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Form 990

Return of Organization Exempt From Income Tax

2013

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

► Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form

► Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable	C Name of organization CANDLER HOSPITAL INC		D Employer identification number 58-0593388
<input type="checkbox"/> Address change	Doing Business As		
<input type="checkbox"/> Name change			
<input type="checkbox"/> Initial return	Number and street (or P O box if mail is not delivered to street address) 5353 REYNOLDS STREET		E Telephone number (912) 819-6162
<input type="checkbox"/> Terminated			
<input type="checkbox"/> Amended return	City or town, state or province, country, and ZIP or foreign postal code SAVANNAH, GA 314056015		
<input type="checkbox"/> Application pending			G Gross receipts \$ 250,522,546

F Name and address of principal officer
PAUL P HINCHEY CEO
5353 REYNOLDS STREET
SAVANNAH, GA 314056015

H(a) Is this a group return for subordinates? Yes No

H(b) Are all subordinates included? Yes No

If "No," attach a list (see instructions)

H(c) Group exemption number ►

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

J Website: ► WWW SJCHS ORG

K Form of organization Corporation Trust Association Other ►

L Year of formation 1934

M State of legal domicile GA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ROOTED IN GOD'S LOVE, WE TREAT ILLNESS AND PROMOTE WELLNESS FOR ALL PEOPLE CANDLER HOSPITAL, INC PROVIDES COMPREHENSIVE HEALTHCARE SERVICES TO THE SURROUNDING COUNTIES THROUGH THE OPERATION OF A 331-BED ACUTE CARE HOSPITAL IN SAVANNAH, GEORGIA

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	19
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	18
5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	2,120
6 Total number of volunteers (estimate if necessary)	6	119
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	5,616,535
b Net unrelated business taxable income from Form 990-T, line 34	7b	-6,622

		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	1,561,269	1,005,568	
9 Program service revenue (Part VIII, line 2g)	223,273,417	228,815,553	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,206,299	4,006,673	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	16,567,370	16,694,752	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	242,608,355	250,522,546	

		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	1,561,269	1,005,568	
9 Program service revenue (Part VIII, line 2g)	223,273,417	228,815,553	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,206,299	4,006,673	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	16,567,370	16,694,752	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	242,608,355	250,522,546	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		298,854	
14 Benefits paid to or for members (Part IX, column (A), line 4)		0	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	108,592,422	109,480,442	
16a Professional fundraising fees (Part IX, column (A), line 11e)		0	
b Total fundraising expenses (Part IX, column (D), line 25) ► ⁰			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	118,814,580	125,617,234	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	227,407,002	235,396,530	
19 Revenue less expenses Subtract line 18 from line 12	15,201,353	15,126,016	

		Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	181,811,541	182,031,446	
21 Total liabilities (Part X, line 26)	110,011,292	101,424,287	
22 Net assets or fund balances Subtract line 21 from line 20	71,800,249	80,607,159	

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 GREGORY J SCHAACK CHIEF FINANCIAL OFFICER Type or print name and title	2015-05-15 Date
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Paid Preparer Use Only	Print/Type preparer's name JACQUELINE G ATKINS	Preparer's signature	Date 2015-04-27	Check <input type="checkbox"/> if self-employed	PTIN P00861721
	Firm's name ► DRAFFIN & TUCKER LLP			Firm's EIN ► 58-0914992	
	Firm's address ► PO BOX 71309 ALBANY, GA 317081309			Phone no (229) 883-7878	

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

Part III Statement of Program Service Accomplishments

Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

ROOTED IN GOD'S LOVE, WE TREAT ILLNESS AND PROMOTE WELLNESS FOR ALL PEOPLE. CANDLER HOSPITAL, INC. PROVIDES COMPREHENSIVE HEALTHCARE SERVICES TO THE SURROUNDING COUNTIES THROUGH THE OPERATION OF A 331-BED ACUTE CARE HOSPITAL IN SAVANNAH, GEORGIA.

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 C

Yes No

3 Did the organization cease conducting, or make significant changes in how it conducts, any programs or services?

Yes No

If "Yes," describe these changes on Schedule Q.

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 \$ 186,953,405 including grants of \$ 298,854) (Revenue \$ 236,453,907)

CANDLER HOSPITAL, INC. IS AN ACUTE CARE HOSPITAL LOCATED IN SAVANNAH, GEORGIA IN FURTHERANCE OF ITS TAX-EXEMPT PURPOSE, CANDLER HOSPITAL, INC. 1) MAINTAINS AND OPERATES PERMANENT FACILITIES THAT PROVIDE BOTH INPATIENT AND OUTPATIENT SERVICES FOR PROVIDING DIAGNOSES AND TREATMENT OF PATIENTS SUFFERING FROM ILLNESS OR INJURY, 2) PROMOTES AND PROVIDES HEALTH EDUCATION PROGRAMS, SUPPORT GROUPS, AND VARIOUS COMMUNITY SERVICES FOR ALL PEOPLE OF SAVANNAH AND THE SURROUNDING COUNTIES, 3) ENCOURAGES AND PARTICIPATES IN HEALTH SCIENCES RESEARCH FOR TREATMENT OF ILLNESS AND PROMOTION OF HEALTH, 4) PRESERVES AND INCORPORATES ITS FAITH-BASED PHILOSOPHY OF THE HOSPITAL IN ALL ITS ACTIVITIES AND CONTRACTS. DURING THE FISCAL YEAR ENDED JUNE 30, 2014, THE HOSPITAL SERVED THE FOLLOWING 69,042 ACUTE CARE PATIENT DAYS AND 14,504 DISCHARGES INCLUDING NEWBORN, 4,819 REHAB DAYS WITH 439 DISCHARGES, AND 3,016 SKILLED NURSING DAYS WITH 290 DISCHARGES. EMERGENCY ROOM VISITS TOTLED 57,048. THE HOSPITAL ALSO PROVIDED SERVICES FOR 360,842 OUTPATIENT VISITS.

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

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

4d Other program services (Describe in Schedule O)

4e Total program service expenses ► 186,953,405

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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

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

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

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

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

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

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

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

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

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

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

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 XI

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII

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

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

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

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV

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)

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

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

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

	Yes	No
1	Yes	
2	Yes	
3		No
4	Yes	
5		No
6		No
7		No
8		No
9		No
10	Yes	
11a	Yes	
11b		No
11c		No
11d		No
11e	Yes	
11f	Yes	
12a		No
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
20b	Yes	

Part IV Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants or 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	Yes	
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 25a	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, 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)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		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	29		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		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	33	Yes	
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	34	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	35a	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35b		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	36		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	37		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	38	Yes	
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			

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	0	
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		
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	2,120	
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" to line 3b, 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).	7a		No
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?	7b		
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c		No
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9 Sponsoring organizations maintaining donor advised funds.	9a		
a Did the organization make any taxable distributions under section 4966?	9b		
10 Section 501(c)(7) organizations. Enter	10a		
a Initiation fees and capital contributions included on Part VIII, line 12	10b		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
11 Section 501(c)(12) organizations. Enter	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.	13a		
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	13b		
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	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 or note to any line 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	19		
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	18		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No	
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No	
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No	
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No	
6 Did the organization have members or stockholders?	6		No	
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following	8a		Yes	
a The governing body?	8b		Yes	
b Each committee with authority to act on behalf of the governing body?	9		No	
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				

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	Yes	
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?	15a	Yes	
a The organization's CEO, Executive Director, or top management official	15b	Yes	
b Other officers or key employees of the organization			
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
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	Yes	

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed GA
- 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
**GREGORY J SCHAAACK 5353 REYNOLDS STREET
SAVANNAH, GA 314056015 (912) 819-6162**

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

Check if Schedule O contains a response or note to any line 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.

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

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? <i>If "Yes," complete Schedule J for such individual</i>	3	No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	Yes
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	Yes

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
MORRISON'S MANAGEMENT SPECIALISTS PO BOX 102289 ATLANTA GA 30368	DIETARY	2,402,852
ANESTHESIA ASSOCIATES 6605 ABERCORN ST SUITE 108 SAVANNAH GA 31405	ANESTHESIA	1,731,500
CHATHAM HOSPITALIST LLC 5354 REYNOLDS STREET STE 424 SAVANNAH GA 31405	CONSULTING	1,035,353
FRESENIUS MEDICAL CARE 2015 VAUGHN ROAD STE 300 KENNESAW GA 30144	DIALYSIS	967,093
SC CANCER SPECIALISTS PA 45 HOSPITAL CENTER COMMONS HILTON HEAD ISLAND SC 29926	ONCOLOGY SVCS	955,013
2. Total number of independent contractors (including but not limited to those listed above) who received more than		

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 ►34

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d 510,341			
	e Government grants (contributions)	1e			
	f All other contributions, gifts, grants, and similar amounts not included above	1f 495,227			
	g Noncash contributions included in lines 1a-1f \$				
	h Total. Add lines 1a-1f		1,005,568		
Program Service Revenue	2a NET PATIENT REVENUE	Business Code 624100	225,485,822	225,485,822	
	b PRESCRIPTION CENTER RELATED	624100	2,590,186	2,590,186	
	c REFERENCE LAB RELATED	621500	739,545	739,545	
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f		228,815,553		
	3 Investment income (including dividends, interest, and other similar amounts)		4,006,673		4,006,673
4 Income from investment of tax-exempt bond proceeds					
5 Royalties					
6a Gross rents	(I) Real 3,150,751				
b Less rental expenses					
c Rental income or (loss)	3,150,751				
d Net rental income or (loss)		3,150,751		3,150,751	
7a Gross amount from sales of assets other than inventory	(I) Securities				
b Less cost or other basis and sales expenses	(II) Other				
c Gain or (loss)					
d Net gain or (loss)					
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b Less direct expenses	b				
c Net income or (loss) from fundraising events					
9a Gross income from gaming activities See Part IV, line 19	a				
b Less direct expenses	b				
c Net income or (loss) from gaming activities					
10a Gross sales of inventory, less returns and allowances	a				
b Less cost of goods sold	b				
c Net income or (loss) from sales of inventory					
Miscellaneous Revenue	Business Code				
11a OTHER OPERATING REVENUE	621990	7,638,354	7,638,354		
b REFERENCE LAB	621500	2,352,268		2,352,268	
c PRESCRIPTION CENTER	624100	2,125,632		2,125,632	
d All other revenue		1,427,747		1,138,635	289,112
e Total. Add lines 11a-11d		13,544,001			
12 Total revenue. See Instructions		250,522,546	236,453,907	5,616,535	7,446,536

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 or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22	298,854	298,854		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,176,414		2,176,414	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	87,532,469	69,220,011	18,312,458	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,191,359	2,468,743	722,616	
9 Other employee benefits	11,477,828	8,878,914	2,598,914	
10 Payroll taxes	5,102,372	3,947,047	1,155,325	
11 Fees for services (non-employees)				
a Management				
b Legal	663,475		663,475	
c Accounting	195,214		195,214	
d Lobbying	116,913		116,913	
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	32,226,898	25,615,074	6,611,824	
12 Advertising and promotion	1,067,419	1,457	1,065,962	
13 Office expenses	27,430,166	24,946,326	2,483,840	
14 Information technology	351,766	351,766		
15 Royalties				
16 Occupancy	9,411,711	6,015,034	3,396,677	
17 Travel	254,114	196,491	57,623	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	94,404	74,414	19,990	
20 Interest	627,887		627,887	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	12,551,823	10,742,720	1,809,103	
23 Insurance	2,358,335	79,293	2,279,042	
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 MEDICAL SUPPLIES	28,031,555	28,026,238	5,317	
b REPAIRS & MAINTENANCE	8,761,711	4,627,757	4,133,954	
c OTHER	1,374,659	1,374,659		
d DUES	99,184	88,607	10,577	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	235,396,530	186,953,405	48,443,125	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year	(B) End of year
Assets			
1	Cash—non-interest-bearing	27,262	1 199,319
2	Savings and temporary cash investments	2	
3	Pledges and grants receivable, net	3	
4	Accounts receivable, net	29,423,670	4 33,042,094
5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5	
6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	6	
7	Notes and loans receivable, net	7	
8	Inventories for sale or use	4,261,005	8 4,427,609
9	Prepaid expenses and deferred charges	788,233	9 987,677
10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 267,701,778	
b	Less accumulated depreciation	10b 183,255,172	10c 84,544,946 84,446,606
11	Investments—publicly traded securities	438,202	11 518,419
12	Investments—other securities See Part IV, line 11	1,694,838	12 1,379,089
13	Investments—program-related See Part IV, line 11	13	
14	Intangible assets	49,349,137	14 49,224,506
15	Other assets See Part IV, line 11	11,284,248	15 7,806,127
16	Total assets. Add lines 1 through 15 (must equal line 34)	181,811,541	16 182,031,446
Liabilities			
17	Accounts payable and accrued expenses	18,198,200	17 15,726,482
18	Grants payable	18	
19	Deferred revenue	19	
20	Tax-exempt bond liabilities	42,151,813	20 38,801,554
21	Escrow or custodial account liability Complete Part IV of Schedule D	21	
22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	22	
23	Secured mortgages and notes payable to unrelated third parties	42,237,388	23 39,248,103
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	7,423,891	25 7,648,148
26	Total liabilities. Add lines 17 through 25	110,011,292	26 101,424,287
Net Assets or Fund Balances			
27	Unrestricted net assets	67,100,152	27 75,368,595
28	Temporarily restricted net assets	3,765,097	28 4,303,564
29	Permanently restricted net assets	935,000	29 935,000
Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 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	71,800,249	33 80,607,159
34	Total liabilities and net assets/fund balances	181,811,541	34 182,031,446

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	250,522,546
2	Total expenses (must equal Part IX, column (A), line 25)	2	235,396,530
3	Revenue less expenses Subtract line 2 from line 1	3	15,126,016
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	71,800,249
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-6,319,106
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	80,607,159

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII

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

Additional Data

Software ID:
Software Version:
EIN: 58-0593388
Name: CANDLER HOSPITAL INC

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

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			
THOMAS S POUND VP	20 00 21 00			X			157,356	113,948	39,048
PETER M SCHENK VP	20 00 22 00			X			146,749	106,267	62,605
NOLAN D HENNESSEE VP	20 00 21 00			X			131,920	95,529	20,804
WILLIAM E RICHARDS RADIATION ON	40 00				X		1,095,660	0	18,762
JOHN PABLO DIRECTOR-ONC	40 00				X		896,127	0	33,348
HOWARD A ZAREN MEDDIRECTOR-	40 00				X		598,592	0	29,227
KEVIN D KELLY SR. MED PHYS	40 00				X		297,837	0	29,637
NANCY H JOHNSON ADMINISTRATO	40 00				X		207,952	0	22,438

SCHEDULE A
(Form 990 or 990EZ)**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.

2013**Open to Public
Inspection**Department of the
Treasury
Internal Revenue Service

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

► Information about Schedule A (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.**Name of the organization**
CANDLER HOSPITAL INC**Employer identification number**

58-0593388

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

e a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated

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

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

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

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

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

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

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

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

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))	14	
15 Public support percentage for 2012 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15
16 Public support percentage from 2012 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18
19a 33 1/3% support tests—2013. 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—2012. 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. 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**

Return Reference

Explanation

SCHEDULE C
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****2013****Open to Public
Inspection****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. ► Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

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
CANDLER HOSPITAL INC

Employer identification number

58-0593388

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

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2 Political expenditures ► \$ _____
- 3 Volunteer hours _____

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

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

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ► \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ► \$ _____
- 3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ► \$ _____
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)			
b Total lobbying expenditures to influence a legislative body (direct lobbying)			
c Total lobbying expenditures (add lines 1a and 1b)			
d Other exempt purpose expenditures			
e Total exempt purpose expenditures (add lines 1c and 1d)			
f Lobbying nontaxable amount Enter the amount from the following table in both columns			
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
Not over \$500,000	20% of the amount on line 1e		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
g Grassroots nontaxable amount (enter 25% of line 1f)			
h Subtract line 1g from line 1a If zero or less, enter -0-			
i Subtract line 1f from line 1c If zero or less, enter -0-			
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> 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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		88,121
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities?	Yes		28,792
j Total Add lines 1c through 1i			116,913
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1	DIRECT CONTACT WITH LEGISLATORS, THEIR STAFFS, ETC - COSTS INCURRED TO EDUCATE LEGISLATORS ON HEALTHCARE MATTERS AND ADVOCATE FOR HEALTHCARE ISSUES IMPORTANT TO GEORGIA CITIZENS AND THE ORGANIZATION OTHER ACTIVITIES - THE HOSPITAL BELONGS TO NATIONAL AND STATE INDUSTRY ASSOCIATIONS AND AS PART OF THEIR ANNUAL DUES, PAYS A SMALL PERCENTAGE TO SUPPORT THE LOBBYING EFFORTS BY THESE ASSOCIATIONS

Part IV Supplemental Information (continued)

Schedule D (Form 990) 2013

SCHEDULE D
(Form 990)**Supplemental Financial Statements**

OMB No 1545-0047

2013

► 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. ► Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Open to Public InspectionDepartment of the Treasury
Internal Revenue Service**Name of the organization**
CANDLER HOSPITAL INC**Employer identification number**

58-0593388

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)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> 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
2a Total number of conservation easements	
2b Total acreage restricted by conservation easements	
2c Number of conservation easements on a certified historic structure included in (a)	
2d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	

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

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

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

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 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 <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> Preservation for future generations	

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	4,700,097	4,624,261	4,246,191	4,202,899	4,695,725
b Contributions	916,430	949,868	898,768	827,263	708,455
c Net investment earnings, gains, and losses	138,818	71,204	-3,422	137,087	85,017
d Grants or scholarships	514,080	945,236	513,148	914,900	1,129,264
e Other expenditures for facilities and programs	2,701		4,128	6,158	57,034
g End of year balance	5,238,564	4,700,097	4,624,261	4,246,191	4,202,899

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

a Board designated or quasi-endowment

b Permanent endowment 17.850 %

c Temporarily restricted endowment 82.150 %

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

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

(i) unrelated organizations	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(ii) related organizations	<input type="checkbox"/> Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	<input type="checkbox"/> Yes

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		4,721,757			4,721,757
b Buildings		140,777,418	86,758,926		54,018,492
c Leasehold improvements		3,556,647	3,030,307		526,340
d Equipment		118,493,269	93,465,939		25,027,330
e Other		152,687			152,687
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)					84,446,606

Part VII Investments—Other Securities. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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.)		

Total. (Column (b) must equal Form 990, Part X, col (B) line 12)

Part VIII Investments—Program Related. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

Total (Column (b) must equal Form 990, Part X, col (B) line 13.)

Part IX Other Assets Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)

Part X Other Liabilities. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1	(a) Description of liability	(b) Book value
Federal income taxes		
<u>DUE TO AFFILIATE</u>		6,827,551
<u>DEFERRED COMPENSATION PAYABLE</u>		518,411
<u>THIRD PARTY SETTLEMENTS</u>		302,171
Total (Column (b) must equal Form 203, Part X, col (b) line 25.)		7,648,133

2. Liability for uncertain tax positions 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 Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	250,329,598
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	-177,665
e	Add lines 2a through 2d	2e	-177,665
3	Subtract line 2e from line 1	3	250,507,263
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	15,283
c	Add lines 4a and 4b	4c	15,283
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	250,522,546

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	235,396,530
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	235,396,530
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	235,396,530

Part XIII Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PAGE 2, PART V, LINE 4	ENDOWMENTS INCLUDE FUNDS RESERVED FOR BUILDING AND DEVELOPMENT, EDUCATION AND SCHOLARSHIPS, DIABETES FUNDS AND OTHER HEALTHCARE RELATED PURPOSES. ALL ENDOWMENTS ARE HELD BY CANDLER FOUNDATION, INC A RELATED ORGANIZATION
SCHEDULE D, PAGE 3, PART X	THE SYSTEM, CH, SJH, HOME HEALTH, AND INFIRMARY ARE GENERALLY EXEMPT FROM FEDERAL AND STATE INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. ONLY NET INCOME FROM ACTIVITIES DESIGNATED AS UNRELATED TO THE EXEMPT PURPOSES OF CH, SJH, HOME HEALTH, AND INFIRMARY ARE SUBJECT TO FEDERAL AND STATE UNRELATED BUSINESS INCOME TAX. GEECHEE IS ORGANIZED AS A SINGLE MEMBER LLC OWNED BY SYSTEM AND IS TREATED AS A DISREGARDED ENTITY FOR TAX PURPOSES. THE SYSTEM APPLIES ACCOUNTING POLICIES THAT PRESCRIBE WHEN TO RECOGNIZE AND HOW TO MEASURE THE FINANCIAL STATEMENT EFFECTS OF INCOME TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN ON ITS INCOME TAX RETURNS. THESE RULES REQUIRE MANAGEMENT TO EVALUATE THE LIKELIHOOD THAT, UPON EXAMINATION BY THE RELEVANT TAXING JURISDICTIONS, THOSE INCOME TAX POSITIONS WOULD BE SUSTAINED. BASED ON THAT EVALUATION, THE SYSTEM ONLY RECOGNIZES THE MAXIMUM BENEFIT OF EACH INCOME TAX POSITION THAT IS MORE THAN 50% LIKELY OF BEING SUSTAINED. TO THE EXTENT THAT ALL OR A PORTION OF THE BENEFITS OF AN INCOME TAX POSITION ARE NOT RECOGNIZED, A LIABILITY WOULD BE RECOGNIZED FOR THE UNRECOGNIZED BENEFITS, ALONG WITH ANY INTEREST AND PENALTIES THAT WOULD RESULT FROM DISALLOWANCE OF THE POSITION. SHOULD ANY SUCH PENALTIES AND INTEREST BE INCURRED, THEY WOULD BE RECOGNIZED AS OPERATING EXPENSES. BASED ON THE RESULTS OF MANAGEMENT'S EVALUATION, NO LIABILITY IS RECOGNIZED IN THE ACCOMPANYING COMBINED BALANCE SHEETS FOR UNRECOGNIZED INCOME TAX POSITIONS. FURTHER, NO INTEREST OR PENALTIES HAVE BEEN ACCRUED OR CHARGED TO EXPENSE AS OF JUNE 30, 2014 AND 2013 OR FOR THE YEARS THEN ENDED. THE SYSTEM'S TAX RETURNS ARE SUBJECT TO POSSIBLE EXAMINATION BY THE TAXING AUTHORITIES. FOR FEDERAL INCOME TAX PURPOSES, THE TAX RETURNS ESSENTIALLY REMAIN OPEN FOR POSSIBLE EXAMINATION FOR A PERIOD OF THREE YEARS AFTER THE RESPECTIVE FILING DEADLINES OF THOSE RETURNS. SJCV, SJCMG, PROPERTIES AND HEALTH SERVICES HAVE GENERALLY INCURRED OPERATING LOSSES FOR TAX PURPOSES AND HAVE NOT RECORDED A CURRENT OR DEFERRED TAX PROVISION DUE TO SIGNIFICANT NET OPERATING LOSS (NOL) CARRYFORWARDS WHICH WOULD BE UTILIZED TO OFFSET ANY POTENTIAL TAX LIABILITIES GENERATED FROM FUTURE TAXABLE INCOME AT JUNE 30, 2014. NOL CARRYFORWARDS EXPIRING THROUGH 2034 AMOUNTED TO APPROXIMATELY 76,000,000 AND ARE AVAILABLE FOR THE OFFSET OF FUTURE TAXABLE INCOME. NAME ABBREVIATIONS ARE LISTED BELOW: SYSTEM - ST JOSEPH'S/CANDLER HEALTH SYSTEM, INC; CH - CANDLER HOSPITAL, INC; SJH - ST JOSEPH'S HOSPITAL, INC; HOME HEALTH - SJC HOME HEALTH SERVICES, INC; INFIRMARY - GEORGIA INFIRMARY, INC; SJCV - SJC VENTURES, INC; SJCMG - SJC MEDICAL GROUP, INC; PROPERTIES - SJC PROPERTIES, INC; HEALTH SERVICES - SJC HEALTH SERVICES, INC
SCHEDULE D, PAGE 4, PART XI, LINE 2D	UNREALIZED CHANGE IN DERIVATIVES -132,981 UNREALIZED GAIN (LOSS) ON RATE SWAP VALUATION -44,684
SCHEDULE D, PAGE 4, PART XI, LINE 4B	CAPITAL CONTRIBUTIONS 15,283
SCHEDULE D, PAGE 4, PART XIII	PART XI, XII - RECONCILIATIONS ARE COMPLETED USING THE COMBINING BALANCE SHEETS AND COMBINING STATEMENTS OF EXCESS REVENUES (EXPENSES) LOCATED IN THE AUDITED FINANCIAL STATEMENTS OF ST JOSEPH'S/CANDLER HEALTH SYSTEM, INC

Part XIII Supplemental Information (continued)

Return Reference	Explanation

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

Department of the Treasury
Internal Revenue Service

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.

