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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

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

C Name of organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Doing Business As

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

City or town, state or country, and ZIP + 4
GAINESVILLE, FL 326100336

D Employer identification number
59-2142859

E Telephone number
(352) 265-7962

G Gross receipts $ 521,162,889

F Name and address of principal officer
RUSSELL ARMISTEAD
PO BOX 100336
GAINESVILLE,FL 326100336

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

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

H(c) Group exemption number ▶

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

J Website: ▶ HTTP //UFHEALTHJAX ORG

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

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	4,481
6	Total number of volunteers (estimate if necessary)	**6**	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	578,240
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

Activities & Governance

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	4,023,895	10,801,872
9	Program service revenue (Part VIII, line 2g)	483,830,758	487,436,281
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,134,695	1,430,494
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	23,481,886	20,855,666
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	513,471,234	520,524,313
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	22,300,599
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)	253,683,791	239,904,960
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶2,532,813		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	286,047,598	266,337,778
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	539,731,389	528,543,337
19	Revenue less expenses Subtract line 18 from line 12	-26,260,155	-8,019,024

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	443,089,686	481,775,504
21	Total liabilities (Part X, line 26)	270,805,512	318,867,931
22	Net assets or fund balances Subtract line 21 from line 20	172,284,174	162,907,573

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2014-05-14

MICHAEL GLEASON TREASURER
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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 383,222,214 including grants of $ 22,300,599) (Revenue $ 507,753,094)

SHANDS JACKSONVILLE MEDICAL CENTER, INC PROVIDES QUALITY HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF THE MEDICAL CENTER, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE THESE ESSENTIAL MEDICAL SERVICES OUR MISSION IS TO SERVE THE COMMUNITY WITH RESPECT BY PROVIDING HEALTHCARE SERVICES AND HEALTH EDUCATION THE FOLLOWING SERVICES AND ACTIVITIES ARE PROVIDED WHERE THE NEED AND AN INDIVIDUAL'S INABILITY TO PAY COEXIST FREE CARE AND/OR SUBSIDIZED CARE, CARE PROVIDED TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT OR BELOW COST AND HEALTH ACTIVITIES AND PROGRAMS TO SUPPORT THE COMMUNITY SHANDS JACKSONVILLE IS A 696 BED NOT-FOR-PROFIT ACADEMIC MEDICAL CENTER AFFILIATED WITH THE UNIVERSITY OF FLORIDA THERE ARE MORE THAN 330 NATIONALLY RECOGNIZED FACULTY PHYSICIANS WORKING WITH OVER 350 HOSPITAL-BASED AND PRIVATE PRACTICE COMMUNITY DOCTORS THE UNIVERSITY OF FLORIDA HAS OVER 300 FULL-TIME RESIDENTS AT SHANDS JACKSONVILLE TWENTY-FIVE PERCENT OF THE EDUCATION OF COLLEGE OF MEDICINE STUDENTS TAKES PLACE HERE SHANDS JACKSONVILLE HAS A LEVEL 1 TRAUMA CENTER AND IS HOME TO THE REGIONAL PERINATAL ICU, THE HIGHEST LEVEL OF NEONATAL INTENSIVE CARE OUR PHYSICIANS SPECIALIZE IN HIGH-RISK PREGNANCY AND COMPLEX PEDIATRIC ILLNESSES THE FLORIDA POISON INFORMATION CENTER IS ALSO LOCATED ON CAMPUS, COVERING 42 COUNTIES AND A RESOURCE FOR OVER SIX MILLION RESIDENTS, 151 HEALTHCARE INSTITUTIONS AND 121 EMS (EMERGENCY MEDICAL SERVICE) AGENCIES OVER 12,000 PEOPLE WERE EXPOSED TO THE POISON PREVENTION AND SAFETY MESSAGES, INCLUDING CHILDREN K THROUGH 12TH GRADES SHANDS JACKSONVILLE TOGETHER WITH UNIVERSITY OF FLORIDA HAS DEVELOPED SEVERAL CENTERS OF EXCELLENCE THE CARDIOVASCULAR CENTER, THE NEUROSCIENCE INSTITUTE, THE BONE AND JOINT INSTITUTE AND THE UF CANCER CENTER THESE CENTERS BRING TOGETHER INTERDISCPLINARY TEAMS USING ALL THE RESOURCES OF THE ACADEMIC MEDICAL CENTER SHANDS JACKSONVILLE IS A LEADER IN PROVIDING BOTH UNIQUE AND ESSENTIAL CLINICAL PROGRAMS AND SERVICES, AS WELL AS IN PROMOTING GOOD HEALTH WITH PREVENTATIVE CARE, SCREENINGS AND HEALTH EDUCATION PROGRAMS THAT REACH RESIDENTS WHERE THEY LIVE AND WORK THE HOSPITAL HOSTED OR PARTICIPATED IN OVER 150 HEALTH FAIRS AND OTHER SPECIAL EVENTS AND PERFORMED BLOOD PRESSURE, HIV, CHOLESTEROL, STROKE ASSESSMENT, PREGNANCY, BLOOD SUGAR AND GLAUCOMA SCREENINGS IN ADDITION, TOTAL NUMBER OF EMPLOYEE VOLUNTEER HOURS DONATED TO THE COMMUNITY EXCEEDED 35,000 SHANDS JACKSONVILLE ALSO HAS AN ACTIVE COMMUNITY AFFAIRS DEPARTMENT COMMITTED TO IMPROVING THE QUALITY OF LIFE THROUGH LEADERSHIP, NETWORKING, COLLABERATION AND EDUCATION THE COMMUNITY AFFAIRS DEPARTMENT SERVES A DEFINED AREA OF JACKSONVILLE'S URBAN CORE THAT REPRESENT 40 PERCENT OF THE AFRICAN-AMERICAN POPULATION IN JACKSONVILLE

4b (Code) (Expenses $ including grants of $) (Revenue $)

SHANDS JACKSONVILLE MEDICAL CENTER IS DEDICATING OUR WORK TO IMPROVING EDUCATION ON HEALTH ISSUES FOR THE WELL BEING OF THE COMMUNITY

4c (Code) (Expenses $ including grants of $) (Revenue $)

SHANDS JACKSONVILLE MEDICAL CENTER, INC IS IMPROVING LIFE THROUGH INNOVATIONS IN HEALTHCARE

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses ▶** 383,222,214

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
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	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI 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**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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**	Yes	
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**		No
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**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 . .	1a	174		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	4,481		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			No
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	**1a**	15		
	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				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ 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

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

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								1,893,807	7,671,902	815,034

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 ▶ 94

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CROTHALL LAUNDRY SERVICES 12626 HANCOCK RD CLERMONT FL 34711	LAUNDRY SERVICES	7,471,627
COGENT HMG 5410 MARYLAND WAY SUITE 300 BRENTWOOD TN 37027	PHYSICIAN MANAGEMENT	4,099,630
DIALYSIS CLINIC INC 1633 CHURCH ST NASHVILLE TN 37203	DIALYSIS SERVICES	3,015,533
PERRY-MCCALL CONSTRUCTION INC 6262 GREENLAND RD JACKSONVILLE FL 32258	CONSTRUCTION	2,573,418
UNIVERSAL HOSPITAL SERVICES INC 9450 PHILLIPS HIGHWAY SUITE7 JACKSONVILLE FL 32256	MEDICAL EQUIPTMENT MANAGEMENT	2,559,654

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 ▶ 71

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	10,769,310			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	32,562			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		10,801,872			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	622000	487,436,281	487,436,281		
	b			0			
	c			0			
	d			0			
	e			0			
	f	All other program service revenue		0	0	0	0
	g	**Total.** Add lines 2a–2f		487,436,281			
	3	Investment income (including dividends, interest, and other similar amounts)		1,391,107			1,391,107
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	2,349,852 /				
	b	Less rental expenses	/				
	c	Rental income or (loss)	2,349,852 / 0				
	d	Net rental income or (loss)		2,349,852	2,349,852		
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	/ 677,963				
	b	Less cost or other basis and sales expenses	/ 638,576				
	c	Gain or (loss)	0 / 39,387				
	d	Net gain or (loss)		39,387	39,387		
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	OTHER MISC REVENUE	900099	18,505,814	17,927,574	578,240	
	b			0			
	c			0			
	d	All other revenue		0	0	0	0
	e	**Total.** Add lines 11a–11d		18,505,814			
	12	**Total revenue.** See Instructions		520,524,313	507,753,094	578,240	1,391,107

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	22,300,599	22,300,599		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	3,020,347		3,020,347	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	186,379,208	153,761,762	32,617,446	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	9,874,715	8,146,634	1,728,081	
9 Other employee benefits	26,643,086	21,980,530	4,662,556	
10 Payroll taxes	13,987,604	11,122,056	2,865,548	
11 Fees for services (non-employees)				
a Management	0			
b Legal	1,526,702		1,526,702	
c Accounting	456,771		456,771	
d Lobbying	841,621		841,621	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	89,699,383	48,177,345	38,989,225	2,532,813
12 Advertising and promotion	2,305,145		2,305,145	
13 Office expenses	13,474,472	10,175,683	3,298,789	0
14 Information technology	8,376,770		8,376,770	
15 Royalties . .	0			
16 Occupancy	18,623,315	7,581,633	11,041,682	
17 Travel	473,620	280,050	193,571	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	140,612	78,328	62,285	
20 Interest	3,667,473	1,000,267	2,667,206	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	21,753,843	5,933,143	15,820,700	
23 Insurance	6,835,761		6,835,761	
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 ACHA ASSESSMENT	5,748,449		5,748,449	
b OTHER DIRECT	8,361,317	7,710,691	650,626	
c MEDICAL SUPPLIES	84,052,524	84,973,494	-920,970	
d				
e All other expenses	0	0	0	0
25 **Total functional expenses.** Add lines 1 through 24e	528,543,337	383,222,214	142,788,311	2,532,813
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)	0			

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1,046,471	1	35,877,523
	2	Savings and temporary cash investments		90,410,401	2	41,198,987
	3	Pledges and grants receivable, net		6,983,193	3	5,929,255
	4	Accounts receivable, net		65,431,048	4	88,093,748
	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	0
	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	0
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		9,016,130	8	10,336,253
	9	Prepaid expenses and deferred charges		1,211,905	9	1,057,438
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 427,928,444			
	b	Less accumulated depreciation	10b 281,450,443	155,104,965	10c	146,478,001
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets		1,699,043	14	1,175,698
	15	Other assets See Part IV, line 11		112,186,530	15	151,628,601
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		443,089,686	16	481,775,504
Liabilities	17	Accounts payable and accrued expenses		100,286,588	17	106,898,892
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		66,086,880	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	0
	23	Secured mortgages and notes payable to unrelated third parties			23	100,000,000
	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		104,432,044	25	111,969,039
	26	**Total liabilities.** Add lines 17 through 25		270,805,512	26	318,867,931
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		170,969,136	27	161,592,536
	28	Temporarily restricted net assets		1,315,038	28	1,315,038
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (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		172,284,174	33	162,907,574
	34	Total liabilities and net assets/fund balances		443,089,686	34	481,775,504

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	520,524,313
2	Total expenses (must equal Part IX, column (A), line 25)	2	528,543,337
3	Revenue less expenses Subtract line 2 from line 1	3	-8,019,024
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	172,284,174
5	Net unrealized gains (losses) on investments	5	-1,401,576
6	Donated services and use of facilities	6	44,000
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	162,907,574

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	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			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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			
c	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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

Additional Data

Software ID: 12000266
Software Version: v2012.1.0
EIN: 59-2142859
Name: SHANDS JACKSONVILLE MEDICAL CENTER INC

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

(A) Name and Title	(B) Average hours per week (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			
JAMES BURKHARDT President	39 00 1 00	X		X				0	895,563	31,720
RUSSEL E ARMISTEAD JR MBA President	36 00 4 00	X		X				0	318,735	36,688
ANA ALVAREZ MD Director	2 00 38 00	X						0	162,920	29,908
BETH MCCAGUE Director	2 00 2 00	X						0	0	0
CHRISTOPHER WILLIAMS MD Director	2 00 38 00	X						0	389,193	36,030
DANIEL R WILSON MD Director	2 00 38 00	X						0	502,793	46,597
DAVID GUZICK MD Director	6 00 34 00	X						0	1,226,335	34,464
KELLY GRAY-EUROM MD Director	2 00 38 00	X						0	263,750	36,095
LAWRENCE DUBOW Director	2 00 2 00	X						0	0	0
LINDA EDWARDS MD Director	2 00 38 00	X						0	194,956	32,193
LYNN PAPPAS Director	2 00 2 00	X						0	0	0
MICHELLE M BOYTON Director	2 00 2 00	X						0	0	0
NAT GLOVER Director	2 00 2 00	X						0	0	0
RAMON BAUTISTA MD Director	2 00 38 00	X						0	185,977	31,629
ROBERT NUSS MD Director	2 00 38 00	X						0	390,444	33,698
SAMIR ARRAY MD Director	2 00 38 00	X						0	276,506	14,623
SIDNEY J GEFEN Director	2 00 1 00	X						0	0	0
THEODORE BASS MD Director	2 00 38 00	X						0	513,500	43,903
TONI CRAWFORD Director	2 00 2 00	X						0	0	0
W A MCGRIFF Director	2 00 2 00	X						0	0	0
JAMES ROBERTS Secretary	3 50 36 50			X				0	640,633	30,659
JONATHAN DIXON III Secretary	40 00 0			X				81,488	0	8,436
MICHAEL GLEASON Treasurer	39 00 1 00			X				0	382,395	28,142
BARBARA VERONSKI Dir Div Ancillary Services	40 00 0				X			169,009	0	20,110
DAVID VUKICH Medical Director	40 00 0 00				X			0	434,546	44,779

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

(A) Name and Title	(B) Average hours per week (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			
GREG MILLER SVP Chief Operating Officer	40 00 0				X			360,894	0	38,966
LESLI WARD VP Human Resources	40 00 0 00				X			0	242,353	30,789
MICHAEL LAWTON VP Managed Care	20 00 20 00				X			0	372,634	28,640
PATRICE JONES Director of Nursing	40 00 0				X			259,024	0	15,637
JAY SCHAUBEN Director Poison Center	40 00 0					X		166,606	0	28,955
MARILYN MAIN Director Perioperative Services	40 00 0					X		147,252	0	25,432
MICHELLE WORLEY Manager	40 00 0					X		150,796	0	26,273
PENELOPE THOMPSON VP Government Affairs	40 00 0					X		158,794	0	18,303
THANH HOGAN Pharmacy Director	40 00 0					X		148,488	0	18,371
CHARLES CANIFF Secretary	1 00 1 00						X	251,455	278,671	43,992

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

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

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

1 ☐ A church, convention of churches, or association of churches 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?

