALTH NETWORK INC	Q	9,616,041	COST
FLORIDA MEMORIAL HEALTH NETWORK INC	S	1,082,019	ACTUAL AMOUNT RECEIVED
MEMORIAL HOSPITAL WEST VOLUSIA INC	N	2,114,294	COST
MEMORIAL HOSPITAL WEST VOLUSIA INC	Q	824,478	COST
SOUTHWEST VOLUSIA HEALTHCARE CORPORATION	N	1,232,650	COST
SOUTHWEST VOLUSIA HEALTHCARE CORPORATION	Q	502,923	COST
SOUTHWEST VOLUSIA HEALTHCARE CORPORATION	O	64,486	COST
MEMORIAL HEALTH SYSTEMS FOUNDATION INC	Q	132,109	COST
MEMORIAL HEALTH SYSTEMS FOUNDATION INC	B	88,213	ACTUAL AMOUNT GIVEN
FLORIDA HOSPITAL ZEPHYRHILLS INC	N	197,910	COST
ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION	B	1,220,464	ACTUAL AMOUNT GIVEN
ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION	M	2,285,144	% OF FACILITY'S OPERATING EXP
ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION DBA AHS IS	M	7,417,046	% OF FACILITY'S OPERATING EXP
ADVENTIST HEALTH SYSTEM SUNBELT HEALTHCARE CORPORATION	P	9,759,688	COST
ADVENTIST HEALTH SYSTEMSUNBELT INC	M	1,522,653	% OF FACILITY'S EHR REVENUE

**Audited
Combined
Financial
Statements and
Supplementary
Information**

December 31, 2012

**Adventist Health System – Florida
Division Hospitals**

Table of Contents

Combined Financial Statements

Combined Balance Sheet	2
Combined Statement of Operations and Changes in Net Assets	3
Combined Statement of Cash Flows	4
Notes to Combined Financial Statements	5

Supplementary Information

Combining Balance Sheet	26
Combining Statement of Revenue and Expenses	28
Report of Independent Certified Public Accountants	31

Combined Balance Sheet

December 31, 2012

(dollars in thousands)

ASSETS

Current Assets

Cash and cash management deposits	\$ 2,289,489
Investments	829
Current portion of assets whose use is limited	202
Patient accounts receivable, less allowance for uncollectible accounts of \$48,458	79,499
Estimated receivables from third parties	14,846
Other receivables	249,160
Inventories	100,672
Prepaid expenses and other current assets	50,999
	2,785,696

Property and Equipment

2,857,407

Assets Whose Use is Limited, net of current portion

60,869

Other Assets

182,438

\$ 5,886,410

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	\$ 316,754
Estimated settlements to third parties	85,199
Other current liabilities	147,255
Short-term financings	60,633
Current maturities of long-term debt	50,183
	660,024

Long-Term Debt, net of current maturities

1,729,707

Other Noncurrent Liabilities

70,381

2,460,112

Net Assets

Unrestricted	3,299,784
Temporarily restricted	126,514
	3,426,298

Commitments and Contingencies

\$ 5,886,410

**Adventist Health
System – Florida
Division Hospitals**

The accompanying notes are an integral part of these combined financial statements

Combined Statement of Operations and Changes in Net Assets

For the year ended
December 31, 2012

(dollars in thousands)

Revenue

Patient service	\$ 4,131.956
Provision for bad debts	(178.334)
Net patient service revenue	3,953.622
EHR incentive payments	27.965
Other	32.867
Total operating revenue	4,014.454

Expenses

Employee compensation	1,727.351
Supplies	779.008
Professional fees	350.878
Other	479.140
Interest	83.806
Depreciation and amortization	228.713
Total operating expenses	3,648.896

Income from Operations

365.558

Nonoperating Losses, Net

(2.832)

Excess of Revenue over Expenses and Losses

362.726

Unrestricted Net Assets

Net assets released from restrictions for purchase of property and equipment	6.017
Transfers to affiliates, net	(28.805)
Pension-related changes other than net periodic pension cost	(27.397)
Other changes	(7.964)
	304.577

Temporarily Restricted Net Assets

Investment income	906
Gifts and grants	19.359
Net assets released from restrictions for purchase of property and equipment or use in operations	(9.102)
Transfer from affiliates	254
Other	(2.768)
	8.649

Increase in Net Assets

313.226

Net assets, beginning of year	3,113.072
Net assets, end of year	\$ 3,426.298

Adventist Health
System – Florida
Division Hospitals

The accompanying notes are an integral part of these combined financial statements

Combined Statement of Cash Flows

For the year ended
December 31, 2012

(dollars in thousands)

Operating Activities	\$ 654,731
Investing Activities	
Purchases of property and equipment, net	(277,069)
Decrease in assets whose use is limited	5,609
Purchase of investments	36
Increase in other assets	997
	<u>(270,427)</u>
Financing Activities	
Additional long-term borrowings	547,854
Repayments of long-term borrowings	(677,007)
Repayments of short-term borrowings	(26,056)
Payment of deferred financing costs	(3,646)
Transfers to affiliates, net	(54,408)
Restricted gifts and grants and investment income	20,265
Cash received for debt normalization	136,428
	<u>(56,570)</u>
Increase in Cash and Cash Management Deposits	327,734
Cash and cash management deposits at beginning of year	1,961,755
Cash and Cash Management Deposits at End of Year	<u><u>\$ 2,289,489</u></u>
Operating Activities	
Increase in net assets	\$ 313,226
Depreciation – operating	227,660
Depreciation – nonoperating	7,234
Amortization of intangible assets	1,053
Amortization of prepaid data processing fees	8,326
Amortization of deferred financing costs and original issue discounts and premiums	(645)
Restricted gifts and grants and investment income	(20,265)
Transfers to affiliates, net	28,551
Change in operating assets and liabilities	
Patient accounts receivable	62,081
Other receivables	(50,015)
Inventories	(11,505)
Prepaid expenses and other current assets	(19,280)
Accounts payable and accrued liabilities	33,432
Estimated settlements to third parties	17,067
Other current liabilities	26,909
Other noncurrent liabilities	30,902
	<u><u>\$ 654,731</u></u>
Supplemental Disclosures of Significant Noncash Transactions	
Transfer of deferred financing costs, original issue discounts and premiums and debt service reserve funds to affiliated entity	\$ 3,391
Transfer of payable to an affiliated entity	7,506

Adventist Health
System – Florida
Division Hospitals

The accompanying notes are an integral part of these combined financial statements

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

**Adventist Health
System – Florida
Division Hospitals**

1. Significant Accounting Policies

Reporting Entity

Adventist Health System – Florida Division Hospitals (Division) is a group of not-for-profit, general acute care hospitals, exempt from state and federal income taxes. These hospitals are located in the State of Florida and are controlled affiliates of Adventist Health System Sunbelt Healthcare Corporation d/b/a Adventist Health System (Parent Corporation).