2013

Open to Public
InspectionName of the organization
CANDLER HOSPITAL INC

Employer identification number

58-0593388

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		
<input checked="" type="checkbox"/> Applied uniformly to all hospital facilities	Applied uniformly to most hospital facilities	
<input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care	3a Yes	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other _____ 250 0000000000 %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for <i>discounted</i> care	3b Yes	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 500 0000000000 %		
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 Yes	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c No	
6a Did the organization prepare a community benefit report during the tax year?	6a Yes	
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)			9,164,774		9,164,774	3 890 %
b Medicaid (from Worksheet 3, column a)			28,522,981	21,451,024	7,071,957	3 000 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			242,717	94,674	148,043	0 060 %
d Total Financial Assistance and Means-Tested Government Programs			37,930,472	21,545,698	16,384,774	6 960 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			660,393		660,393	0 280 %
f Health professions education (from Worksheet 5)			27,048		27,048	0 010 %
g Subsidized health services (from Worksheet 6)			260,562		260,562	0 110 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			428,006		428,006	0 180 %
j Total Other Benefits			1,376,009		1,376,009	0 580 %
k Total Add lines 7d and 7j			39,306,481	21,545,698	17,760,783	7 550 %

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			2,000		2,000	
2 Economic development			3,300		3,300	
3 Community support			57,250		57,250	0 020 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			5,300		5,300	
7 Community health improvement advocacy			7,000		7,000	
8 Workforce development			42,408		42,408	0 020 %
9 Other						
10 Total			117,258		117,258	0 050 %

Part III Bad Debt, Medicare, & Collection Practices

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare 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	21,339,745
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	
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	92,657,310
6	Enter Medicare allowable costs of care relating to payments on line 5	6	96,037,126
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-3,379,816
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		
	<input checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> 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 SAVANNAH NEUROLOGY S	NEUROLOGY SERVICES	25 000 %		50 000 %
2 SJCOIS MANAGEMENT	O/P IMAGING SERVICES	25 000 %		50 000 %
3 SJCOIS OP IMAGING	O/P IMAGING SERVICES	25 000 %		50 000 %
4 SJCOIS METRO IMAGIN	O/P IMAGING SERVICES	25 000 %		50 000 %
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, primary website address,
and state license number

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)

CANDLER HOSPITAL INC

Name of hospital facility or facility reporting group _____**If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)** _____ 1 _____

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input checked="" type="checkbox"/> 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 persons who represent the broad interests 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? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW SJCHS.ORG</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> 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 as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 No	
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)**Financial Assistance Policy**

	Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9 Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>250 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	11 Yes	
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12 Yes	
a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Residency i <input type="checkbox"/> Other (describe in Part VI)		
13 Explained the method for applying for financial assistance?	13 Yes	
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14 Yes	
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website b <input type="checkbox"/> The policy was attached to billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15 Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Section C)		
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 individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17 No	
a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Section C)		

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 individuals regarding the individuals' bills
- d Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e Other (describe in Section C)

Policy Relating to Emergency Medical Care

19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

- 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)

	Yes	No
19 Yes		

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		No

21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?

If "Yes," explain in Part VI

22		No

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

Schedule H (Form 990) 2013

Part V Facility Information (continued)**Section D. 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? **1**

Name and address	Type of Facility (describe)
1 CANDLER HOSPITAL SNF 5353 REYNOLDS STREET SAVANNAH, GA 314056015	SNF
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Provide the following information

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 6A - RELATED ORGANIZATION INFORMATION	THE HOSPITAL'S COMMUNITY BENEFIT REPORT IS REPORTED AS PART OF THE COMBINED ANNUAL REPORT PREPARED BY ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC

Form and Line Reference	Explanation
PART I, LINE 7G - SUBSIDIZED HEALTH SERVICES EXPLANATION	THIS SECTION INCLUDES MOBILE OUTREACH SERVICES WHICH PROVIDE FREE SCREENINGS IN THE COMMUNITY, AS WELL AS OTHER SUBSIDIZED CARE IN HOME CARE SERVICES, ASSISTED LIVING AND THE SUPPLY OF DURABLE MEDICAL EQUIPMENT AND SUPPLIES

Form and Line Reference	Explanation
PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION	THE DATA REPORTED IN THIS AREA IS REPORTED AS INSTRUCTED BY CATHOLIC HEALTH ASSOCIATION'S "A GUIDE FOR PLANNING AND REPORTING COMMUNITY BENEFITS, 2008" SEE ALSO THE DESCRIPTION FOR PART III, LINE 4

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES	<p>ST JOSEPH'S/CANDLER'S ST MARY'S COMMUNITY CENTER BELIEVES THAT MANY ASPECTS OF LIFE CONTRIBUTE TO GOOD HEALTH A PERSON'S PHYSICAL AND MENTAL HEALTH IS INFLUENCED BY THE ENVIRONMENT - WHETHER POSITIVE OR FILLED WITH DISEASE SINCE WE ARE CONCERNED WITH "THE WHOLE PERSON," ST JOSEPH'S/CANDLER PROVIDES ASSISTANCE IN SPIRITUAL CARE, HOUSING, EDUCATION, JOB TRAINING, FOOD, TRANSPORTATION AND ADVOCACY WITH TEN FULL-TIME CHAPLAINS - MORE THAN ANY OTHER HOSPITAL IN THE STATE OF GEORGIA - ST JOSEPH'S/CANDLER PROVIDES PASTORAL CARE OUTREACH TO ANYONE SEEKING ASSISTANCE (AS REPORTED IN THE COMMUNITY HEALTH IMPROVEMENT SERVICES) SUCH UNREIMBURSED SERVICES PROVIDE NECESSARY SPIRITUAL SUPPORT FOR MANY UNDERSERVED CITIZENS WHO ARE WITHOUT A CHURCH HOME OR ACCESS TO A MINISTER OUR IN-HOUSE PASTORAL CARE SERVICES ALSO REDUCE THE BURDEN OF MINISTERS AND CHURCHES THROUGHOUT THE COMMUNITY ST JOSEPH'S/CANDLER AFRICAN AMERICAN HEALTH INFORMATION AND RESOURCE CENTER, NOW 15 YEARS OLD, PROVIDES FREE COMPUTER CLASSES, AN INTERNET CENTER, SUPPORT AND HEALTH INFORMATION AND EDUCATION IN AN ENVIRONMENT OF TRUST SAFE, AFFORDABLE HOUSING IS ESSENTIAL TO GOOD HEALTH FOR EIGHTEEN YEARS, ST JOSEPH'S/CANDLER HAS BEEN A PARTNER WITH MERCY HOUSING, WHICH BUILDS AND RENOVATES AFFORDABLE HOUSING ST JOSEPH'S/CANDLER'S CO-WORKERS ALSO VOLUNTEER FOR HABITAT FOR HUMANITY FIXING LEAKING ROOFS, MOLD, LEAD PAINT, AND DILAPIDATED FLOORING ALL CONTRIBUTE TO GOOD HEALTH ST JOSEPH'S/CANDLER SUPPORTS EDUCATION AS A MEANS TO A GOOD PAYING JOB THE SYSTEM FULLY FUNDS THE ST MARY'S GED PROGRAM, AND PROVIDES A PRESCHOOL PROGRAM, AFTER SCHOOL PROGRAM, AND SUMMER CAMP FOR YOUNG CHILDREN THE THREE AND FOUR YEAR OLDS SERVED ARE TWO YEARS BEHIND THEIR COUNTERPARTS IN LANGUAGE DEVELOPMENT SUCCESSFUL LANGUAGE DEVELOPMENT INFLUENCES SCHOOL SUCCESS AND ULTIMATELY, A GOOD JOB</p>

Form and Line Reference	Explanation
PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY	AMOUNTS INCLUDED ON PART II LINE 2 REPRESENT THE AMOUNT OF CHARGES CONSIDERED UNCOLLECTIBLE AFTER REASONABLE ATTEMPTS TO COLLECT, AND WRITTEN OFF TO BAD DEBT EXPENSE

Form and Line Reference	Explanation
BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS	EXCERPT FROM AUDITED FINANCIAL STATEMENTS - ALLOWANCE FOR DOUBTFUL ACCOUNTS MANAGEMENT PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED ON AN EVALUATION OF THE OVERALL COLLECTIBILITY OF THE ACCOUNTS RECEIVABLE AS ACCOUNTS ARE KNOWN TO BE UNCOLLECTIBLE, THEY ARE CHARGED AGAINST THE ALLOWANCE

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	PATIENT FINANCIAL COUNSELORS VISIT PATIENTS WHO HAVE NO INSURANCE, LIMITED COVERAGE AND MEDICAID PATIENTS WITHOUT SUPPLEMENTAL INSURANCE TO DISCUSS ASSISTANCE AND REFER THOSE PATIENTS TO OUR MEDICAID ELIGIBILITY VENDOR WHO SCREEN THESE PATIENTS FOR MEDICAID AND OTHER FEDERAL, STATE OR LOCAL PROGRAMS FOR ASSISTANCE. CUSTOMER SERVICE AT THE HOSPITAL AND AT THE EXTENDED BUSINESS OFFICE, WHICH DOES SELF-PAY BILLING AND COLLECTION, INFORM PATIENTS ABOUT OUR FINANCIAL ASSISTANCE PROGRAM AND ASSIST THEM IN MAKING AN APPLICATION. BILLING STATEMENTS PROVIDE A MESSAGE AND TELEPHONE NUMBER TO CALL IF THE PATIENT HAS DIFFICULTY MAKING PAYMENT. FOR PATIENTS WHO QUALIFY FOR CHARITY CARE AND FULL FINANCIAL ASSISTANCE, THERE IS NO FINANCIAL OBLIGATION FOR THOSE WHO QUALIFY FOR PARTIAL FINANCIAL ASSISTANCE, COLLECTION PROCEDURES FOLLOW THE SAME PROCESS AS ALL OTHER PATIENTS WHO ARE RESPONSIBLE FOR UNPAID BALANCES. THOSE PATIENTS WHO HAVE NOT MADE PAYMENT ARRANGEMENTS FOR THEIR REMAINING BALANCES ARE SENT LETTERS WHEN THEY ARE PAST DUE 30, 60, AND 90 DAYS. IF PAYMENT ARRANGEMENTS ARE STILL NOT MADE AFTER 90 DAYS, THEN THOSE ACCOUNTS ARE REFERRED TO COLLECTIONS BEFORE REFERRAL TO A COLLECTION AGENCY. ANY ACCOUNT 2,500 OR LARGER IS SCORED FOR ABILITY TO PAY (USING PARO SOFTWARE), AND IF THE PATIENT QUALIFIES FOR CHARITY CARE OR FULL FINANCIAL ASSISTANCE, THE ACCOUNT IS WRITTEN OFF AS PRESUMPTIVE ELIGIBILITY AND NOT REFERRED TO THE AGENCY.

Form and Line Reference	Explanation
PART VI, LINE 2 - NEEDS ASSESSMENT	<p>ST JOSEPH'S/CANDLER HEALTH SYSTEM, INC CONTINUALLY CONDUCTS VARIOUS TYPES OF ASSESSMENTS TO DETERMINE THE COMMUNITY'S NEEDS FOR HEALTH AND PERSONAL SUPPORT SERVICES OUR SYSTEM COLLABORATES WITH NUMEROUS NOT-FOR-PROFIT AGENCIES AND PROGRAMS TO EXTEND AND STRENGTHEN OUR MISSION OUR PROGRAMS ARE SUCCESSFUL DUE IN LARGE PART BECAUSE OF THESE COLLABORATIONS SOME EXAMPLES INCLUDE THE CHATHAM COUNTY SAFETY NET, CITY OF SAVANNAH'S STEP UP POVERTY REDUCTION INITIATIVE, ARMSTRONG ATLANTIC STATE UNIVERSITY, SAVANNAH TECHNICAL COLLEGE, SAVANNAH ECONOMIC DEVELOPMENT AUTHORITY AND MANY MORE MANY OF OUR SYSTEM CO-WORKERS ARE ALSO INVOLVED AT EVERY LEVEL OF THE COMMUNITY THROUGH THEIR WORK AS SYSTEM REPRESENTATIVES ON NOT-FOR-PROFIT BOARDS SUCH AS AMERICAN HEART ASSOCIATION, THE UNITED WAY, MERCY HOUSING, SECOND HARVEST FOOD BANK, WESLEY COMMUNITY CENTER, AND SAFE SHELTER OF SAVANNAH ST JOSEPH'S/CANDLER ALSO SOLICITS INPUT ON COMMUNITY NEEDS FROM COMMUNITY LEADERS, PROFESSIONALS AND MEMBERS WHO PARTICIPATE ON OUTREACH ADVISORY BOARDS SJ/C'S AFRICAN AMERICAN HEALTH INFORMATION & RESOURCE CENTER, GOOD SAMARITAN CLINIC, SMART SENIOR, ST MARY'S COMMUNITY CENTER AND ST MARY'S HEALTH CENTER HAVE INDIVIDUAL ADVISORY BOARDS COMPRISED OF THOSE PERSONS WHO HAVE SPECIAL INTEREST, SKILLS, KNOWLEDGE AND ENTHUSIASM ABOUT THE PROGRAM'S UNIQUE SERVICES PROGRAM FORUMS AT EACH OUTREACH SITE ALSO PROVIDE DIRECT FEEDBACK FROM THE CLIENTS WHO USE THEIR SERVICES THIS ENSURES EACH SITE CONTINUES TO PROVIDE A SERVICE THE COMMUNITY NEEDS AND BENEFITS FROM WITH OUR PARTNERS, WE LISTEN TO OUR PATIENTS AND CLIENTS, AS WELL AS ACCESS EXISTING NEEDS ASSESSMENTS AND STUDIES IN ORDER TO DETERMINE THE COMMUNITY'S MOST PRESSING NEEDS ST JOSEPH'S/CANDLER USES FEDERAL INFORMATION AND REPORTS FROM AGENCIES SUCH AS THE U S CENSUS BUREAU AND BUREAU OF LABOR STATISTICS, AS WELL AS RESOURCES SUCH AS CLARITAS AND "DEMOGRAPHICS NOW" THAT PROVIDE A WIDE ARRAY OF DEMOGRAPHICS, HOUSEHOLD INCOME AND SERVICES, RETAIL OUTLETS, ETC IN DEFINED ZIP CODES THIS INFORMATION, COMBINED WITH OUR EXTENSIVE COLLABORATIONS AND OUR ROLE AS A LEADER IN THE COMMUNITY, PROVIDES US THE MEANS TO UNDERSTAND AND ADDRESS THE COMMUNITY'S NEEDS AND ENSURES OUR OUTREACH PROGRAMS ARE FOCUSED ON THE POPULATIONS WHO NEED OUR SERVICES THE MOST SEE THE ATTACHED IMPLEMENTATION PLAN PROGRESS REPORT FOR STATUS ON THE ENTITY'S STEPS TOWARDS ACHIEVING GOALS ESTABLISHED BY THE 2013 COMMUNITY HEALTH NEEDS ASSESSMENT</p>

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	CUSTOMER SERVICE PERSONNEL AT THE HOSPITALS AND ST JOSEPH'S/CANDLER'S EXTENDED BUSINESS OFFICE INFORM PATIENTS ABOUT OUR FINANCIAL ASSISTANCE PROGRAM AND ASSIST THEM IN MAKING AN APPLICATION FOR PATIENTS WHO HAVE NO INSURANCE, LIMITED COVERAGE, AND MEDICAID PATIENTS WITHOUT SUPPLEMENTAL INSURANCE, PATIENT FINANCIAL COUNSELORS DISCUSS THE FINANCIAL ASSISTANCE AND VARIOUS GOVERNMENT BENEFITS WHICH MAY BE AVAILABLE TO THEM. PATIENT FINANCIAL COUNSELORS ALSO REFER APPROPRIATE PATIENTS TO A MEDICAID ELIGIBILITY VENDOR WHO SCREENS THEM FOR MEDICAID AND OTHER FEDERAL, STATE OR LOCAL PROGRAMS FOR ASSISTANCE. ST JOSEPH'S/CANDLER POSTS FINANCIAL ASSISTANCE CONTACT INFORMATION ON ITS WEBSITE UPON ADMISSION TO THE HOSPITAL, PATIENTS ARE PROVIDED THE "GUIDE TO YOUR HOSPITAL BILL", WHICH INFORMS THEM HOW TO UNDERSTAND THEIR BILL, AS WELL AS A SUMMARY OF THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY. IN ADDITION, THE BILLING STATEMENTS SENT TO PATIENTS PROVIDE A MESSAGE AND FINANCIAL ASSISTANCE CONTACT INFORMATION IN THE EVENT THE PATIENT HAS DIFFICULTY PAYING THE BALANCE DUE.