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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 III **Support 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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

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	**Employer identification number**
SHANDS JACKSONVILLE MEDICAL CENTER INC	59-2142859

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities 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)	841,624	
c Total lobbying expenditures (add lines 1a and 1b)	841,624	0
d Other exempt purpose expenditures	382,380,591	
e Total exempt purpose expenditures (add lines 1c and 1d)	383,222,215	0
f Lobbying nontaxable amount Enter the amount from the following table in both columns	1,000,000	0
g Grassroots nontaxable amount (enter 25% of line 1f)	250,000	0
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-	0	0

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

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	618,495	649,846	954,758	841,624	3,064,723
d Grassroots nontaxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures	0	0	0	0	0

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities?			
j	Total Add lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 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 ▶ $ _____

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

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

b If "Yes," explain the arrangement in Part 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	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	19,550,000	19,550,000	18,925,000	18,250,000	18,250,000
b	Contributions			625,000	675,000	
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	19,550,000	19,550,000	19,550,000	18,925,000	18,250,000

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

- a Board designated or quasi-endowment ▶ 100 000 %
- 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

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

4 Describe in Part 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		4,541,933		4,541,933
b Buildings		132,806,232	94,506,514	38,299,718
c Leasehold improvements		110,884,045	55,163,964	55,720,082
d Equipment		171,665,980	131,779,966	39,886,015
e Other		8,030,253		8,030,253
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				146,478,001

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

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

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

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

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

(a) Description	(b) Book value
(1) DEPOSITS AND OTHER	20,317,362
(2) DUE FROM AFFILIATES	91,811,236
(3) INVESTMENT SUBSIDIARIES/OTHER	39,500,000
(4) ROUNDING	3
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	151,628,601

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
3RD PARTY SETTLEMENT	42,929,310
CAPITAL LEASE	8,481,155
NOTES PAYABLE TO STHC	15,070,612
OTHER EXPENSES	3,427,834
OTHER LIABILITIES	2,104,952
PATIENT REFUNDS	39,100
ROUNDING	1
NOTE PAYABLE	2,574,542
LINE OF CREDIT	37,341,533
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	111,969,039

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

Additional Data

Software ID: 12000266
Software Version: v2012.1.0
EIN: 59-2142859
Name: SHANDS JACKSONVILLE MEDICAL CENTER INC

Form 990, Schedule D, Part X, - Other Liabilities

1 **(a)** Description of Liability	**(b)** Book Value
3RD PARTY SETTLEMENT	42,929,310
CAPITAL LEASE	8,481,155
NOTES PAYABLE TO STHC	15,070,612
OTHER EXPENSES	3,427,834
OTHER LIABILITIES	2,104,952
PATIENT REFUNDS	39,100
ROUNDING	1
NOTE PAYABLE	2,574,542
LINE OF CREDIT	37,341,533

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			76,962,629	4,703,040	72,259,589	13 670 %
b Medicaid (from Worksheet 3, column a)			0	0	0	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Financial Assistance and Means-Tested Government Programs	0	0	76,962,629	4,703,040	72,259,589	13 670 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	15	9,653	1,336,428	100	1,336,328	0 250 %
f Health professions education (from Worksheet 5)	6	3,852	41,114,431	19,651,913	21,462,518	4 060 %
g Subsidized health services (from Worksheet 6)			0	0	0	0 %
h Research (from Worksheet 7)			51,100	0	51,100	0 010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			51,100	0	51,100	0 010 %
j **Total.** Other Benefits	21	13,505	42,553,059	19,652,013	22,901,046	4 330 %
k **Total.** Add lines 7d and 7j	21	13,505	119,515,688	24,355,053	95,160,635	18 000 %

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	86,208,059		
3	Enter 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	58,621,480		
4	Provide 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

5	Enter total revenue received from Medicare (including DSH and IME)	5	120,686,550
6	Enter Medicare allowable costs of care relating to payments on line 5	6	104,059,677
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	16,626,873

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

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV **Management Companies and Joint Ventures** (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?
1

	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	SHANDS JACKSONVILLE MEDICAL CENTER INC 655 W 8TH STREET JACKSONVILLE, FL 32209	X	X		X			X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group SHANDS JACKSONVILLE MEDICAL CENTER INC

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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet 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 13			
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**	Yes	
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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted 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**	Yes	
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**		No
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)*

			Yes	No
Financial Assistance Policy				
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 *free* care?	**10**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 200% If "No," explain in Part VI the criteria the hospital facility used			
11	Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400% If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	**12**	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a	☑ Income level			
b	☑ Asset level			
c	☑ Medical indigency			
d	☑ Insurance status			
e	☑ Uninsured discount			
f	☑ Medicaid/Medicare			
g	☐ State regulation			
h	☐ Other (describe in Part VI)			
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?	**14**	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
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**		No
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?	**19**	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?	**21**		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?	**22**	Yes	
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?

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 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 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	A SLIDING SCALE WAS USED TO DETERMINE THE AMOUNT TO CHARGE PATIENTS WHO FELL BETWEEN 200% AND 400% OF THE FEDERAL POVERTY GUIDELINES
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	0

Identifier	ReturnReference	Explanation
Bad debt expense - methodology used to estimate amount	Schedule H, Part III, Line 2	THE PROVISION FOR BAD DEBTS IS BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON THESE TRENDS THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATION TO THE PROVISION FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS PATIENT ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED UNDER THE COMPANY'S POLICIES
Bad debt expense - methodology used to estimate amount as community benefit	Schedule H, Part III, Line 3	THE AMOUNT ESTIMATED ON LINE 3 AS BEING ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY WAS BASED UP ON AN ANALYSIS OF CURRENT YEAR MEDICARE BAD DEBTS THE AMOUNT REPORTED ON LINE 3 WAS DERIVED BY MULTIPLYING THE AMOUNT ON LINE 2 BY THE RATIO OF MEDICARE CHARITY BAD DEBTS TO TOTAL MEDICARE BAD DEBTS

Identifier	ReturnReference	Explanation
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	THE PROVISION FOR BAD DEBTS IS BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTH CARE COVERAGE AND OTHER COLLECTION INDICATORS THROUGHOUT THE YEAR, MANAGEMENT ASSESSES STHE ADEQUACY OF THE ALLOWANCE FOR NONCOLLECTABLE ACCOUNTS BASED UPON THESE TRENDS THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATION TO THE PROVISION FOR BAD DEBTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR NONCOLLECTABLE ACCOUNTS PATIENT ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION HAVE BEEN FOLLOWED UNDER THE COMPANIES POLICIES SJMC HAS POLICIES PROVIDING ASSISTANCE FOR PATIENTS REQUIRING CARE BUT WHO HAVE LIMITED OR NO MEANS TO PAY FOR THAT CARE THESE POLICIES PROVIDE FREE HEALTH RELATED SERVICES TO PERSONS WHO QUALIFY UNDER CERTAIN INCOME AND ASSET CRITERIA SJMC MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF FINANCIAL ASSISTANCE IT PROVIDES THE VALUE OF BAD DEBTS REPORTED ON LINE 2 REPRESENTS THE AGGREGATE AMOUNTS REMAINING IN NET PATIENT ACCOUNTS RECEIVABLE THAT ARE DEEMED TO BE NONCOLLECTABLE AFTER EXERCISING REASONABLE COLLECTION EFFORTS
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	THE AMOUNTS REPORTED ON LINES 5 AND 6 WERE DERIVED FROM THE FYE 2013 MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	PATIENTS ARE RESPONSIBLE FOR COMPLETING THE REQUIRED APPLICATION FORMS AND FINANCIAL COUNSELORS ARE AVAILABLE OT PROVIDE ASSISTANCE WITH THE APPLICATION PROCESS DISCOUNTS ARE OFFERED TO PATIENTS WITH HOUSEHOLD INCOMES FROM 0-400% OF ANNUAL FEDERAL POVERTY GUIDELINES
Community Served by Needs Assessment	Schedule H, Part V Section B, Line 3	(1) SHANDS JACKSONVILLE MEDICAL CENTER, INC - "REPRESENTATIVES WHO PARTICIPATED IN THIS NEEDS ASSESSMENT INCLUDE AUBREY MORAN AND LYNN SHERMAN OF BAPTIST HEALTH, MARY ALICE PHELAN AND DAVID PRINGLE OF ST VINCENT'S HEALTHCARE, ROBIN BASS OF SHANDS JACKSONVILLE MEDICAL CENTER, MARION ANDERSON OF BROOKS REHABILITATION, MICHELL LEAK OF MAYO CLINIC, NANCY MILES OF CLAY COUNTY HEALTH DEPARTMENT, TIM LAWTHER OF DUVAL COUNATY HEALTH DEPARTMENT, HEATHER HUFFMAN OF NASSAU CONTY HEALTH DEPARTMENT AND ROBON WRIGHT OF PUTNAM COUNTY HEALTH DEPARTMENT " ,

Identifier	ReturnReference	Explanation
Other Hospital Facilities included in Needs Assessment	Schedule H, Part V Section B, Line 4	(1) SHANDS JACKSONVILLE MEDICAL CENTER, INC - THE OTHER HOSPITALS THAT PARTICIPATED WERE , BAPTIST HEALTH, ST VINCENT'S HEALTHCARE, MAYO CLINIC, AND BROOKS REHABILITATION ,
Other actions taken before collection actions	Schedule H, Part V Section B, Line 18e	(1) SHANDS JACKSONVILLE MEDICAL CENTER, INC - THE PATIENT GETS A FINAL NOTICE STATEMENT INDICATING THE ACCOUNT MAY BE SUBJECT TO COLLECTION ACTIVITY 30 DAYS PRIOR TO BEING TRANSFERRED TO A COLLECTION AGENCY ,

Identifier	ReturnReference	Explanation
Means used to determine amounts billed	Schedule H, Part V Section B, Line 20d	(1) SHANDS JACKSONVILLE MEDICAL CENTER, INC - A SLIDING-FEE SCALE IS USED TO DETERMINE FINANCIAL ASSISTANCE DISCOUNTS WHEN GROSS FAMILY INCOME IS BETWEEN 100 TO 400% OF FEDERAL POVERTY GUIDELINES ,
Gross Charges for Medical Care	Schedule H, Part V Section B, Line 22	(1) SHANDS JACKSONVILLE MEDICAL CENTER, INC - THE PATIENTS ARE BILLED STANDARD GROSS CHARGES UNTIL THEIR FINANCIAL STATUS CAN BE CLARIFIED ,

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H, Part VI, Line 2	SJMC IS PLANNED, MANAGED, ORGANIZED , AND MEASURED APPROACH TO A HEALTH CARE ORGANIZATION'S PARTICIPATION IN MEETING IDENTIFIED COMMUNITY HEALTH NEEDS IT IMPLIES COLLABORATION WITH A "COMMUNITY" TO "BENEFIT" ITS RESIDENTS, PARTICULARLY THE POOR AND UNDESERVED GROUPS, BY IMPROVING HEALTH STATUS AND QUALITY OF LIFE COMMUNITY BENEFITS PROJECTS AND SERVICES ARE IDENTIFIED BY HEALTH CARE ORGANIZATIONS IN RESPONSE TO FINDINGS OF A A COMMUNITY HEATH ASSESSMENT, STRATEGIC AND/OR CLINICAL PRIORITIES, AND PARTNER AREAS OF ATTENTION COMMUNITY BENEFIT CATEGORIES INCLUDE FINANCIAL ASSISTANCE, COMMUNITY HEALTH SERVICES, HEALTH PROFESSIONS EDUCATION, RESEARCH AND DONATIONS SJMC HAS A LONG HISTORY OF PROVING COMMUNITY BENEFITS AND HAS QUANTIFIED THOSE BENEFITS USING NATIONAL GUIDELINES DEVELOPED BY THE CATHOLIC HEALTH ASSOCIATION IN COLLABORATION WITH THE VOLUNTARY HOSPITAL ASSOCIATION ("VHA")
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	THE ELIGIBILITY FOR ASSISTANCE UNDER FEDERAL, STATE OR LOCAL GOVERNMENT PROGRAMS IS DETERMINED UNDER THE ORGANIZATION,S FINANCIAL ASSISTANCE POLICY THIS ELIGIBILITY TRIES TO BE OBTAINED UPON ADMISSION OR BEFORE DISCHARGE IF THIS ELIGIBILITY CAN NOT BE OBTAINED DURING THEIR HOSPITAL STAY, THE PATIENTS ARE BILLED STANDARD GROSS CHARGES UNTIL THEIR FINANCIAL STATUS CAN BE DETERMINED

Identifier	ReturnReference	Explanation
Community information	Schedule H, Part VI, Line 4	THE JACKSONVILLE METROPOLITAN COMMUNITY BENEFIT PARTNERSHIP WAS FORMED BY FIVE HEALTH CARE SYSTEMS (9 NON PROFIT HOSPITALS) AND FOUR PUBLIC HEALTH DEPARTMENTS THIS PARTNERSHIP CAME TOGETHER AND CONDUCTED THE FIRST EVER MULTI-HOSPITAL SYSTEM AND PUBLIC HEALTH SECTOR COLLABORATIVE COMMUNITY NEEDS ASSESSMENT FEBRUARY AND MARCH OF 2012 THIS PARTNERSHIPS VISION IS TO IMPROVE POPULATION HEALTH IN THE REGION BY ELIMINATING THE GAPS THAT PREVENT ACCESS TO QUALITY, INTEGRATED HEATH CARE AND TO IMPROVE ACCESS TO RESOURCES THAT SUPPORT A HEALTHY LIFE STYLE THE COMMUNITY HEALTH SURVEY INCLUDED CLAY, DUVAL, NASSAU AND NORTHERN ST JOHN'S COUNTY THIS COMMUNITY HEALTH NEEDS ASSESSMENT IS TO ENABLE PRACTITIONERS, MANAGERS AND POLICY MAKERS TO IDENTIFY THOSE INDIVIDUALS IN GREATEST NEED AND TO ENSURE THAT HEALTH CARE RESOURCES ARE USED TO MAXIMIZE HEALTH IMPROVEMENT
Promotion of community health	Schedule H, Part VI, Line 5	IN ADDITIONS TO SATISFYING REGULATORY REQUIREMENTS OF THE FEDERAL AND STATE AGENCIES AND LOCAL FUNDERS, THE COMMUNITY NEEDS ASSESSMENT REPRESENTS AN UNPRECEDENTED EFFORT AND KEY OPPORTUNITY TO BRING TOGETHER HOSPITAL DATA, POPULATION HEALTH, HEALTH- RELATED QUALITY OF LIFE INDICATORS AND COMMUNITY MEMBER INPUT TO PROVIDE A MORE DETAILED AND COMPLETE PROFILE OF COMMUNITY HEALTH NEEDS THE LONG TERM GOAL TO ACHIEVE REGIONAL COLLABORATION THAT WILL SERVE AS AN OPPORTUNITY FOR OPTIMAL LEVERAGE OF RESOURCES, SETTING (AND MANAGING) REGIONAL HEALTH PRIORITIES, AND DEVELOPING REGIONAL COLLECTIVE IMPACT STRATEGIES AMONG ALL HEALTH-RELATED STAKEHOLDERS

Identifier	ReturnReference	Explanation
State filing of community benefit report	Schedule H, Part VI, Line 7	FL