The Division includes Florida Hospital Medical Center, Florida Hospital Heartland Medical Center and Florida Hospital Wauchula, divisions of Adventist Health System/Sunbelt, Inc. (Corporation), Florida Hospital Zephyrhills, Inc., Southwest Volusia Healthcare Corporation, Memorial Hospital – West Volusia, Inc., Florida Hospital Memorial Medical Center and Florida Hospital – Oceanside, divisions of Memorial Health Systems, Inc., Memorial Hospital – Flagler, Inc., Florida Hospital Waterman, Inc., Florida Hospital Tampa/Pepin Heart Institute, Florida Hospital Carrollwood, Tarpon Springs Hospital Foundation, Inc. and Florida Hospital at Connerton Long Term Acute Care Hospital, divisions of University Community Hospital, Inc. (UCH), and Pasco-Pinellas Hillsborough Community Health System, Inc., d/b/a Florida Hospital Wesley Chapel (FHWC). The net assets of FHWC were transferred to the Division when operations began on October 1, 2012. All significant intercompany accounts and transactions have been eliminated in the combination.

The Division provides a full range of inpatient and outpatient services as permitted by the licenses issued to the Division's hospitals from the State of Florida. Activities associated with the provision of healthcare services within the hospital setting are the major and central operations of the Division. Revenue and expenses arise from, and are recorded based upon, the Division's activities.

The Division also engages in activities and transactions that do not relate to the direct care of patients within the hospital setting and are therefore incidental or peripheral to the Division's major ongoing operations. Activities and transactions that are incidental or peripheral to the operations of the Division are recorded as nonoperating gains or losses.

The Parent Corporation is controlled by the Lake Union Conference of Seventh-day Adventists, the Mid-America Union Conference of Seventh-day Adventists, the Southern Union Conference of Seventh-day Adventists and the Southwestern Union Conference of Seventh-day Adventists, and was organized to provide managerial, financial and other services to members of the Division, other hospitals and other healthcare facilities (collectively referred to as the System).

SunSystem Development Corporation (Development) is a charitable foundation operated by the System for the benefit of its hospitals. The board of directors is appointed by the board of directors of the System. The Division includes Florida Hospital Medical Center Foundation, Florida Hospital Zephyrhills Foundation, Florida Hospital Heartland Medical Center Foundation, Florida Hospital Wauchula Foundation, Florida Hospital Fish Memorial Foundation, Florida Hospital Deland Foundation, Florida Hospital Flagler Foundation and Florida Hospital Wesley Chapel Foundation (Foundations). The Foundations operate as divisions of Development and each have a service area community board of directors appointed or approved by the Parent Corporation and are involved in philanthropic activities for the respective hospital. The accounts of the Foundations are included in the accounts of the Division.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

**Adventist Health
System – Florida
Division Hospitals**

Use of Estimates

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

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)* (ASU 2011-04). The amendments in ASU 2011-04 result in common fair value measurement and disclosure requirements in GAAP and IFRS. ASU 2011-04 also changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. The adoption of this standard did not have an impact on the Division's combined financial statements.

In December 2011, the FASB issued ASU No. 2011-11, *Disclosures about Offsetting Assets and Liabilities* (ASU 2011-11), an amendment to the accounting guidance for disclosure of offsetting assets and liabilities. In January 2013, the FASB issued ASU No. 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* (ASU 2013-01). These ASUs expand the disclosure requirements in that entities will be required to disclose both gross and net information about instruments and transactions eligible for offset in the balance sheet. This new guidance is effective for fiscal years beginning on or after January 1, 2013. The adoption of these standards will not have an impact on the Division's combined financial statements.

In July 2012, the FASB issued ASU No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* (ASU 2012-02). ASU 2012-02 simplifies the guidance for testing the impairment of indefinite-lived intangible assets by permitting an entity to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. The quantitative impairment test is no longer required unless it is determined, based on a qualitative assessment, that it is more likely than not that the indefinite-lived intangible asset is impaired. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The adoption of this standard in 2012 did not have an impact on the Division's combined financial statements.

Net Patient Service Revenue, Patient Accounts Receivable and Allowance for Uncollectible Accounts

The Division's patient acceptance policy is based on its mission statement, to improve and enhance local communities served in harmony with Christ's healing ministry, and its charitable purposes. Accordingly, the Division accepts patients in immediate need of care, regardless of their ability to pay. The Division serves certain patients whose medical care costs are not paid at established rates. These patients include those sponsored under government programs, such as Medicare and Medicaid, those sponsored under private contractual agreements, charity patients and other uninsured patients who have limited ability to pay. A patient is classified as a charity patient based on the established policies of the Division, which require that the patient provide certain information to qualify for charity. Patients that qualify for charity are provided services for which no payment is due for all or a portion of the patient's bill from either the patient or other third parties. For financial reporting purposes, charity care is excluded from patient service revenue.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

For patients that do not qualify for charity, patient service revenue is reported at estimated net realizable amounts for services rendered. The Division recognizes patient service revenue associated with patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, revenue is recognized on the basis of discounted rates in accordance with the Division's policy.

Patient service revenue is reduced by the provision for bad debts and accounts receivable are reduced by an allowance for uncollectible accounts. These amounts are based on management's assessment of historical and expected net collections for each major payor source, considering business and economic conditions, trends in healthcare coverage and other collection indicators. Management regularly reviews collections data by major payor sources in evaluating the sufficiency of the allowance for uncollectible accounts. On the basis of historical experience, a significant portion of the Division's self-pay patients will be unable or unwilling to pay for the services provided. Thus, the Division records a significant provision for bad debts in the period services are provided related to self-pay patients. The Division's allowance for uncollectible accounts for self-pay patients was 97% of self-pay accounts receivable as of December 31, 2012. For receivables associated with patients who have third-party coverage, the Division analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary. Accounts receivable are written off after collection efforts have been followed in accordance with the Division's policies.

For all patients other than charity patients, patient service revenue, net of contractual allowances and self-pay discounts and before the provision for bad debts, recognized from major payor sources for the year ended December 31, 2012, is as follows:

Third-party payors, net of contractual allowance	\$ 3,914,956
Self-pay patients, net of discounts	217,000
	<u>\$ 4,131,956</u>

Overall, the total self-pay discounts and write-offs has not changed significantly for the year ended December 31, 2012. The Division has not experienced significant changes in write-off trends and has not changed its charity care policy for the year ended December 31, 2012.

The Division has determined, based on an assessment at the reporting-entity level, that patient service revenue is primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for bad debts is recorded as a deduction from patient service revenue in the accompanying combined statement of operations and changes in net assets.

Third-Party Reimbursement Arrangements

Revenue from the Medicare and Medicaid programs represents approximately 32% of the Division's patient service revenue for the year ended December 31, 2012. 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. Other than the accounts receivable related to the Medicare and Medicaid programs, there are no significant concentrations of accounts receivable due from an individual payor at December 31, 2012.

The Division was a party to a settlement agreement dated April 5, 2012 with the United States Department of Health and Human Services (HHS), the Secretary of HHS and the

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

Centers for Medicare and Medicaid Services (CMS) The Division, along with a group of other Medicare providers, had challenged CMS' implementation of the rural floor budget neutrality provision of the Balance Budget Act of 1997, which effectively understated the standard amount paid through the inpatient prospective payment system for a number of years. Under the settlement agreement, the Division received \$35,393 during the year ended December 31, 2012 and recognized this amount as patient service revenue in the accompanying combined statement of operations and changes in net assets. Related professional fees of \$3,539 are included in operating expenses for the year ended December 31, 2012 in the accompanying combined statement of operations and changes in net assets.