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	<p>ST JOSEPH'S/CANDLER IS LOCATED IN SAVANNAH, GA SAVANNAH IS THE OLDEST CITY IN GA AND THE COUNTY SEAT OF CHATHAM COUNTY ST JOSEPH'S/CANDLER'S 2013 COMMUNITY HEALTH NEEDS ASSESSMENT DEFINED CHATHAM COUNTY AS THE PRIMARY SERVICE AREA FOR THE SYSTEM THE SYSTEM ALSO SERVES ANOTHER 32 COUNTIES IN SECONDARY AND TERTIARY SERVICE AREAS COMPRISED OF APPROXIMATELY 1,318,277 PEOPLE THE U S CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY, AN ON-GOING CENSUS SURVEY, ESTIMATED CHATHAM COUNTY'S POPULATION IN 2013 AT 279,103 PEOPLE THERE ARE AN ESTIMATED 109,067 HOUSEHOLDS AND 68,496 FAMILIES IN CHATHAM COUNTY THE MOST POPULOUS LOCATION IN THE COUNTY IS FOUND ON THE CITY OF SAVANNAH'S SOUTH SIDE IN ZIP CODE 31419 FEMALES MAKE UP THE MAJORITY OF THE POPULATION AT 51 8% OF THE TOTAL POPULATION CAUCASIANS MAKE UP THE HIGHEST PERCENTAGE OF THE TOTAL POPULATION AT 52 35%, FOLLOWED BY AFRICAN AMERICANS AT 39 90% AND HISPANICS AT 6 19% THE MEDIAN HOUSEHOLD INCOME IN CHATHAM COUNTY IS 42,679 THE HIGHEST NUMBER OF PEOPLE LIVING IN POVERTY RESIDES IN ZIP CODE 31401 THE HIGHEST NUMBERS OF PEOPLE, FAMILIES AND CHILDREN ARE CONCENTRATED IN CHATHAM COUNTY ZIP CODES 31401, 31404 AND 31415 CHATHAM COUNTY'S UNEMPLOYMENT RATE IS 8 3% COMPARED TO GEORGIA'S UNEMPLOYMENT RATE AT 8 2% THE AMERICAN COMMUNITY SURVEY REPORTS THAT 18 1% OF THE RESIDENTS LIVING IN CHATHAM COUNTY ARE LIVING BELOW THE POVERTY LINE COMPARED TO 16 5% IN THE STATE OF GEORGIA OF THE 18 1% LIVING BELOW POVERTY, THE HIGHEST POVERTY RATES ARE FOUND AMONG PEOPLE AGES 18-24 (33 0%), FEMALES (20 1%), AND THOSE IDENTIFIED AS "OTHERS" IN THE RACE/ETHNICITY CATEGORY, 45 9% (RESPONDENTS INDICATED THEY WERE OF "SOME OTHER RACE") THESE PERCENTAGES ARE COMPARED TO ALL OTHER U S COUNTIES IN THE CHATHAM COUNTY POPULATION OF PEOPLE AGED TWENTY-FIVE AND OLDER, 6,973 (3 84%) HAVE LESS THAN A 9TH GRADE EDUCATION AND 8 47% HAVE SOME HIGH SCHOOL, BUT HAVE NEVER GRADUATED THE HIGHEST PERCENTAGES OF PEOPLE WITH LESS THAN A 9TH GRADE EDUCATION LIVE IN THE CITY OF SAVANNAH'S ZIP CODES 31421, 31415, AND 31401 THE HIGHEST PERCENTAGE OF PEOPLE WITH SOME HIGH SCHOOL, BUT DO NOT HAVE A DIPLOMA LIVE IN ZIP CODES 31415, 31401, AND 31404 ACCORDING TO THE COASTAL HEALTH DISTRICT, THERE WERE 2,109 DEATHS IN CHATHAM COUNTY DURING 2011 THE AGE ADJUSTED DEATH RATE WAS 776 7 PER 100,000 OF THOSE DEATHS, CAUCASIAN DEATHS WERE 1,301 (61 6%), AFRICAN AMERICAN 790 (37 4%), AND HISPANICS 17 (0 8%) THE FIVE LEADING CAUSES OF DEATH WERE HEART DISEASE, LUNG CANCER, STROKE, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, AND MENTAL & BEHAVIORAL DISORDERS ALL FIVE OF THE LEADING CAUSES OF DEATH IN CHATHAM COUNTY ARE RANKED THE SAME AS THE STATE'S FIVE HIGHEST CAUSES OF DEATH</p>

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	<p>ALL OF ST JOSEPH'S/CANDLER'S HEALTHCARE FACILITIES, INCLUDING ITS HOSPITALS, FURTHER THEIR EXEMPT PURPOSES BY PROMOTING THE HEALTH IN OUR COMMUNITY IN A VARIETY OF WAYS AS WELL AS THOSE ALREADY DESCRIBED IN SCHEDULE H AND ST JOSEPH'S/CANDLER'S COMMUNITY BENEFIT REPORT. THE GOVERNING BODIES OF ALL OF OUR ORGANIZATIONS ARE PRIMARILY COMPRISED OF PERSONS WHO ARE NOT EMPLOYEES, CONTRACTORS (NOR FAMILY MEMBERS THEREOF), AND WHO RESIDE IN ST JOSEPH'S/CANDLER'S PRIMARY SERVICE AREA. THE HOSPITALS' MEDICAL STAFFS ARE OPEN TO ALL QUALIFIED PHYSICIANS IN THE REGION. FOR THOSE PHYSICIANS IN THE REGION WHO DO NOT HAVE PRIVILEGES, ST JOSEPH'S/CANDLER PROVIDES A PROCESS FOR ADMITTING PATIENTS VIA THE HOSPITALISTS OR THROUGH OTHER PHYSICIANS. FUNDS RECEIVED FROM THE OPERATIONS OF ST JOSEPH'S/CANDLER'S HOSPITALS AND FACILITIES (AFTER OPERATING EXPENSES) ARE USED TO SUPPORT VARIOUS OUTREACH EFFORTS DESCRIBED IN SCHEDULE H AND THE COMMUNITY BENEFIT REPORT, TO FURTHER IMPROVEMENT IN PATIENT CARE BY PROVIDING MEDICAL EDUCATION TO PATIENTS AND THE COMMUNITY, CONDUCTING RESEARCH, AND IMPLEMENTING TECHNOLOGY THAT NOT ONLY PROVIDES THE LATEST IN TREATMENT, BUT ALLOWS PATIENTS TO RECEIVE HIGH QUALITY CARE IN THEIR OWN COMMUNITY AND ALLOWS US TO CONTINUALLY IMPROVE PATIENT SAFETY BY IMPLEMENTING TECHNOLOGY THAT PREVENTS MEDICATION ERRORS, ETC. IN ORDER TO SPECIFICALLY ASSIST LOWINCOME ELDERLY AND DISABLED CITIZENS TO REMAIN IN THEIR OWN HOMES AND AVOID INSTITUTIONAL NURSING HOME CARE, THESE NEEDS HAVE BEEN MET BY THE GEORGIA INFIRMARY IN TWO WAYS 1) PROVIDING DIRECT SERVICE, AND 2) ADVOCATING AT STATE AND NATIONAL LEVELS FOR PROGRAMS THAT WILL SERVE THE NEEDS OF THESE CITIZENS. GEORGIA INFIRMARY PROVIDES SERVICES TO SUCH PERSONS THROUGH AN ADULT DAY CARE CENTER SINCE 1974. GEORGIA INFIRMARY'S HOUSING MANAGEMENT SERVICES OPERATES SUBSIDIZED HOUSING FOR ELDERLY AND DISABLED PERSONS TO RECOGNIZE THAT COMMUNITY-BASED HEALTH ONLY WORKS IF BENEFICIARIES HAVE SAFE, AFFORDABLE HOMES. GEORGIA INFIRMARY'S NATIONALLY RECOGNIZED SOURCE PROGRAM FOR CASE MANAGEMENT AND PRIMARY CARE PHYSICIAN SERVICES FOR ELDERLY AND DISABLED PERSONS WAS A RESPONSE TO NEEDS DISCOVERED IN HOUSING AND DAY SERVICES CLIENTS FOR COORDINATED MEDICAL CARE AND ACCOUNTABLE PERSONAL SUPPORT SERVICES. IT IS A COLLABORATIVE EFFORT OF APPROXIMATELY 105 PHYSICIANS ACROSS 16 SOUTHEAST GEORGIA COUNTIES.</p>

Form and Line Reference	Explanation
PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT	GEORGIA

Form and Line Reference	Explanation
ADDITIONAL INFORMATION	PART IV - MANAGEMENT COMPANIES AND JOINT VENTURES ON 2/1/13, SJC/OIS OUTPATIENT IMAGING, LLC AND SJC/OIS METROPOLITAN IMAGING, LLC REORGANIZED FROM A BROTHER-SISTER STRUCTURE TO A PARENT- SUBSIDIARY STRUCTURE A NEW TOP LEVEL COMPANY WAS CREATED SJC/OIS MANAGEMENT, LLC ACCORDINGLY, SJC/OIS MANAGEMENT, LLC OWNS 100% OF THE SUBSIDIARY COMPANIES SAINT JOSEPH'S HOSPITAL AND CANDLER HOSPITAL SURRENDERED THEIR OWNERSHIP OF SJC/OIS OUTPATIENT IMAGING, LLC AND SJC/OIS METROPOLITAN IMAGING, LLC IN EXCHANGE FOR A 25% STAKE IN SJC/OIS MANAGEMENT, LLC

Additional Data

Software ID:
Software Version:
EIN: 58-0593388
Name: CANDLER HOSPITAL INC

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6l, 7, 10, 11, 12l, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
FACILITY 1, CANDLER HOSPITAL, INC - PART V, LINE 3	
FACILITY 1, CANDLER HOSPITAL, INC - PART V, LINE 4	SAINT JOSEPH'S HOSPITAL, INC 11705 MERCY BOULEVARD SAVANNAH, GA 31419-1711 SAINT JOSEPH'S HOSPITAL AND CANDLER HOSPITAL'S JOINT COMMUNITY HEALTH NEEDS ASSESSMENT AND IMPLEMENTATION PLAN CAN BE FOUND ON ST JOSEPH'S/CANDLER'S WEBSITE AT HTTP://WWW.SJCHS.ORG/MEDIA/FILE/SJC%202013%20IMPLEMENTATION%20PLAN.PDF , RESPECTIVELY
FACILITY 1, CANDLER HOSPITAL, INC - PART V, LINE 7	ST JOSEPH'S/CANDLER PROVIDES MANY COMMUNITY BENEFIT PROGRAMS THAT ADDRESS THE HEALTH AND SOCIAL DETERMINANTS OF HEALTH THROUGHOUT CHATHAM COUNTY AND THE SURROUNDING COMMUNITIES. CHATHAM COUNTY IS FORTUNATE TO HAVE A LARGE NUMBER OF HEALTH AND SOCIAL SERVICE AGENCIES WHO WORK INDIVIDUALLY AND COLLECTIVELY TO PROVIDE SERVICES, PROGRAMS AND SUPPORT FOR THE COUNTY RESIDENTS. TO THAT END, ST JOSEPH'S/CANDLER WILL NOT ADDRESS SOME OF THE NEEDS IDENTIFIED IN THE 2013 ASSESSMENT BECAUSE (1) SJ/C ADDRESSES THE NEED, BUT CURRENTLY HAS NO PLANS TO EXPAND SERVICES, (2) OTHER PROVIDERS ARE ALREADY ADDRESSING THE NEEDS, AND (3) THE NEED IDENTIFIED IS BEYOND THE SCOPE OF SJ/C.
FACILITY 1, CANDLER HOSPITAL, INC - PART V, LINE 14G	THE HOSPITAL ALSO PUBLICIZES FINANCIAL ASSISTANCE WITH A SIGN IN THE EMERGENCY DEPARTMENT REGISTRATION AREAS. THE SIGN DIRECTS THE PATIENT TO CONTACT A FINANCIAL COUNSELOR WHO WILL MEET WITH THE PATIENT ONE-ON-ONE TO OUTLINE THE FINANCIAL ASSISTANCE POLICY, PROVIDE THE APPLICATION, EXPLAIN WHAT DOCUMENTS ARE NEEDED TO COMPLETE THE ONE PAGE FRONT/BACK APPLICATION, AND ANSWER ANY QUESTIONS THE PATIENT MAY HAVE.

Schedule I (Form 990)

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

► **Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.**

Open to Public Inspection

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
CANDLER HOSPITAL INC

Employer identification number

58-0593388

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.

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
(1) PHARMACY SCHOLARSHIP	22	83,719			
(2) ONCOLOGY DEPT ASSISTANCE	10	105,135			
(3) MAMMOGRAPHY INDIGENT PROG	688	110,000			

Part IV Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

Department of the Treasury
Internal Revenue ServiceFor certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

► Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.**2013****Open to Public
Inspection**Name of the organization
CANDLER HOSPITAL INC

Employer identification number

58-0593388

Part I Questions Regarding Compensation**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> 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**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?**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

<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> 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?**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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?**b** Any related organization?

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?**b** Any related organization?

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**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	Yes	
2	Yes	
4a		No
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
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

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

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 1A	CEO RECEIVES THE BENEFIT AND THE AMOUNT IS INCLUDED IN THE CEO'S TAXABLE INCOME
SCHEDULE J, PAGE 1, PART I, LINE 4	PAUL P HINCHEY 0 420,000 0 GREGORY J SCHAACK 0 17,500 0 KYLE L MCCANN 0 17,500 0 SHERRY A DANELLO 0 17,500 0 JAMES I SCOTT, M D 0 17,500 0 WILLIAM M CARR 0 15,750 0 THOMAS S POUND 0 12,425 0 PETER M SCHENK 0 17,500 0
SCHEDULE J, PART III	PART I, LINE 4(B) - SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) THE SYSTEM MAINTAINS AN UNFUNDED SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP), WHICH PROVIDES RETIREMENT BENEFITS TO CERTAIN OFFICERS AND SELECT EMPLOYEES. THIS PLAN IS NON-QUALIFIED AND DOES NOT HAVE A MINIMUM FUNDING REQUIREMENT. THE LIABILITY FOR THIS SERP OBLIGATION IS INCLUDED AS DEFERRED COMPENSATION PAYABLE AND THE ASSETS SET ASIDE AS A RESERVE FOR THIS LIABILITY ARE INCLUDED IN BOARD DESIGNATED ASSETS LIMITED AS TO USE. PART II, BONUS AWARD BONUS COMPENSATION IS AWARDED BASED ON REACHING MULTIPLE ORGANIZATIONAL AND INDIVIDUAL GOALS, ALL OF WHICH ARE EXPRESSLY CONTINGENT UPON ACHIEVING A TARGETED OPERATING BUDGET. THE CEO MAKES A BONUS RECOMMENDATION TO THE BOARD'S COMPENSATION COMMITTEE WHILE THE COMMITTEE MAKES A BONUS RECOMMENDATION TO THE BOARD FOR THE CEO. ALL BONUSES ARE CAPPED AT A MAXIMUM PERCENTAGE OF THEIR SALARY. SISTER MARGIE BEATTY IS A KEY EMPLOYEE FOR THE FILING ORGANIZATION SPENDING APPROXIMATELY HALF HER TIME BETWEEN TWO RELATED HOSPITALS, CANDLER HOSPITAL AND ST JOSEPH HOSPITAL. THE ORGANIZATIONS, HOWEVER, SUBMIT 100% OF HER COMPENSATION TO THE SISTERS OF MERCY (SOM). TOTAL AMOUNT PAID TO SOM IN 2013 WAS 215,432.

Additional Data

Software ID:
Software Version:
EIN: 58-0593388
Name: CANDLER HOSPITAL 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				
PAUL P HINCHEY PRESIDENT & CEO	(i) 410,655 (ii) 297,371	120,081 86,956	1,357 983	420,000	25,600 18,538	557,693 823,848	
GREGORY J SCHAACK HOSPITAL CFO	(i) 226,047 (ii) 163,690	56,098 40,622	9,955 7,208	10,150 7,350	18,942 13,717	321,192 232,587	
KYLE L MCCANN COO	(i) 179,132 (ii) 129,717	40,197 29,109	268 194	10,150 7,350	15,942 11,545	245,689 177,915	
SR MARGIE BEATTY RSM VP	(i) (ii)						
SHERRY A DANELLO VP	(i) 157,609 (ii) 114,150	25,764 18,656	18,489 13,370	10,150 7,350	24,653 17,853	236,665 171,379	
JAMES I SCOTT MD VP	(i) 142,830 (ii) 102,244	25,361 18,365	1,357 2,167	10,150 7,350	21,849 15,821	201,547 145,947	
WILLIAM M CARR VP	(i) 137,886 (ii) 99,849	24,875 18,013	173 125	9,135 6,615	13,595 9,845	185,664 134,447	
THOMAS S POUND VP	(i) 122,282 (ii) 88,549	34,803 25,202	271 197	7,207 5,219	15,441 11,181	180,004 130,348	
PETER M SCHENK VP	(i) 123,966 (ii) 89,181	21,923 15,875	860 1,211	10,150 7,350	26,161 18,944	183,060 132,561	
NOLAN D HENNESSEE VP	(i) 116,278 (ii) 84,242	15,371 11,131	271 156		12,066 8,738	143,986 104,267	
WILLIAM E RICHARDS RADIATION ONCOLOGIST	(i) 844,892 (ii)	250,000	768		18,762	1,114,422	
JOHN PABLO DIRECTOR- ONCOLOGY	(i) 725,815 (ii)	170,000	312		33,348	929,475	
HOWARD A ZAREN MEDDIRECTOR- ONCOLOGY	(i) 518,866 (ii)		79,726		29,227	627,819	
KEVIN D KELLY SR MED PHYSICIST	(i) 280,111 (ii)	550	17,176		29,637	327,474	
NANCY H JOHNSON ADMINISTRATOR- ONCOLO	(i) 170,970 (ii)	35,500	1,482		22,438	230,390	

**Schedule K
(Form 990)****Supplemental Information on Tax Exempt Bonds****2013****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

► Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization
CANDLER HOSPITAL INCEmployer identification number
58-0593388**Part I Bond Issues**

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HOSPITAL AUTHORITY OF SAVANNAH REVENUE BONDS 2010	58-1792535	NONENONEN	12-01-2010	18,252,500	REFUND PRIOR ISSUE		X		X		X
B	HOSPITAL AUTHORITY OF SAVANNAH REGIONS REVENUE BOND - 2011-1	58-1792535	NONENONEN	12-01-2011	20,701,936	REFUND PRIOR ISSUE		X		X		X
C	HOSPITAL AUTHORITY OF SAVANNAH TD BANK REVENUE BOND - 2011-2	58-1792535	NONENONEN	12-01-2011	10,513,600	REFUND PRIOR ISSUE		X		X		X

Part II Proceeds

			A		B		C		D			
			1	Amount of bonds retired	2	10,748,155	3	18,252,500	4	20,701,936	5	10,513,600
1	Amount of bonds retired											
2	Amount of bonds legally defeased											
3	Total proceeds of issue											
4	Gross proceeds in reserve funds											
5	Capitalized interest from proceeds											
6	Proceeds in refunding escrows											
7	Issuance costs from proceeds											
8	Credit enhancement from proceeds											
9	Working capital expenditures from proceeds											
10	Capital expenditures from proceeds											
11	Other spent proceeds				18,252,500			20,701,936			10,513,600	
12	Other unspent proceeds											
13	Year of substantial completion				2010			2011			2011	
14	Were the bonds issued as part of a current refunding issue?				Yes	No	Yes	No	Yes	No	Yes	No
15	Were the bonds issued as part of an advance refunding issue?					X		X		X		X
16	Has the final allocation of proceeds been made?				X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?				X		X		X			

Part III Private Business Use

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

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ►								
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ►								
6 Total of lines 4 and 5								
7 Does the bond issue meet the private security or payment test?		X		X		X		
8a Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X			

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T?		X		X		X		
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X		X		X		
b Exception to rebate?		X		X		X		
c No rebate due?	X		X		X			
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?	X		X		X			
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7 Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
SCHEDULE K - DATE REBATE COMPUTATION PERFORMED 07/22/08	HOSPITAL AUTHORITY OF SAVANNAH 07/22/08 HOSPITAL AUTHORITY OF SAVANNAH 07/22/08 HOSPITAL AUTHORITY OF SAVANNAH 07/22/08

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.****► Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.****2013****Open to Public
Inspection**Name of the organization
CANDLER HOSPITAL INC**Employer identification number**

58-0593388

Return Reference	Explanation
FORM 990 - ORGANIZATIONS MISSION	ROOTED IN GOD'S LOVE, WE TREAT ILLNESS AND PROMOTE WELLNESS FOR ALL PEOPLE. CANDLER HOSPITAL, INC. PROVIDES COMPREHENSIVE HEALTHCARE SERVICES TO THE SURROUNDING COUNTIES THROUGH THE OPERATION OF A 331-BED ACUTE CARE HOSPITAL IN SAVANNAH, GEORGIA

Return Reference	Explanation
FORM 990, PAGE 1, PART I, LINE 6	HOURS (FOR 12 MONTHS) APPROXIMATELY 25,000 VOLUNTEERS SIGN IN EACH TIME THEY VOLUNTEER AND THESE HOURS ARE TOTLED SERVICES PROVIDED BY VOLUNTEERS -INFORMATION DESKS GREET & PROVIDE INFORMATION TO VISITORS AND GIVE PATIENT ROOM INFORMATION -COURTESY CAR PROVIDE RIDES TO AND FROM HOSPITAL BUILDINGS TO VISITORS' CARS -PATIENT FAMILY ROOMS CONTACT PERSONS IN WAITING ROOMS -DELIVER PATIENT MAIL AND FLOWERS -OPERATE GIFT SHOPS -PATIENT VISITATION PATIENTS ARE VISITED AND GIVEN A WELCOME PACKET WITH PAPER, PENCIL, AND INFORMATION SHEET COVERING HOSPITAL SERVICES -SECURITY MONITOR HOSPITAL CAMERAS AND TAKE CALLS FOR SECURITY (RELAYS TO HOSPITAL STAFF) -PATIENT FLOORS ASSIST STAFF WITH NON-CLINICAL CHORES -OFFICE VOLUNTEER ASSIST VOLUNTEER OFFICE STAFF AS NEEDED

Return Reference	Explanation
FORM 990, PAGE 2, PART III, LINE 4A	ALL ITS ACTIVITIES AND CONTRACTS DURING THE FISCAL YEAR ENDED JUNE 30, 2014, THE HOSPITAL SERVED THE FOLLOWING 69,042 ACUTE CARE PATIENT DAYS AND 14,504 DISCHARGES INCLUDING NEWBORN, 4,819 REHAB DAYS WITH 439 DISCHARGES, AND 3,016 SKILLED NURSING DAYS WITH 290 DISCHARGES. EMERGENCY ROOM VISITS TOTALED 57,048. THE HOSPITAL ALSO PROVIDED SERVICES FOR 360,842 OUTPATIENT VISITS

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7A	THE SOUTH CENTRAL LEADERSHIP TEAM OF THE SISTERS OF MERCY OF THE AMERICAS, INC (SMA) IS THE ORIGINAL SPONSOR OF SAINT JOSEPH'S HOSPITAL AND IS THE SOLE MEMBER OF ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC (SYSTEM) SAINT JOSEPH'S HOSPITAL AND CANDLER HOSPITAL HAVE A BROTHER/SISTER RELATIONSHIP WITH THE SYSTEM BEING THE PARENT ORGANIZATION THE SMA HAS CERTAIN LIMITED RIGHTS SUCH AS APPOINTMENT OF THREE TRUSTEES TO THE SYSTEM BOARD