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) UNIVERSITY OF FLORIDA 226 TIGERT HALL GAINESVILLE,FL 32601	59-6002052		22,300,599		0 BOOK	0	SUPPORT FOR THE COLLEGE OF MEDICINE

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	ALL GRANTS GO THRU AN APPROVAL PROCESS BEFORE BEING ISSUED

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		No
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
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	☐ Written employment contract		
	☑ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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
Health or social club dues or initiation fees	Schedule J, Part I, Line 1a	THE CEO HAD DUES PAID TO A SOCIAL CLUB WHICH WAS APPROVED BY THE BOARD OF DIRECTORS ALL EXPENSES WERE REVIEWED AND APPROVED BEFORE BEING PAID
Written policy regarding payment or reimbursement of expenses	Schedule J, Part I, Line 1b	THE PROVISION FOR PAYMENT OF THE ABOVE EXPENSES ARE APPROVED BY THE BOARD OF DIRECTORS
Arrangement used to establish the top management official's compensation	Schedule J, Part I, Line 3	AN INDEPENDENT COMPENSATION ORGANIZATION IS USED TO MAKE RECOMMENDATIONS AND THEN IT IS PRESENTED TO THE BOARD OF DIRECTORS FOR APPROVAL
Severance or change-of-control payment	Schedule J, Part I, Line 4a	DURING THE FISCAL YEAR ENDING 6/30/2013, CHARLES CANIFF RECEIVED SEVERANCE PAY OF $161,512

Additional Data Return to Form

Software ID: 12000266
Software Version: v2012.1.0
EIN: 59-2142859
Name: SHANDS JACKSONVILLE MEDICAL CENTER INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ANA ALVAREZ MD	(I)	0	0	0	0	0	0	0
	(II)	162,920	0	0	0	29,908	192,828	0
BARBARA VERONSKI	(I)	168,075	0	933	8,824	11,286	189,119	0
	(II)	0	0	0	0	0	0	0
CHARLES CANIFF	(I)	251,455	0	0	2,827	19,169	273,451	0
	(II)	251,455	0	27,216	2,827	19,169	300,667	0
CHRISTOPHER WILLIAMS MD	(I)	0	0	0	0	0	0	0
	(II)	389,193	0	0	0	36,030	425,223	0
DANIEL R WILSON MD	(I)	0	0	0	0	0	0	0
	(II)	502,793	0	0	0	46,597	549,390	0
DAVID GUZICK MD	(I)	0	0	0	0	0	0	0
	(II)	838,008	388,327	0	0	34,464	1,260,799	0
DAVID VUKICH	(I)	0	0	0	0	0	0	0
	(II)	434,546	0	0	0	44,779	479,325	0
GREG MILLER	(I)	351,100	0	9,794	15,396	23,570	399,860	0
	(II)	0	0	0	0	0	0	0
JAMES BURKHARDT	(I)	0	0	0	0	0	0	0
	(II)	600,000	0	295,563	2,212	29,508	927,283	0
JAMES ROBERTS	(I)	0	0	0	0	0	0	0
	(II)	373,200	110,900	156,533	5,073	25,586	671,292	0
JAY SCHAUBEN	(I)	171,098	0	-4,492	9,014	19,941	195,562	0
	(II)	0	0	0	0	0	0	0
KELLY GRAY-EUROM MD	(I)	0	0	0	0	0	0	0
	(II)	263,750	0	0	0	36,095	299,845	0
LESLI WARD	(I)	0	0	0	0	0	0	0
	(II)	230,820	0	11,533	11,533	19,256	273,142	7,032
LINDA EDWARDS MD	(I)	0	0	0	0	0	0	0
	(II)	194,956	0	0	0	32,193	227,149	0
MARILYN MAIN	(I)	151,878	0	-4,626	7,973	17,459	172,684	0
	(II)	0	0	0	0	0	0	0
MICHAEL GLEASON	(I)	0	0	0	0	0	0	0
	(II)	336,500	0	45,895	6,401	21,741	410,537	0
MICHAEL LAWTON	(I)	0	0	0	0	0	0	0
	(II)	274,050	63,200	35,384	7,150	21,490	401,274	0
MICHELLE WORLEY	(I)	153,392	0	-2,596	8,069	18,204	177,070	0
	(II)	0	0	0	0	0	0	0
PATRICE JONES	(I)	230,194	21,629	7,201	0	15,637	274,661	0
	(II)	0	0	0	0	0	0	0
PENELOPE THOMPSON	(I)	151,501	0	7,293	4,766	13,537	177,097	0
	(II)	0	0	0	0	0	0	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
RAMON BAUTISTA MD	(I)	0	0	0	0	0	0	0
	(II)	185,977	0	0	0	31,629	217,606	0
ROBERT NUSS MD	(I)	0	0	0	0	0	0	0
	(II)	390,444	0	0	0	33,698	424,142	0
RUSSEL E ARMISTEAD JR MBA	(I)	0	0	0	0	0	0	0
	(II)	312,485	6,250	0	0	36,688	355,423	0
SAMIR ARRAY MD	(I)	0	0	0	0	0	0	0
	(II)	191,557	84,949	0	0	14,623	291,129	0
THANH HOGAN	(I)	148,827	0	-339	7,813	10,558	166,859	0
	(II)	0	0	0	0	0	0	0
THEODORE BASS MD	(I)	0	0	0	0	0	0	0
	(II)	513,500	0	0	0	43,903	557,403	0

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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
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Identifier	Return Reference	Explanation
Delegation of management duties	Form 990, Part VI, Section A, Line 3	
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE SOLE MEMBER OF THE CORPORATION SHALL BE SHANDS JACKSONVILLE HEALTHCARE, INC
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	THE SOLE MEMBER OF THE CORPORATION SHALL BE SHANDS JACKSONVILLE HEALTHCARE, INC THE DIREC TORS SHALL BE THE SAME INDIVIDUALS FROM TIME TO TIME AS THE BOARD OF DIRECTORS OF SHANDS J ACKSONVILLE HEALTHCARE, INC , SUBJECT TO THE RIGHT OF THE MAYOR OF THE CITY OF JACKSONVILL E TO NOMINATE A DIRECTOR
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	THE TAX RETURN IS MADE AVAILABLE TO THE PRESIDENT, SECRETARY AND TREASURER OF THE CORPORATION TO REVIEW BEFORE THE RETURN IS FILED
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	THE INTERNAL AUDIT DEPARTMENT MONITORS THE CONFLICT OF INTEREST POLICY AND BRINGS ANY CONFLICTS TO THE ATTENTION OF THE BOARD
Process used to establish compensation of top management official	Form 990, Part VI, Section B, Line 15a	MERCER, AN INDEPENDENT FIRM ENGAGED IN THE DEVELOPMENT OF COMPENSATION SURVEYS ON EXECUTIV E PAY LEVELS ACROSS DIFFERENT INDUSTRIES, PROVIDES COMPETITIVE DATA AND GUIDANCE ON DETERM ININGAPPROPRIATE AND REASONABLE RANGES AND SALARIES MERCER FOLLOWS A SIMILAR PROCESS TO EVALUATE THE COMPETITIVENES OF SHANDS TOTAL CASH COMPENSATION (BASE SALARY PLUS ANNUAL IN CENTIVE BONUS) LEVELS AND PROVIDES RECOMMENDED INCENTIVE COMPENSATION RANGES TO INSURE TOT AL CASH COMPENSATION IS ALSO RESONABLE MERCER ANNUALLY REVIEWS ALL OTHER ASPECTS OF EXECU TIVE COMPENSATION-INCLUDING ALL ELEMENTS OF SUPPLEMENTAL BENEFITS- TO INSURE THAT THEY COM PORT WITH COMPETITIVE AND REASONABLE TOTAL REMUNERATION LEVELS
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	THE SAME PROCESS IS USED AS TOP MANAGEMENT PLEASE REFER TO SCHEDULE O EXPLANATION FORM 990, PART IV, LINE 15A
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	REQUESTS ARE HANDLED ON AN INDIVIDUAL BASIS THE INFORMATION IS GIVEN TO PARTIES UPON REQUEST
Other Expenses	Form 990, Part IX, Line 11g	OTHER PURCHASED SERVICES - TOTAL EXPENSE 89699383, PROGRAM SERVICE EXPENSE 48177345, MAN AGEMENT AND GENERAL EXPENSES 38989225, FUNDRAISING EXPENSES 2532813,

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SHANDS JACKSONVILLE MEDICAL CENTER INC

Employer identification number
59-2142859

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" 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
(1) FIRST COAST ADVANTAGE LLC 655 WEST 8TH STREET JACKSONVILLE, FL 32209 30-0754448	INSURANCE	FL	2,004,583	10,028,671	SHANDS JACKSONVILLE MEDICAL CENTER INC
(2) FIRST COAST ADVANTAGE EAST LLC 655 WEST 8TH STREET JACKSONVILLE, FL 322096511 46-1265676	INSURANCE	FL	0	0	SHANDS JACKSONVILLE MEDICAL CENTER INC

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

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" 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	(i) No
(1) SOUTHERN HOSPITAL SYSTEMS INC PO BOX 100336 GAINESVILLE, FL 32610 59-1930524	SUPPORT FOR SHANDS JACKSONVILLE MEDICAL CENTER, INC	FL	SJMC	C CORPORATION			100 %		

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

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

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

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

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

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

Additional Data

Return to Form

Software ID: 12000266
Software Version: v2012.1.0
EIN: 59-2142859
Name: SHANDS JACKSONVILLE MEDICAL CENTER INC

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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Shands Jacksonville HealthCare, Inc. and Subsidiaries

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

June 30, 2013 and 2012

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Index
June 30, 2013 and 2012

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Management's Discussion and Analysis (Unaudited)
June 30, 2013 and 2012

This section of the Shands Jacksonville HealthCare, Inc and Subsidiaries' ("SJH" or the "Company") annual financial report presents the Company's analysis of its financial performance as of June 30, 2013 and 2012, and for the fiscal years then ended Please read this analysis in conjunction with the consolidated basic financial statements, which follow this section

Introduction

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

Shands Jacksonville Medical Center, Inc ("SJMC"), formerly known as University Medical Center, Inc ("UMC"), is a Florida not-for-profit corporation and the principal operating subsidiary of SJH SJMC operates a teaching hospital located in Jacksonville, Florida, through a lease with the City of Jacksonville (the "City") During 2013, SJMC began doing business as UF Health Jacksonville

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

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

Effective September 8, 2010, the Board of Directors of Shands approved a motion to reorganize its corporate structure Under the reorganization, Shands would no longer be the sole corporate member of the Company, but would continue as an affiliated entity under common control of the University of Florida Effective September 27, 2010, the Board of Directors of the Company approved the motion for Shands to no longer be the sole corporate member of the Company The Company continues to receive management and operational services from Shands As a part of the reorganization, the Company delivered a promissory note to Shands in the amount of approximately $42,276,000, payable over 20 years, in acknowledgement of historical investments in the Company

The accompanying consolidated basic financial statements include the accounts of SJH, SJMC, Methodist and other subsidiaries of SJH as of and for the years ended June 30, 2013 and 2012 The "Company" in these consolidated basic financial statements refers to the consolidated operations of these entities Significant transactions between these entities have been eliminated

This section of the Company's consolidated basic financial statements presents analysis of the financial net position, the results of operations and cash flows for the fiscal years ended June 30, 2013 and 2012 Along with the information in this report, the notes to the consolidated basic financial statements should be used to provide additional information that is essential for a full understanding of the consolidated basic financial statements

Overview of the Consolidated Basic Financial Statements

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

June 30, 2013

Consolidated Basic Statements of Net Position

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

A summary of the Company's condensed consolidated basic statements of net position is presented below

(in thousands of dollars)

	2013	2012
Cash and cash equivalents and short-term investments	$ 89,350	$ 107,857
Other current assets	106,482	86,984
Capital assets, net	170,987	179,426
Other noncurrent assets	66,372	42,974
Total assets	$ 433,191	$ 417,241
Current liabilities	$ 109,269	$ 108,695
Noncurrent liabilities	158,362	137,206
Total liabilities	267,631	245,901
Net position		
Net investment in capital assets	62,505	86,439
Restricted		
Expendable	3,887	3,843
Unrestricted	99,168	81,058
Total net position	165,560	171,340
Total liabilities and net assets	$ 433,191	$ 417,241

Cash and cash equivalents and short-term investments decreased by approximately $18 5 million, or 17 2%, since June 30, 2012 See the "Consolidated Basic Statements of Cash Flows" section below for further information regarding cash activity

Other current assets increased by approximately $19 5 million since June 30, 2012 Net patient accounts receivable increased approximately $18 8 million largely as the result of implementing EPIC patient accounting software and the expected transition collection lag, prepaid expenses and other miscellaneous receivables increased approximately $4 0 million primarily related to a $1 9 million deposit and timing of receivable collections, due from city and state agencies decreased approximately $1 2 million due to improved collection timing, inventories increased $1 3 million and the sinking fund deposit decreased by approximately $3 6 million when the related debt was refunded

Capital assets, net, decreased approximately $8 4 million since June 30, 2012 While gross capital assets increased, primarily for equipment purchases including EPIC patient accounting software that went live March 1, 2013, there was an overall decrease as a result of depreciation expense

Other noncurrent assets increased $23 4 million The increase relates primarily to a deposit for land improvements for the Northside project of approximately $2 0 million and a new $20 million debt service reserve fund related to the Shands Jacksonville Medical Center Taxable Notes, Series 2013

Since June 30, 2012, other current liabilities increased approximately $0 6 million and other noncurrent liabilities increased approximately $21 2 million, primarily related to the Shands Jacksonville Medical Center Taxable Notes, Series 2013, resulting in a net liability increase of $21 7 million

As of June 30, 2013, the Company has approximately $139 9 million in debt outstanding compared to approximately $124 7 million at June 30, 2012 On June 27, 2013, the Company issued the index rate $100 million Shands Jacksonville Medical Center Taxable Notes, Series 2013, which are held in their entirety by Bank of America, N A This enabled the Company to finance various capital improvement projects, refund the outstanding principal of the Series 2005 and Series 2008 Bonds, escrow funds for an in-substance defeasance of the Series 2004 Bonds and to pay related issuance costs

The promissory note owed to Shands for $42 3 million, as mentioned above, was recorded by the Company during fiscal year 2011 The note payable balance at June 30, 2013 is approximately $39 9 million

The Company was in compliance with all covenants at June 30, 2013

Consolidated Basic Statements of Revenues, Expenses and Changes in Net Position

The following table presents the Company's condensed consolidated basic statements of revenues, expenses and changes in net position The table presents the extent to which the Company's overall net position decreased as a result of operations or other reasons

(in thousands of dollars)

	2013	2012
Net patient service revenue	$ 487,436	$ 483,830
Other operating revenue	35,440	31,446
Total operating revenues	522,876	515,276
Operating expenses	503,338	508,458
Operating Income	19,538	6,818
Nonoperating revenues (expenses), net	(3,061)	(2,267)
Excess of revenues over expenses before transfers and capital contributions	16,477	4,551
Other changes in net assets		
Transfers and expenditures in support of the University of Florida and its medical programs	(22,301)	(27,437)
Capital contributions, net	44	837
Decrease in net position	$ (5,780)	$ (22,049)