The Division is subject to 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. Adjustments to revenue related to prior periods, excluding amounts received from the CMS settlement discussed above, increased patient service revenue by approximately \$30,500 for the year ended December 31, 2012.

Charity Care

As discussed previously, the Division's patient acceptance policy is based on its mission, which is to improve and enhance local communities served in harmony with Christ's healing ministry, and its charitable purposes and as such, the Division accepts patients in immediate need of care, regardless of their ability to pay. Patients that provide the necessary information to qualify for charity are provided services for which no payment is due for all or a portion of the patient's bill. Therefore, charity care is excluded from patient service revenue and the cost of providing such care is recognized within operating expenses.

The Division estimates the direct and indirect costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to patients. The Division also receives certain funds to offset or subsidize charity services provided. These funds are primarily received from uncompensated care programs sponsored by the state, whereby healthcare providers within the state pay into an uncompensated care fund and the pooled funds are then redistributed based on state specific criteria. The cost of providing charity care, amounts paid by the Division into uncompensated care funds and amounts received by the Division to offset or subsidize charity services are as follows for the year ended December 31, 2012.

Cost of providing charity care	\$ 198,500
Funds paid into trusts (included in other expenses)	\$ (48,706)
Funds received to offset or subsidize charity services (included in net patient service revenue)	2,689
	<u>\$ (46,017)</u>

EHR Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act. The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

The Division accounts for EHR incentive payments as a gain contingency. Income from Medicare incentive payments is recognized as revenue after the Division has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended. The Division recognized revenue from Medicaid incentive payments after it adopted certified EHR technology in its first year of participation and demonstrated compliance with the meaningful use criteria over the remaining compliance periods. Incentive payments totaling \$27,965 for the year ended December 31, 2012 are included in total operating revenue in the accompanying combined statement of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Division's compliance with the meaningful use criteria is subject to audit by the federal government.

Excess of Revenue over Expenses and Losses

The combined statement of operations and changes in net assets includes excess of revenue over expenses and losses, which is analogous to income from continuing operations of a for-profit enterprise. Changes in unrestricted net assets that are excluded from excess of revenue over expenses and losses, consistent with industry practice, include pension-related changes other than net periodic pension costs, permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets).

Nonoperating Losses, Net

Nonoperating losses, net, represent the net operations of activities or transactions incidental or peripheral to the direct care of patients within the hospital setting and primarily include home health services, certain physician practices, the activity of the Foundations, equity income of affiliates and investment income.

Contributed Resources

Resources restricted by donors for specific operating purposes or a specified time period are held in temporarily restricted net assets until expended for the intended purpose or until the specified time restrictions are met, at which time they are included in nonoperating losses, net. Resources restricted by donors for additions to property and equipment are held as temporarily restricted net assets until the assets are placed in service, at which time they are reported as transfers to unrestricted net assets. Gifts, grants and bequests not restricted by donors are included in nonoperating losses, net. At December 31, 2012, temporarily restricted net assets are available for various programs and capital expenditures at the Division's hospitals.

Cash Equivalents

Cash equivalents include all highly liquid investments including certificates of deposit and commercial paper with maturities not in excess of three months when purchased. Interest income on cash equivalents is reported as nonoperating losses, net. Cash equivalents are included in cash and cash management deposits in the accompanying combined balance sheet.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

**Adventist Health
System – Florida
Division Hospitals**

Functional Expenses

The Division does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Division receives substantially all of its resources from providing healthcare services in a manner similar to a business enterprise, other indicators contained in these combined financial statements are considered important in evaluating how well management has discharged its stewardship responsibilities.

Assets Whose Use is Limited

Certain of the Division's investments are limited as to use through board resolution and under the terms of bond indentures. These investments are classified as assets whose use is limited in the accompanying combined balance sheet. Interest and dividend income and realized gains and losses on assets whose use is limited are included in nonoperating losses, net in the accompanying combined statement of operations and changes in net assets.

Sale of Patient Accounts Receivable

The System and certain of its member affiliates maintain a program (Program) for the continuous sale of certain patient accounts receivable to the Highlands County, Florida, Health Facilities Authority (Highlands) on a nonrecourse basis. Highlands had partially financed the purchase of the patient accounts receivable through the issuance of \$304,230 in tax-exempt, variable-rate demand bonds (Bonds). During 2012, Highlands refinanced the Bonds with a private placement of variable-rate bonds (New Bonds) with a mandatory tender in February 2017 and a final maturity in November 2027. Additionally, the amount of the New Bonds supporting the Program was increased and as of December 31, 2012, \$410,000 was outstanding. Accordingly, this increased the proceeds received by the System under the Program by \$105,770.

As of December 31, 2012, the estimated net realizable value, as defined in the underlying agreements, of patient accounts receivable sold and removed from the accompanying combined balance sheet was \$547,262. The patient accounts receivable sold consists primarily of amounts due from government programs and commercial insurers. The proceeds received from Highlands consist of cash from the Bonds, a note on a subordinated basis with the Bonds and a note on a parity basis with the Bonds. The note on a subordinated basis with the Bonds is in an amount to provide the required over-collateralization of the Bonds and was \$91,385 at December 31, 2012. The note on a parity basis with the Bonds is the excess of eligible accounts receivable sold over the sum of cash received and the subordinated note and was \$105,884 at December 31, 2012. These notes are included in other receivables (current) in the accompanying combined balance sheet. Due to the nature of the patient accounts receivable sold, collectability of the subordinated and parity notes is not significantly impacted by credit risk.

Inventories

Inventories (primarily pharmaceutical and medical supplies) are stated at the lower of cost or market under the first-in, first-out method of valuation.

Property and Equipment

Property and equipment are reported on the basis of cost, except for donated items, which are recorded at fair value at the date of the donation. Expenditures that materially increase values, change capacities or extend useful lives are capitalized. Depreciation is computed primarily utilizing the straight-line method over the expected useful lives of the assets. Amortization of capitalized leased assets is included in depreciation expense and allowances for depreciation.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

**Adventist Health
System – Florida
Division Hospitals**

Goodwill

Goodwill represents the excess of the purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of the businesses acquired. These amounts are included in other assets (noncurrent) in the accompanying combined balance sheet and are evaluated annually for impairment or when there is an indicator of impairment.

Management performed a qualitative assessment of goodwill impairment and determined that it is not more likely than not that the fair values of the Division's reporting units is less than their carrying amounts. Therefore, the two-step impairment test under the Intangibles—Goodwill and Other Topic of the Accounting Standards Codification (ASC) was not required.

Deferred Financing Costs

Direct financing costs are included in other assets (noncurrent) in the accompanying combined balance sheet and deferred and amortized over the remaining lives of the financings using the effective interest method.

Interest in the Net Assets of Unconsolidated Foundations

Interest in the net assets of unconsolidated foundations represents contributions received on behalf of the Division or its member affiliates by independent fund-raising foundations. As the Division cannot influence the foundations to the extent that it can determine the timing and amount of distributions, the Division's interest in the net assets of the foundations is included in other assets (noncurrent) in the accompanying combined balance sheet and changes in that interest are included in temporarily restricted net assets.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimates of fair value.

Bond Discounts and Premiums

Bonds payable, including related original issue discounts and/or premiums, are included in long-term debt. Discounts and premiums are being amortized over the life of the bonds using the effective interest method.