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7B	<p>SISTERS OF MERCY OF THE AMERICAS, INC (SMA) IS THE ORIGINAL SPONSOR OF ST JOSEPH'S HOSPITAL AND IS THE SOLE MEMBER OF ST JOSEPH'S/CANDLER HEALTH SYSTEM, INC (SYSTEM) SAINT JOSEPH'S HOSPITAL AND CANDLER HOSPITAL HAVE A BROTHER/SISTER RELATIONSHIP WITH THE SYSTEM BEING THE PARENT ORGANIZATION THE SMA HAS CERTAIN LIMITED RIGHTS SUCH AS APPOINTMENT OF THREE TRUSTEES TO THE SYSTEM BOARD THE SMA ALSO HAS SPECIFIC RESERVED POWERS WHICH REQUIRE THAT CERTAIN ACTIONS TAKEN BY THE SYSTEM BOARD OF TRUSTEES, OR BOARD OF DIRECTORS OF ANY OTHER SYSTEM ENTITY, ARE EFFECTIVE ONLY IF FIRST APPROVED BY SMA THESE ACTIONS INCLUDE</p> <p>1 ADOPTION, AMENDMENT OR CHANGE OF THE PHILOSOPHY, PURPOSE, MISSION, VALUES STATEMENT OR NAME OF SYSTEM OR CANDLER HOSPITAL (CH) 2 AMENDMENT OR RESTATEMENT OF THE ARTICLES OF INCORPORATION OR ANY OF THE GOVERNANCE DOCUMENTS OF ANY SYSTEM ENTITIES THAT DIMINISHES OR ALTERS ANY SMA RESERVED POWER 3 AMENDMENT OR RESTATEMENT OF THE ARTICLES OF INCORPORATION OR BYLAWS OF CH 4 APPOINTMENT OF THE SYSTEM CEO, BEGINNING WITH THE FIRST SUCCESSOR TO THE INITIAL SYSTEM CEO 5 DISSOLUTION, MERGER, CONSOLIDATION OR SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF SYSTEM OR CH 6 SALE OR OTHER DISPOSITION OF REAL PROPERTY OF CH IF THE FMV OF THE PROPERTY AT THAT TIME EXCEEDS THE THRESHOLD ESTABLISHED BY ROMAN CATHOLIC CHURCH LAW FOR PROPERTY TRANSACTIONS 7 INCURRENCE OF ANY DEBT (INCLUDING LEASES OF REAL PROPERTY) BY CH IN AN AMOUNT IN EXCESS OF THE THEN EXISTING THRESHOLD REQUIRING APPROVAL BY THE APPLICABLE AGENCY OF THE ROMAN CATHOLIC CHURCH 8 ADDITION OF ANY NEW SERVICE AT ANY SYSTEM ENTITY OR DELETION OF ANY EXISTING SERVICE AT ANY SYSTEM ENTITY IF SUCH ADDITION OR DELETION WOULD BE INCONSISTENT WITH THE ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTHCARE SERVICES AS APPROVED BY THE NATIONAL CONFERENCE OF CATHOLIC BISHOPS 9 TAKING ANY ACTION THAT RESULTS IN CH FAILING TO CONTINUE TO OPERATE AS AN ACUTE CARE HOSPITAL</p>

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE FORM 990 IS PROVIDED TO THE FINANCE COMMITTEE OF THE BOARD OF TRUSTEES AND MADE AVAILABLE TO THE FULL BOARD FOR REVIEW PRIOR TO FILING. THE ORGANIZATION'S MANAGEMENT TEAM PERFORMS A COMPLETE DETAILED REVIEW OF ALL FINANCIAL AND DISCLOSURE DATA PRIOR TO FILING THE RETURN WITH THE IRS

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 12C	AT LEAST ANNUALLY, AND AS DEEMED NECESSARY, THE CONFLICTS OF INTEREST POLICY IS REVIEWED TO DETERMINE IF ANY CHANGES OR ENHANCEMENTS ARE NEEDED THE ANNUAL DISCLOSURES ARE PROVIDED TO THE PRESIDENT'S ASSISTANT AND ARE REVIEWED BY THE ORGANIZATION'S CORPORATE COMPLIANCE OFFICER IF ANY CONFLICTING INTEREST IS IDENTIFIED, THE BOARD CHAIRMAN WILL DISCUSS WITH THE BOARD TO DETERMINE FURTHER ACTIONS NEEDED THE BOARD CHAIRMAN MAY ASK THE INTERESTED PERSON TO LEAVE THE MEETING DURING DISCUSSION OF THE MATTER THAT GIVES RISE TO THE POTENTIAL CONFLICT IF ASKED, THE INTERESTED PERSON SHALL LEAVE THE MEETING, BUT MAY MAKE A STATEMENT OR ANSWER ANY QUESTIONS ON THE MATTER BEFORE LEAVING THE INTERESTED PERSON WILL NOT VOTE ON THE MATTER THAT GIVES RISE TO THE POTENTIAL CONFLICT AND THE BOARD OR BOARD COMMITTEE MUST APPROVE THE TRANSACTION OR ARRANGEMENT BY MAJORITY VOTE OF THE BOARD MEMBERS PRESENT AT A MEETING THAT HAS A QUORUM, NOT INCLUDING THE VOTE OF THE INTERESTED PERSON

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 15A	AN INDEPENDENT CONSULTING FIRM ANNUALLY EVALUATES THE COMPENSATION OF THE CEO USING COMPARABILITY DATA OBTAINED THROUGH COMPENSATION SURVEYS/STUDIES. THEIR RECOMMENDATIONS ARE CONSIDERED BY A COMPENSATION COMMITTEE COMPRISED OF INDEPENDENT VOTING MEMBERS OF THE BOARD AND THE FINAL COMPENSATION PACKAGE REQUIRES FULL APPROVAL BY THE BOARD. THE ACTIONS, MOTIONS, CONSIDERATIONS, MEMBERS PRESENT AND DISSENTING OPINIONS ARE RECORDED IN THE BOARD MINUTES

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 15B	AN INDEPENDENT CONSULTING FIRM ANNUALLY EVALUATES THE COMPENSATION OF THE CFO AND OTHER OFFICERS USING COMPARABILITY DATA OBTAINED THROUGH COMPENSATION SURVEYS/STUDIES THEIR RECOMMENDATIONS ARE CONSIDERED BY A COMPENSATION COMMITTEE COMPRISED OF INDEPENDENT VOTING MEMBERS OF THE BOARD AND THE FINAL COMPENSATION PACKAGE REQUIRES FULL APPROVAL BY THE BOARD THE ACTIONS, MOTIONS, CONSIDERATIONS, MEMBERS PRESENT AND DISSENTING OPINIONS ARE RECORDED IN THE BOARD MINUTES

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 19	CERTAIN ORGANIZATIONAL POLICIES, INCLUDING THE CONFLICTS OF INTEREST POLICY, ARE LOCATED ON THE ST JOSEPH'S/CANDLER WEBSITE. COMBINED FINANCIAL STATEMENTS ARE AVAILABLE THROUGH THE ANNUAL BOND DISCLOSURE REPORT POSTED TO A PUBLIC WEBSITE. GOVERNING DOCUMENTS ARE CURRENTLY NOT PUBLICLY AVAILABLE

Return Reference	Explanation
FORM 990, PART VII	CONSOLIDATED MANAGEMENT AND GENERAL SERVICES - THE FILING ORGANIZATION IS A

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PURCHASED SERVICES 13,820,603 2,780,108 0 PROFESSIONAL FEES 7,629,331 3,693,666 0 OUTSIDE LAB FEES 1,543,260 0 0 CONSULTING FEES 505,314 13,863 0 TEMPORARY LABOR 1,184,582 124,187 0 RECRUITMENT/RETENTION 12,665 0 0 OTHER FEES 919,319 0 0

Return Reference	Explanation
FORM 990, PART XI, LINE 9	UNREALIZED CHANGE IN DERIVATIVES -132,981 UNREALIZED GAIN (LOSS) ON RATE SWAP VALUATION -44,684 CAPITAL CONTRIBUTIONS -15,283

Return Reference	Explanation
FORM 990, PART XI, LINE 9	INTEREST IN FOUNDATIONS 847,241 CAPITAL CONTRIBUTIONS 15,283 EQUITY TRANSFERS OUT -6,988,682 NET DECREASE IN NET ASSETS -6,319,106

SCHEDULE R
(Form 990)Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

► Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
 ► Attach to Form 990. ► See separate instructions.
 ► Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

Open to Public
InspectionName of the organization
CANDLER HOSPITAL INCEmployer identification number
58-0593388**Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on 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) SJC ONCOLOGY SERVICES-GA LLC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-1690520	RADIOLOGY	GA	5,346,311		CH CANDLER HOSPITAL
(2) SJC ONCOLOGY SERVICES-SC LLC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-1894698	ONCOLOGY	GA	-439,118		CH CANDLER HOSPITAL

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?
Yes	No					
(1) ST JOSEPH'S/CANDLER HEALTH SYSTEM 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-2288758	MGMT	GA	501C 3	11C	NA	
(2) ST JOSEPH'S HOSPITAL INC 11705 MERCY BLVD SAVANNAH, GA 314191711 58-0568702	ACUTE CARE	GA	501C 3	3	SYSTEM ST JOSEPH'S/CANDLER HEALTH SYSTEM	
(3) SJC HOME HEALTH SERVICES INC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-1329042	HOME HLTH	GA	501C 3	9	SYSTEM ST JOSEPH'S/CANDLER HEALTH SYSTEM	
(4) GEORGIA INFIRMARY INC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-0668614	CLINIC	GA	501C 3	9	SYSTEM	
(5) CANDLER FOUNDATION INC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-1553254	FOUNDATION	GA	501C 3	11A	SYSTEM ST JOSEPH'S/CANDLER HEATH SYSTEM	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
									Yes	No	
(1) SJCOIS OUTPATIENT IMAGING LLC 7505 WATERS AVE SUITE C8 SAVANNAH, GA 314063820 27-2197169	IMAGING	GA	NA CANDLER HOSPITAL	EXCLUDED	-3,044			No		Yes	25 000 %
(2) SJCOIS METROPOLITAN IMAGING LLC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 30-0679309	IMAGING	GA	NA	EXCLUDED	3,612			No		No	25 000 %
(3) SJCOIS MANAGEMENT LLC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 30-0679309	MANAGEMENT	GA	NA	EXCLUDED	54,284	825,567		No		No	25 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) SJC MEDICAL GROUP INC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-2011805	PHYSICIANS	GA	N/A						No
(2) SJC VENTURES INC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-2650129	HEALTHCARE	GA	N/A						No
(3) SJC PROPERTIES INC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-1583360	PROPERTY	GA	N/A						No
(4) SJC HEALTH SERVICES INC 5353 REYNOLDS STREET SAVANNAH, GA 314056015 58-1701535	HEALTHCARE	GA	N/A						No

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on 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

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

- a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l		No
1m	Yes	
1n	Yes	
1o	Yes	
1p		No
1q		No
1r	Yes	
1s	Yes	

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

(a) Name of related 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" on Form 990, Part IV, line 37.

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

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
SCHEDULE R	PART III - RELATED ORGANIZATIONS TAXABLE AS A PARTNERSHIP ON 2/1/13, SJC/OIS OUTPATIENT IMAGING, LLC AND SJC/OIS METROPOLITAN IMAGING, LLC REORGANIZED FROM A BROTHER-SISTER STRUCTURE TO A PARENT- SUBSIDIARY STRUCTURE A NEW TOP LEVEL COMPANY WAS CREATED SJC/OIS MANAGEMENT, LLC ACCORDINGLY, SJC/OIS MANAGEMENT, LLC OWNS 100% OF THE SUBSIDIARY COMPANIES SAINT JOSEPH'S HOSPITAL AND CANDLER HOSPITAL SURRENDERED THEIR OWNERSHIP OF SJC/OIS OUTPATIENT IMAGING, LLC AND SJC/OIS METROPOLITAN IMAGING, LLC IN EXCHANGE FOR A 25% STAKE IN SJC/OIS MANAGEMENT, LLC

TY 2013 GeneralDependencySmall**Name:** CANDLER HOSPITAL INC**EIN:** 58-0593388**Business Name or Person Name:****Taxpayer Identification Number:****Form, Line or Instruction****Reference:****Regulations Reference:****Description:** WAIVE NOL CARRYBACK**Attachment Information:** YEAR ENDING: JUNE 30, 2014 58-0593388 CANDLER HOSPITAL, INC. 5353 REYNOLDS STREET SAVANNAH, GA 31405-6015 NOL CARRYBACK ELECTION UNDER IRC SECTION 172(B)(3), THE TAXPAYER ELECTS TO RELINQUISH THE ENTIRE CARRYBACK PERIOD WITH RESPECT TO ANY REGULAR TAX AND AMT NET OPERATING LOSS INCURRED DURING THE CURRENT TAX YEAR.

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINED FINANCIAL STATEMENTS

for the years ended June 30, 2014 and 2013

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
St. Joseph's/Candler Health System, Inc.
Savannah, Georgia

We have audited the accompanying combined financial statements of St. Joseph's/Candler Health System, Inc. (System), which comprise the combined balance sheets as of June 30, 2014 and 2013, and the related combined statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 these combined financial statements based on our audits. We did not audit the financial statements of Geechee Reinsurance Company, LLC, a wholly-owned subsidiary, which statements reflect total assets constituting 7% and 8%, respectively, of combined total assets at June 30, 2014 and 2013, and total revenues constituting 1% and 2%, respectively, of combined total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Geechee Reinsurance Company, LLC, is based solely on the report of the other auditors. 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 the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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, based on our audit and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of St. Joseph's/Candler Health System, Inc. as of June 30, 2014 and 2013, and the results of its operations and changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Duggin & Tucker, LLP

Albany, Georgia
October 23, 2014

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINED BALANCE SHEETS
as of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,246,204	\$ 28,164,595
Assets limited as to use required for current liabilities	2,737,848	4,179,898
Patient accounts receivable, less allowance for doubtful accounts of approximately \$14,800,000 and \$14,500,000 for 2014 and 2013, respectively	65,929,565	56,970,755
Other receivables	8,421,666	8,090,158
Inventories	11,059,802	9,641,291
Prepaid expenses	<u>3,745,921</u>	<u>3,452,305</u>
Total current assets	<u>102,141,006</u>	<u>110,499,002</u>
Assets limited as to use:		
Held in trust under bond indenture	26,177,379	3,789,807
Restricted under interest rate swap agreement and deferred compensation agreement	3,484,780	5,247,537
Board designated	<u>175,523,825</u>	<u>146,867,284</u>
Total assets limited as to use	<u>205,185,984</u>	<u>155,904,628</u>
Property and equipment, net		
	<u>162,945,130</u>	<u>149,070,281</u>
Derivative financial instruments		
	<u>874,916</u>	<u>1,260,562</u>
Other assets:		
Long-term investments	1,521,686	2,677,421
Goodwill	48,957,629	48,484,352
Beneficial interest in net assets of Foundations	7,776,623	6,670,991
Deferred financing costs, net	<u>2,427,110</u>	<u>2,824,294</u>
Total other assets	<u>60,683,048</u>	<u>60,657,058</u>
Total assets	<u>\$ 531,830,084</u>	<u>\$ 477,391,531</u>

<u>2014</u>	<u>2013</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Current maturities of long-term debt	\$ 8,544,057	\$ 10,965,789
Accounts payable	19,134,051	16,255,166
Accrued employee related expenses	26,864,464	27,114,642
Other accrued expenses	7,542,272	9,217,935
Estimated third-party payor settlements	<u>1,005,990</u>	<u>4,391,265</u>
 Total current liabilities	 63,090,834	 67,944,797
 Long-term debt, excluding current maturities	 168,681,002	 145,376,456
Accrued self-insurance claims	23,240,024	23,034,353
Accrued pension cost	33,231,874	33,007,744
Deferred compensation payable	<u>8,640,666</u>	<u>7,603,490</u>
 Total liabilities	 <u>296,884,400</u>	 <u>276,966,840</u>
 Net assets:		
Unrestricted net assets	228,381,678	194,582,071
Temporarily restricted net assets	5,529,006	4,807,620
Permanently restricted net assets	<u>1,035,000</u>	<u>1,035,000</u>
 Total net assets	 <u>234,945,684</u>	 <u>200,424,691</u>
 Total liabilities and net assets	 <u>\$ 531,830,084</u>	 <u>\$ 477,391,531</u>

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

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS
for the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues, gains and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 463,331,251	\$ 459,335,405
Provision for bad debts	<u>(38,729,923)</u>	<u>(51,619,454)</u>
Net patient service revenue	424,601,328	407,715,951
Other revenue	<u>37,602,821</u>	<u>34,559,054</u>
Total unrestricted revenues, gains and other support	<u>462,204,149</u>	<u>442,275,005</u>
Expenses:		
Salaries and wages	173,173,847	167,340,600
Employee benefits	37,751,483	37,440,422
Physician and professional fees	28,179,963	22,654,349
Materials and supplies	121,912,154	112,306,603
Purchased services	27,473,369	25,121,267
Insurance	4,688,097	7,439,396
Interest	5,413,023	4,646,167
Depreciation and amortization	20,707,484	20,698,903
Other	<u>31,059,977</u>	<u>27,612,699</u>
Total expenses	<u>450,359,397</u>	<u>425,260,406</u>
Income from operations	<u>11,844,752</u>	<u>17,014,599</u>
Nonoperating income (loss):		
Investment income	8,814,463	8,383,678
Change in fair value of derivative instruments	<u>(385,646)</u>	<u>2,712,968</u>
Loss on bond defeasance	<u>(1,807,175)</u>	-
Nonoperating income (loss), net	<u>6,621,642</u>	<u>11,096,646</u>
Revenues and gains in excess of expenses and losses	18,466,394	28,111,245

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINED STATEMENTS OF OPERATIONS AND
CHANGES IN NET ASSETS, Continued
for the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets:		
Increase in beneficial interest in unrestricted net assets of Foundations, net	\$ 384,246	\$ 75,069
Contributions for property	440,993	1,084,823
Changes in net unrealized gains and losses on investments other than trading securities	17,090,205	2,383,922
Change in actuarial loss on defined benefit pension plan	(4,222,512)	(4,820,490)
Amortization of actuarial loss on defined benefit pension plan	2,470,393	2,530,158
Amortization of prior service cost on defined benefit pension plan	(830,112)	(830,112)
Increase in unrestricted net assets	<u>33,799,607</u>	<u>28,534,615</u>
Temporarily restricted net assets:		
Increase (decrease) in beneficial interest in temporarily restricted net assets of Foundations, net	<u>721,386</u>	(162,248)
Permanently restricted net assets:		
Decrease in beneficial interest in permanently restricted net assets of Foundations, net	-	(25,000)
Increase in net assets	34,520,993	28,347,367
Net assets, beginning of year	<u>200,424,691</u>	<u>172,077,324</u>
Net assets, end of year	<u>\$ 234,945,684</u>	<u>\$ 200,424,691</u>

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

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINED STATEMENTS OF CASH FLOWS
for the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase in net assets	\$ 34,520,993	\$ 28,347,367
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in fair value of derivative instruments	385,646	(2,712,968)
Beneficial interest in net assets of Foundations, net	(1,105,632)	112,179
Net realized and unrealized (gains) losses on investments other than trading securities	(21,845,699)	(6,639,248)
Depreciation and amortization	20,707,484	20,698,903
Contributions for property	(440,993)	(1,084,823)
Loss on bond defeasance	1,807,175	-
Changes in:		
Patient accounts receivable	(8,958,810)	1,118,796
Other receivables	(331,508)	(2,182,367)
Inventories	(1,418,511)	(314,121)
Prepaid expenses	(293,616)	543,035
Accounts payable	2,878,885	(3,827,336)
Accrued liabilities	(1,925,841)	3,257,115
Estimated third-party payor settlements	(3,385,275)	1,132,405
Accrued self-insurance claims	205,671	2,380,311
Accrued pension costs	224,130	1,471,232
Deferred compensation payable	<u>1,037,176</u>	<u>857,650</u>
Net cash provided by operating activities	<u>22,061,275</u>	<u>43,158,130</u>
Cash flows from investing activities:		
Purchases of property and equipment	(34,341,792)	(23,038,209)
Proceeds from sale of assets limited as to use	106,234,143	156,140,546
Purchases of assets limited as to use	(132,670,907)	(172,780,427)
Sales (purchases) of long-term investments, net	<u>682,458</u>	<u>(385,424)</u>
Net cash used by investing activities	<u>(60,096,098)</u>	<u>(40,063,514)</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINED STATEMENTS OF CASH FLOWS, Continued
for the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from financing activities:		
Repayment of long-term debt	\$(57,579,957)	\$(9,951,529)
Proceeds from issuance of long-term debt	78,462,771	1,100,000
Bond issue costs	(1,207,375)	-
Contributions for property	<u>440,993</u>	<u>1,084,823</u>
Net cash provided (used) by financing activities	<u>20,116,432</u>	<u>(7,766,706)</u>
Net decrease in cash and cash equivalents	(17,918,391)	(4,672,090)
Cash and cash equivalents, beginning of year	<u>28,164,595</u>	<u>32,836,685</u>
Cash and cash equivalents, end of year	<u>\$ 10,246,204</u>	<u>\$ 28,164,595</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 3,763,932</u>	<u>\$ 4,602,086</u>

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

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2014 and 2013

1. Summary of Significant Accounting Policies

Organization

St. Joseph's/Candler Health System, Inc. (System), a not-for-profit membership corporation, was formed in 1997 under a Joint Operating Agreement entered into between Candler Hospital, Inc. (CH), Saint Joseph's Hospital, Inc. (SJH) and their various respective affiliates, such that the System became the parent organization of CH, SJH and the affiliates. The Sisters of Mercy of the Americas, Inc. (SMA) is the sole member of the System.