Patient Volumes

Compared to prior fiscal year, inpatient volumes decreased while outpatient volumes increased during fiscal year 2013 The following table reflects the associated volumes on a comparative basis to the prior year for fiscal year-end as of June 30

	2013	2012	Net Change	% Change
Inpatient admissions	24,001	26,476	(2,475)	-9 3%
Outpatient visits	365,249	351,818	13,431	3 8%

Inpatient admissions, excluding observation cases, compared to the prior year have decreased by 2,475 or 9 3% This decrease is primarily due to the termination of the Humana Medicare Advantage contract in October 2011 as well as a shift toward more observation cases, which are included as outpatient visits, rather than inpatient admissions Total outpatient visits have increased by 3 8% due to the shift just mentioned and the opening of the Total Care Clinic

Operating Revenues

June 30, 2013 fiscal year-end patient service revenue of approximately $487 4 million, net of allowances for contractual discounts, charity care and bad debt expense, represents an increase of approximately $3 6 million, or 0 7% in comparison to the same time period from the prior fiscal year Other operating revenues of approximately $35 4 million, is an increase of approximately $4 0 million, or 12 7%, from the prior year This increase is primarily related to an approximately $4 2 million settlement related to the provider service network (PSN) plan year 2009, increased enrollment in the PSN and increases in electronic medical records meaningful use grant revenue

Operating Expenses

Operating expenses of approximately $503 3 million through fiscal year-end June 30, 2013, decreased by approximately $5 1 million, or 1 0%, in comparison to fiscal year-end June 30, 2012 The net decrease is primarily related to a $9 2 million reduction in self-insured employee health costs The reduction was driven by improved claims experience prior to January 2013 and participating with other UF Health affiliates in a self-insured employee health pool known as GatorCare beginning January 2013 The decrease was offset by growth in PSN membership, additional expenditures related to the PSN plan year 2009 settlement described above and increases in depreciation, service/maintenance and consulting costs as the result of implementing the first phase of the EPIC system in January 2012 and the second phase in March 2013

Nonoperating (Expenses) Revenues, net

Nonoperating expenses, net, for fiscal year-end June 30, 2013, were approximately $3 1 million, which includes interest expense of approximately $3 8 million, investment income of approximately $1 4 million, an investment fair value decrease of approximately $1 4 million and a fair value increase for derivatives for approximately $0 7 million The nonoperating expenses, net, increase over the fiscal year ended June 30, 2012 was $0 8 million, or 35%

Consolidated Basic Statements of Cash Flows

The consolidated basic statements of cash flows provides additional information in regards to the Company's financial results by reporting the major sources and uses of cash

Total cash and cash equivalents increased in fiscal year 2013 by approximately $17 6 million and short-term investments decreased $36 1 million producing a net decrease of $18 5 million over June 30, 2012 Amounts due from patient accounts receivable, net, are approximately $82 3 million at June 30, 2013 as compared to approximately $63 5 million at June 30, 2012, which as previously noted was expected to increase as a result of a collection lag from implementing the EPIC patient accounting system only three (3) months prior to fiscal year-end 2013 Amounts due from City and State agencies are approximately $5 2 million at June 30, 2013 as compared to approximately $6 4 million at June 30, 2012 Assets whose use is restricted increased $16 4 million, with a $20 million increase in the non-current portion for a debt service reserve fund related to the Shands Jacksonville Medical Center Taxable Notes, Series 2013 and a decrease of $3 6 million related to refunding the Series 2005 Bonds Prepaid expenses and other current assets increased approximately $4 1 million since June 30, 2012 Estimated third-party payor settlements increased approximately $8 3 million during fiscal year 2013

Cash paid for capital asset acquisitions during fiscal year 2013 totaled approximately $10 0 million Fiscal year 2013 payments of principal on long-term debt and capital lease obligations totaled approximately $12 2 million, which excludes Shands Jacksonville Medical Center Taxable Notes, Series 2013 debt proceeds paid directly to refund debt and into an irrevocable trust for an in-substance defeasance Interest payments were approximately $2 4 million and amounts paid on other borrowings were $5 5 million Proceeds from the issuance of the Shands Jacksonville Medical Center Taxable Notes, Series 2013 totaled approximately $25 9 million of the $100 million issuance, which, as described previously, excludes amounts not received directly by SJMC and then disbursed The Company also made funding contributions of approximately $3 3 million into the frozen defined benefit employee pension plan during fiscal year 2013

Credit Ratings

The Company's underlying credit rating of BBB+ was provided by Fitch Ratings in June 2013

June 30, 2012

Consolidated Basic Statements of Net Position

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

A summary of the Company's condensed consolidated basic statements of net position is presented below

(in thousands of dollars)

	2012	2011
Cash and cash equivalents and short-term investments	$ 107,857	$ 127,432
Other current assets	86,984	92,679
Capital assets, net	179,426	161,359
Other noncurrent assets	42,974	37,252
Total assets	$ 417,241	$ 418,722
Current liabilities	$ 108,695	$ 92,411
Noncurrent liabilities	137,206	132,922
Total liabilities	245,901	225,333
Net position		
Net investment in capital assets	86,439	69,388
Restricted		
Expendable	3,843	3,006
Unrestricted	81,058	120,995
Total net position	171,340	193,389
Total liabilities and net position	$ 417,241	$ 418,722

Cash and cash equivalents and short-term investments at June 30, 2012 decreased by approximately $19 6 million since June 30, 2011 See the "Consolidated Basic Statements of Cash Flows" section below for further information regarding cash activity

Other current assets decreased by approximately $5 7 million since June 30, 2011 largely due to improved collection timing in several areas Net patient accounts receivable declined approximately $2 4 million, prepaid expenses and other miscellaneous receivables decreased approximately $2 0 million, due from city and state agencies decreased approximately $1 0 million, inventories decreased approximately $0 4 and the sinking fund deposit increased by approximately $0 1 million

Capital assets, net, increased approximately $18 1 million since June 30, 2011 related primarily to the new electronic medical records system

Other noncurrent assets increased $5 7 million A deposit for land improvements for the Northside project contributed approximately $2 0 million to that increase The remaining increase relates primarily to pension plan contributions, net of amortization

Since June 30, 2011, other current liabilities increased approximately $16 3 million and other noncurrent liabilities increased approximately $4 3 million Both are primarily related to amounts due for the new electronic medical records system Additionally, the Company entered into new capital leases, which were used for a variety of equipment including a chemical analyzer and MRI

As of June 30, 2012, the Company has approximately $124 7 million in debt outstanding compared to approximately $133 3 million at June 30, 2011 The long-term debt is comprised of a number of bond issues and a promissory note The promissory note with an original balance of $42 3 million, as mentioned above, was recorded by the Company during fiscal year 2011 During 2010, the Series 2008 Bonds were converted from variable to index rate bonds, which are now held in their entirety by Wells Fargo Bank, during the initial index rate period The Series 2005 Bonds are variable rate bonds, which are backed by a bank letter of credit from TD Bank issued during 2010 for approximately $29,000,000, which expires in October 2015 (coterminous with the maturity of the bonds) No amounts were outstanding under this letter of credit at either June 30, 2012 or June 30, 2011

As of June 30, 2012, the Company was in violation of its debt service coverage ratio covenants on its bond debt The covenant violations also caused the Company to violate a cross-default provision in the 2011 note payable to Shands The Company obtained waiver letters for these violations covering the events of default through July 1, 2013, with the exception of the Series 2004 Bonds with Ambac Financial Group, Inc ("Ambac") Therefore, approximately $2,730,000 due to Ambac was reclassified from long-term debt to current portion of long-term debt in the consolidated basic statements of net position as of June 30, 2012 The Company was in compliance with all other covenants at June 30, 2012 For additional details, please see note 6 of the consolidated basic financial statements

Consolidated Basic Statements of Revenues, Expenses and Changes in Net Position

The following table presents the Company's condensed consolidated basic statements of revenues, expenses and changes in net position The table presents the extent to which the Company's overall net position decreased as a result of operations or other reasons

(in thousands of dollars)

	2012	2011
Net patient service revenue	$ 483,830	$ 501,960
Other operating revenue	31,446	24,621
Total operating revenues	515,276	526,581
Operating expenses	508,458	499,390
Operating Income	6,818	27,191
Nonoperating (expenses) revenues, net	(2,267)	3,991
Excess of revenues over expenses before transfers, capital contributions, and note payable to Shands	4,551	31,182
Other changes in net assets		
Transfers and expenditures in support of the University of Florida and its medical programs	(27,437)	(26,647)
Capital contributions, net	837	206
Note payable to Shands	-	(42,276)
Decrease in net position	$ (22,049)	$ (37,535)

Patient Volumes

Compared to prior fiscal year, inpatient volumes decreased while outpatient volumes increased during fiscal year 2012 The following table reflects the associated volumes on a comparative basis to the prior year for fiscal year-end as of June 30

	2012	2011	Net Change	% Change
Inpatient admissions	26,476	28,644	(2,168)	-7 6%
Outpatient visits	351,818	339,486	12,332	3 6%

Inpatient admissions, excluding observation cases, compared to the prior year have decreased by 2,168 or 7 6% This decrease is primarily due to the termination of the Humana Medicare Advantage contract as well as a decrease in certain surgical cases The decrease in admissions from prior year is seen largely in Medicine, OB/GYN, and Orthopedics Total outpatient visits have increased by 3 6% The increase in the ancillary visits over prior year was partially offset by a reduction in hospital-based clinic visits

Operating Revenues

June 30, 2012 fiscal year-end patient service revenue of approximately $483 8 million, net of allowances for contractual discounts, charity care and bad debt expense, represents an $18 1 million, or 3 6%, decrease in comparison to the same time period from the prior fiscal year In addition to the impact from the termination of the Humana contract, patient service revenue for the fiscal year ending June 30, 2012 was materially impacted by a $16 2 million decrease in state of Florida disproportionate share funding Revenue increases associated with higher outpatient volumes and reimbursement rates were offset by the previously noted decreases in state of Florida funding and inpatient volumes Other operating revenues of approximately $31 4 million is an increase of approximately $6 8 million, or 27 7%, over the prior year, primarily due to revenue recognition of a Medicaid Meaningful Use of electronic health records

Operating Expenses

Operating expenses of approximately $508 5 million through fiscal year-end June 30, 2012, increased by $9 1 million, or 1 8%, in comparison to fiscal year-end June 30, 2011 Growth in membership in the provider service network led to increased costs as did increases in salaries, wages and benefits for additional staffing, which corresponds with the increase in outpatient volume and increased employee and retiree medical claims expense Implementation of a new electronic health records system resulted in expenditures of $4 6 million, which included $1 4 million for consultants, $1 2 million for backfill and overtime wages, $1 2 million for support and maintenance contracts and $0 5 million for training costs These increases were offset by approximately $4 0 million in reduced insurance costs

Nonoperating (Expenses) Revenues, net

Nonoperating expenses, net for the fiscal year-ended June 30, 2012 were approximately $2 3 million Interest expense of approximately $3 6 million is included in nonoperating expenses, net Investment income totaled approximately $1 9 million The fair value increase for investments is $0 6 million The fair value decrease for derivatives is approximately $1 1 million

Consolidated Basic Statements of Cash Flows

The consolidated basic statements of cash flows provides additional information in regards to the Company's financial results by reporting the major sources and uses of cash

Total cash and cash equivalents decreased in fiscal year 2012 by approximately $21 9 million Amounts due from patient accounts receivable, net, are approximately $63 5 million at June 30, 2012 as compared to approximately $65 9 million at June 30, 2011 Amounts due from City and State agencies are approximately $6 4 million at June 30, 2012 as compared to approximately $7 4 million at June 30, 2011 Capital asset acquisitions during the fiscal year 2012 totaled approximately $12 6 million The approximately $5 2 million of proceeds from disposal of capital assets relate primarily to two sale-leaseback agreements As previously mentioned, a $2 million deposit was made related to the Northside project Fiscal year 2012 payments of principal on long-term debt and capital lease obligations were approximately $9 6 million and interest payments were approximately $3 7 million The Company also made funding contributions of $7 2 million into the frozen defined benefit employee pension plan during fiscal year 2012

Credit Ratings

The Company's underlying credit rating of Baa1, from Moody's Investor Services, was reaffirmed in December 2011

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Report of Independent Certified Public Accountants

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

We have audited the accompanying consolidated basic financial statements of Shands Jacksonville HealthCare, Inc and Subsidiaries (the "Company") as of and for the years ended June 30, 2013 and 2012, and the related notes to the consolidated basic financial statements, which comprise the consolidated basic statements of net position, and the related consolidated basic statements of revenues, expenses and changes in net position and the consolidated basic statements of cash flows for the years then ended

Management's Responsibility for the Consolidated Basic Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated basic financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated basic financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated basic financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the consolidated basic financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated basic financial statements The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated basic financial statements, whether due to fraud or error In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated basic 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 Company'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 consolidated basic 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 consolidated basic financial statements referred to above present fairly, in all material respects, the respective financial net position of Shands Jacksonville HealthCare, Inc and Subsidiaries at June 30, 2013 and 2012, and the respective changes in financial net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

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Emphasis of Matter

As discussed in Note 2 to the consolidated basic financial statements, the Company adopted Governmental Accounting Standards Board ("GASB") No 63, *Financial Reporting of Defined Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2011 Our opinion is not modified with respect to this matter

Other Matters

The accompanying Management's Discussion and Analysis ("MD&A") (Unaudited) for the years ended June 30, 2013 and 2012 on pages 1 through 9, the Schedule of Plan Funding Progress (Unaudited) as of July 1, 2008 through March 31, 2013, the Historical Summary of Actual and Required Pension Contributions (Unaudited) as of July 1, 2007 through June 30, 2013, and the Historical Summary of Actual and Required Other Postemployment Contributions under GASB Statement No 45 (Unaudited) as of July 1, 2010 through June 30, 2013 on pages 42 through 44 are required by accounting principles generally accepted in the United States of America to supplement the consolidated basic financial statements Such information, although not a part of the consolidated basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated basic financial statements in an appropriate operational, economic, or historical context We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated basic financial statements, and other knowledge we obtained during our audits of the consolidated basic financial statements We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

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

PricewaterhouseCoopers LLP

September 30, 2013

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statements of Net Position
June 30, 2013 and 2012

(in thousands of dollars)