Income Taxes

The Division follows the Income Taxes Topic of the ASC (ASC 740), which prescribes the accounting for uncertainty in income tax positions recognized in financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return.

2. Cash Management Deposits

The Division, along with other member affiliates of the System, participates in a cash management program managed by the Parent Corporation. This cash management program maintains separate accounts for each hospital in the Division and member affiliate at one central bank. Cash management deposits have the general characteristics

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

**Adventist Health
System – Florida
Division Hospitals**

of demand deposits in that the Division may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty, subject to limitations and controls established by the Parent Corporation. Certain deposits are federally insured in limited amounts. Amounts are transferred each day to or from a central investment pool maintained by the Parent Corporation. Cash management deposits approximated \$2,275,700 at December 31, 2012, and are included in cash and cash management deposits in the accompanying combined balance sheet.

The central investment pool primarily invests in fixed-income instruments, equity instruments and alternative investments (primarily hedge funds) through partnership investment trusts and a wholly-owned subsidiary. See note 11 for the allocation of investments in the central investment pool. Fixed-income and equity instruments within the central investment pool, excluding alternative investments accounted for under the equity method, are recorded at fair value. The Parent Corporation has designated primarily all fixed-income instruments within the central investment pool as other-than-trading securities and, accordingly, changes in unrealized gains and losses are included in the Parent Corporation's unrestricted net assets and allocated to the participants in the central investment pool when realized. Ownership interest in certain alternative investments is accounted for under the equity method. Accordingly, the Parent Corporation recognizes its share of the hedge funds' income or loss, both realized and unrealized, as investment income or loss and allocates it to the participants in the period they occur.

The Parent Corporation also has a wholly-owned subsidiary, AHS-K2 Alternatives Portfolio, Ltd. (Fund), which invests in alternative investments through partnership investment trusts. The Fund follows the Financial Services – Investment Companies Topic of the ASC (ASC 946), which requires that the investments in the underlying funds be recorded at fair value. Unrealized appreciation and depreciation resulting from valuing the underlying funds is recognized as investment income or loss in the period they occur. Certain other equity investments, primarily held by the Division's Foundations, are designated as other than trading and the related change in unrealized gains and losses are included in the Division's unrestricted net assets. Investment income on the accompanying combined statement of operations and changes in net assets includes the Division's allocated share of the central investment pool's income, which includes interest and dividend income, realized gains and losses, certain unrealized gains and losses and income or loss from hedge funds. The Parent Corporation accounts for investments on a settlement-date basis. See note 3 for details of investment income for the year ended December 31, 2012.

The central investment pool participates in securities lending transactions with its custodian, whereby a portion of its investments is loaned to certain brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned, usually on a short-term basis. Collateral provided by brokers is maintained at levels approximating 102% of the fair value of the securities on loan and is adjusted for daily market fluctuations.

3. Assets Whose Use is Limited

Assets whose use is limited include investments held by bond trustees and investments designated by boards for capital expenditures. Amounts to be used for the payment of current liabilities are classified as current assets.

Indenture requirements of tax-exempt financings that are allocated to the Division provide for the establishment and maintenance of various accounts with trustees. These arrangements require the trustee to control the expenditure of debt proceeds, as well as the payment of interest and the payment of debt to bondholders. Investments held by

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

trustees required under indenture agreements are allocated to the Division by the Parent Corporation in connection with the debt allocated to the Division (see note 6) Board designated funds for capital expenditures are invested in the central investment pool See note 11 for the composition of the central investment pool

A summary of the major limitations as to the use of these assets consists of the following at December 31, 2012

Investments held by bond trustees – allocated required bond funds	\$ 6.218
Board designated funds for capital expenditures	54.853
	<u>61.071</u>
Less amounts to pay current liabilities	(202)
	<u>\$ 60.869</u>

Allocated trustee-held funds are comprised of the following at December 31, 2012

U S government agencies and sponsored entities	85%
Cash and cash equivalents	14
Accrued interest receivable	1
	<u>100%</u>

Total investment income from the central investment pool allocation (see note 2) and assets whose use is limited amounted to \$31.512 and is comprised of the following for the year ended December 31, 2012

Interest and dividend income	\$ 13.147
Net realized and unrealized gains/losses	7.425
The Division's share of alternative investments' income	10.940
	<u>\$ 31.512</u>

4. Property and Equipment

Property and equipment consists of the following at December 31, 2012

Land and improvements	\$ 408.051
Buildings and improvements	2.132.415
Equipment	2.301.758
	<u>4.842.224</u>
Less allowances for depreciation	(2.066.573)
	<u>2.775.651</u>
Construction in progress	81.756
	<u>\$2.857.407</u>

Certain hospitals have entered into construction projects for which costs have been incurred and included in construction in progress. These and other committed projects will be financed through operations, proceeds of borrowings and board designated funds (see note 3). The estimated costs to complete these projects approximated \$110.300 at December 31, 2012.

During periods of construction, interest costs are capitalized to the respective property accounts. Interest capitalized approximated \$2.100 for the year ended December 31, 2012.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

5. Other Assets

Other assets consists of the following at December 31, 2012

Goodwill	\$ 56,133
Deferred financing costs	12,413
Notes and loans receivable	30,753
Prepaid data processing fees (note 10)	20,272
Interests in net assets of unconsolidated foundations	40,327
Investment in unconsolidated entities	5,261
Other noncurrent assets	17,279
	<u>\$ 182,438</u>

6. Long-Term Debt

Long-term debt consists of the following at December 31, 2012

Fixed-rate hospital revenue bonds, interest rates from 1.06% to 6.00%, payable through 2039	\$ 1,546,756
Variable-rate hospital revenue bonds, payable through 2035	184,960
Capitalized lease payables	20,069
Other indebtedness	196
Unamortized original issue premiums, net	27,909
	<u>1,779,890</u>
Less current maturities	<u>(50,183)</u>
	<u>\$ 1,729,707</u>

Master Trust Indenture

Long-term debt has been issued primarily on a tax-exempt basis. Certain members of the Division and certain other affiliates controlled by the Parent Corporation comprise the Adventist Health System/Sunbelt Obligated Group (Obligated Group). The Obligated Group is a group of not-for-profit corporations, which are jointly and severally liable under a Master Trust Indenture (MTI) to make all payments required with respect to obligations under the MTI. Total obligations under the MTI were approximately \$3,161,300 at December 31, 2012. At December 31, 2012, the Obligated Group had unrestricted net assets of approximately \$5,038,000. The obligations are secured under the MTI, which provides, among other things, for the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property and limitations on additional borrowings. In addition, the MTI requires certain covenants and reporting requirements to be met by the Obligated Group.

The Corporation allocates debt and the related proceeds to individual facilities based on capital funding needs. Subsequently, the individual facility's debt is managed under a pooled debt methodology. Under this methodology, each facility is allocated debt balances in the same ratio of fixed-rate to variable-rate debt balances that exist at the Corporation. Each facility is allocated interest expense using a weighted-average interest rate based on the total interest expense of the Corporation. FHWC, an entity added to Division effective October 1, 2012, had a promissory note with the Parent Corporation, which it paid subsequent to its addition to the Division. FHWC was then allocated approximately \$135,000 of fixed-rate and variable-rate bonds from the Corporation.