The System is governed by its board of trustees (Board) with 19 members. The Board is self-perpetuating and elects its own members, except for the right of the South Central Leadership Team of SMA to appoint three trustees who shall be Sisters of SMA or another congregation of Roman Catholic religious women; and three trustees serve as ex-officio members, the System CEO (ex-officio voting) and the Presidents of the Medical Staff of CH and SJH (ex-officio nonvoting).

The System operates a comprehensive integrated healthcare network and serves as the controlling body of its affiliated entities as follows:

CH is a not-for-profit corporation, of which the System is the sole member, established to provide comprehensive health care services through the operation of a 331-bed acute care hospital in Savannah, Georgia. CH is the sole member of and operates SJC Oncology Services – Georgia, LLC in Savannah, Georgia and SJC Oncology Services – South Carolina, LLC in Hilton Head, South Carolina, both of which are single member LLC's that provide advanced radiation oncology services.

SJH is a not-for-profit corporation, of which the System is the sole member, established to provide comprehensive health care services through the operation of a 305-bed acute care hospital in Savannah, Georgia. SJH is the sole member of and operates St. Joseph's Medical Group, LLC, and St. Joseph's Cardiology Group, LLC, both of which are single member LLC's that provide specialized physician services.

SJC Home Health, Inc. (Home Health) is a not-for-profit corporation, of which the System is the sole member, established to provide home health services in an eleven county area in southeast Georgia.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Organization, Continued

Georgia Infirmary, Inc. (Infirmary) is a not-for-profit corporation, of which the System is the sole corporate member. The System shall have, and may exercise with respect to the Infirmary, all rights and authorities granted by law to members of nonprofit corporations in Georgia or the bylaws of the Infirmary, except that the System does not have the authority to change the mission of the Infirmary as outlined in the Infirmary's original Articles of Incorporation. In the event of any merger or sale of substantially all of the assets of the System, all membership interest of the System in the Infirmary shall be deemed surrendered by the System and reverted to the Infirmary. The Infirmary is an adult day health provider and also provides a case management program to improve health outcomes for elderly or disabled Medicaid recipients with chronic medical conditions.

SJC Ventures, Inc. (SJCV) is a for-profit corporation and wholly owned stock subsidiary of the System organized to be the sole shareholder of SJC Medical Group, Inc., SJC Properties, Inc. and SJC Health Services, Inc., thereby creating an affiliated group of corporations eligible to report on a consolidated basis for federal income tax purposes within the meaning of the Internal Revenue Code of 1986, as amended. In the accompanying combining information, the wholly owned subsidiaries of SJCV are presented separately.

SJC Medical Group, Inc. (SJCMG) is a for-profit corporation which owns, operates, and manages physician practices, in addition to performing billing services, of which SJCV is the sole shareholder.

SJC Properties, Inc. (Properties) is a for-profit corporation, wholly owned by SJCV, which owns and develops certain real estate and manages several medical office buildings.

SJC Health Services, Inc. (Health Services) is a for-profit corporation, wholly owned by SJCV, organized to further the health care delivery system of the System.

Geechee Reinsurance Company, LLC (Geechee) is a captive insurance company formed under the laws of the State of South Carolina to insure the general and professional liability risks of the System. Geechee is organized as a single member LLC with the System as its sole member.

The combined financial statements include the accounts of St. Joseph's/Candler Health System, Inc. and its affiliated entities. All significant intercompany accounts and transactions have been eliminated.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Basis of Accounting

These combined financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the System as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classifying net assets and transactions as permanently restricted, temporarily restricted and unrestricted as follows:

- Permanently restricted net assets are those whose use by the System has been restricted by donors to be maintained in perpetuity.
- Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose.
- Unrestricted net assets are resources generated from operations, unrestricted donations, and lapse of temporary restrictions and are not subject to donor-imposed stipulations.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments such as certificates of deposit, commercial paper and money market accounts purchased with a maturity of three months or less.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Allowance for Doubtful Accounts

Accounts receivable is reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the System utilizes a variety of information for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data from these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

The System analyzes the components of key patient account data including service date(s), charges, payments, adjustments, balance, financial class, patient type, service type, resource unit code and clinical codes. For receivables associated with services provided to patients who have third-party coverage, a variety of payment plans exist based on dates of service, charges, patient type, service type, resource value unit and outlier payment provisions. The System provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectibles, deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to have financial difficulties that make the realization of amounts due unlikely).

For receivables associated with non-contract payors and self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a significant provision for bad debts in the period of service on the basis of recent, relevant collection history by financial class and/or insurance plan. This will indicate that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected, after all reasonable collection efforts have been exhausted, is charged off against the allowance for doubtful accounts. Effective August 1, 2011, the System implemented a discount for qualifying uninsured patients writing off 65% of established charges. This discount was increased to 70% on July 1, 2013. To qualify, patients may either pay their bill in full or arrange an approved payment plan.

The System's allowance for doubtful accounts for self-pay patients decreased from 75% of self-pay accounts receivable at June 30, 2013 to 73% of self-pay accounts receivable at June 30, 2014. In addition, the System's bad debt provision decreased \$12,889,531 from \$51,619,454 for fiscal year 2013 to \$38,729,923 for fiscal year 2014. These changes were primarily the result of identifying more patients that qualify for charity under the financial assistance policy.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Inventories

Inventories are stated at the lower of cost or market as determined on a first-in, first-out basis.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the combined balance sheets. Investments without a readily determinable fair value are evaluated for the applicability of the cost or equity method. Investments qualifying for the equity method are stated at quoted net asset value of shares held at year end. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess revenues unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from excess revenues unless the investments are trading securities.

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements; restricted assets under an interest rate swap agreement and a deferred compensation agreement; and designated assets set aside by the Board for future capital improvements, self-insurance and unfunded deferred compensation, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the System have been reclassified in the combined balance sheets at June 30, 2014 and 2013.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the combined financial statements. Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Property and Equipment, Continued

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

Derivative Financial Instruments

The System accounts for its derivative financial instruments in accordance with FASB ASC 815, *Derivatives and Hedging*. FASB ASC 815 requires an entity to recognize all derivative instruments as either assets or liabilities in the combined balance sheets and to measure those instruments at fair value. FASB ASC 815 also requires that changes in the derivatives' fair values be recognized in the combined statement of operations and changes in net assets unless specific hedge accounting criteria are met. The System did not elect hedge accounting for its derivative instruments.

Goodwill

Under FASB authoritative guidance, goodwill and intangible assets with indefinite lives are no longer amortized, but are tested for impairment annually and more frequently in the event of an impairment indicator. The accounting standard also requires that intangible assets with definite lives be amortized over their respective estimated useful lives, and reviewed whenever events or circumstances indicate impairment may exist.

The System assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the System determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is required. If the two-step impairment test is determined to be necessary, and in step two the carrying value of a reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference will be recorded.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Goodwill, Continued

As of June 30, 2014 and 2013, the System had goodwill of \$48,957,629 and \$48,484,352, respectively. In accordance with the accounting standard, the System has elected June 30th as its annual impairment assessment date. The System completed its annual impairment assessment and concluded that no goodwill or indefinite lived intangible asset impairment charge was required for 2014.

Beneficial Interest in Net Assets of Foundations

The System accounts for the activities of its related Foundations in accordance with FASB ASC 958-20, *Not-for-Profit Entities, Financially Interrelated Entities*. FASB ASC 958-20 establishes reporting standards for transactions in which a donor makes a contribution to a not-for-profit organization which accepts the assets on behalf of or transfers these assets to a beneficiary which is specified by the donor. The St. Joseph's Foundation of Savannah, Inc. and Candler Foundation, Inc. accept assets on behalf of SJH and CH, respectively.

Deferred Financing Costs

Costs related to the issuance of long-term debt were deferred and are being amortized using the straight-line method over the life of the related debt which approximates the effective interest method.

Revenues and Gains in Excess of Expenses and Losses

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

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Patient Service Revenue

Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The System provides care to patients who meet certain criteria under its financial assistance policy without charge or at amounts less than its established rates. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Estimated Self-Insurance Costs

The provision for estimated malpractice claims and other claims under self-insurance plans include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Taxes

The System, CH, SJH, Home Health and Infirmary are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Only net income from activities designated as unrelated to the exempt purposes of CH, SJH, Home Health, and Infirmary are subject to federal and state unrelated business income tax. Geechee is organized as a single member LLC owned by System and is treated as a disregarded entity for tax purposes.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

The System applies accounting policies that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by the relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the System only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses.

Based on the results of management's evaluation, no liability is recognized in the accompanying combined balance sheets for unrecognized income tax positions. Further, no interest or penalties have been accrued or charged to expense as of June 30, 2014 and 2013 or for the years then ended. The System's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

SJCV, SJCMG, Properties and Health Services have generally incurred operating losses for tax purposes and have not recorded a current or deferred tax provision due to significant net operating loss (NOL) carryforwards which would be utilized to offset any potential tax liabilities generated from future taxable income. At June 30, 2014, NOL carryforwards expiring through 2034 amounted to approximately \$76,000,000 and are available for the offset of future taxable income.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Impairment of Long-Lived Assets

The System evaluates on an ongoing basis the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The System has not recorded any impairment charges in the accompanying combined statements of operations and changes in net assets for the years ended June 30, 2014 and 2013.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosures*, defines fair value as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC 820 describes the following three levels of inputs that may be used:

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- *Level 2:* Observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- *Level 3:* Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

1. Summary of Significant Accounting Policies, Continued

Recently Adopted Accounting Pronouncement

In 2014, the System adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2013-01, *Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities*. This new guidance was issued to clarify that the scope of ASU No. 2011-11 applies to derivatives that are either offset or subject to an enforceable master netting arrangement or similar agreement. The adoption of this ASU did not have an effect on the financial statements and relates only to disclosure.

Subsequent Event

In preparing these combined financial statements, the System has evaluated events and transactions for potential recognition or disclosure through October 23, 2014, the date the combined financial statements were issued.

2. Investments

Assets Limited as to Use

The composition of assets limited as to use at June 30, 2014 and 2013 is set forth in the following table. Investments are stated at fair value and are considered other than trading.

	<u>2014</u>	<u>2013</u>
Held in trust under bond indenture:		
Cash and cash equivalents	\$ 2,810,954	\$ 4,951,600
U.S. Government and agency obligations	6,625,439	269,969
Corporate bonds	6,364,006	-
Mortgage backed securities	13,030,012	-
Municipal obligations	-	2,684,340
Interest receivable	<u>84,816</u>	<u>63,796</u>
 Total	 <u>28,915,227</u>	 <u>7,969,705</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

2. Investments, Continued

Assets Limited as to Use, Continued

	<u>2014</u>	<u>2013</u>
Interest rate swap agreement and deferred compensation agreement:		
Cash and cash equivalents	\$ 172	\$ 2,334,484
Mutual funds – equity	<u>3,484,608</u>	<u>2,913,053</u>
Total	<u>3,484,780</u>	<u>5,247,537</u>
Board designated:		
Cash and cash equivalents	3,510,854	2,677,504
U.S. Government and agency obligations	4,353,473	4,101,216
Corporate bonds	7,059,396	5,771,499
Mortgage backed securities	6,506,037	5,111,598
Municipal obligations	650,891	761,084
Mutual funds – fixed income	31,832,571	28,352,045
Mutual funds – balanced	23,883,690	19,389,343
Mutual funds – equity	35,100,588	29,822,077
Mutual funds – international equity	25,599,436	21,574,397
Equity securities – common stock	31,562,044	25,463,627
Equity securities – international	2,721,712	1,840,742
Equity securities – preferred stock	1,246,265	-
Alternative investments	1,323,068	1,714,999
Interest receivable	<u>173,800</u>	<u>287,153</u>
Total	<u>175,523,825</u>	<u>146,867,284</u>
Total assets limited as to use	207,923,832	160,084,526
Less amounts required for current liabilities		
	<u>2,737,848</u>	<u>4,179,898</u>
Total	<u>\$ 205,185,984</u>	<u>\$ 155,904,628</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

2. Investments, Continued

Alternative investments (including amounts held under the Defined Benefit Pension Plan discussed in Note 11) include investments in various hedge funds that invest in a variety of growth and value assets. Management of the funds has the ability to shift investments as they feel necessary to meet established goals. The fair values of the investments in this category have been estimated using the net asset value per share of the underlying investments. These securities have no unfunded commitments and can be redeemed quarterly with a redemption notice period of 90 days.

Investment income and gains (losses) for assets limited as to use, cash equivalents, and investments are comprised of the following for the years ending June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Income:		
Interest income and dividends	\$ 4,058,969	\$ 4,128,352
Realized gains on sales of securities	<u>4,755,494</u>	<u>4,255,326</u>
Total	<u>\$ 8,814,463</u>	<u>\$ 8,383,678</u>
Other changes in unrestricted net assets:		
Changes in unrealized gains and losses on investments, net	<u>\$ 17,090,205</u>	<u>\$ 2,383,922</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

2. Investments, Continued

Assets Limited as to Use, Continued

The following table outlines fair value and gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2014 and 2013.

Description of Securities	June 30, 2014					
	Less Than 12 Months		12 Months or More		Total	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
U S Government and Agency obligations	\$ 6,881,451	\$(29,696)	\$ 1,630,852	\$(40,629)	\$ 8,512,303	\$(70,325)
Corporate bonds	4,863,614	(44,798)	2,863,737	(56,180)	7,727,351	(100,978)
Mortgage backed securities	4,813,768	(38,207)	178,052	(7,698)	4,991,820	(45,905)
Municipal obligations	119,800	(200)	418,858	(7,537)	538,658	(7,737)
Mutual funds – fixed income	-	-	6,159,961	(322,329)	6,159,961	(322,329)
Equity securities – common stock	3,402,635	(170,449)	958,045	(112,843)	4,360,680	(283,292)
Equity securities – international	<u>245,934</u>	<u>(13,327)</u>	<u>—</u>	<u>—</u>	<u>245,934</u>	<u>(13,327)</u>
Total	<u>\$ 20,327,202</u>	<u>\$ (296,677)</u>	<u>\$ 12,209,505</u>	<u>\$ (547,216)</u>	<u>\$ 32,536,707</u>	<u>\$ (843,893)</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

2. Investments, Continued

Assets Limited as to Use, Continued

Description of Securities	June 30, 2013							
	Less Than 12 Months		12 Months or More		Total			
	Fair Value	Unrealized Losses		Fair Value	Unrealized Losses		Fair Value	Unrealized Losses
U S Government and Agency obligations	\$ 7,580,145	\$(244,473)	\$ -	\$ -	\$ 7,580,145	\$ -	\$ 7,580,145	\$(244,473)
Corporate bonds	4,150,752	(197,403)	-	-	-	-	4,150,752	(197,403)
Mortgage backed securities	399,819	(27,522)	-	-	-	-	399,819	(27,522)
Municipal obligations	761,084	(50,075)	-	-	-	-	761,084	(50,075)
Mutual funds - fixed income	19,037,906	(622,875)	2,186,716	(31,113)	21,224,622	(653,988)		
Mutual funds - balanced	3,945,575	(170,585)	10,884,406	(511,898)	14,829,981	(682,483)		
Mutual funds - equity	2,284,802	(15,647)	1,046,578	(21,003)	3,331,380	(36,650)		
Mutual funds - international equity	-	-	17,767,787	(938,264)	17,767,787	(938,264)		
Equity securities - common stock	3,040,738	(263,858)	529,641	(194,656)	3,570,379	(458,514)		
Equity securities - international	<u>242,261</u>	<u>(13,595)</u>	<u>-</u>	<u>-</u>	<u>242,261</u>	<u>(13,595)</u>		
Total	<u>\$ 41,443,082</u>	<u>\$(1,606,033)</u>	<u>\$ 32,415,128</u>	<u>\$(1,696,934)</u>	<u>\$ 73,858,210</u>	<u>\$(3,302,967)</u>		

- U.S. Government and agency obligations, Municipal obligations, Mortgage backed securities, and Corporate bonds: The unrealized losses on these investments were primarily caused by interest rate increases. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost or face value of the obligations. Because the System has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

2. Investments, Continued

Assets Limited as to Use, Continued

- Mutual funds and Equity securities: For all of these securities with an unrealized loss, such unrealized loss in total was approximately 6% in 2014 and 5% in 2013 of the System's carrying value of the securities in a loss position. The System considers various factors when determining if a decline in the fair value of an equity are other-than-temporary including, but not limited to, the length of time and magnitude of the unrealized loss; the volatility of the investment; analyst recommendations and price targets; opinions of the System's external investment managers; market liquidity; and the System's intentions to sell or ability to hold the investments. Based on an evaluation of these factors, the System has concluded that the declines in fair values of the System's mutual funds and equity investments at June 30, 2014 are temporary.

The System's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying combined financial statements.

3. Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 10,148,505	\$ 10,148,505
Land improvements	7,537,768	7,432,086
Building and fixed equipment	266,030,325	266,221,205
Major movable equipment	<u>242,321,472</u>	<u>253,499,757</u>
	526,038,070	537,301,553
Less accumulated depreciation	<u>380,628,246</u>	<u>391,671,982</u>
	145,409,824	145,629,571
Construction in progress	<u>17,535,306</u>	<u>3,440,710</u>
Property and equipment, net	<u>\$ 162,945,130</u>	<u>\$ 149,070,281</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

3. Property and Equipment, Continued

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to approximately \$20,500,000 and \$20,400,000, respectively. Contracts exist for various projects at year end with a total commitment of approximately \$7,000,000. At June 30, 2014, the remaining commitment on these contracts was approximately \$3,550,000.

4. Goodwill

The System acquired Savannah Oncology Group on July 15, 2009. Savannah Oncology Group includes SJC Oncology Services – Georgia, LLC and SJC Oncology Services – South Carolina, LLC. The goodwill is evaluated annually for impairment.

The changes in the carrying amount of goodwill for the years ended June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Balance at beginning of year:		
Goodwill	\$ 60,142,497	\$ 60,142,497
Accumulated impairment losses	<u>(11,658,145)</u>	<u>(11,658,145)</u>
	48,484,352	48,484,352
Goodwill acquired during the year	<u>473,277</u>	-
Balance at end of the year:		
Goodwill	60,615,774	60,142,497
Accumulated impairment losses	<u>(11,658,145)</u>	<u>(11,658,145)</u>
Balance at end of the year	<u>\$ 48,957,629</u>	<u>\$ 48,484,352</u>

On July 1, 2010, the System implemented FASB ASC 350. Using the discounted cash flow method, the System calculated the fair value of Savannah Oncology Group, which produced an impairment of goodwill. The goodwill impairment at July 1, 2010 is recorded as a reduction to unrestricted net assets due to the initial implementation of FASB ASC 350. On June 30, 2014 and 2013, the System calculated the fair value of Savannah Oncology Group with no additional impairment.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

5. Related Organization

Candler Foundation, Inc. and St. Joseph's Foundation of Savannah, Inc. (the Foundations) were established to raise funds to support the operations of CH and SJH (the Hospitals). The Foundations' bylaws provide that all funds raised, except for funds acquired for the operations of the Foundations, be distributed to or be held for the benefit of the Hospitals. The Foundations' general funds, which represent the Foundations' unrestricted resources, are distributed to the Hospitals in amounts and in periods determined by the Foundations' Boards of Directors, who may also restrict the use of general funds for Hospital plant replacement or expansion or other specific purposes. Plant replacement and expansion funds, specific-purpose funds, and assets obtained from endowment income of the Foundations are distributed to the Hospitals as required to comply with the purpose specified by donors. A summary of the Foundations' assets, liabilities, net assets, results of operations, and changes in net assets follows. The Hospitals' interest in the net assets of the Foundations is reported as a non-current asset in the combined balance sheets.

Candler Foundation, Inc.

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 364,111	\$ 83,430
Investments	5,177,422	4,488,461
Due from related parties	-	23,324
Other assets	<u>334,645</u>	<u>421,170</u>
 Total assets	 <u>\$ 5,876,178</u>	 <u>\$ 5,016,385</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

5. Related Organization, Continued

Candler Foundation, Inc., Continued

	<u>2014</u>	<u>2013</u>
Liabilities:		
Accounts payable	\$ 21,195	\$ 24,661
Due to related parties	<u>16,018</u>	<u>-</u>
Total liabilities	<u>37,213</u>	<u>24,661</u>
Net assets:		
Unrestricted	600,401	291,627
Temporarily restricted	4,303,564	3,765,097
Permanently restricted	<u>935,000</u>	<u>935,000</u>
Total net assets	<u>5,838,965</u>	<u>4,991,724</u>
Total liabilities and net assets	<u>\$ 5,876,178</u>	<u>\$ 5,016,385</u>
Revenue and support Expenses		
Revenue and support	\$ 1,219,356	\$ 1,360,828
Expenses	<u>876,466</u>	<u>1,146,531</u>
Excess of revenue	342,890	214,297
Other changes in net assets	504,351	(121,327)
Net assets, beginning of year	<u>4,991,724</u>	<u>4,898,754</u>
Net assets, end of year	<u>\$ 5,838,965</u>	<u>\$ 4,991,724</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

5. Related Organization, Continued

St. Joseph Foundation of Savannah, Inc.