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 48,209	$ 30,638
Short-term investments	41,141	77,219
Patient accounts receivable, net of allowance for uncollectibles of $65,869 and $51,920, respectively	82,316	63,486
Due from city and state agencies	5,185	6,395
Inventories	10,336	9,016
Prepaid expenses and other current assets	8,645	4,519
Assets whose use is restricted, current portion	-	3,568
Total current assets	195,832	194,841
Assets whose use is restricted, less current portion	39,500	19,500
Capital assets, net	170,987	179,426
Other assets	26,872	23,474
Total assets	$ 433,191	$ 417,241
Liabilities and Net Position		
Current liabilities		
Long-term debt, current portion	$ 2,575	$ 11,585
Capital lease obligations, current portion	2,225	1,873
Accounts payable and accrued expenses	53,965	49,458
Accrued salaries and leave payable	19,708	23,269
Estimated third-party payor settlements	30,796	22,510
Total current liabilities	109,269	108,695
Long-term liabilities		
Long-term debt, noncurrent portion	137,341	113,141
Capital lease obligations, noncurrent portion	6,256	7,064
Other liabilities	14,765	17,001
Total long-term liabilities	158,362	137,206
Total liabilities	267,631	245,901
Commitments and contingencies		
Net position		
Net investment in capital assets	62,505	86,439
Restricted		
Expendable	3,887	3,843
Unrestricted	99,168	81,058
Total net position	165,560	171,340
Total liabilities and net position	$ 433,191	$ 417,241

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

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2013 and 2012

(in thousands of dollars)

	2013	2012
Operating revenues		
Net patient service revenue, net of provision for bad debts of $86,208 and $68,372, respectively	$ 487,436	$ 483,830
Other operating revenue	35,440	31,446
Total operating revenues	522,876	515,276
Operating expenses		
Salaries and benefits	240,324	254,300
Supplies and services	239,426	232,353
Depreciation and amortization	23,588	21,805
Total operating expenses	503,338	508,458
Operating income	19,538	6,818
Nonoperating revenues (expenses)		
Interest	(3,787)	(3,621)
Other nonoperating gains (losses)	699	(1,077)
Net investment (loss) gain, including change in fair value	(6)	2,490
Gain (loss) on disposal of capital assets, net	33	(59)
Total nonoperating revenues (expenses), net	(3,061)	(2,267)
Excess of revenues over expenses before transfers and capital contributions	16,477	4,551
Transfers and expenditures in support of the University of Florida and its medical programs	(22,301)	(27,437)
Capital contributions, net	44	837
Decrease in net position	(5,780)	(22,049)
Net position		
Beginning of year	171,340	193,389
End of year	$ 165,560	$ 171,340

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

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statements of Cash Flows
Years Ended June 30, 2013 and 2012

(in thousands of dollars)

	2013	2012
Cash flows from operating activities		
Cash received from patients and third-party payors	$ 478,101	$ 486,739
Other receipts from operations	31,317	33,716
Salaries and benefits paid to employees	(244,626)	(257,327)
Payments to suppliers and vendors	(238,952)	(231,805)
Net cash provided by operating activities	25,840	31,323
Cash flows from noncapital financing activities		
Interest paid on Shands note	(453)	(1,851)
Payments in support of the University of Florida and its medical programs	(22,301)	(27,437)
Payments of long-term debt of Shands	(352)	(1,368)
Net cash used in noncapital financing activities	(23,106)	(30,656)
Cash flows from capital and related financing activities		
Purchases of capital assets	(10,041)	(12,552)
Proceeds from sale of capital assets	50	5,233
Proceeds from issuance of note payable	25,890	-
Payments of long-term debt and capital lease obligations	(12,214)	(8,258)
Payments of other capital borrowings	(5,500)	(6,101)
Interest paid	(1,914)	(1,808)
Capital contributions	44	837
Net cash used in capital and related financing activities	(3,685)	(22,649)
Cash flows from investing activities		
Investment income received	1,500	1,951
Investment purchases	(1,222)	-
Redemption of short-term investments and assets whose use is restricted	36,000	-
Purchase of short-term investments and assets whose use is restricted	(17,756)	(1,846)
Net cash provided by investing activities	18,522	105
Net increase (decrease) in cash and cash equivalents	17,571	(21,877)
Cash and cash equivalents		
Beginning of year	30,638	52,515
End of year	$ 48,209	$ 30,638

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

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidated Basic Statements of Cash Flows
Years Ended June 30, 2013 and 2012

(in thousands of dollars)

	2013	2012
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 19,538	$ 6,818
Adjustments to operating income to net cash provided by operating activities		
Depreciation and amortization	23,588	21,805
Provision for bad debts	86,208	68,372
Changes in		
Patient accounts receivable	(103,828)	(64,984)
Prepaid expenses, inventories and other current assets	(5,689)	2,253
Other assets	(2,768)	(5,984)
Accounts payable and accrued expenses	902	5,197
Estimated third-party payor settlements	8,286	(479)
Other liabilities	(397)	(1,675)
Total adjustments	6,302	24,505
Net cash provided by operating activities	$ 25,840	$ 31,323
Disclosure of supplemental cash flow information		
Capital assets purchased through capital lease obligations and other borrowings	$ 11,271	$ 31,001
Net (decrease) increase in fair value of investments	(1,400)	564
Net increase (decrease) in fair value of derivatives	698	(1,077)
Loss related to undepreciated costs on capital asset disposals	33	4,889
Series 2013 notes payable proceeds paid directly to redeem Series 2005 and 2008 bonds	71,281	-
Series 2013 notes payable escrowed immediaty in an irrevocable trust for defeasance of Series 2004 A&B bonds	2,829	-

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

1. Organization

Shands Jacksonville HealthCare, Inc (the "Company") formerly known as Jacksonville Health Group, Inc , is a not-for-profit corporation with direct control over Shands Jacksonville Medical Center, Inc ("SJMC") and direct or indirect control over numerous other entities During 2013, SJMC began doing business as UF Health Jacksonville SJMC, formerly known as University Medical Center, Inc ("UMC"), is a not-for-profit corporation and the principal operating subsidiary of the Company SJMC operates a teaching hospital located in Jacksonville, Florida, through a lease with the City of Jacksonville (the "City") under the terms described in Note 10 The teaching hospital is licensed to operate 695 beds and provides clinical settings for medical education programs at the University of Florida ("UF")

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

Effective September 8, 2010, the Board of Directors of Shands Teaching Hospital and Clinics, Inc ("Shands") approved a motion to reorganize its corporate structure Under the reorganization, Shands would no longer be the sole corporate member of the Company, but would continue as an affiliated entity under common control of UF Effective September 27, 2010, the Board of Directors of the Company approved the motion for Shands to no longer be the sole corporate member of the Company The Company continues to receive management and operational services from Shands

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

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

Tax Status

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

Cash and Cash Equivalents

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

Investments
Investments consist of money market funds and participation in the Florida State Treasury special investment program ("SPIA") Investments are carried at fair value Interest, dividends, and gains and losses on investments, both realized and unrealized, are included in nonoperating revenues (expenses) when earned

The estimated fair value of investments is based on quoted market prices Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the accompanying consolidated basic statements of revenues, expenses, and changes in net position in the period such fluctuations occur

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

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

Assets Whose Use is Restricted
Assets whose use is restricted are cash and cash equivalents comprised of a debt service reserve fund and internally designated funds for clinical support, education, research, and other health programs and amounts to be used for mandatory redemption of bonds

Capital Assets
Capital assets are recorded at cost, except for donated items, which are recorded at fair value at the date of receipt as an addition to net position Depreciation for financial reporting purposes is computed using the straight-line method over the estimated useful lives of the related depreciable assets Capital assets under capital leases are amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the related assets Such amortization is included in depreciation and amortization expense in the accompanying consolidated basic statements of revenues, expenses, and changes in net position Gains and losses on dispositions are recorded in the year of disposal

Costs of Borrowing
Interest costs incurred on borrowed funds during the period of construction or development of capital assets are capitalized as a component of the cost of acquiring those assets At June 30, 2013 all bond issue costs were expensed or fully amortized as were all original discounts or premiums During fiscal year 2012, bond issuance costs and original issue discounts and premiums were amortized over the period the obligation was outstanding using the effective interest method Amortization expense of approximately $408,000 and $78,000 was recorded for the years ended June 30, 2013 and 2012 There was no unamortized bond costs at June 30, 2013 and approximately $408,000 at June 30, 2012 was recorded in other assets in the accompanying consolidated basic statements of net position

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

Long-Term Debt
The fair value of long-term debt is estimated based on dealer quotes for hospital tax-exempt debt with similar terms and maturities and using discounted cash flow analyses based on current interest rates for similar types of borrowing arrangements The carrying amount at June 30, 2013 and 2012 is approximately $139,916,000 and $124,726,000, respectively The estimated fair value at June 30, 2013 and 2012 is approximately $139,916,000 and $124,984,000, respectively This value represents a general approximation of possible value and may never actually be realized

Net Position
Net position is categorized as "net investment in capital assets," "restricted - expendable," and "unrestricted " Net investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid capital assets, less outstanding balances due on borrowings used to finance the purchase or construction of those assets related to debt Restricted – expendable have restrictions placed on their use through external constraints imposed by contributors Unrestricted are those that do not meet the definition of invested in capital assets, net of related debt and have no third-party restrictions on use

Operating Revenues and Expenses
The Company's consolidated basic statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses Operating revenues result from exchange transactions associated with providing health care services, the Company's principal activity Net investment income, interest expense, and gain (loss) on disposal of assets are reported as nonoperating revenues (expenses) Donations received for the purpose of acquiring or constructing capital assets are recorded below nonoperating revenues (expenses) as capital contributions Operating expenses are all expenses incurred to provide health care services

Net Patient Service Revenue and Patient Accounts Receivable
SJMC has agreements with third-party payors that provide for payments to SJMC at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue and patient accounts receivable are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations For the years ended June 30, 2013 and 2012, net patient service revenue increased by approximately $1,826,000 and $14,941,000, respectively, due to such adjustments

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Medicare
The Company participates in the federal Medicare program ("Medicare") Approximately 29% and 27% of the Company's net patient service revenue in fiscal years 2013 and 2012, respectively, was derived from services to Medicare beneficiaries Inpatient acute care services rendered to Medicare beneficiaries are reimbursed at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors

Inpatient non-acute services, outpatient services, and defined capital costs related to Medicare beneficiaries are reimbursed based upon a prospective reimbursement methodology The Company is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Company and audits by the Medicare fiscal intermediary The Company's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review As of June 30, 2013, the Medicare cost reports were final settled by the Company's Medicare fiscal intermediary through June 30, 2008

Medicaid
Approximately 27% of the Company's net patient service revenue for fiscal years 2013 and 2012 was derived under the Medicaid program Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid based upon a cost reimbursement methodology subject to certain ceilings The Company is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the health care facilities and audits by the Medicaid fiscal intermediary The Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2008 In addition to the tentative payments received by the Company for the provision of health care services to Medicaid beneficiaries, the state of Florida provides supplemental Medicaid and disproportionate share payments to reflect the additional costs associated with treating the Medicaid population in Florida These amounts are reflected in net patient service revenue in the accompanying consolidated basic statements of revenues, expenses, and changes in net position

The Company's Medicaid interim rates are based on the most recent “as filed” Medicare/Medicaid cost reports The rates used in fiscal year 2013 were based on the unaudited 2011 cost report The rates used in fiscal year 2012 were based on the unaudited 2010 cost report

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

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

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

Derivative Financial Instruments
The Company uses interest rate swaps, which are not designated as hedge instruments, to manage net exposure to interest rate changes related to its borrowings and to lower its overall borrowing costs The Company accounts for its derivatives in accordance with GASB Statement No 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No 53") GASB No 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments (Note 7) Changes in fair value of interest rate swaps that do not qualify for hedge accounting are included within other nonoperating losses in the consolidated basic statements of revenues, expenses, and changes in net position

Accounting Pronouncements
In June 2011, the GASB issued GASB Statement No 63, *Financial Reporting and Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB No 63") GASB No 63 improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed The provisions of GASB No 63 are effective for financial statements for periods beginning after December 15, 2011 The Company adopted GASB No 63 on July 1, 2012 The adoption of GASB No 63 did not have a significant impact on the Company's consolidated basic financial statements as there were no deferred inflows or outflows

In June 2011, the GASB issued GASB Statement No 64, *Derivative Instruments· Application of Hedge Accounting Termination Provisions* ("GASB No 64"), an amendment of GASB No 53 GASB No 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider GASB No 64 sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied The provisions of GASB No 64 are effective for financial statements for periods beginning after June 15, 2011 The Company adopted GASB No 64 on July 1, 2012 The adoption of GASB No 64 did not have an impact on the Company's consolidated basic financial statements

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

In March 2012, the GASB issued GASB Statement No 66, *Technical Corrections - 2012, an Amendment of GASB Statements No 10 and No 62* ("GASB No 66") The objective of GASB No 66 is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statements No 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* GASB No 66 amends GASB Statement No 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in GASB Statement No 54 and GASB Statement No 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* GASB No 66 also amends GASB Statement No 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate These changes clarify how to apply GASB Statement No 13, *Accounting for Operating Leases with Scheduled Rent Increases,* and result in guidance that is consistent with the requirements in GASB Statement No 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively The provisions of GASB No 66 are effective for financial statements for periods beginning after December 15, 2012 The Company is currently evaluating the impact GASB No 66 will have on its consolidated basic financial statements

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

In January 2013, the GASB issued GASB Statement No 69, *Government Combinations and Disposals of Government Operations* ("GASB No 69"), which establishes accounting and financial reporting standards related to government combinations and disposals of government operations As used in GASB No 69, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations Until now, governments have accounted for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment, generally APB Opinion No 16, *Business Combinations* GASB No 69 provides specific accounting and financial reporting guidance for combinations in the governmental environment GASB No 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis The Company is currently evaluating the impact GASB No 69 will have on its consolidated basic financial statements

In April 2013, the GASB issued GASB Statement No 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB No 70"), which requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of GASB No 70 are required to be applied retroactively Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively GASB No 70 is effective for fiscal years beginning after June 15, 2013 The Company is currently evaluating the impact GASB No 70 will have on its consolidated basic financial statements

3. Unsponsored Community Benefit

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

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

The Company has policies providing financial assistance for patients requiring care but who have limited or no means to pay for that care These policies provide free or discounted health and health-related services to persons who qualify under certain income and assets criteria Because the Company does not pursue collection of amounts determined to qualify for financial assistance, they are not reported as net patient service revenue The Company maintains records to identify and monitor the level of financial assistance it provides Charges forgone for services provided under the Company's financial assistance policy for the years ended June 30, 2013 and 2012 were approximately $267,694,000 and $300,163,000, respectively

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

- Community health services include activities carried out to improve community health They extend beyond patient care activities and are usually subsidized by the health care organization Examples include community health education, counseling and support services, and health care screenings

- Health professions education includes education provided in clinical settings such as internships and programs for physicians, nurses, and allied health professionals Also included are scholarships for health professional education related to providing community health improvement services and specialty in-service programs to professionals in the community

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

The Company's valuation of unsponsored community benefits at cost for the years ended June 30, 2013 and 2012 is as follows