Variable-Rate Bonds

Certain variable-rate bonds may be put to the Corporation at the option of the

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

bondholder. The variable-rate bond indentures generally provide the Corporation the option to remarket the obligations at the then prevailing market rates for periods ranging from one day to the maturity dates. The obligations have been primarily marketed for seven-day periods during 2012, with annual interest rates ranging from 0.03% to 0.60%. Additionally, the Corporation paid fees, such as remarketing and letter of credit fees, on variable-rate debt during 2012. The System has various sources of liquidity in the event any variable-rate bonds are put and not remarketed, including a revolving credit agreement (Revolving Note).

The System's Revolving Note is with a syndicate of banks (Syndicate) for letters of credit agreements, liquidity facilities and general corporate needs, including working capital, capital expenditures and acquisitions. The aggregate amount of the Revolving Note, which expires in December 2015, was \$1,000,000 as of December 31, 2012.

2012 Debt Transactions

During 2012, the Corporation completed a debt refinancing plan, whereby a significant portion of its variable-rate bonds were replaced with fixed-rate bonds (Phase I) and its remaining variable-rate bonds supported by letters of credit were replaced with self-liquidity, variable-rate bonds (Phase II). Phase I included the issuance by the Corporation of fixed-rate bonds at a premium with par amounts totaling \$500,900, interest rates ranging from 1.06% to 5.00% and maturity dates ranging from 2015 to 2037. Additionally, the Corporation issued fixed-rate bonds with par amounts totaling \$249,385 with interest rates ranging from 2.02% to 2.45% through mandatory tender dates from 2021 to 2023. The interest rate on these bonds may be reset at the mandatory tender dates to either a fixed-rate or variable-rate mode. The proceeds from these bonds along with other available funds were used to extinguish short-term financings with par amounts totaling \$48,200, variable-rate debt obligations with par amounts totaling \$546,810 and fixed-rate debt obligations with par amounts totaling \$204,660, interest rates ranging from 3.35% to 5.85% and maturity dates ranging from 2015 to 2035. Phase II of the debt refinancing plan was completed during November 2012 with the issuance of variable-rate bonds with par amounts totaling \$232,125 with maturity dates through 2035. The proceeds from these bonds along with other available funds were used to extinguish variable-rate debt obligations with par amounts totaling \$235,025.

In connection with the extinguishments noted above, the Division transferred net assets in the amount of \$3,391 to the Corporation, which included deferred financing costs, original issue discounts or premiums and debt service reserve funds related to the obligations that were extinguished. This amount is included in transfers to affiliated entities in the accompanying combined statement of operations and changes in net assets.

Debt Maturities

The following represents the maturities of long-term debt for the next five years and the years thereafter:

2013	\$ 50,183
2014	44,334
2015	44,719
2016	47,617
2017	46,421
Thereafter	1,518,707

Interest expense approximated cash paid for interest during the year ended December 31, 2012.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

**Adventist Health
System – Florida
Division Hospitals**

7. Retirement Plans

Defined Contribution Plan

The Division participates with other Seventh-day Adventist healthcare entities in a defined contribution retirement plan (Plan) that covers substantially all full-time employees who are at least 18 years of age. The Plan is exempt from the Employee Retirement Income Security Act of 1974 (ERISA). The Plan provides, among other things, that the employer contribute 2.6% of wages, plus additional amounts for very highly paid employees. Additionally, the Plan provides that the employer match 50% of the employee's contributions up to 4% of the contributing employee's wages, resulting in a maximum available match of 2% of the contributing employee's wages each year.

Contributions for the Plan are included in employee compensation in the accompanying combined statement of operations and changes in net assets in the amount of \$52,344 for the year ended December 31, 2012.

Defined Benefit Plan – Multiemployer Plan

Prior to January 1, 1992, certain of the hospitals within the Division, in addition to other entities within the System, participated in a multiemployer, noncontributory defined benefit retirement plan, the Seventh-day Adventist Hospital Retirement Plan Trust (Old Plan) administered by the General Conference of Seventh-day Adventists that is exempt from ERISA. The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

If an entity chooses to stop participating in the multiemployer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as withdrawal liability.

During 1992, the Old Plan was suspended and the Plan was established. The participating hospitals within the Division, along with the other participants in the Old Plan, may be required to make future contributions to the Old Plan to fund any difference between the present value of the Old Plan benefits and the fair value of the Old Plan assets. Future funding amounts and the funding time periods have not been determined by the Old Plan administrators, however, management believes the impact of any such future decisions will not have a material adverse effect on the Division's combined financial statements.

The plan assets and benefit obligation data for the Old Plan as of December 31, 2010 is as follows:

Total plan assets	\$ 830,043
Actuarial present value of accumulated plan benefits	862,687
Funded status	96.2%

The most current audited plan assets data is as of December 31, 2011 and totaled \$793,646. The participating hospitals within the Division did not make contributions to the Old Plan for the year ended December 31, 2012.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

Defined Benefit Plan – Frozen Pension Plans

Certain of the Division's entities, which were acquired by the Parent Corporation in 2010, sponsored noncontributory defined benefit pension plans (Pension Plans). The Parent Corporation froze the Pension Plans in December 2010, such that no new benefits will accrue in the future.

The following table sets forth the remaining combined projected and accumulated benefit obligations and the assets of the Pension Plans at December 31, 2012, the components of net periodic benefit costs for the year then ended and a reconciliation of the amounts recognized in the accompanying combined financial statements:

Accumulated benefit obligation, end of year	<u>\$ 199,672</u>
Change in projected benefit obligation	
Projected benefit obligation, beginning of year	\$ 171,238
Interest cost	8,653
Benefits paid	(5,344)
Actuarial losses	25,125
Projected benefit obligation, end of year	<u>199,672</u>
Change in plan assets	
Fair value of plan assets, beginning of year	149,689
Actual return on plan assets	5,819
Benefits paid	(5,344)
Fair value of plan assets, end of year	<u>150,164</u>
Deficiency of fair value of plan assets over projected benefit obligation, included in other noncurrent liabilities	<u>\$ (49,508)</u>

No plan assets are expected to be returned to the Division during the fiscal year ending December 31, 2013.

Included in unrestricted net assets at December 31, 2012 are unrecognized actuarial losses of \$21,398 that have not yet been recognized in net periodic net pension expense. None of the actuarial losses included in unrestricted net assets are expected to be recognized in net periodic pension cost during the year ending December 31, 2013. Changes in plan assets and benefit obligations recognized in unrestricted assets at December 31, 2012 include a net actuarial loss of \$27,397.

The components of net periodic pension cost for the year ended December 31, 2012 are as follows:

Interest cost	\$ 8,653
Expected return on plan assets	(8,091)
Net periodic pension cost	<u>\$ 562</u>

The assumptions used to determine the benefit obligation and net periodic pension cost for the Pension Plans at December 31, 2012 are set forth below:

Used to determine projected benefit obligation

Weighted-average discount rate	4.16%
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Used to determine benefit cost

Weighted-average discount rate	5.13%
Weighted-average expected long-term rate of return on plan assets	5.50%

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

The Pension Plans' assets are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating funds to various asset classes and investment styles and by retaining multiple investment managers with complementary styles, philosophies and approaches.