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 34,430	\$ 28,452
Investments	1,681,967	1,613,645
Other assets	227,917	83,833
Due from related parties	<u>6,207</u>	<u>-</u>
Total assets	<u>\$ 1,950,521</u>	<u>\$ 1,725,930</u>
Liabilities:		
Accounts payable	\$ 12,863	\$ 4,758
Due to related parties	<u>-</u>	<u>41,905</u>
Total liabilities	<u>12,863</u>	<u>46,663</u>
Net assets:		
Unrestricted	612,216	536,744
Temporarily restricted	1,225,442	1,042,523
Permanently restricted	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>1,937,658</u>	<u>1,679,267</u>
Total liabilities and net assets	<u>\$ 1,950,521</u>	<u>\$ 1,725,930</u>
Revenue and support	\$ 661,301	\$ 482,996
Expenses	<u>536,523</u>	<u>631,437</u>
Excess of revenue (expenses)	124,778	(148,441)
Other changes in net assets	133,613	(56,708)
Net assets, beginning of year	<u>1,679,267</u>	<u>1,884,416</u>
Net assets, end of year	<u>\$ 1,937,658</u>	<u>\$ 1,679,267</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

6. Long-Term Debt

The Hospital Authority of Savannah (Authority) issued three series of bonds pursuant to a Bond Trust Indenture dated September 1, 1998, by and between the Authority and the bond trustee, Wachovia Bank, N.A. (formerly known as First Union National Bank). The series are as follows: \$38,875,000 principal amount Series A (St. Joseph's Hospital), \$75,585,000 principal amount Series B (Candler Hospital), and \$25,000,000 principal amount Series C (Taxable) (SJC Properties). The Authority simultaneously entered into a Loan Agreement dated September 1, 1998 by and between the Authority and the System, CH and SJH (Obligated Group). Principal is to be paid on July 1st and interest is to be paid on January 1st and July 1st through 2023 by the Obligated Group to the Authority. The Obligated Group has used the proceeds (1) to refund the Authority's Revenue Refunding and Improvement Bonds (Candler Hospital) Series 1992 and the Authority's Revenue Bonds (St. Joseph's Hospital Project) Series 1993; (2) to finance the acquisition of equipment and certain existing office buildings and a parking deck, routine capital expenditures for CH and SJH for a 24-month period, and other capital projects; and (3) to pay costs of issuance of the Series 1998 bonds. In December 2011, Series A and B were paid off with the issuance of the 2011 Revenue Bonds. In November 2013, Series C was refunded with the issuance of the 2013 Series B Revenue Bonds.

The Authority issued a \$45,000,000 principal bond Series 2003 pursuant to a Bond Trust Indenture dated December 1, 2003, by and between the Authority and the bond trustee, Wachovia Bank, N.A. (formerly known as First Union National Bank). The Authority simultaneously entered into a Loan Agreement dated December 1, 2003 by and between the Authority and the Obligated Group. Principal is to be paid on July 1st and interest is to be paid on January 1st and July 1st through 2033 by the Obligated Group to the Authority. The Obligated Group has used the proceeds (1) to finance the construction of a parking deck and the costs of routine capital expenditures for CH and SJH for a 24-month period, and other capital projects; (2) to pay costs of issuance of the Series 2003 bonds; and (3) to fund the Debt Service Reserve Fund in an amount equal to the reserve requirement. In November 2013, Series 2003 was refunded with the issuance of the 2013 Series A Revenue Bonds.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

6. Long-Term Debt, Continued

The Authority issued a \$27,640,000 principal bond Series 2010 pursuant to a Bond Trust Indenture dated December 1, 2010, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated December 1, 2010 by and between the Authority and the System. Principal and interest is to be paid monthly through July 2016 by the System to the Authority. The System has used the proceeds to pay the costs of current refunding of certain outstanding maturities of the Series 1998A and 1998B Revenue Bonds. In November 2013, the Series 2013D Master Note was issued to satisfy, discharge, and replace Series 2010.

The Authority issued a \$31,505,000 principal bond Series 2011-1 pursuant to a Bond Trust Indenture dated December 1, 2011, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated December 1, 2011 by and between the Authority and the System. Interest will be paid monthly through July 2016 by the System to the Authority. Subsequently, principal and interest will be paid through July 2023. In November 2013, the Series 2013E Master Note was issued to satisfy, discharge, and replace Series 2011-1.

The Authority issued a \$16,000,000 principal bond Series 2011-2 pursuant to a Bond Trust Indenture dated December 1, 2011, by and between the Authority and the bond trustee, TD Bank, N.A. The Authority simultaneously entered into a Loan Agreement dated December 1, 2011 by and between the Authority and the System. Interest will be paid monthly through July 2016 by the System to the Authority. Subsequently, principal and interest will be paid through July 2023. In November 2013, the Series 2013F Master Note was issued to satisfy, discharge, and replace Series 2011-2.

Proceeds from the 2011 Revenue Bonds have been used to pay the costs of current refunding of all remaining outstanding maturities of the Authority's outstanding Series 1998A and Series 1998B Revenue Bonds.

CH incurred a \$31,500,000 taxable term loan pursuant to a Loan Agreement dated December 1, 2011 by and between CH and Regions Bank. Principal and interest will be made monthly through June 2027. In November 2013, the Series 2013G Master Note was issued to satisfy, discharge, and replace this taxable term loan.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

6. Long-Term Debt, Continued

CH incurred a \$16,000,000 taxable term loan pursuant to a Loan Agreement dated December 1, 2011 by and between CH and TD Bank, N.A. Principal and interest will be made monthly through June 2027. In November 2013, the Series 2013H Master Note was issued to satisfy, discharge, and replace this taxable term loan.

Proceeds from the 2011 term loans have been used to pay the outstanding principal amount of the existing 2010 term loan with Regions Bank.

SJH incurred a \$1,100,000 real estate, lease, and sponsorship agreement dated June 28, 2012 by and between SJH and SMA. SJH purchased real estate from SMA and leased the property back to SMA. Payments are quarterly through October 2016.

The Authority issued a \$46,185,000 principal bond Series 2013A pursuant to a Bond Trust Indenture dated November 1, 2013, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated November 1, 2013 by and between Authority and the System, CH, and SJH. Interest will be paid annually through July 2026 by the System to the Authority. Subsequently, principal and interest will be paid through July 2031. Proceeds for the 2013A Revenue Bonds have been used (1) to finance the costs of constructing additions and improvements to, and equipment for, CH and SJH, (2) currently refund the outstanding principal amount of the Series 2003 Bonds, and (3) pay the costs of issuing the bonds and refunding the Series 2003 Bonds.

The Authority issued a \$30,025,000 taxable term bond Series 2013B pursuant to a Bond Trust Indenture dated November 1, 2013, by and between the Authority and the bond trustee, Regions Bank. The Authority simultaneously entered into a Loan Agreement dated November 1, 2013 by and between the Authority and the System, CH, and SJH. Interest will be paid annually through July 2023. Subsequently, principal and interest will be paid through July 2027. Proceeds for the 2013B Revenue Bonds have been used (1) to finance the costs of constructing additions and improvements to, and equipment for, CH and SJH, (2) currently refund the outstanding principal amount of the Series 1998C Bonds, and (3) pay the costs of issuing the taxable bonds and refunding the Series 1998C Bonds.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

6. Long-Term Debt, Continued

A summary of long-term debt at June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Issue Series 1998C (SJC Properties):		
6.625% term bonds, due in varying annual sinking fund requirements to July 2018	\$ -	\$ 11,465,000
Unamortized discount	<u>-</u>	<u>(91,348)</u>
Total	<u>-</u>	<u>11,373,652</u>
 Hospital Authority of Savannah Revenue Bonds, St. Joseph's/Candler Health System, Inc.		
Issue Series 2003:		
4.0% serial bonds, due in varying annual installments to July 2013	- -	1,050,000
5.25% term bonds, due July 2023, with varying annual sinking fund requirements commencing in 2014	- -	13,870,000
5.0% term bonds, due July 2026, with varying annual sinking fund requirements commencing in 2024	- -	5,735,000
5.0% term bonds, due July 2033, with varying annual sinking fund requirements commencing in 2027	- -	17,135,000
Unamortized premium	<u>-</u>	<u>29,546</u>
Total	<u>-</u>	<u>37,819,546</u>
 Hospital Authority of Savannah Revenue Bonds, St. Joseph's/Candler Health System, Inc.		
Issue Series 2013D (replaced 2010):		
Variable interest rate based on LIBOR plus a margin based on applicable rating, payable in varying monthly amounts from \$423,333 to \$466,667 in July 2016	11,363,334	16,422,917

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

6. Long-Term Debt, Continued

	<u>2014</u>	<u>2013</u>
Hospital Authority of Savannah Revenue Bonds, St. Joseph's/Candler Health System, Inc., continued:		
Issue Series 2013E (replaced 2011-1):		
Variable interest rate based on LIBOR plus a margin based on applicable rating, payable in varying monthly amounts from \$324,412 in August 2016 to \$430,247 in July 2023	\$ 31,505,000	\$ 31,505,000
Unamortized premium	81,673	90,583
Issue Series 2013F (replaced 2011-2):		
Variable interest rate based on LIBOR plus a margin based on applicable rating, payable in varying monthly amounts from \$164,755 in August 2016 to \$218,503 in July 2023	16,000,000	16,000,000
Unamortized premium	<u>38,914</u>	<u>43,159</u>
Total	<u>58,988,921</u>	<u>64,061,659</u>
Hospital Authority of Savannah Revenue Bonds, St. Joseph's/Candler Health System, Inc.:		
Issue Series 2013A:		
5.50% serial bonds, due in varying annual installments beginning in July 2027 to July 2031	46,185,000	-
Issue Series 2013B:		
6.00% term bonds, due in varying annual installments beginning in July 2024 to July 2027	30,025,000	-
Unamortized premium	<u>2,178,035</u>	<u>-</u>
Total	<u>78,388,035</u>	<u>-</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

6. Long-Term Debt, Continued

	<u>2014</u>	<u>2013</u>
Candler Hospital, Inc. taxable term loan (Series 2013G), with a variable interest rate based on LIBOR plus a margin based upon the applicable rating, due in varying monthly installments of \$145,840 to \$188,945 in June 2023	\$ <u>26,027,689</u>	\$ <u>28,010,056</u>
Candler Hospital, Inc. taxable term loan (Series 2013H), with a variable interest rate based on LIBOR plus a margin based upon the applicable rating, due in varying monthly installments of \$74,078 to \$95,972 in June 2023	<u>13,220,414</u>	<u>14,227,332</u>
St. Joseph's Hospital, Inc. real estate agreement, due in quarterly installments of \$62,500 to July 2016 and the remaining balance due October 2016	<u>600,000</u> <u>177,225,059</u>	<u>850,000</u> <u>156,342,245</u>
Less current maturities	<u>8,544,057</u>	<u>10,965,789</u>
Total long-term debt	<u>\$ 168,681,002</u>	<u>\$ 145,376,456</u>

Premiums and discounts on long-term debt are amortized using the straight-line method over the life of the related bonds which approximates the effective interest method.

As a result of the bond refunding transaction, the System recognized a loss on defeasance of approximately \$1,800,000. The loss included the write-off of unamortized discount and issue cost and considered interest incurred through the date of issuance. The loss is included in the nonoperating section of the combined statements of operations and changes in net assets.

Under the terms of the bond indentures, the System is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the accompanying combined balance sheets. The bond indentures also place limits on the incurrence of additional borrowings and require that the System satisfy certain measures of financial performance as long as the bonds are outstanding. Additionally, the bond indentures are secured by gross receipts of the System, CH, and SJH.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

6. Long-Term Debt, Continued

The System entered into interest rate swaps in relation to its debt structure. During the years ended June 30, 2014 and 2013, the System recognized approximately \$245,000 and \$392,000, respectively, which has been recorded as an addition to interest expense in the accompanying combined statements of operations and changes in net assets.

Scheduled principal repayments on long-term debt for the next five years are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 8,544,057
2016	8,787,518
2017	8,899,787
2018	9,058,984
2019	9,664,044
Thereafter	<u>129,972,047</u>
Total	\$ <u>174,926,437</u>

7. Derivative Financial Instruments

The Series 1998 and 2003 Bonds utilize various interest rate swaps to take advantage of different interest rate positions. The fair market value of the swaps is reported in derivative financial instruments on the combined balance sheets. The critical terms of the swaps are as follows:

1998A and 1998B Swap Agreement – Variable to Fixed

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Notional amount	\$ 63,525,000	\$ 68,360,000
Fair market swap	\$(1,206,000)	\$(1,207,000)
Life remaining on swap	9 Years	10 Years

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

7. Derivative Financial Instruments, Continued

1998A and 1998B Swap Agreement – Variable to Variable

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Notional amount	\$ 63,525,000	\$ 68,360,000
Fair market swap	\$ 865,000	\$ 946,000
Life remaining on swap	9 Years	10 Years

1998C and 2003 Swap Agreement – Variable to Variable

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Notional amount	\$ 46,585,000	\$ 49,255,000
Fair market swap	\$ 1,216,000	\$ 1,522,000
Life remaining on swap	19 Years	20 Years

The swaps were issued at market terms so that they had no fair value at their inception. The carrying amount of the swaps has been adjusted to fair value at the end of the year which, because of changes in forecasted levels of LIBOR, resulted in reporting a net asset in 2014 and 2013.

The portion of the swap results not designated as a hedging derivative is included in revenues and gains in excess of expenses and losses. For the years ending June 30, 2014 and 2013, this earnings (deficit) impact totaled \$(385,646) and \$2,712,968, respectively.

Certain provisions of the System's interest rate swaps required a counterparty to hold System assets as collateral. The counterparty held approximately \$2,300,000 of the System's assets at June 30, 2013. These assets are included in assets limited as to use restricted under interest rate swap agreement and deferred compensation agreement in the accompanying combined balance sheets.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

8. Temporarily and Permanently Restricted Net Assets

A summary of the restricted net assets at June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Temporarily restricted net assets:		
Candler Foundation, Inc.	\$ 4,303,564	\$ 3,765,097
St. Joseph's Foundation of Savannah, Inc.	<u>1,225,442</u>	<u>1,042,523</u>
Total	<u>\$ 5,529,006</u>	<u>\$ 4,807,620</u>
Permanently restricted net assets:		
Candler Foundation, Inc.	\$ 935,000	\$ 935,000
St. Joseph's Foundation of Savannah, Inc.	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 1,035,000</u>	<u>\$ 1,035,000</u>

9. Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. The System does not believe that there are any significant credit risks associated with receivables due from third-party payors. A summary of the payment agreements with major third-party payors follows:

• Medicare

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

The System is reimbursed for certain reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare Administrative Contractor (MAC). The System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the System. The System's Medicare cost reports have been audited by the MAC through 2010.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

9. Patient Service Revenue, Continued

• Medicare, Continued

Revenue from the Medicare program accounted for approximately 43% and 41% of the System's patient service revenue for the years ended 2014 and 2013, respectively. Laws and regulations governing the Medicare program 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. Estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined. The 2014 patient service revenue increased approximately \$3,600,000 primarily due to changes in the SSI%, and subsequent qualification for Disproportionate Share, requiring retroactive adjustments in amounts previously estimated.

The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. However, there has been an increase in regulatory initiatives at the federal level including the initiation of the Recovery Audit Contractor (RAC) program. The RAC program was created to review Medicare claims for medical necessity and coding appropriateness. The RAC's have authority to pursue improper payments with a three year look-back from the date the claim was paid. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare program.

• Medicaid

Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology.

The System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid fiscal intermediary. The System's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through 2010.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

9. Patient Service Revenue, Continued

• Medicaid, Continued

Laws and regulations governing the Medicaid program 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. Estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined.

The System has also entered into contracts with certain managed care organizations to receive reimbursement for providing services to selected enrolled Medicaid beneficiaries. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges, or prospectively determined per diems.

The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. However, there has been an increase in regulatory initiatives at the state level including the initiation of the Medicaid Integrity Contractor (MIC) program. This program was created to review Medicaid claims for medical necessity and coding appropriateness. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicaid program.

During 2010, the state of Georgia enacted legislation known as the Provider Payment Agreement Act (Act) whereby hospitals in the state of Georgia are assessed a "provider payment" in the amount of 1.45% of their net patient service revenue. The Act became effective July 1, 2010, the beginning of state fiscal year 2011. The provider payments are due on a quarterly basis to the Department of Community Health. The payments are to be used for the sole purpose of obtaining federal financial participation for medical assistance payments to providers on behalf of Medicaid recipients. The provider payment results in an increase in payments for Medicaid services to hospitals of approximately 11.88%. Approximately \$4,235,000 and \$5,315,000 of provider payments relating to the Act are included as a reduction in net patient service revenue in the accompanying combined statements of operations and changes in net assets for the years ended June 30, 2014 and 2013, respectively.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

9. Patient Service Revenue, Continued

• Other Agreements

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the System under these agreements include prospectively determined rates per discharge, prospectively determined daily rates, fixed rate fee schedules, and discounts from established charges.

The System recognizes patient service revenue associated with services provided to patients who have third-party coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the System recognizes revenue on the basis of its agreed upon rates for services provided. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	Patient Service Revenue (Net of Contractual Allowances and Discounts)				
	<u>Medicare</u>	<u>Medicaid</u>	<u>Third-Party Payors</u>	<u>Self-Pay</u>	<u>Total All Payors</u>
2014	\$ <u>200,016,824</u>	\$ <u>23,138,943</u>	\$ <u>209,292,937</u>	\$ <u>30,882,547</u>	\$ <u>463,331,251</u>
2013	\$ <u>188,272,419</u>	\$ <u>21,931,439</u>	\$ <u>199,759,042</u>	\$ <u>49,372,505</u>	\$ <u>459,335,405</u>

10. Uncompensated Services

The System was compensated for services at amounts less than its established rates. Uncompensated care includes charity and indigent services of approximately \$78,000,000 and \$62,000,000 for 2014 and 2013, respectively. The cost of charity and indigent services provided during 2014 and 2013 was approximately \$20,000,000 and \$15,700,000, respectively, computed by applying a total cost factor to the charges foregone.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans

The System had a defined benefit pension plan (Plan) covering substantially all of its employees. Effective July 1, 2006, the System approved a plan amendment that effectively froze the Plan for any future service cost. The Plan benefits for retired, terminated and active employees or their beneficiaries were based on years of service and employee compensation during three of the last ten years of covered employment. The Plan is a Church Plan (as defined by ERISA) and is not subject to the Funding Standard Account Requirements of IRC Section 412 or to coverage under Title IV of ERISA. Annual contributions to the Plan are based on the Board's discretion. The funding decisions are made based upon the actuarial valuation as of July 1st. The disclosures are based on projections of actuarial information and actual plan assets as of June 30th.

The projected benefit obligation is the actuarial present value of that portion of the projected benefits attributable to employee service rendered through June 30, 2006. Cumulative net actuarial gains and losses are amortized over the average future service of active participants. Prior service cost is amortized over the remaining average future service of active employees as of the date the prior service cost arose.

The following table sets forth the St. Joseph's Plan's funded status and amounts recognized in the combined financial statements at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Plan assets at fair value as of June 30	\$ 77,939,790	\$ 66,169,792
Projected benefit obligation as of June 30	<u>111,171,664</u>	<u>99,177,536</u>
Funded status	<u>\$(33,231,874)</u>	<u>\$(33,007,744)</u>
Amounts recognized only in unrestricted net assets:		
Unrecognized net loss from past experience different from that assumed	<u>\$(54,580,161)</u>	<u>\$(52,828,040)</u>
Prior service cost not yet recognized in net periodic pension cost	<u>7,612,136</u>	<u>8,442,248</u>
Deferred pension cost	<u>\$(46,968,025)</u>	<u>\$(44,385,792)</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans, Continued

Significant assumptions used to determine the accumulated and projected benefit obligations, and net periodic pension cost for the St. Joseph's Plan for the years ended June 30, 2014 and 2013, were as follows:

	<u>2014</u>	<u>2013</u>
Discount rate	Segment Rates of 1.54%, 4.28% and 5.32%	Segment Rates of 1.93%, 4.95% and 6.07%
Rate of increase in future compensation levels	0.00%	0.00%
Expected long-term rate of return on assets	8.00%	8.00%

The assumption for the expected long-term rate of return on assets is an estimate based on historical returns for portfolios heavily weighted toward long-term investments, such as long-term bonds and equity securities.

The actuarially computed net periodic pension cost for the St. Joseph's Plan for the years ended June 30, 2014 and 2013 included the following components:

	<u>2014</u>	<u>2013</u>
Interest cost on projected benefit obligation	\$ 5,122,769	\$ 5,192,650
Expected return on plan assets	(5,121,151)	(4,541,908)
Amortization of actuarial loss	2,470,393	2,530,158
Amortization of prior service cost	(830,112)	(830,112)
Net periodic pension cost	<u>1,641,899</u>	<u>2,350,788</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans, Continued

	<u>2014</u>	<u>2013</u>
Other changes in plan assets and benefit obligations recognized in unrestricted net assets:		
Change in net actuarial loss	\$ 4,222,512	\$ 4,820,490
Amortization of net actuarial loss	(2,470,393)	(2,530,158)
Amortization of prior service cost	<u>830,112</u>	<u>830,112</u>
 Total recognized in unrestricted net assets	 <u>2,582,231</u>	 <u>3,120,444</u>
 Total recognized in net periodic benefit cost and unrestricted net assets	 <u>\$ 4,224,130</u>	 <u>\$ 5,471,232</u>

The change in projected benefit obligation for the St. Joseph's Plan for the years ended June 30, 2014 and 2013 included the following components:

	<u>2014</u>	<u>2013</u>
Projected benefit obligation, beginning of year	\$ 99,177,536	\$ 90,431,781
Interest cost	5,122,769	5,192,650
Actuarial loss	11,498,456	7,863,906
Benefits paid	<u>(4,627,097)</u>	<u>(4,310,801)</u>
 Projected benefit obligation, end of year	 <u>\$ 111,171,664</u>	 <u>\$ 99,177,536</u>
 Accumulated benefit obligation	 <u>\$ 111,171,664</u>	 <u>\$ 99,177,536</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans, Continued

The change in plan assets for the St. Joseph's Plan for the years ended June 30, 2014 and 2013 included the following components:

	<u>2014</u>	<u>2013</u>
Plan assets at fair value, beginning of year	\$ 66,169,792	\$ 58,895,269
Actual return on assets	12,397,095	7,585,324
Employer contributions	4,000,000	4,000,000
Benefits paid	(4,627,097)	(4,310,801)
 Plan assets at fair value, end of year	 \$ <u>77,939,790</u>	 \$ <u>66,169,792</u>

The actuarial loss and prior service cost to be recognized during the next 12 months beginning July 1, 2014 is as follows:

Recognized net actuarial loss	\$ 2,750,822
Amortization of prior year service costs	(830,112)
 Total	 \$ <u>1,920,710</u>

Estimated Contributions

The System plans to contribute approximately \$4,000,000 to this plan during fiscal year 2015.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans, Continued

Estimated Future Benefit Payments

The following benefit payments are expected to be paid:

<u>Year Ending June 30</u>	<u>Pension Benefits</u>
2015	\$ 4,446,933
2016	\$ 4,743,604
2017	\$ 5,034,226
2018	\$ 5,367,219
2019	\$ 5,723,587
2020 – 2024	\$ 39,189,222

The expected benefits to be paid are based on the same assumptions used to measure the System's benefit obligation at June 30, 2014.