(in thousands of dollars)	2013	2012
Financial assistance provided	$ 63,089	$ 77,166
Government support applied to charity care	(23,776)	(23,776)
Net unreimbursed financial assistance	39,313	53,390
Benefits for the broader community		
Community health services	1,336	1,239
Health professions education	21,463	24,968
Donations	51	88
Total quantifiable benefits for the broader community	22,850	26,295
Total community benefits	$ 62,163	$ 79,685

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

The Company also plays a leadership role in the communities it serves by providing additional community benefits that have not been quantified This role includes serving as a state designated Level I trauma center and maintaining air ambulance services to help meet the emergency healthcare needs in Jacksonville

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

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

The composition of cash, cash equivalents, investments and assets whose use is restricted at June 30, 2013 and 2012 is as follows

(in thousands of dollars)		Investment Maturities		
2013	**Market Value**	**Less Than 1 Year**	**1–3 Years**	**More Than 4 Years**
Commercial paper	$ 20,000	$ 20,000	$ -	$ -
Florida Treasury Investment Pool ("SPIA")	41,141	-	41,141	-
Money markets	5,732			
Bank deposits	61,977			
	$ 128,850			

		Investment Maturities		
2012	**Market Value**	**Less Than 1 Year**	**1–3 Years**	**More Than 4 Years**
Florida Treasury Investment Pool ("SPIA")	$ 77,219	$ -	$ 77,219	$ -
Money markets	18,872			
Bank deposits	34,834			
	$ 130,925			

SPIA funds are combined with State of Florida funds invested in a fixed income portfolio SPIA participants have the ability to invest and withdraw funds same day with an 11 00 a m transaction deadline

Assets whose use is restricted include amounts internally designated by the Board of Directors and amounts held by trustees and are comprised of the following at June 30, 2013 and 2012

(in thousands of dollars)	**2013**	**2012**
Internally designated by the Board of Directors for		
Clinical support, education, research and other health programs	$ 19,500	$ 19,500
Debt service reserve fund	20,000	-
Held by bank - under reimbursement agreement	-	3,568
	39,500	23,068
Less Current portion	-	(3,568)
Long-term portion	$ 39,500	$ 19,500

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

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations The Company invests either by participating in SPIA or through an investment agent The agreement with the investment agent has specific objectives and guidelines, which includes issuer credit quality, a list of specific allowable investments and credit ratings

The credit risk profile of the Company's investments and assets whose use is restricted as of June 30, 2013 and 2012 is as follows

(in thousands of dollars)	Fair Value	Ratings AAA	A1+/P1	A+f
2013				
Money markets	$ 5,732	$ 5,732	$ -	$ -
Commercial paper	20,000	-	20,000	-
Florida Treasury Investment Pool (SPIA)	41,141	-	-	41,141
	$ 66,873	$ 5,732	$ 20,000	$ 41,141

	Fair Value	Ratings AAA	A1+/P1	A+f
2012				
Money markets	$ 18,872	$ 18,872	$ -	$ -
Florida Treasury Investment Pool (SPIA)	77,219	-	-	77,219
	$ 96,091	$ 18,872	$ -	$ 77,219

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of the Company's investment portfolio are required to be disclosed Investments issued or explicitly guaranteed by the U S government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement As of June 30, 2013 and 2012, the Company did not have any investments that equaled or exceeded this threshold

Custodial Credit Risk

As of June 30, 2013 and 2012, the Company's investments were not exposed to custodial credit risk since the full amount of investments were insured, collateralized, or registered in the Company's name

Interest Rate Risk

The Company's investment agent guidelines limit maximum effective maturities to one year as a means of managing its exposure to fair value losses arising from increasing interest rates While SPIA does hold some longer term maturities, participants have the ability to invest and obtain funds same day Refer to the distribution of the Company's investment in fixed income securities by maturity as of June 30, 2013 and 2012

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

Investment (loss) gain, net for fiscal years 2013 and 2012 is as follows

(in thousands of dollars)	2013	2012
Dividends, interest and other income	$ 1,394	$ 1,926
Net (decrease) increase in the fair value of investments	(1,400)	564
Investment (loss) gain, net	$ (6)	$ 2,490

5. Capital Assets

A summary of changes in capital assets during fiscal years 2013 and 2012 is as follows

(in thousands of dollars)	Balance at June 30, 2012	Additions	Deletions	Transfers	Balance at June 30, 2013
Land	$ 22,820	$ 989	$ -	$ -	$ 23,809
Buildings and leasehold improvements	285,046	181	-	10,129	295,356
Equipment	193,809	1,187	(301)	5,720	200,415
Totals at historical cost	501,675	2,357	(301)	15,849	519,580
Less Accumulated depreciation for					
Buildings and leasehold improvements	(182,628)	(10,502)	-	-	(193,130)
Equipment	(151,162)	(12,600)	268	-	(163,494)
	167,885	(20,745)	(33)	15,849	162,956
Construction-in-progress	11,541	12,846	(507)	(15,849)	8,031
Capital assets, net	$ 179,426	$ (7,899)	$ (540)	$ -	$ 170,987

(in thousands of dollars)	Balance at June 30, 2011	Additions	Deletions	Transfers	Balance at June 30, 2012
Land	$ 22,820	$ -	$ -	$ -	$ 22,820
Buildings and leasehold improvements	277,945	2,621	(3,912)	8,392	285,046
Equipment	240,587	12,136	(71,253)	12,339	193,809
Totals at historical cost	541,352	14,757	(75,165)	20,731	501,675
Less Accumulated depreciation for					
Buildings and leasehold improvements	(175,695)	(9,866)	2,933	-	(182,628)
Equipment	(206,914)	(11,728)	67,480	-	(151,162)
	158,743	(6,837)	(4,752)	20,731	167,885
Construction-in-progress	2,616	30,799	(1,143)	(20,731)	11,541
Capital assets, net	$ 161,359	$ 23,962	$ (5,895)	$ -	$ 179,426

Amortization expense on equipment held under capital lease which is included within depreciation and amortization expense in the consolidated basic statements of revenues, expenses, and changes in net position was approximately $2,235,000 and $1,031,000 for the years ended June 30, 2013 and 2012, respectively Depreciation and amortization expense was approximately $23,588,000 and $21,805,000 for the years ended June 30, 2013 and 2012, respectively

6. Long-Term Debt

Long-term debt is comprised of the following at June 30, 2013 and 2012

(in thousands of dollars)	2013	2012
SJMC Hospital Revenue Bonds		
Series 2004A, final maturity February 2014	$ -	$ 4,905
Series 2004B, final maturity February 2014	-	510
Series 2008, final maturity February 2019	-	59,405
Notes Payable		
2011 Shands Note Payable, final maturity October 2030	39,916	40,267
Series 2013 SJMC Taxable Notes, final maturity July 2014	100,000	-
Hospital Revenue Refunding Bonds Series 2005		
(Methodist Hospital Projects), final maturity October 2015	-	19,840
	139,916	124,927
Less Net unamortized bond discount	-	(201)
Total long-term debt	139,916	124,726
Less Current portion	(2,575)	(11,585)
Long-term portion	$ 137,341	$ 113,141

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

(in thousands of dollars)	Balance at June 30, 2012	Additions	Reductions	Balance at June 30, 2013	Amounts Due Within One Year
SJMC Hospital Revenue Bonds					
Series 2004A, final maturity February 2014	$ 4,905	$ -	$ (4,905)	$ -	$ -
Series 2004B, final maturity February 2014	510	-	(510)	-	-
Series 2008, final maturity February 2019	59,405	-	(59,405)	-	-
Notes Payable					
2011 Shands Note Payable, final maturity October 2030	40,267	-	(351)	39,916	2,575
Series 2013, SJMC Taxable Notes final maturity July 2014	-	100,000	-	100,000	-
Hospital Revenue Refunding Bonds					
Series 2005, final maturity October 2015	19,840	-	(19,840)	-	-
Total long-term debt	$ 124,927	$ 100,000	$ (85,011)	$ 139,916	$ 2,575

(in thousands of dollars)	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amounts Due Within One Year
SJMC Hospital Revenue Bonds					
Series 2004A, final maturity February 2014	$ 7,250	$ -	$ (2,345)	$ 4,905	$ 4,905
Series 2004B, final maturity February 2014	770	-	(260)	510	510
Series 2008, final maturity February 2019	59,405	-	-	59,405	-
2011 Shands Note Payable, final maturity October 2030	41,635	-	(1,368)	40,267	1,430
Hospital Revenue Refunding Bonds					
Series 2005, final maturity October 2015	24,445	-	(4,605)	19,840	4,740
Total long-term debt	$ 133,505	$ -	$ (8,578)	$ 124,927	$ 11,585

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

(in thousands of dollars)

	Debt Service	
Year Ending June 30,	**Principal**	**Interest**
2014	$ 2,575	$ 5,221
2015	101,564	3,337
2016	1,636	1,564
2017	1,711	1,489
2018	1,789	1,409
2019-2023	10,251	5,726
2024-2028	12,821	3,127
2029-2033	7,569	391
	$ 139,916	$ 22,264

Cash paid for interest was approximately $2,367,000 and $3,581,000 for the years ended June 30, 2013 and 2012, respectively Capitalized interest was approximately $339,000 for the year ended June 30, 2013 No interest was capitalized for the year ended June 30, 2012

See Note 11 for further description of the 2011 Shands Note Payable

Series 2013 Taxable Notes
On June 27, 2013, the Company issued index rate taxable notes ("Series 2013") to finance various capital improvement projects, refund the outstanding principal of the Series 2005 Bonds and Series 2008 Bonds, escrow funds for an in-substance defeasance of the Series 2004 Bonds and to pay related issuance costs The notes are privately held by Bank of America, N A The index rate is based on one-month LIBOR plus a spread of between 1 50% and 2 25% depending on the date Although total cash flows related to the new debt service, excluding the increase for capital improvements, will improve by approximately $2 7 million, the Company will have an economic loss (the difference between the present values of the old and new debt service payments) of approximately $5 8 million, in the event the Series 2013 Taxable notes are held to maturity

Series 2004A and 2004B Hospital Revenue Bonds
In 2004, the Jacksonville Economic Development Commission ("JEDC") issued the Series 2004A and 2004B Hospital Revenue Bonds ("Series 2004 Bonds") on behalf of SJMC to finance various capital improvement projects, to refund outstanding principal of the Series 1992 City of Jacksonville Hospital Revenue Bonds, and to pay related issuance costs Funds to repay the outstanding principal and interest were escrowed and are held by a trustee to achieve an in-substance defeasance as of June 27, 2013

Series 2005 Hospital Revenue Refunding Bonds
In 2005, the JEDC issued the Series 2005 Hospital Revenue Refunding Bonds ("Series 2005 Bonds") on behalf of Methodist Medical Center, Inc , Methodist Health System, Inc , and The Methodist Hospital Foundation, Inc (the "Methodist Group"), of which Shands Jacksonville is the sole member The bonds were used to refund the outstanding principal of the Series 1989A and 1989B City of Jacksonville Hospital Revenue Refunding Bonds and to pay related issuance costs The Series 2005 were redeemed on June 27, 2013

Series 2008 Hospital Revenue Bonds
In 2008, the JEDC issued the Series 2008 Hospital Revenue Bonds ("Series 2008 Bonds") on behalf of SJMC to retire the bridge loan used to retire the 2004A and 2004B auction rate bonds and to pay related issuance costs During 2010, the Series 2008 Bonds were converted from variable to index rate bonds, which are privately held by Wells Fargo Bank, during the five-year initial index rate period The Series 2008 Bonds were redeemed on June 27, 2013

Debt Covenants
The Company and SJMC are subject to certain restrictive financial covenants At June 30, 2013, these covenants require cash on hand of at least 45 days and a minimum debt service coverage ratio of 1 0 The Company was in compliance at June 30, 2013

As of June 30, 2012, the Company was in violation of its debt service coverage ratio covenants on the Series 2004 Bonds, Series 2005 Bonds, and Series 2008 Bonds with Ambac, TD Bank, N A and Wells Fargo Bank, N A , respectively The covenant violations also caused the Company to violate a cross-default provision in the 2011 Shands Note Payable with Shands The Company obtained waiver letters for these violations from TD Bank, N A , Wells Fargo Bank, N A and Shands dated September 21, 2012, October 19, 2012 and September 13, 2012, respectively The waiver letters from TD Bank, N A and Shands covered the events of default through July 1, 2013 In conjunction with the waiver letter from Wells Fargo Bank, N A , additional restrictive covenants were put in place, the most restrictive of which required quarterly calculations for the minimum debt service coverage covenant and changes to the days cash on hand covenant requirements The

Company must maintain a minimum debt service coverage ratio of 0 9 to 1 0, 1 0 to 1 0, and 1 25 to 1 0 for the quarters ending December 31, 2012, March 31, 2013, and June 30, 2013, respectively The calculation of minimum debt service coverage is cumulative throughout fiscal year 2013 The Company must also maintain days cash on hand of 55 days as of December 31, 2012 and June 30, 2013, 60 days as of December 31, 2013, and 65 days as of June 30, 2014 and for all periods thereafter The days cash on hand calculation is to be made based on a rolling 12 month period The Company was unable to obtain a waiver letter from Ambac and therefore amounts due to Ambac of approximately $2,730,000 have been reclassified from long-term debt to current portion of long-term debt in the consolidated basic statements of net position as of June 30, 2012 The Company was in compliance with all other covenants at June 30, 2012

7. Interest Rate Swaps

On June 30, 2013 and 2012, the Company had the following nonhedged derivative instruments outstanding

(in thousands) Type	Objective	Company Notional Amount	Counterparty Notional Amount	Effective Date	Maturity Date	Terms	2013 Fair Value	2012 Fair Value
Fixed rate payer interest rate swap	Hedge changes in interest rate	$ 20,875	$ 20,875	1/30/2004	2/1/2021	Receive 67% of USD-LIBOR-BBA, Pay Fixed 3 337%	$ (2,177)	$ (3,005)
Fixed rate receiver interest rate swap	Hedge changes in interest rate	2,420	2,420	1/30/2004	2/1/2013	Receive fixed 3 291%, Pay variable SIFMA	-	43
Fixed rate receiver interest rate swap	Hedge changes in interest rate	2,485	2,485	1/30/2004	2/1/2014	Receive fixed 3 401%, Pay variable SIFMA	47	122
Fixed rate receiver interest rate swap	Hedge changes in interest rate	265	265	1/30/2004	2/1/2013	Receive fixed 3 226%, Pay variable SIFMA	-	5
Fixed rate receiver interest rate swap	Hedge changes in interest rate	245	245	1/30/2004	2/1/2014	Receive fixed 3 350%, Pay variable SIFMA	5	12
							$ (2,125)	$ (2,823)

At June 30, 2013 and 2012, approximately $2,125,000 and $2,823,000, respectively, related to the fair value of interest rate swaps, is recorded in other liabilities in the accompanying consolidated basic statements of net position

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

Credit Risk

The Company has sought to limit its counterparty risk by contracting only with highly rated entities As of June 30, 2013, the credit ratings for the counterparty of all of the swap agreements is A/Baa2/A-