The Pension Plans' assets are managed solely in the interest of the participants and their beneficiaries. The expected long-term rate of return on the Pension Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The target investment allocation for the Pension Plans is 50% fixed-income and 50% equity securities. This allocation is partially achieved through investments in alternative investments that have fixed-income or equity strategies. The Parent Corporation maintained this target investment allocation throughout 2012.

The following table presents the Pension Plans' financial instruments as of December 31, 2012, measured at fair value on a recurring basis by the valuation hierarchy defined in note 11.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 4,956	\$ 4,956	\$ –	\$ –
Debt securities				
U.S. government agencies and sponsored entities	29,890	4,230	25,660	–
Corporate bonds	39,755	–	39,755	–
Commercial mortgage-backed	862	–	862	–
Collateralized debt obligations	14,019	–	14,019	–
Equity securities				
Domestic equities	7,170	7,170	–	–
Foreign equities	3,436	3,436	–	–
Alternative investments				
Event driven	3,101	–	1,840	1,261
Global macro	3,340	–	2,707	633
Insurance	4,425	–	1,708	2,717
Long short	27,968	–	26,087	1,881
Relative value	2,008	–	2,008	–
Specialist credit	2,584	–	2,011	573
Structured credit	6,650	–	3,127	3,523
Total plan assets	<u>\$ 150,164</u>	<u>\$ 19,792</u>	<u>\$ 119,784</u>	<u>\$ 10,588</u>

Fair value methodologies for Levels 1, 2 and 3 are consistent with the inputs described in note 11.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

The changes in financial assets classified as Level 3 during the year ended December 31, 2012 were as follows

	Alternative Investments					Ending Balance
	Beginning Balance	Purchases (Sales)	Transfers	Realized Gains (Losses)	Unrealized Gains	
Event driven	\$ 1.481	\$ (624)	\$ –	\$ 94	\$ 310	\$ 1.261
Global macro	–	603	–	–	30	633
Insurance	–	339	2.128	–	250	2.717
Long short	–	1.657	–	–	224	1.881
Multi-strategy	1.001	(1.027)	–	(17)	43	–
Specialist credit	1.853	(1.664)	–	268	116	573
Structured credit	–	3.059	–	(191)	655	3.523
	<u>\$ 4.335</u>	<u>\$ 2.343</u>	<u>\$ 2.128</u>	<u>\$ 154</u>	<u>\$ 1.628</u>	<u>\$10.588</u>

The following represents the expected benefit plan payments for the next five years and the five years thereafter

2013	\$ 6.016
2014	6.404
2015	6.798
2016	7.278
2017	7.866
2018 – 2022	49.668

8. Medical Malpractice

The Division participates in a self-insured revocable trust (Trust) that covers the System's subsidiaries and their respective employees for claims within a specified level (Self-Insured Retention). Claims above the Self-Insured Retention are insured by claims-made coverage that is placed with Adhealth Limited, a Bermuda company (Adhealth). Adhealth has purchased reinsurance through commercial insurers for the excess limits of coverage. A Self-Insured Retention of \$2.000 was established for the year ended December 31, 2001. The Self-Insured Retention was increased to \$7.500 and \$15.000 effective January 1, 2002 and 2003, respectively, and has remained at \$15.000 through December 31, 2012.

The assets and liabilities related to the Trust are recorded in the Parent Corporation's consolidated financial statements.

9. Commitments and Contingencies

Operating Leases

The Division leases certain property and equipment under operating leases. Lease and rental expense was approximately \$37,400 for the year ended December 31, 2012.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

The following represents the net future minimum lease payments under noncancelable operating leases for the next five years and the years thereafter

Year ending December 31	
2013	\$ 18,090
2014	16,295
2015	15,033
2016	12,117
2017	7,891
Thereafter	10,895

Litigation

Certain of the Division's facilities are involved in litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without material adverse effect to the Division's combined financial statements.

10. Transactions with Related Organizations

Certain transactions are made with the Parent Corporation on a routine basis. These transactions are comprised of information technology services, medical malpractice, management fees (includes fees for management and other services provided by the Parent Corporation), workers' compensation and other fees (includes legal fees, taxes, professional fees and other items, initially paid for by the Parent Corporation).

Management fees and allocated costs consist of the following for the year ended December 31, 2012:

Information technology services	\$ 74,583
Medical malpractice insurance	33,636
Management fees	50,491
Workers' compensation insurance	13,675
Other fees	8,819
	<u>\$ 181,204</u>

During 2012, the Division transferred \$21,744 to the Parent Corporation and \$35,500 to the Corporation to assist in funding various System operating and capital needs. Net assets totaling \$24,578 were transferred to the Division when operations of FHWC began on October 1, 2012. Additionally, in 2012 the Division transferred a liability of \$7,506 through a net asset transfer to the Corporation.

Receivables from and payables to related organizations are principally related to the Parent Corporation and other affiliated organizations. These amounts consist of the following at December 31, 2012:

Receivables from related organizations included in other receivables (current)	\$ 40,471
Payables to related organizations included in other current liabilities	134,957

The Division serves patients under a contractual agreement with a managed care provider, which is a controlled affiliate of the Parent Corporation. Payments under this contractual agreement are based upon discounts from established charges. Services under the agreement represented approximately \$70,400 of the Division's patient service revenue for the year ended December 31, 2012. Premiums paid to the affiliate for

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

employee health benefits approximated \$95,500 for the year ended December 31, 2012, and are included in employee compensation. The Division pays professional fees to an affiliate for physician services related to physicians employed by the affiliate. Fees paid during 2012 approximated \$44,000 and are included in professional fees in the accompanying combined statement of operations and changes in net assets.

The Division has prepaid for certain data processing services to a related organization. The amount paid during 2012 was approximately \$6,800. The unamortized portion of the prepaid fees is included in other current assets and other assets (see note 5) in the accompanying combined balance sheet and will be amortized in future years.

11. Fair Value Measurements

The Division follows the Fair Value Measurement Topic of the ASC (ASC 820), which provides a framework for measuring fair value of certain assets and liabilities and disclosures about fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the Division's financial assets and financial liabilities are measured at fair value on a recurring basis, including fixed-income and equity instruments. The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Division has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in nonactive markets or pricing models whose inputs are observable for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Fair Values

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Notes to Combined Financial Statements

For the year ended
December 31, 2012
(dollars in thousands)

The fair value of financial assets that are measured at fair value on a recurring basis at December 31, 2012 was as follows

	Total	Level 1	Level 2	Level 3
Investments				
U S government agencies and sponsored entities	\$ 499	\$ –	\$ 499	\$ –
Total	<u>\$ 499</u>	<u>\$ –</u>	<u>\$ 499</u>	<u>\$ –</u>

The central investment pool has alternative investments accounted for under the equity method, which represent 15% of the central investment pool at December 31, 2012. The remaining investments, which are included in the following table, are measured at fair value and represent 85% of the central investment pool at December 31, 2012.