Plan Assets

The composition of plan assets at June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>Percentage</u>	<u>2013</u>	<u>Percentage</u>
Cash and cash equivalents	\$ 1,198,469	2%	\$ 1,289,450	2%
Mutual funds – fixed income	13,367,669	17%	11,807,741	18%
Mutual funds – balanced	7,483,934	10%	5,565,805	8%
Mutual funds – equity	9,478,333	12%	7,759,177	12%
Mutual funds – international equity	15,236,448	19%	12,668,070	19%
Equity securities	30,860,977	39%	26,749,459	40%
Alternative investments	<u>313,960</u>	<u>1%</u>	<u>330,090</u>	<u>1%</u>
 Total plan assets, at fair value	 <u>\$ 77,939,790</u>	 <u>100%</u>	 <u>\$ 66,169,792</u>	 <u>100%</u>

The plan assets are long-term in nature and are intended to generate returns while preserving capital. The System's strategy is to maintain prudent levels of diversification throughout the portfolio to minimize risk. The target allocation for the investments is 68% equity, 29% fixed income/ alternative investments and 3% cash and equivalents.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans, Continued

Plan Assets, Continued

The fair values of the System's pension plan assets at June 30, 2014 and 2013, by asset category are as follows:

	Fair Value Measurements at June 30, 2014			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Cash and cash equivalents	\$ 1,198,469	\$ 1,198,469	\$ -	\$ -
Mutual funds – fixed income	13,367,669	13,367,669	-	-
Mutual funds – balanced	7,483,934	7,483,934	-	-
Mutual funds – equity	9,478,333	9,478,333	-	-
Mutual funds – international equity	15,236,448	15,236,448	-	-
Equity securities	30,860,977	30,860,977	-	-
Alternative investments	<u>313,960</u>	<u>-</u>	<u>-</u>	<u>313,960</u>
Total	<u>\$ 77,939,790</u>	<u>\$ 77,625,830</u>	<u>\$ -</u>	<u>\$ 313,960</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans, Continued

Plan Assets, Continued

	Fair Value Measurements at June 30, 2013			
	Quoted Prices in Active Markets for Identical Assets <u>Fair Value</u>	Significant Other Observable <u>(Level 1)</u>	Significant Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
<u>Asset Category</u>				
Cash and cash equivalents	\$ 1,289,450	\$ 1,289,450	\$ -	\$ -
Mutual funds – fixed income	11,807,741	11,807,741	-	-
Mutual funds – balanced	5,565,805	5,565,805	-	-
Mutual funds – equity	17,707,042	17,707,042	-	-
Mutual funds – international equity	2,720,205	2,720,205	-	-
Equity securities	26,749,459	26,749,459	-	-
Alternative investments	<u>330,090</u>	<u>-</u>	<u>-</u>	<u>330,090</u>
Total	<u>\$ 66,169,792</u>	<u>\$ 65,839,702</u>	<u>\$ -</u>	<u>\$ 330,090</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

11. Pension Plans, Continued

Plan Assets, Continued

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Alternative Investments</u>
Beginning balance at July 1, 2012	\$ 601,445
Realized loss	(35,731)
Sales	<u>(235,624)</u>
Ending balance at June 30, 2013	330,090
Realized loss	(<u>16,130</u>)
Ending balance at June 30, 2014	<u>\$ 313,960</u>

The System created a 401(k) plan effective January 1, 2004. All employees of the System who have reached age 21 and have completed one year of eligible service are eligible to participate in the employer matching program. Employees may deposit a portion of their earnings for each pay period on a pre-tax basis and the System matches 50% of each participant's voluntary contributions up to a maximum of 6% of the employee's annual salary. Matching contribution expenses for the years ended June 30, 2014 and 2013 totaled approximately \$3,000,000 and \$2,800,000, respectively. Discretionary contribution expense for the years ended June 30, 2014 and 2013 totaled approximately \$4,400,000 and \$3,900,000, respectively.

The System maintains an unfunded Supplemental Executive Retirement Plan (SERP), which provides retirement benefits to certain officers and select employees. This plan is non-qualified and does not have a minimum funding requirement. The liability for this SERP obligation is included as deferred compensation payable and the assets set aside as a reserve for this liability are included in Board designated assets limited as to use in the accompanying combined balance sheets.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

12. Self-Insurance Claims

The System insures its professional and general liability on a claims-made basis through Geechee, a wholly-owned subsidiary, with a self-insured retention limit of \$7,000,000. At June 30, 2014, there are known claims and incidents that may result in additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. The System has employed independent actuaries to assist in estimating the ultimate costs, if any, of settlement of such claims that are not covered by commercial insurance.

Accrued malpractice losses have been discounted at 6.00% and 5.05% for June 30, 2014 and 2013, respectively, and in management's opinion, provide an adequate reserve for loss contingencies. The estimate of these potential claims is approximately \$21,000,000 and \$20,000,000 at June 30, 2014 and 2013, respectively, and is included in accrued self-insurance claims in the accompanying combined balance sheets. Management was not aware of any asserted or unasserted claims that exceed the System's insurance coverage as of June 30, 2014.

The System is self-insured with respect to workers compensation claims up to a self-insurance retention limit of \$750,000 per claim. Workers compensation claims in excess of the self-insurance retention limits are insured with a commercial insurance carrier on a claims-made basis. Management was not aware of any asserted or unasserted claims that exceed the System's excess workers compensation coverage as of June 30, 2014.

The System is self-insured with respect to employee health insurance claims. The System maintains reinsurance through a commercial excess coverage policy, which covers annual individual employee claims paid in excess of \$225,000. Reimbursement under this policy is limited to a lifetime maximum of \$2,000,000 per employee or dependent and \$2,000,000 per policy period. Under this self-insurance program, the System paid or accrued approximately \$12,500,000 and \$11,400,000 during the fiscal years ended June 30, 2014 and 2013, respectively.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

13. Concentrations of Credit Risk

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors, net of contractual adjustments and estimated uncollectibles, for CH and SJH at June 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Medicare	32%	30%
Medicaid	7%	6%
Managed care	29%	24%
Commercial and other	10%	13%
Self-pay	<u>22%</u>	<u>27%</u>
 Total	 <u>100%</u>	 <u>100%</u>

At June 30, 2014, the System had deposits at major financial institutions which exceeded the \$250,000 Federal Depository Insurance limits. Management believes the credit risks related to these deposits is minimal.

In recent years, there has been increasing pressure on Congress and some state legislatures to control and reduce the cost of healthcare on the national or at the state level. In 2010, legislation was enacted which included cost controls on hospitals, insurance market reforms, delivery system reforms and various individual and business mandates among other provisions. The costs of certain provisions will be funded in part by reductions in payments by government programs, including Medicare and Medicaid. There can be no assurance that these changes will not adversely affect the System.

The healthcare industry has recently been subjected to increased scrutiny from governmental agencies at both the national and state level with respect to compliance with regulations. Areas of noncompliance identified at the national level include Medicare and Medicaid, Internal Revenue Service, and other regulations governing the healthcare industry. The System has implemented a compliance plan focusing on such issues. There can be no assurance that the System will not be subjected to future investigations with accompanying monetary damages.

The System is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's future financial position or results from operations.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

14. Functional Expenses

The System provides general health care services primarily to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2014</u>	<u>2013</u>
Health care services	\$ 345,385,126	\$ 319,112,506
General and administrative	<u>104,974,271</u>	<u>106,147,900</u>
Total	<u>\$ 450,359,397</u>	<u>\$ 425,260,406</u>

15. Fair Values of Financial Instruments

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

- *Cash and cash equivalents, accounts payable, accrued expenses, and estimated third-party payor settlements:* The carrying amount reported in the combined balance sheets approximates its fair value, due to the short-term nature of these instruments.
- *Assets limited as to use and derivative financial instruments:* Amounts reported in the balance sheet are at fair value. See below for fair value measurement disclosures.
- *Long-term debt:* The fair value of the System's fixed rate long-term debt is estimated based on quoted market value for same or similar debt instruments. The remaining long-term debt carrying amount approximates its fair value. Based on inputs used in determining the estimated fair value, the System's long-term debt would be classified as Level 2 in the fair value hierarchy.

The carrying amounts and fair values of the System's long-term debt at June 30, 2014 and 2013 are as follows:

	2014		2013	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term debt	<u>\$ 177,225,059</u>	<u>\$ 177,000,000</u>	<u>\$ 156,342,245</u>	<u>\$ 156,000,000</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

15. Fair Values of Financial Instruments, Continued

Fair values of assets measured on a recurring basis at June 30, 2014 and 2013 are as follows:

	Fair Value Measurements at June 30, 2014			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	\$ 6,580,596	\$ 6,580,596	\$ -	\$ -
U.S. Government and Agency obligations	10,978,912	10,978,912	-	-
Municipal obligations	650,891	483,832	167,059	-
Corporate bonds	13,423,402	11,938,869	1,484,533	-
Mortgage backed securities	19,536,049	18,220,927	1,315,122	-
Mutual funds – fixed income	31,832,571	31,832,571	-	-
Mutual funds – balanced	23,883,690	23,883,690	-	-
Mutual funds – equity	38,585,196	38,585,196	-	-
Mutual funds – international equity	25,599,436	25,599,436	-	-
Equity securities – common stock	31,562,044	31,562,044	-	-
Equity securities – international	2,721,712	2,721,712	-	-
Equity securities – preferred stock	1,246,265	-	1,246,265	-
Alternative investments	1,323,068	-	-	1,323,068
Derivatives	<u>874,916</u>	<u>-</u>	<u>874,916</u>	<u>-</u>
Total assets	<u>\$ 208,798,748</u>	<u>\$ 202,387,785</u>	<u>\$ 5,087,895</u>	<u>\$ 1,323,068</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

15. Fair Values of Financial Instruments, Continued

	Fair Value Measurements at June 30, 2013			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	\$ 10,314,537	\$ 10,314,537	\$ -	\$ -
U.S. Government and Agency obligations	4,371,185	4,371,185	-	-
Municipal obligations	3,445,424	3,221,378	224,046	-
Corporate bonds	5,771,499	4,340,041	1,431,458	-
Mortgage backed securities	5,111,598	4,084,129	1,027,469	-
Mutual funds – fixed income	28,352,045	28,352,045	-	-
Mutual funds – balanced	19,389,343	19,389,343	-	-
Mutual funds – equity	32,735,130	32,735,130	-	-
Mutual funds – international equity	21,574,397	21,574,397	-	-
Equity securities – common stock	25,463,627	25,463,627	-	-
Equity securities – international	1,840,742	1,840,742	-	-
Alternative investments	1,714,999	-	-	1,714,999
Derivatives	<u>1,260,562</u>	<u>-</u>	<u>1,260,562</u>	<u>-</u>
Total assets	<u>\$ 161,345,088</u>	<u>\$ 155,686,554</u>	<u>\$ 3,943,535</u>	<u>\$ 1,714,999</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

15. Fair Values of Financial Instruments, Continued

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar investments in active or inactive markets. Financial assets using Level 3 inputs were primarily valued using market values of underlying assets held by the limited partnership. The limited partnership invests in a variety of securities and financial instruments, some of which do not have readily available market prices. In the absence of readily available market prices, the fair values are estimated by the investment managers of those investment funds. Estimated values may differ from the values that would have been used if readily available market prices existed or if the investments were liquidated at the valuation date. Valuation techniques utilized to determine fair value are consistently applied. These valuation techniques also apply to financial assets held in the Defined Benefit Pension Plan as discussed in Note 11.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Alternative Investments</u>
Beginning balance at July 1, 2012	\$ 3,378,311
Total gains or losses (realized/unrealized):	
Included in revenue and gains in excess (deficient) of expenses and losses	(2,469)
Sales	<u>(1,660,843)</u>
Ending balance at June 30, 2013	1,714,999
Total gains or losses (realized/unrealized):	
Included in revenue and gains in excess (deficient) of expense and losses	(149,705)
Sales	<u>(242,226)</u>
Ending balance at June 30, 2014	\$ <u>1,323,068</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

16. Commitments and Contingencies

The System leases buildings and equipment under lease agreements which do not meet the criteria for capitalization. Total rental expense under such leases with nonaffiliates was approximately \$4,300,000 and \$4,100,000 for the years ended June 30, 2014 and 2013, respectively. Minimum future rentals on existing noncancelable leases for building and equipment from nonaffiliates as of June 30, 2014 are estimated to be as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 2,958,171
2016	896,618
2017	493,980
2018	401,158
2019	122,342
Thereafter	<u>12,182</u>
 Total	 <u>\$ 4,884,451</u>

17. Meaningful Use Incentives

The Health Information Technology for Economic and Clinical Health Act (HITECH Act) was enacted into law on February 17, 2009, as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The HITECH Act includes provisions designed to increase the use of Electronic Health Records (EHR) by both physicians and hospitals. Beginning with federal fiscal year 2011 and extending through federal fiscal year 2016, eligible hospitals participating in the Medicare and Medicaid programs are eligible for reimbursement incentives based on successfully demonstrating meaningful use of its certified EHR technology. Conversely, those hospitals that do not successfully demonstrate meaningful use of EHR technology are subject to reductions to Medicare reimbursements beginning in fiscal year 2015. On July 13, 2010, the Department of Health and Human Services (DHHS) released final meaningful use regulations. Meaningful use criteria are divided into three distinct stages: I, II and III. The final rules specify the initial criteria for physicians and eligible hospitals necessary to qualify for incentive payments; calculation of the incentive payment amounts; payment adjustments under Medicare for covered professional services and inpatient hospital services; eligible hospitals failing to demonstrate meaningful use of certified EHR technology; and other program participation requirements.

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued
June 30, 2014 and 2013

17. Meaningful Use Incentives, Continued

The final rule set the earliest interim payment date for the incentive payment at May 2011. The first year of the Medicare portion of the program is defined as the federal fiscal year October 1, 2010 to September 30, 2011.

The System recognizes income related to Medicare and Medicaid incentive payments using a grant model based upon when it has determined that it is reasonably assured that the Hospital will be meaningfully using EHR technology for the applicable period and the cost report information is reasonably estimable.

The System successfully demonstrated meeting meaningful use of its certified EHR technology prior to June 30, 2013. The System applied for and received approval from Medicare and Medicaid notifying the System qualified for approximately \$4,300,000 in 2014 and \$5,741,000 in 2013 from the programs. This was received and is included with other revenue on the combined statements of operations and changes in net assets.

INDEPENDENT AUDITOR'S REPORT ON COMBINING INFORMATION

Board of Trustees
St. Joseph's/Candler Health System, Inc.
Savannah, Georgia

We have audited the combined financial statements of St. Joseph's/Candler Health System, Inc. as of and for the years ended June 30, 2014 and 2013, and our report thereon dated October 23, 2014, which expressed an unmodified opinion on those combined financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information included in this report on pages 58 to 77, inclusive, is presented for purposes of additional analysis of the combined financial statements rather than to present the balance sheets, statements of excess revenues (expenses) and statements of cash flows of the individual entities, and is not a required part of the combined financial statements. Accordingly, we do not express an opinion on the financial position, results of the statements of excess revenues (expenses) and cash flows of the individual companies.

The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to Geechee Reinsurance Company, LLC, a wholly-owned subsidiary, is based on the report of other auditors, the combining information is fairly stated in all material respects in relation to the combined financial statements taken a whole.

Draffin & Tucker, LLP

Albany, Georgia
October 23, 2014

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING BALANCE SHEETS
June 30, 2014

	St. Joseph's/ Candler Health System	Candler Hospital	St. Joseph's Hospital	SJC Home Health	SJC Medical Group
Assets					
Current assets:					
Cash and cash equivalents	\$ 7,016,248	\$ 199,319	\$ 38,998	\$ 330,137	\$ 367,942
Assets limited as to use required for current liabilities	2,737,848	-	-	-	-
Patient accounts receivable, net	-	33,042,094	30,533,374	952,573	1,186,942
Other receivables	4,276,611	2,191,647	895,390	11,102	138,797
Due from affiliates	-	-	94,735,823	-	-
Inventories	-	4,427,609	6,049,765	-	-
Prepaid expenses	<u>2,040,267</u>	<u>987,676</u>	<u>605,483</u>	<u>15,743</u>	<u>76,716</u>
Total current assets	<u>16,070,974</u>	<u>40,848,345</u>	<u>132,858,833</u>	<u>1,309,555</u>	<u>1,770,397</u>
Assets limited as to use:					
Held in trust under bond indenture	26,177,379	-	-	-	-
Restricted under interest rate swap agreement and deferred compensation agreement	172	518,419	2,966,189	-	-
Board designated	<u>131,892,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,672,962</u>
Total assets limited as to use	<u>158,070,532</u>	<u>518,419</u>	<u>2,966,189</u>	<u>-</u>	<u>5,672,962</u>
Property and equipment, net	<u>18,690,800</u>	<u>84,446,605</u>	<u>45,688,950</u>	<u>444,278</u>	<u>5,111,664</u>
Derivative financial instruments	<u>911,077</u>	(<u>224,483</u>)	(<u>116,585</u>)	<u>-</u>	<u>-</u>
Other assets:					
Investments in affiliates	262,272,820	-	-	-	-
Long-term investments	4,901	1,379,089	112,428	6,510	14,790
Goodwill	-	48,323,352	473,277	-	161,000
Beneficial interest in net assets of Foundations	-	5,838,965	1,937,658	-	-
Deferred financing costs, net	<u>1,167,320</u>	<u>901,153</u>	<u>358,637</u>	<u>-</u>	<u>-</u>
Total other assets	<u>263,445,041</u>	<u>56,442,559</u>	<u>2,882,000</u>	<u>6,510</u>	<u>175,790</u>
Total assets	<u>\$ 457,188,424</u>	<u>\$ 182,031,445</u>	<u>\$ 184,279,387</u>	<u>\$ 1,760,343</u>	<u>\$ 12,730,813</u>

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ -	\$ 5,523	\$ 817,153	\$ 1,470,884	\$ 10,246,204	\$ -	\$ 10,246,204
-	-	-	-	2,737,848	-	2,737,848
-	-	214,582	-	65,929,565	-	65,929,565
107,419	778,093	22,607	-	8,421,666	-	8,421,666
-	-	-	-	94,735,823	(94,735,823)	-
-	582,428	-	-	11,059,802	-	11,059,802
<u>11,786</u>	<u>-</u>	<u>-</u>	<u>8,250</u>	<u>3,745,921</u>	<u>-</u>	<u>3,745,921</u>
<u>119,205</u>	<u>1,366,044</u>	<u>1,054,342</u>	<u>1,479,134</u>	<u>196,876,829</u>	<u>(94,735,823)</u>	<u>102,141,006</u>
-	-	-	-	26,177,379	-	26,177,379
-	-	-	-	3,484,780	-	3,484,780
-	-	-	<u>37,957,882</u>	<u>175,523,825</u>	<u>-</u>	<u>175,523,825</u>
-	-	-	<u>37,957,882</u>	<u>205,185,984</u>	<u>-</u>	<u>205,185,984</u>
<u>5,090,228</u>	<u>48,316</u>	<u>3,424,289</u>	<u>-</u>	<u>162,945,130</u>	<u>-</u>	<u>162,945,130</u>
<u>304,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>874,916</u>	<u>-</u>	<u>874,916</u>
-	-	-	-	262,272,820	(262,272,820)	-
2,620	1,348	-	-	1,521,686	-	1,521,686
-	-	-	-	48,957,629	-	48,957,629
-	-	-	-	7,776,623	-	7,776,623
-	-	-	-	<u>2,427,110</u>	<u>-</u>	<u>2,427,110</u>
<u>2,620</u>	<u>1,348</u>	<u>-</u>	<u>-</u>	<u>322,955,868</u>	<u>(262,272,820)</u>	<u>60,683,048</u>
<u>\$ 5,516,960</u>	<u>\$ 1,415,708</u>	<u>\$ 4,478,631</u>	<u>\$ 39,437,016</u>	<u>\$ 888,838,727</u>	<u>\$ (357,008,643)</u>	<u>\$ 531,830,084</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING BALANCE SHEETS, Continued
June 30, 2014

	St. Joseph's/ Candler Health System	Candler Hospital	St. Joseph's Hospital	SJC Home Health	SJC Medical Group
Liabilities and Net Assets					
Current liabilities:					
Current maturities of long-term debt	\$ -	\$ 6,487,952	\$ 2,056,105	\$ -	\$ -
Accounts payable	3,656,540	5,887,610	8,400,960	239,104	508,004
Accrued employee related expenses	12,113,929	7,969,019	5,411,017	644,835	397,458
Other accrued expenses	4,295,648	1,869,853	1,199,726	-	73,618
Due to affiliates	88,224,479	6,827,555	-	-	-
Estimated third-party settlements	-	302,174	703,816	-	-
Total current liabilities	108,290,596	29,344,163	17,771,624	883,939	979,080
Long-term debt, excluding current maturities	78,388,035	71,561,706	18,731,261	-	-
Accrued self-insurance claims	2,332,235	-	-	-	-
Accrued pension cost	33,231,874	-	-	-	-
Deferred compensation payable	-	518,419	2,966,189	-	5,156,058
Total liabilities	222,242,740	101,424,288	39,469,074	883,939	6,135,138
Net assets:					
Common stock	-	-	-	-	500
Unrestricted net assets	234,945,684	75,368,593	143,484,871	876,404	6,595,175
Temporarily restricted net assets	-	4,303,564	1,225,442	-	-
Permanently restricted net assets	-	935,000	100,000	-	-
Total net assets	234,945,684	80,607,157	144,810,313	876,404	6,595,675
Total liabilities and net assets	\$ 457,188,424	\$ 182,031,445	\$ 184,279,387	\$ 1,760,343	\$ 12,730,813

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ - 19,118	\$ - 246,732	\$ - 93,946	\$ - 82,037	\$ 8,544,057 19,134,051	\$ - -	\$ 8,544,057 19,134,051
10,701	78,036	239,469	-	26,864,464	-	26,864,464
18,090	1,644	-	83,693	7,542,272	-	7,542,272
-	-	-	(316,211)	94,735,823	(94,735,823)	-
-	-	-	-	1,005,990	-	1,005,990
<u>47,909</u>	<u>326,412</u>	<u>333,415</u>	<u>(150,481)</u>	<u>157,826,657</u>	<u>(94,735,823)</u>	<u>63,090,834</u>
 - - -	 - - -	 - - -	 - - -	 168,681,002	 - - -	 168,681,002
 - - -	 - - -	 - - -	 20,907,789	 23,240,024	 - - -	 23,240,024
 - - -	 - - -	 - - -	 - - -	 33,231,874	 - - -	 33,231,874
 - - -	 - - -	 - - -	 - - -	 8,640,666	 - - -	 8,640,666
<u>47,909</u>	<u>326,412</u>	<u>333,415</u>	<u>20,757,308</u>	<u>391,620,223</u>	<u>(94,735,823)</u>	<u>296,884,400</u>
 500	 165,000	 - - -	 120,000	 286,000	 (286,000)	 - - -
<u>5,468,551</u>	<u>924,296</u>	<u>4,145,216</u>	<u>18,559,708</u>	<u>490,368,498</u>	<u>(261,986,820)</u>	<u>228,381,678</u>
 - - -	 - - -	 - - -	 - - -	 5,529,006	 - - -	 5,529,006
 - - -	 - - -	 - - -	 - - -	 1,035,000	 - - -	 1,035,000
<u>5,469,051</u>	<u>1,089,296</u>	<u>4,145,216</u>	<u>18,679,708</u>	<u>497,218,504</u>	<u>(262,272,820)</u>	<u>234,945,684</u>
 <u>\$ 5,516,960</u>	 <u>\$ 1,415,708</u>	 <u>\$ 4,478,631</u>	 <u>\$ 39,437,016</u>	 <u>\$ 888,838,727</u>	 <u>\$ (357,008,643)</u>	 <u>\$ 531,830,084</u>

See accompanying independent auditor's report on combining information.