Interest Rate Risk

The Company is not exposed to interest rate risk on its fixed rate payer interest rate swap which hedges the changes in interest rates on the variable rate positions The fixed rate receiver interest rate swaps convert fixed rate positions to a variable rate basis and will mature on February 1, 2014

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

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

Commitments
The Company's interest rate swap agreements require collateral to be posted if the fair value of the interest rate swap is negative and meets certain thresholds The threshold amount depends on the Company's unenhanced credit rating as determined by Fitch Ratings No collateral was required to be posted as of June 30, 2013 or 2012

Swap Termination
A portion of fixed receiver interest rate swaps matured, as scheduled, on February 1, 2013

8. Employee Benefit Plans

Defined Contribution Plan
SJMC has a defined contribution plan which allows participants to defer up to 6% of their salary, pursuant to Section 401(k) of the Internal Revenue Code and all limitations contained therein During fiscal years 2013 and 2012, SJMC made contributions of 3% of the salary of all eligible employees and matched employee contributions up to a maximum of an additional 2 25% of their salary Contributions to this plan by SJMC were approximately $6,363,000 and $6,234,000 for the years ended June 30, 2013 and 2012, respectively

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

Contribution Requirements and Contributions Made
The annual required contribution ("ARC") for the current year was determined as part of the actuarial valuation using the projected unit credit actuarial cost method The Plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due All contributions to the Plan are made by the employer and are intended to fund both the actuarially determined costs, as well as the Plan's operating costs The Company's practice is to make sufficient annual contributions in accordance with the actuarial funding requirements Annual required contributions to the Plan for fiscal years 2013 and 2012 totaled approximately $1,613,000 and $1,859,000, respectively The contributions represent approximately 194 10% and 152 28% of current covered payroll for fiscal years 2013 and 2012, respectively Total pension expense for the years ended June 30, 2013 and 2012 totaled approximately $3,127,000 and $2,952,000, respectively As of June 30, 2013 and 2012, the Company has a pension asset of approximately $15,861,000 and $15,672,000, respectively Pension expense is allocated to the Company based on valuation of payroll

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

	2013	2012
Covered payroll for the calculation of the actuarial information	$ 830,903	$ 1,220,733
Participant data as of July 1, 2012 (date of most recent valuation)		
Active	16	
Retired	232	
Terminated vested	505	
	753	

The more significant actuarial assumptions utilized in the most recent actuarial valuation (April 1, 2013) for computing the annual required contributions for the Plan are as follows

Assumed rate of return on investments	7 25% per year (net of expenses)
Mortality basis	2013 PPA separate static annuitant and nonannuitant mortality tables
Amortization method	Level dollar closed
Remaining amortization period	8 years
Asset valuation method	Market value smoothed over 5 years
Termination	Graduated rates from 20 to 50 are as follows

Table of Select Withdrawal Rates (Cash Balance Plan Benefits)

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

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

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

Table of Salary Increases

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

Retirement Rates

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

Funding Status and Progress

The Company's actuarial accrued liability ("AAL") and the actuarial value of Plan net assets for the current year are based upon the April 1, 2013 actuarial valuation The schedules of Plan funding progress, following the notes to the consolidated basic financial statements, present multiyear trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the AAL for benefits

The funded status of the Plan is summarized as follows

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL (Projected Unit Credit) (b)	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
April 1, 2013	$ 65,662,661	$ 72,505,410	$ 6,842,749	90 56%	$ 830,903	823 53%
April 1, 2012	65,212,450	71,756,738	6,544,288	90 88%	1,220,733	536 09%

The present value of accumulated plan benefits is computed to measure the funds required as of the valuation date to provide in full the benefits earned to date by all Plan participants As of April 1, 2013 and 2012, the present values of accumulated Plan benefits were approximately $72,505,000 and $71,756,000, respectively

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

	April 1, 2013	April 1, 2012	April, 2011
Net assets available for benefits as a percentage of the AAL	90 56%	90 88%	88 40%
Unfunded actuarial accrued liability as a percentage of covered payroll	823 53%	536 09%	628 30%
Annual required contributions as a percentage of covered payroll	194 10%	152 28%	250 37%

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

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

	2013	2012	2011
Annual required contribution	$ 1,612,780	$ 1,858,876	$ 3,254,121
Interest on net pension obligation	(1,136,210)	(856,826)	(158,897)
Adjustment to annual required contribution	2,650,014	1,950,446	353,403
Annual pension cost	3,126,584	2,952,496	3,448,627
Contributions made with interest	(3,316,118)	(7,200,000)	(12,822,691)
Increase in net pension asset	(189,534)	(4,247,504)	(9,374,064)
Net pension asset			
Beginning of year	(15,671,857)	(11,424,353)	(2,050,289)
End of year	$ (15,861,391)	$ (15,671,857)	$ (11,424,353)
Percentage of annual pension cost contributed	106 1%	243 9%	371 8%

The net pension asset of approximately $15,861,000 and $15,672,000 is included within other assets in the consolidated basic statements of net position at June 30, 2013 and 2012, respectively

A summary of Plan assets as of June 30, 2013 and 2012 and of the changes in Plan assets for fiscal years 2013 and 2012 is as follows

(in thousands of dollars)	2013	2012
Statements of Plan Net Assets		
Cash and short-term investments	$ 504	$ 482
Investments at fair value		
Domestic equity funds and securities	19,713	19,074
International equity funds and securities	18,649	18,047
Fixed income funds	18,813	15,459
High yield fund	5,504	5,101
Private equity	2,897	3,063
Total investments	65,576	60,744
Net assets held in trust for pension benefits	$ 66,080	$ 61,226

(in thousands of dollars)	2013	2012
Statements of Changes in Plan Net Assets		
Beginning investment value of account	$ 61,226	$ 60,685
Receipts		
Employer contributions	3,316	7,200
Realized and unrealized gains (losses), net	6,585	(1,509)
Interest and dividends	1,390	950
Total receipts	11,291	6,641
Disbursements		
Benefit payments	5,986	5,716
Investment management and administrative fees	451	384
Total disbursements	6,437	6,100
Ending investment value of account	$ 66,080	$ 61,226

9. Other Postemployment Benefits

SJMC sponsors the Shands Jacksonville Health Plan (the "Health Plan") In addition to providing pension benefits, the Company provides certain health care benefits for 35 retired employees

The GASB requires state and local governmental employers to account for and report the annual cost of other postemployment benefits ("OPEB") and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions Annual OPEB cost will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they become due The GASB's provisions may be applied prospectively and do not require governments to fund their OPEB plans The actuarially determined cost for providing benefits to retirees and current employees during fiscal years 2013 and 2012 was approximately $619,000 and $570,000, respectively SJMC made approximately $974,000 and $151,000 of actual payments (contributions) during fiscal years 2013 and 2012, respectively

Funding Policy
The GASB does not require funding of the OPEB expense The ARC is based on projected pay-as-you-go financing requirements, with an additional amount required to be recognized and accumulated as the net OPEB obligation For fiscal years 2013 and 2012, SJMC contributed approximately $974,000 and $151,000, respectively, to the Health Plan, which is net of retiree contributions Retiree contributions for fiscal years 2013 and 2012 were approximately $96,000 and $94,000, respectively, according to the following table

Average annual retiree contributions (Pre and post Medicare)	**2013**		**2012**	
	Retiree	**Spouse/ Family**	**Retiree**	**Spouse/ Family**
Preferred Plan	$ 1,297	$ 1,297	$ 1,297	$ 1,297
Post 65 BMM	230	230	230	230
Dental/Vision	253	253	253	253

Annual
OPEB Cost and Net OPEB Obligation – SJMC's annual OPEB cost is calculated based on its ARC, an amount actuarially determined in accordance with the GASB parameters The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an 8 year period The components of SJMC's annual OPEB cost for the year, the amount actually contributed to the Health Plan, and changes in SJMC's net OPEB obligation as of June 30, 2013 and 2012 are as follows

	2013	**2012**
Annual required contribution	$ 730,390	$ 635,400
Interest on net OPEB obligation	44,726	29,540
Adjustment to annual required contribution	(156,409)	(95,251)
Annual OPEB cost	618,707	569,689
Contributions made	(974,052)	(151,445)
(Decrease) increase in net OPEB obligations	(355,345)	418,244
Net OPEB obligation		
Beginning of year	1,040,140	621,896
End of year	$ 684,795	$ 1,040,140

SJMC's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation for the last three fiscal years was as follows

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 618,707	157 4%	$ 684,795
June 30, 2012	569,689	26 6%	1,040,140
June 30, 2011	583,038	152 5%	621,896

Funded Status and Funding Progress
As discussed above, the GASB does not require, and SJMC has not funded, the AAL As of April 1, 2013 and 2012, the unfunded actuarial accrued liabilities ("UAAL") for benefits were approximately $2,910,000 and $2,927,000, respectively

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

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

In the April 1, 2013 and 2012 actuarial valuations, the projected unit credit method was used The actuarial assumptions included 4 36% and 4 30% discount rates, respectively, representing an estimate of the discount rate for the unfunded plan at April 1, 2013 and 2012 The UAAL is being amortized as a level dollar base for a closed 8 year period

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

Discount rate	4 36% per year
Retiree contribution increases	Retiree contributions are assumed to increase at 5% each year until the point at which the employer cost cap is reached

Health care cost trend rates	The trend rates of incurred claims represent the rate of increase in employer claims payments

Medical Annual Rates of Increase	
Initial Trend Rate	7 40%
Ultimate Trend Rate	4 50%
Year that the rate reaches the ultimate trend rate	2028

10. Commitments and Contingencies

Leases

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

The following is a schedule, by year, of future minimum lease payments under noncancelable operating leases as of June 30, 2013

(in thousands of dollars)

Years Ending	
2014	$ 7,547
2015	5,651
2016	3,602
2017	2,308
2018	2,308
Thereafter	8,971
Total minimum lease payments	$ 30,387

Rent expense related to operating leases for the years ended June 30, 2013 and 2012 was approximately $9,427,000 and $9,710,000, respectively

Total gross assets under capital leases included in capital assets were approximately $11,613,000 and $11,193,000 at June 30, 2013 and 2012, respectively Accumulated amortization on capital leases at June 30, 2013 and 2012 was approximately $3,245,000 and $2,790,000, respectively

Future lease payments are as follows

(in thousands of dollars)

Years Ending	
2014	$ 2,444
2015	2,405
2016	2,302
2017	1,736
2018	87
Total minimum lease payments	8,974
Less Amount representing interest	(493)
Present value of net minimum lease payments	$ 8,481

Construction and Other Commitments
The Company has contracts for the construction and remodeling of facilities and for the purchase and maintenance of computer application software for its core operation systems As of June 30, 2013 and 2012, the remaining commitment relating to these contracts was approximately $5,035,000 and $4,114,000, respectively

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

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

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

Self-Insurance
The Company has a self-insurance plan for health and medical coverage for the employees of the Company Amounts contributed by the Company and its employees to the plan are determined by the level of benefits coverage selected by each employee Expenses related to the self-insured health and medical plan for the years ended June 30, 2013 and 2012 were approximately $23,422,000 and $32,623,000, respectively

SJMC is self-insured for workers' compensation up to $500,000 per occurrence, and has purchased excess coverage from commercial carriers up to the amount allowed by Florida Statutes Total expenses for the years ended June 30, 2013 and 2012 were approximately $690,000 and $729,000, respectively

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

11. Transactions with Related Parties

As of June 30, 2013 and 2012, SJMC and University of Florida Jacksonville Physicians, Inc ("UFJP") were contingently liable as joint and several co-guarantors for the payment of 100% of both the principal and interest on $8,500,000 of Industrial Revenue Bonds related to the indebtedness of the Faculty Clinic, Inc The guarantees were issued in connection with the Industrial Revenue Bonds, which were used to build the facility in which SJMC and UFJP are currently tenants The bonds were issued on January 11, 1989, bearing variable interest rates and mature on July 1, 2019 At June 30, 2013 and 2012, the outstanding amount of the Industrial Revenue Bonds is $4,200,000 and $4,600,000, respectively The bonds are collateralized by an irrevocable letter of credit with a bank which expires in August 2015

Shands, a related party controlled by UF, entered into a Support Services Agreement to support, as needed, the management team of SJMC in the administrative functions of the hospital through the provision of services and personnel Expenses related to these services were approximately $4,454,000 and $5,712,000 for the years ended June 30, 2013 and 2012, respectively

SJMC receives contracted services at cost from UF for support of the clinical and research activities of the College of Medicine, maintenance, utilities, telephone communication and various other services Expenses related to these services were approximately $22,301,000 and $27,437,000 for the years ended June 30, 2013 and 2012, respectively At June 30, 2013 and 2012, payables related to this arrangement amounted to approximately $777,000 and $711,000, respectively, and are included in accounts payable and accrued expenses in the accompanying consolidated basic statements of net position

At June 30, 2013 and 2012, the Company has a note payable of approximately $39,916,000 and $40,267,000, respectively, due to Shands The original amount of the note was approximately $42,276,000 to be paid in quarterly installments of $804,620 including interest of 4 5% and matures on October 1, 2030 The current portion of the note payable of approximately $2,575,000 and $1,430,000 is included within long-term debt, current portion, and the long-term portion of the note payable of approximately $37,341,000 and $38,837,000 is included within long-term debt, noncurrent portion, at June 30, 2013 and 2012, respectively, in the accompanying consolidated basic statements of net position

12. Concentrations of Credit Risk

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

	2013	2012
Medicare	26%	23%
Medicaid	32%	32%
Other third-party payors	42%	45%
Patients	0%	0%
	100%	100%

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

13. Subsequent Events

The Company has assessed the impact of subsequent events through September 30, 2013, the date the audited consolidated basic financial statements were issued, and has concluded that there is no such events, other than the payment of the previously accrued settlement described below, that require adjustment to the consolidated basic financial statements

In July 2013, the Company paid approximately $6,809,000 to resolve allegations made under the False Claims Act that billing practices at the Company resulted in overpayments by Medicare and Medicaid covering fiscal years 2003 through 2008 The settlement resulted from a whistleblower lawsuit filed in the U S District Court – Middle District of Florida – Jacksonville Division on April 30, 2008, which had been under court seal The whistleblower was an independent consultant hired by the Company in 2006 and 2007 to conduct a routine audit of its billing practices The audit showed inconsistent billing practices In some instances, the Company billed Medicare and Medicaid for short overnight inpatient admissions rather than for outpatient or observation services The Company's officials fully cooperated with the state and federal investigation and negotiated the settlement agreement While there has been no admission of liability, the Company paid approximately $6,592,000 to the Federal Government under the Medicare program and approximately $217,000 to the State of Florida under its Medicaid program