The fair value of financial assets that comprise the central investment pool and allocated trustee-held funds that are measured at fair value on a recurring basis at December 31, 2012, were measured at fair value based on inputs categorized as follows:

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	17%	17%	–%	–%
U S government agencies and sponsored entities	69	1	68	–
Corporate bonds	4	–	4	–
Residential mortgage-backed	2	–	2	–
Commercial mortgage-backed	2	–	2	–
Collateralized debt obligations	1	–	1	–
Student loan asset-backed	1	–	1	–
Alternative investments	4	–	3	1
Total	<u>100%</u>	<u>18%</u>	<u>81%</u>	<u>1%</u>

Reconciliation to the Combined Balance Sheet

Financial assets are reflected in the combined balance sheet at December 31, 2012 as follows:

Investments measured at fair value	\$ 499
Certificates of deposit	330
Total investments	<u>\$ 829</u>
Assets whose use is limited measured at fair value	\$ –
Allocated trustee-held funds	6.218
Cash management deposits	54.853
Total assets whose use is limited	<u>\$ 61.071</u>

Within the central investment pool and for those financial assets held by the Division, the fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 financial assets and liabilities were determined as follows:

Cash equivalents, U S government agencies and sponsored entities, corporate bonds, residential mortgage-backed, commercial mortgage-backed, collateralized debt obligations and student loan asset-backed – These Level 2 securities were valued through the use of third party pricing services that use evaluated bid prices adjusted for specific bond characteristics and market sentiment.

Notes to Combined Financial Statements

*For the year ended
December 31, 2012
(dollars in thousands)*

Alternative investments – Certain of the investments held by the cash management program are alternative investments that are required to be recorded at fair value. These underlying funds are valued using the net asset value (NAV) as a practical expedient to determine fair value. Several factors are considered in appropriately classifying the underlying funds in the fair value hierarchy. An underlying fund is generally classified as Level 2 if the Parent Corporation has the ability to withdraw its investment with the underlying fund at NAV at the measurement date or within the near term. An underlying fund is generally classified as Level 3 if the Parent Corporation does not have the ability to redeem its investment with the underlying fund at NAV within the near term. Those alternative investments classified as Level 3 as of December 31, 2012, were classified as such because they could not be redeemed in the near term. Generally, the Parent Corporation defines near term as redemption of the entire investment within 90 days or less.

Other Fair Value Disclosures

The carrying values of the accounts receivable, accounts payable and accrued liabilities are reasonable estimates of their fair values due to the short-term nature of these financial instruments.

The fair values of the Division's allocated fixed-rate bonds are estimated using Level 2 inputs based on quoted market prices for those or similar instruments. The estimated fair value of the fixed-rate bonds was approximately \$1,694,000 as of December 31, 2012. The carrying values of the fixed-rate bonds were approximately \$1,547,000 as of December 31, 2012. The carrying amount approximates fair value for all other long-term debt (see note 6).

12. Subsequent Events

The Division evaluated events and transactions occurring subsequent to December 31, 2012 through March 1, 2013, the date the combined financial statements were available for issuance. During this period, there were no subsequent events that required recognition in the combined financial statements. Additionally, there were no nonrecognized subsequent events that required disclosure.

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Supplementary Information

Adventist Health System - Florida Division Hospitals

Combining Balance Sheet

December 31, 2012

	Florida Hospital Medical Center	Florida Hospital Zephyrhills, Inc	Florida Hospital Heartland Medical Center	Florida Hospital Wauchula	Southwest Volusia Healthcare Corporation	Memorial Hospital - West Volusia, Inc	Florida Hospital Memorial Medical Center and Florida Hospital - Oceanside
<i>(dollars in thousands)</i>							
ASSETS							
Current Assets							
Cash and cash management deposits	\$ 1,355,470	\$ 96,370	\$ 86,233	\$ 1,140	\$ 80,880	\$ 59,746	\$ 121,917
Investments	—	399	—	—	—	100	—
Current portion of assets whose use is limited	101	—	—	—	—	4	17
Patient accounts receivable - net	52,143	—	661	572	1,371	—	3,393
Estimated receivables from third parties	6,922	937	1,856	116	—	383	101
Other receivables	149,278	9,445	10,729	14,356	6,547	6,957	14,046
Inventories	65,060	2,298	2,957	114	2,035	1,314	5,414
Prepaid expenses and other current assets	24,100	2,062	2,603	73	2,482	2,300	3,726
	<u>1,653,074</u>	<u>111,518</u>	<u>105,046</u>	<u>16,371</u>	<u>93,322</u>	<u>70,804</u>	<u>148,614</u>
Property and Equipment	1,488,646	68,198	72,696	3,884	62,051	50,354	255,131
Assets Whose Use is Limited, net of current portion	2,698	197	199	—	187	100	449
Other Assets	62,187	4,001	4,626	—	2,136	1,567	22,854
	<u>\$ 3,206,605</u>	<u>\$ 183,914</u>	<u>\$ 182,567</u>	<u>\$ 20,255</u>	<u>\$ 157,696</u>	<u>\$ 122,825</u>	<u>\$ 427,048</u>
LIABILITIES AND NET ASSETS							
Current Liabilities							
Accounts payable and accrued liabilities	\$ 177,636	\$ 10,451	\$ 10,326	\$ 1,258	\$ 7,300	\$ 9,025	\$ 13,795
Estimated settlements to third parties	46,027	2,619	5,938	3,458	2,579	2,528	5,530
Other current liabilities	89,640	2,128	15,811	—	2,094	2,187	2,984
Short-term financings	30,265	2,205	2,228	—	2,096	1,116	5,035
Current maturities of long-term debt	25,254	1,653	1,670	—	1,569	837	3,791
	<u>368,822</u>	<u>19,056</u>	<u>35,973</u>	<u>4,716</u>	<u>15,638</u>	<u>15,693</u>	<u>31,135</u>
Long-Term Debt, net of current maturities	862,065	62,331	62,998	—	59,257	31,555	142,346
Other Noncurrent Liabilities	19,077	—	125	138	4	65	887
	<u>1,249,964</u>	<u>81,387</u>	<u>99,096</u>	<u>4,854</u>	<u>74,899</u>	<u>47,313</u>	<u>174,368</u>
Net Assets							
Unrestricted net asset (deficit)	1,875,024	100,976	83,259	15,165	81,914	75,173	249,232
Temporarily restricted net asset	81,617	1,551	212	236	883	339	3,448
	<u>1,956,641</u>	<u>102,527</u>	<u>83,471</u>	<u>15,401</u>	<u>82,797</u>	<u>75,512</u>	<u>252,680</u>
Commitments and Contingencies	<u>\$ 3,206,605</u>	<u>\$ 183,914</u>	<u>\$ 182,567</u>	<u>\$ 20,255</u>	<u>\$ 157,696</u>	<u>\$ 122,825</u>	<u>\$ 427,048</u>

Memorial Hospital - Flagler, Inc	Florida Hospital Waterman, Inc	Florida Hospital Tampa / Pepin Heart Institute	Florida Hospital Carrollwood	Florida Hospital at Connerston Long Term Acute Care	Tarpon Springs Hospital Foundation, Inc	Florida Hospital Wesley Chapel	Elimination Entries	Combined Total
\$ 155,565	\$ 182,226	\$ 88,684	\$ 33,557	\$ 6,670	\$ 3,759	\$ 17,272	\$ -	\$ 2,289,489
-	-	330	-	-	-	-	-	829
8	12	15	6	3	-	15	-	202
3,389	940	-	-	6,092	10,938	-	-	79,499
-	1,075	2,258	896	-	217	85	-	14,846
6,302	12,385	38,243	27,611	33	135	7,600	(54,507)	249,160
2,900	3,656	10,119	2,017	220	1,535	1,033	-	100,672
1,659	4,181	4,363	1,128	164	1,778	380	-	50,999
169,823	204,475	144,012	65,215	13,182	18,362	26,385	(54,507)	2,785,696
83,439	137,307	348,449	96,772	23,428	18,815	148,237	-	2,857,407
226	312	55,249	156	80	606	410	-	60,869
17,219	20,597	46,424	4,445	2,346	4,664	582	(11,210)	182,438
<u>\$ 270,707</u>	<u>\$ 362,691</u>	<u>\$ 594,134</u>	<u>\$ 166,588</u>	<u>\$ 39,036</u>	<u>\$ 42,447</u>	<u>\$ 175,614</u>	<u>\$ (65,717)</u>	<u>\$ 5,886,410</u>
\$ 8,516	\$ 11,278	\$ 32,345	\$ 9,135	\$ 2,820	\$ 12,863	\$ 10,113	\$ (107)	\$ 316,754
3,086	2,778	7,603	1,634	-	1,350	69	-	85,199
2,265	4,632	27,315	1,184	10,498	40,441	476	(54,400)	147,255
2,531	3,500	4,447	1,748	895	-	4,567	-	60,633
1,897	2,903	4,537	1,694	766	189	3,423	-	50,183
18,295	25,091	76,247	15,395	14,979	54,843	18,648	(54,507)	660,024
71,560	99,559	127,186	49,918	25,343	6,484	129,105	-	1,729,707
111	233	35,778	3,035	146	5,673	5,109	-	70,381
89,966	124,883	239,211	68,348	40,468	67,000	152,862	(54,507)	2,460,112
179,279	219,950	337,589	98,240	(1,432)	(25,886)	22,511	(11,210)	3,299,784
1,462	17,858	17,334	-	-	1,333	241	-	126,514
180,741	237,808	354,923	98,240	(1,432)	(24,553)	22,752	(11,210)	3,426,298
<u>\$ 270,707</u>	<u>\$ 362,691</u>	<u>\$ 594,134</u>	<u>\$ 166,588</u>	<u>\$ 39,036</u>	<u>\$ 42,447</u>	<u>\$ 175,614</u>	<u>\$ (65,717)</u>	<u>\$ 5,886,410</u>

Adventist Health System - Florida Division Hospitals

Combining Statement of Revenue and Expenses

Year ended December 31, 2012

	Florida Hospital Medical Center	Florida Hospital Zephyrhills, Inc	Florida Hospital Heartland Medical Center	Florida Hospital Wauchula	Southwest Volusia Healthcare Corporation	Memorial Hospital - West Volusia, Inc	Florida Hospital Memorial Medical Center and Florida Hospital - Oceanside
<i>(dollars in thousands)</i>							
Revenue							
Patient service	\$ 2,447,229	\$ 1,346,822	\$ 1,432,555	\$ 217,774	\$ 1,262,311	\$ 1,243,342	\$ 2,200,033
Provision for bad debts	(86,165)	(8,030)	(5,271)	(1797)	(8,611)	(8,690)	(9,851)
Net patient service revenue	2,361,064	1,266,652	1,379,844	199,777	1,176,200	1,156,652	2,190,182
EHR incentive payments	4,381	2,400	2,594	332	2,086	2,296	2,316
Other	16,220	647	972	48	722	1,273	1,762
Total operating revenue	2,381,665	1,299,699	1,411,550	200,357	1,204,428	1,199,221	2,194,260
Expenses							
Employee compensation	1,069,335	549,299	624,467	9,098	508,660	507,798	85,188
Supplies	471,626	248,665	248,893	994	21,901	19,538	48,226
Professional fees	169,275	17,095	17,656	5,924	12,307	16,679	21,437
Other	258,110	14,395	17,701	3,883	17,896	14,303	25,718
Interest	44,084	3,158	3,036	-	3,012	1,612	7,239
Depreciation and amortization	126,255	6,684	5,847	515	6,129	5,947	17,976
Total operating expenses	2,138,685	1,211,126	1,311,600	20,414	112,105	108,877	205,784
Income (Loss) from Operations	242,980	85,573	99,950	(57)	8,323	10,344	8,476
Nonoperating Gains (Losses)	(1,001)	(3,198)	(2,659)	205	(1,262)	(1,191)	1,774
Excess (Deficiency) of Revenue and Gains over Expenses and Losses	\$ 241,979	\$ 82,375	\$ 97,291	\$ 148	\$ 7,061	\$ 9,153	\$ 10,250

Memorial Hospital - Flagler, Inc	Florida Hospital Waterman, Inc	Florida Hospital Tampa / Pepin Heart Institute	Florida Hospital Carrollwood	Florida Hospital at Connerton Long Term Acute Care	Tarpon Springs Hospital Foundation, Inc	Florida Hospital Wesley Chapel	Elimination Entries	Combined Total
\$ 122,009 (7,142)	\$ 207,344 (14,503)	\$ 360,151 (11,546)	\$ 111,541 (7,342)	\$ 25,487 (783)	\$ 72,549 (6,120)	\$ 15,329 (2,483)	\$ —	\$ 4,131,956 (178,334)
114,867	192,841	348,605	104,199	24,704	66,429	12,846	—	3,953,622
1,870	2,844	3,414	1,373	—	2,059	—	—	27,965
444	1,972	4,639	345	76	58	108	3,581	32,867
117,181	197,657	356,658	105,917	24,780	68,546	12,954	3,581	4,014,454
40,368	81,776	140,196	32,884	12,365	30,696	6,391	—	1,727,351
18,048	37,200	66,088	27,932	2,895	12,920	1,882	—	779,008
10,854	21,733	32,587	9,691	2,902	11,641	1,097	—	350,878
14,302	24,027	53,373	15,699	3,283	14,325	2,125	—	479,140
3,436	4,952	6,335	2,503	1,281	1,697	1,461	—	83,806
7,062	13,090	26,709	6,937	1,203	2,431	1,928	—	228,713
94,070	182,778	325,288	95,646	23,929	73,710	14,884	—	3,648,896
23,111	14,879	31,370	10,271	851	(5,164)	(1,930)	3,581	365,558
3,462	4,134	(2,054)	210	—	(1,284)	25	—	(2,832)
\$ 26,573	\$ 19,013	\$ 29,316	\$ 10,481	\$ 858	\$ (6,448)	\$ (1,905)	\$ 3,581	\$ 362,726

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Report of Independent Certified Public Accountants

Adventist Health
System – Florida
Division Hospitals

The Board of Directors
Adventist Health System Sunbelt Healthcare Corporation
d/b/a Adventist Health System

Report on the Financial Statements

We have audited the accompanying combined financial statements of Adventist Health System Sunbelt Healthcare Corporation – Florida Division Hospitals, which comprise the combined balance sheets as of December 31, 2012 and 2011, and the related combined statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Adventist Health System Sunbelt Healthcare Corporation – Florida Division Hospitals at December 31, 2012 and 2011, and the combined results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining details on pages 26 through 29 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

Orlando, Florida
March 1, 2013