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Schedule of Plan Funding Progress (Unaudited)
July 1, 2008 Through March 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b–a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b–a) / (c)
July 1, 2008	$ 58,021,779	$ 63,353,295	$ 5,331,516	91 6%	$ 2,180,660	244 5%
July 1, 2009	51,905,053	65,734,526	13,829,473	79 0%	1,809,586	764 2%
July 1, 2010	51,816,038	69,248,158	17,432,120	74 8%	1,809,586	963 3%
April 1, 2011	62,202,826	70,369,005	8,166,179	88 4%	1,299,716	628 3%
April 1, 2012	65,212,450	71,756,738	6,544,288	90 9%	1,220,733	536 1%
April 1, 2013	65,662,661	72,505,410	6,842,749	90 6%	830,903	823 5%

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Historical Summary of Actual and Required Pension Contributions (Unaudited)
July 1, 2007 Through June 30, 2013

	Employer Contributions	
(Fiscal) Plan Year	Annual Required Contribution	Percentage Contributed
July 1, 2007 to June 30, 2008	$ 178,045	355 5%
July 1, 2008 to June 30, 2009	763,720	69 1%
July 1, 2009 to June 30, 2010	1,469,518	174 0%
July 1, 2010 to June 30, 2011	3,254,141	394 0%
July 1, 2011 to June 30, 2012	1,858,876	387 3%
July 1, 2012 to June 30, 2013	1,612,780	205 6%

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Historical Summary of Actual and Required Other Postemployment Contributions Under GASB Statement No. 45 (Unaudited)
July 1, 2010 Through June 30, 2013

	Employer Contributions	
(Fiscal) Plan Year	Annual Required Contribution	Percentage Contributed
July 1, 2010 to June 30, 2011	$ 679,326	130 8%
July 1, 2011 to June 30, 2012	635,400	23 8%
July 1, 2012 to June 30, 2013	730,390	133 4%

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidating Basic Statement of Net Position
June 30, 2013

(in thousands of dollars)

	Shands Jacksonville Medical Center Obligated Group*	Other	Eliminations	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	$ 43,177	$ 5,032	$ -	$ 48,209
Short-term investments	41,141	-	-	41,141
Patient accounts receivable, net	82,316	-	-	82,316
Due from city and state agencies	5,185	-	-	5,185
Inventories	10,336	-	-	10,336
Prepaid expenses and other current assets	40,421	8,347	(40,123)	8,645
Total current assets	222,576	13,379	(40,123)	195,832
Assets whose use is restricted	39,500	-	-	39,500
Capital assets, net	154,954	16,033	-	170,987
Other assets	22,839	4,033	-	26,872
Total assets	$ 439,869	$ 33,445	$ (40,123)	$ 433,191
Liabilities and Net Position				
Current liabilities				
Long-term debt, current portion	$ 2,575	$ -	$ -	$ 2,575
Capital lease obligations, current portion	2,225	-	-	2,225
Accounts payable and accrued expenses	60,856	33,232	(40,123)	53,965
Accrued salaries and leave payable	19,708	-	-	19,708
Estimated third-party payor settlements	30,796	-	-	30,796
Total current liabilities	116,160	33,232	(40,123)	109,269
Long-term liabilities				
Long-term debt, noncurrent portion	137,341	-	-	137,341
Capital lease obligations, noncurrent portion	6,256	-	-	6,256
Other liabilities	14,765	-	-	14,765
Total long-term liabilities	158,362	-	-	158,362
Total liabilities	274,522	33,232	(40,123)	267,631
Commitments and contingencies				
Net position				
Net investment in capital assets	46,472	16,033	-	62,505
Restricted				
Expendable	3,159	728	-	3,887
Unrestricted	115,716	(16,548)	-	99,168
Total net position	165,347	213	-	165,560
Total liabilities and net position	$ 439,869	$ 33,445	$ (40,123)	$ 433,191

* Per the Master Trust Indenture dated June 1, 2013, the Obligated Group is comprised of Shands Jacksonville HealthCare, Inc , Shands Jacksonville Medical Center, Inc and Shands Jacksonville Properties, Inc

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidating Basic Statement of Net Position
June 30, 2012

(in thousands of dollars)

	Shands Jacksonville Medical Center Obligated Group*	Other	Eliminations	Consolidated Total
Assets				
Current assets				
Cash and cash equivalents	$ 19,912	$ 10,726	$ -	$ 30,638
Short-term investments	77,219	-	-	77,219
Patient accounts receivable, net	63,486	-	-	63,486
Due from city and state agencies	6,395	-	-	6,395
Inventories	9,016	-	-	9,016
Prepaid expenses and other current assets	4,112	2,093	(1,686)	4,519
Assets whose use is restricted, current portion	3,568	-	-	3,568
Total current assets	183,708	12,819	(1,686)	194,841
Assets whose use is restricted, less current portion	19,500	-	-	19,500
Capital assets, net	170,251	9,175	-	179,426
Other assets	22,619	855	-	23,474
Total assets	$ 396,078	$ 22,849	$ (1,686)	$ 417,241
Liabilities and Net Assets				
Current liabilities				
Long-term debt, current portion	$ 6,845	$ 4,740	$ -	$ 11,585
Capital lease obligations, current portion	1,873	-	-	1,873
Accounts payable and accrued expenses	51,137	7	(1,686)	49,458
Accrued salaries and leave payable	23,269	-	-	23,269
Estimated third-party payor settlements	22,510	-	-	22,510
Total current liabilities	105,634	4,747	(1,686)	108,695
Long-term liabilities				
Long-term debt, noncurrent portion	98,079	15,062	-	113,141
Capital lease obligations, noncurrent portion	7,064	-	-	7,064
Other liabilities	17,001	-	-	17,001
Total long-term liabilities	122,144	15,062	-	137,206
Total liabilities	227,778	19,809	(1,686)	245,901
Commitments and contingencies				
Net assets				
Net investment in capital assets	96,997	(10,558)	-	86,439
Restricted				
Expendable	3,643	200	-	3,843
Unrestricted	67,660	13,398	-	81,058
Total net assets	168,300	3,040	-	171,340
Total liabilities and net assets	$ 396,078	$ 22,849	$ (1,686)	$ 417,241

* The Obligated Group is comprised of Shands Jacksonville Medical Center, Inc , Shands Jacksonville Foundation, Inc Shands Jacksonville Community Services, Inc , Shands Jacksonville Affiliates, Inc and Southern Hospital Systems, Inc at June 30, 2012

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidating Basic Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2013

(in thousands of dollars)

	Shands Jacksonville Medical Center Obligated Group*	Other	Eliminations	Consolidated Total
Operating revenues				
Net patient service revenue, net of provision for bad debts of $86,208	$ 487,436	$ -	$ -	$ 487,436
Other operating revenue	32,473	3,265	(298)	35,440
Total operating revenues	519,909	3,265	(298)	522,876
Operating expenses				
Salaries and benefits	239,905	419	-	240,324
Supplies and services	237,804	1,920	(298)	239,426
Depreciation and amortization	23,485	103	-	23,588
Total operating expenses	501,194	2,442	(298)	503,338
Operating income	18,715	823	-	19,538
Nonoperating revenues (expenses)				
Interest	(3,787)	-	-	(3,787)
Other nonoperating gains	699	-	-	699
Net investment gain (loss), including change in fair value	(8)	2	-	(6)
Gain on disposal of capital assets, net	33	-	-	33
Total nonoperating revenues (expenses), net	(3,063)	2	-	(3,061)
Excess of revenues over expenses before transfers and capital contributions	15,652	825	-	16,477
Transfers and expenditures in support of the University of Florida and its medical programs	(22,301)	-	-	(22,301)
Capital contributions, net	44	-	-	44
(Decrease) increase in net position	(6,605)	825	-	(5,780)
Net position				
Beginning of year	171,952	(612)	-	171,340
End of year	$ 165,347	$ 213	$ -	$ 165,560

* Per the Master Trust Indenture dated June 1, 2013, the Obligated Group is comprised of Shands Jacksonville HealthCare, Inc , Shands Jacksonville Medical Center, Inc and Shands Jacksonville Properties, Inc

Shands Jacksonville HealthCare, Inc. and Subsidiaries
Consolidating Basic Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2012

(in thousands of dollars)

	Shands Jacksonville Medical Center Obligated Group*	Other	Eliminations	Consolidated Total
Operating revenues				
Net patient service revenue, net of provision for bad debts of $68,372	$ 483,830	$ -	$ -	$ 483,830
Other operating revenue	31,607	5,142	(5,303)	31,446
Total operating revenues	515,437	5,142	(5,303)	515,276
Operating expenses				
Salaries and benefits	254,300	-	-	254,300
Supplies and services	236,244	1,412	(5,303)	232,353
Depreciation and amortization	20,838	967	-	21,805
Total operating expenses	511,382	2,379	(5,303)	508,458
Operating income	4,055	2,763	-	6,818
Nonoperating revenues (expenses)				
Interest	(3,621)	-	-	(3,621)
Other nonoperating losses	(838)	(239)	-	(1,077)
Net investment gain, including change in fair value	2,489	1	-	2,490
Loss on disposal of capital assets, net	(59)	-	-	(59)
Total nonoperating revenues (expenses), net	(2,029)	(238)	-	(2,267)
Excess of revenues over expenses before transfers and capital contributions	2,026	2,525	-	4,551
Transfers and expenditures in support of the University of Florida and its medical programs	(27,437)	-	-	(27,437)
Capital contributions, net	837	-	-	837
(Decrease) increase in net position	(24,574)	2,525	-	(22,049)
Net position				
Beginning of year	192,874	515	-	193,389
End of year	$ 168,300	$ 3,040	$ -	$ 171,340

* The Obligated Group is comprised of Shands Jacksonville Medical Center, Inc , Shands Jacksonville Foundation, Inc , Shands Jacksonville Community Services, Inc , Shands Jacksonville Affiliates, Inc and Southern Hospital Systems, Inc as of June 30, 2012

Part III Tax Computation

35	**Organizations taxable as corporations** (see instructions for tax computation). Controlled group members (sections 1561 and 1563) check here ▶ ☐ **See instructions** and·			
a	Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order). (1) $ (2) $ (3) $			
b	Enter organization's share of **(1)** Additional 5% tax (not more than $11,750) $			
	(2) Additional 3% tax (not more than $100,000) $			
c	Income tax on the amount on line 34 ▶		35c	0
36	**Trusts taxable at trust rates** (see instructions for tax computation) Income tax on the amount on line 34 from. ☐ Tax rate schedule or ☐ Schedule D (Form 1041) ▶		36	
37	**Proxy tax** (see instructions) ▶		37	
38	Alternative minimum tax		38	
39	**Total.** Add lines 37 and 38 to line 35c or 36, whichever applies		39	0

Part IV Tax and Payments

40a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a				
b	Other credits (see instructions)	40b				
c	General business credit. Attach Form 3800 (see instructions)	40c				
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	40d				
e	**Total credits.** Add lines 40a through 40d				40e	0
41	Subtract line 40e from line 39				41	0
42	Other taxes Check if from· ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach statement).				42	0
43	**Total tax.** Add lines 41 and 42				43	0
44a	Payments: A 2011 overpayment credited to 2012	44a				
b	2012 estimated tax payments	44b	0			
c	Tax deposited with Form 8868	44c				
d	Foreign organizations· Tax paid or withheld at source (see instructions)	44d				
e	Backup withholding (see instructions)	44e				
f	Credit for small employer health insurance premiums (Attach Form 8941)	44f				
g	Other credits and payments· ☐ Form 2439 ☐ Form 4136 ☐ Other 0 Total ▶	44g	0			
45	**Total payments.** Add lines 44a through 44g				45	0
46	Estimated tax penalty (see instructions) Check if Form 2220 is attached ▶ ☐				46	
47	**Tax due.** If line 45 is less than the total of lines 43 and 46, enter amount owed ▶				47	0
48	**Overpayment.** If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ▶				48	0
49	Enter the amount of line 48 you want **Credited to 2013 estimated tax** ▶ 0 **Refunded** ▶				49	0

Part V Statements Regarding Certain Activities and Other Information (see instructions)

		Yes	No
1	At any time during the 2012 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If "Yes," the organization may have to file Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts If "Yes," enter the name of the foreign country here ▶		✓
2	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the organization may have to file.		✓
3	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $ 0		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation ▶

1	Inventory at beginning of year	1	0	6	Inventory at end of year	6	0
2	Purchases	2	0	7	**Cost of goods sold.** Subtract line 6 from line 5. Enter here and in Part I, line 2	7	0
3	Cost of labor	3	0				
4a	Additional section 263A costs (attach statement)	4a	0	8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No ✓
b	Other costs (attach statement)	4b	0				
5	**Total.** Add lines 1 through 4b	5	0				

Sign Here

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 taxpayer) is based on all information of which preparer has any knowledge

Signature of officer | Date | TREASURER Title

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

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	

FEIN 59-2142859

This return is considered incomplete unless a copy of the federal return is attached.

If your return is not signed, or improperly signed and verified, it will be subject to a penalty The statute of limitations will not start until your return is properly signed and verified Your return must be completed in its entirety

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 taxpayer) is based on all information of which preparer has any knowledge

Sign here	Signature of officer (must be an original signature) Date 05-13-14	Title	MICHAEL GLEASON, VP
Paid preparers only	Preparer's signature Date 05-13-14	Preparer check if self-employed ☐	Preparer's PTIN
	Firm's name (or yours if self-employed) and address: SHANDS TEACHING HOSPITAL AN P.O. BOX 100336 GAINESVILLE	FEIN ZIP	59-1943502 32610-0336

All Taxpayers Must Answer Questions A Through M Below - See Instructions

A State of incorporation FL

B Florida Secretary of State document number

C Florida consolidated return? YES ☐ NO ☒

D ☐ Initial return ☐ Final return (final federal return filed)

E Taxpayer election section (s) 220 03(5), Florida Statutes (F S) ☒ General Rule
☐ Election A ☐ Election B

F Principal Business Activity Code (as pertains to Florida)

8 0 7 1 0 0

G A Florida extension of time was timely filed? YES ☐ NO ☐

H-1 Corporation is a member of a controlled group? YES ☐ NO ☒ If yes, attach list

H-2 Part of a federal consolidated return? YES ☐ NO ☒ If yes, provide
FEIN from federal consolidated return
Name of corporation

H-3 The federal common parent has sales, property or payroll in FL? YES ☐ NO ☒

I Location of corporate books 655 WEST 8TH STREET
City JACKSONVILLE State FL ZIP 32209

J Taxpayer is a member of a Florida partnership or joint venture? YES ☐ NO ☒

K Enter date of latest IRS audit
a) List years examined

L Contact person concerning this return KATHIE MONROE
a) Contact person telephone number (352)265-7962

M Type of federal return filed ☐ 1120 ☐ 1120S or 990-T

Where to Send Payments and Returns

Make check payable to and mail with return to
Florida Department of Revenue
5050 W Tennessee Street
Tallahassee FL 32399-0135

If you are requesting a **refund** (Line 19), send your return to
Florida Department of Revenue
PO Box 6440
Tallahassee FL 32314-6440

Remember:

- **Make your check payable to the Florida Department of Revenue.**
- **Write your FEIN on your check.**
- **Sign your check and return.**
- **Attach a copy of your federal return.**
- **Attach a copy of your Florida Form F-7004 (extension of time) if applicable.**