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING BALANCE SHEETS
June 30, 2013

	<u>St. Joseph's/ Candler Health System</u>	<u>Candler Hospital</u>	<u>St. Joseph's Hospital</u>	<u>SJC Home Health</u>	<u>SJC Medical Group</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 20,686,969	\$ 27,262	\$ 85,547	\$ 8,862	\$ 56,034
Assets limited as to use required for current liabilities	2,010,090	-	-	-	-
Patient accounts receivable, net	-	29,423,670	25,661,075	354,542	1,062,905
Other receivables	886,733	6,464,589	445,815	-	158,227
Due from affiliates	-	-	110,870,216	-	-
Inventories	-	4,261,005	5,316,907	-	-
Prepaid expenses	<u>1,928,554</u>	<u>788,233</u>	<u>602,077</u>	<u>27,913</u>	<u>67,250</u>
Total current assets	<u>25,512,346</u>	<u>40,964,759</u>	<u>142,981,637</u>	<u>391,317</u>	<u>1,344,416</u>
Assets limited as to use:					
Held in trust under bond indenture	3,789,807	-	-	-	-
Restricted under interest rate swap agreement and deferred compensation agreement	2,334,484	438,202	2,474,851	-	-
Board designated	<u>110,784,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,340,379</u>
Total assets limited as to use	<u>116,908,759</u>	<u>438,202</u>	<u>2,474,851</u>	<u>-</u>	<u>4,340,379</u>
Property and equipment, net	<u>10,524,175</u>	<u>84,544,946</u>	<u>35,820,740</u>	<u>253,411</u>	<u>4,627,497</u>
Derivative financial instruments	<u>1,140,355</u>	(<u>172,065</u>)	(<u>89,365</u>)	<u>-</u>	<u>-</u>
Other assets:					
Investments in affiliates	236,747,864	-	-	-	-
Long-term investments	910,585	1,694,838	46,730	6,510	14,790
Goodwill	-	48,323,352	-	-	161,000
Beneficial interest in net assets of Foundations	-	4,991,724	1,679,267	-	-
Deferred financing costs, net	<u>1,257,194</u>	<u>1,025,785</u>	<u>404,300</u>	<u>-</u>	<u>-</u>
Total other assets	<u>238,915,643</u>	<u>56,035,699</u>	<u>2,130,297</u>	<u>6,510</u>	<u>175,790</u>
Total assets	<u>\$ 393,001,278</u>	<u>\$ 181,811,541</u>	<u>\$ 183,318,160</u>	<u>\$ 651,238</u>	<u>\$ 10,488,082</u>

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ -	\$ 3.340	\$ 513,741	\$ 6,782,840	\$ 28,164,595	\$ -	\$ 28,164,595
2,169,808	-	-	-	4,179,898	-	4,179,898
-	-	468,563	-	56,970,755	-	56,970,755
92,307	22,520	19,967	-	8,090,158	-	8,090,158
-	-	-	-	110,870,216	(110,870,216)	-
-	63,379	-	-	9,641,291	-	9,641,291
<u>27,683</u>	<u>-</u>	<u>1,500</u>	<u>9,095</u>	<u>3,452,305</u>	<u>-</u>	<u>3,452,305</u>
<u>2,289,798</u>	<u>89,239</u>	<u>1,003,771</u>	<u>6,791,935</u>	<u>221,369,218</u>	<u>(110,870,216)</u>	<u>110,499,002</u>
-	-	-	-	3,789,807	-	3,789,807
-	-	-	-	5,247,537	-	5,247,537
-	-	-	<u>31,742,437</u>	<u>146,867,284</u>	<u>-</u>	<u>146,867,284</u>
-	-	-	<u>31,742,437</u>	<u>155,904,628</u>	<u>-</u>	<u>155,904,628</u>
<u>9,802,711</u>	<u>-</u>	<u>3,496,801</u>	<u>-</u>	<u>149,070,281</u>	<u>-</u>	<u>149,070,281</u>
<u>381,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,260,562</u>	<u>-</u>	<u>1,260,562</u>
-	-	-	-	236,747,864	(236,747,864)	-
2,620	1,348	-	-	2,677,421	-	2,677,421
-	-	-	-	48,484,352	-	48,484,352
-	-	-	-	6,670,991	-	6,670,991
<u>137,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,824,294</u>	<u>-</u>	<u>2,824,294</u>
<u>139,635</u>	<u>1,348</u>	<u>-</u>	<u>-</u>	<u>297,404,922</u>	<u>(236,747,864)</u>	<u>60,657,058</u>
<u>\$ 12,613,781</u>	<u>\$ 90,587</u>	<u>\$ 4,500,572</u>	<u>\$ 38,534,372</u>	<u>\$ 825,009,611</u>	<u>\$ (347,618,080)</u>	<u>\$ 477,391,531</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING BALANCE SHEETS, Continued
June 30, 2013

	St. Joseph's/ Candler <u>Health System</u>	Candler <u>Hospital</u>	St. Joseph's <u>Hospital</u>	SJC Home <u>Health</u>	SJC Medical <u>Group</u>
Liabilities and Net Assets					
Current liabilities:					
Current maturities of long-term debt	\$ 1,051,447	\$ 6,339,542	\$ 1,972,480	\$ -	\$ -
Accounts payable	2,853,655	5,482,253	7,157,900	226,690	375,118
Accrued employee related expenses	13,414,613	7,755,161	4,977,800	380,671	315,853
Other accrued expenses	2,797,825	4,960,786	861,600	-	65,283
Due to affiliates	99,594,728	6,829,585	-	-	-
Estimated third-party settlements	-	156,104	4,235,161	-	-
Total current liabilities	119,712,268	31,523,431	19,204,941	607,361	756,254
Long-term debt, excluding current maturities	36,768,099	78,049,659	20,787,366	-	-
Accrued self-insurance claims	3,088,476	-	-	-	-
Accrued pension cost	33,007,744	-	-	-	-
Deferred compensation payable	-	438,202	2,474,851	-	4,690,437
Total liabilities	<u>192,576,587</u>	<u>110,011,292</u>	<u>42,467,158</u>	<u>607,361</u>	<u>5,446,691</u>
Net assets:					
Common stock	-	-	-	-	500
Unrestricted net assets	200,424,691	67,100,152	139,708,479	43,877	5,040,891
Temporarily restricted net assets	-	3,765,097	1,042,523	-	-
Permanently restricted net assets	-	935,000	100,000	-	-
Total net assets	<u>200,424,691</u>	<u>71,800,249</u>	<u>140,851,002</u>	<u>43,877</u>	<u>5,041,391</u>
Total liabilities and net assets	<u>\$ 393,001,278</u>	<u>\$ 181,811,541</u>	<u>\$ 183,318,160</u>	<u>\$ 651,238</u>	<u>\$ 10,488,082</u>

SJC Properties	SJC Health Services	Georgia Infirmary	Geechee Reinsurance	Totals	Eliminations	Combined Totals
\$ 1,602,320 48,538	\$ - 1,550	\$ - 104,760	\$ - 4,702	\$ 10,965.789 16,255.166	\$ - -	\$ 10,965.789 16,255.166
6,878 470,696	17,553 291	246,113 -	- 61,454	27,114.642 9,217.935	- -	27,114.642 9,217.935
- -	- -	- -	4,445.903 -	110,870.216 4,391.265	(110,870.216) -	- 4,391.265
<u>2,128,432</u>	<u>19,394</u>	<u>350,873</u>	<u>4,512.059</u>	<u>178,815.013</u>	<u>(110,870.216)</u>	<u>67,944.797</u>
9,771,332	-	-	-	145,376.456	-	145,376.456
-	-	-	19,945.877	23,034.353	-	23,034.353
-	-	-	-	33,007.744	-	33,007.744
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,603.490</u>	<u>-</u>	<u>7,603.490</u>
<u>11,899,764</u>	<u>19,394</u>	<u>350,873</u>	<u>24,457.936</u>	<u>387,837.056</u>	<u>(110,870.216)</u>	<u>276,966.840</u>
500 713,517	165,000 (93,807)	- 4,149,699	120,000 13,956,436	286,000 431,043,935	(286,000) (236,461,864)	- 194,582,071
- -	- -	- -	- -	4,807,620 1,035,000	- -	4,807,620 1,035,000
<u>714,017</u>	<u>71,193</u>	<u>4,149,699</u>	<u>14,076,436</u>	<u>437,172,555</u>	<u>(236,747,864)</u>	<u>200,424,691</u>
<u>\$ 12,613,781</u>	<u>\$ 90,587</u>	<u>\$ 4,500,572</u>	<u>\$ 38,534,372</u>	<u>\$ 825,009,611</u>	<u>\$ (347,618,080)</u>	<u>\$ 477,391,531</u>

See accompanying independent auditor's report on combining information.

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING STATEMENTS OF EXCESS REVENUES (EXPENSES)
June 30, 2014

	St. Joseph's/ Candler Health System	Candler Hospital	St. Joseph's Hospital	SJC Home Health	SJC Medical Group
Unrestricted revenues, gains and other support:					
Patient service revenue (net of contractual allowances and discounts)	\$ -	\$ 241,734,741	\$ 198,362,700	\$ 10,278,192	\$ 10,094,623
Provision for bad debts	<u>-</u>	<u>(21,339,745)</u>	<u>(16,419,580)</u>	<u>(87,872)</u>	<u>(882,726)</u>
Net patient service revenue	<u>-</u>	<u>220,394,996</u>	<u>181,943,120</u>	<u>10,190,320</u>	<u>9,211,897</u>
Other revenue	<u>-</u>	<u>25,788,742</u>	<u>6,822,903</u>	<u>131,822</u>	<u>288,695</u>
 Total unrestricted revenues, gains and other support	 <u>-</u>	 <u>246,183,738</u>	 <u>188,766,023</u>	 <u>10,322,142</u>	 <u>9,500,592</u>
Expenses:					
Salaries and wages	<u>-</u>	<u>90,788,532</u>	<u>65,618,304</u>	<u>6,736,215</u>	<u>7,731,374</u>
Employee benefits	<u>-</u>	<u>19,999,299</u>	<u>14,227,738</u>	<u>1,053,122</u>	<u>2,000,670</u>
Physician and professional fees	<u>-</u>	<u>14,039,322</u>	<u>10,094,198</u>	<u>545,346</u>	<u>2,716,205</u>
Materials and supplies	<u>-</u>	<u>55,560,891</u>	<u>63,608,024</u>	<u>333,028</u>	<u>757,016</u>
Purchased services	<u>-</u>	<u>18,849,885</u>	<u>8,630,990</u>	<u>56,330</u>	<u>330,388</u>
Insurance	<u>-</u>	<u>2,358,335</u>	<u>1,718,567</u>	<u>-</u>	<u>219,393</u>
Interest	<u>-</u>	<u>3,569,490</u>	<u>1,822,187</u>	<u>-</u>	<u>14,737</u>
Depreciation and amortization	<u>-</u>	<u>12,551,825</u>	<u>7,251,066</u>	<u>98,009</u>	<u>297,507</u>
Other	<u>-</u>	<u>17,380,099</u>	<u>10,152,284</u>	<u>1,329,143</u>	<u>1,648,005</u>
 Total expenses	 <u>-</u>	 <u>235,097,678</u>	 <u>183,123,358</u>	 <u>10,151,193</u>	 <u>15,715,295</u>
 Income (loss) from operations	 <u>-</u>	 <u>11,086,060</u>	 <u>5,642,665</u>	 <u>170,949</u>	 <u>(6,214,703)</u>
Nonoperating income (loss):					
Investment income (loss)	<u>-</u>	<u>4,036,423</u>	<u>2,812,815</u>	<u>223</u>	<u>228,319</u>
Change in fair value of derivative instruments	<u>-</u>	<u>(189,416)</u>	<u>(119,500)</u>	<u>-</u>	<u>-</u>
Gain on investments in affiliates	<u>19,907,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss on bond defeasance	<u>(1,440,719)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Nonoperating income (loss), net	 <u>18,466,394</u>	 <u>3,847,007</u>	 <u>2,693,315</u>	 <u>223</u>	 <u>228,319</u>
 Revenues and gains in excess (deficient) of expenses and losses	 <u>\$ 18,466,394</u>	 <u>\$ 14,933,067</u>	 <u>\$ 8,335,980</u>	 <u>\$ 171,172</u>	 <u>\$(5,986,384)</u>

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ -	\$ -	\$ 2,860,995	\$ -	\$ 463,331.251	\$ -	\$ 463,331.251
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,729.923)</u>	<u>-</u>	<u>(38,729.923)</u>
<u>-</u>	<u>-</u>	<u>2,860,995</u>	<u>-</u>	<u>424,601.328</u>	<u>-</u>	<u>424,601.328</u>
<u>1,548.904</u>	<u>3,928.860</u>	<u>177.710</u>	<u>2,918.991</u>	<u>41,606.627</u>	<u>(4,003.806)</u>	<u>37,602.821</u>
<u>1,548.904</u>	<u>3,928.860</u>	<u>3,038.705</u>	<u>2,918.991</u>	<u>466,207.955</u>	<u>(4,003.806)</u>	<u>462,204.149</u>
120.609	712.315	1,466.498	-	173,173.847	-	173,173.847
20,801	115,211	334,642	-	37,751.483	-	37,751.483
18,913	214,576	426,349	125,054	28,179.963	-	28,179.963
4,387	1,528,824	119,984	-	121,912,154	-	121,912,154
47,565	29,669	57,655	-	28,002,482	(529,113)	27,473,369
-	-	-	3,310,793	7,607,088	(2,918,991)	4,688,097
6,609	-	-	-	5,413,023	-	5,413,023
365,914	6,669	136,494	-	20,707,484	-	20,707,484
<u>640,866</u>	<u>91,123</u>	<u>368,497</u>	<u>5,662</u>	<u>31,615,679</u>	<u>(555,702)</u>	<u>31,059,977</u>
<u>1,225,664</u>	<u>2,698,387</u>	<u>2,910,119</u>	<u>3,441,509</u>	<u>454,363,203</u>	<u>(4,003,806)</u>	<u>450,359,397</u>
<u>323,240</u>	<u>1,230,473</u>	<u>128,586</u>	<u>(522,518)</u>	<u>11,844,752</u>	<u>-</u>	<u>11,844,752</u>
(2,154)	-	-	1,738,837	8,814,463	-	8,814,463
(76,730)	-	-	-	(385,646)	-	(385,646)
-	-	-	-	19,907,113	(19,907,113)	-
<u>(366,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,807,175)</u>	<u>-</u>	<u>(1,807,175)</u>
<u>(445,340)</u>	<u>-</u>	<u>-</u>	<u>1,738,837</u>	<u>26,528,755</u>	<u>(19,907,113)</u>	<u>6,621,642</u>
<u>\$ (122,100)</u>	<u>\$ 1,230,473</u>	<u>\$ 128,586</u>	<u>\$ 1,216,319</u>	<u>\$ 38,373,507</u>	<u>\$ (19,907,113)</u>	<u>\$ 18,466,394</u>

See accompanying independent auditor's report on combining information.

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING STATEMENTS OF EXCESS REVENUES (EXPENSES)
June 30, 2013

	St. Joseph's/ Candler Health System	Candler Hospital	St. Joseph's Hospital	SJC Home Health	SJC Medical Group
Unrestricted revenues, gains and other support:					
Patient service revenue (net of contractual allowances and discounts)	\$ -	\$ 241,743,032	\$ 195,893,280	\$ 9,310,283	\$ 9,246,299
Provision for bad debts	<u>-</u>	<u>(27,216,197)</u>	<u>(23,723,359)</u>	<u>(99,077)</u>	<u>(580,821)</u>
Net patient service revenue	<u>-</u>	<u>214,526,835</u>	<u>172,169,921</u>	<u>9,211,206</u>	<u>8,665,478</u>
Other revenue	<u>-</u>	<u>26,135,205</u>	<u>7,152,885</u>	<u>55</u>	<u>186,925</u>
 Total unrestricted revenues, gains and other support	 <u>-</u>	 <u>240,662,040</u>	 <u>179,322,806</u>	 <u>9,211,261</u>	 <u>8,852,403</u>
Expenses:					
Salaries and wages	<u>-</u>	<u>89,737,581</u>	<u>63,634,198</u>	<u>4,874,250</u>	<u>7,298,249</u>
Employee benefits	<u>-</u>	<u>19,841,843</u>	<u>14,619,675</u>	<u>707,545</u>	<u>1,847,675</u>
Physician and professional fees	<u>-</u>	<u>11,917,377</u>	<u>8,793,511</u>	<u>878,092</u>	<u>471,239</u>
Materials and supplies	<u>-</u>	<u>54,275,598</u>	<u>56,882,422</u>	<u>294,493</u>	<u>681,674</u>
Purchased services	<u>-</u>	<u>16,270,137</u>	<u>8,771,613</u>	<u>36,142</u>	<u>364,266</u>
Insurance	<u>-</u>	<u>4,393,791</u>	<u>3,389,626</u>	<u>-</u>	<u>150,057</u>
Interest	<u>-</u>	<u>3,296,420</u>	<u>1,262,414</u>	<u>-</u>	<u>60,354</u>
Depreciation and amortization	<u>-</u>	<u>12,371,052</u>	<u>7,183,761</u>	<u>82,273</u>	<u>317,198</u>
Other	<u>-</u>	<u>15,303,203</u>	<u>9,246,267</u>	<u>1,001,785</u>	<u>1,406,739</u>
 Total expenses	 <u>-</u>	 <u>227,407,002</u>	 <u>173,783,487</u>	 <u>7,874,580</u>	 <u>12,597,451</u>
 Income (loss) from operations	 <u>-</u>	 <u>13,255,038</u>	 <u>5,539,319</u>	 <u>1,336,681</u>	 <u>(3,745,048)</u>
Nonoperating income (loss):					
Investment income (loss)	<u>-</u>	<u>1,138,765</u>	<u>5,035,424</u>	<u>1,112</u>	<u>230,671</u>
Change in fair value of derivative instruments	<u>-</u>	<u>1,726,661</u>	<u>924,373</u>	<u>-</u>	<u>-</u>
Gain on investments in affiliates	<u>28,111,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Nonoperating income (loss), net	 <u>28,111,245</u>	 <u>2,865,426</u>	 <u>5,959,797</u>	 <u>1,112</u>	 <u>230,671</u>
 Revenues and gains in excess (deficient) of expenses and losses	 <u>\$ 28,111,245</u>	 <u>\$ 16,120,464</u>	 <u>\$ 11,499,116</u>	 <u>\$ 1,337,793</u>	 <u>\$ (3,514,377)</u>

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ -	\$ -	\$ 3,142,511	\$ -	\$ 459,335.405	\$ -	\$ 459,335.405
<u>-</u>	<u>-</u>	<u>3,142,511</u>	<u>-</u>	<u>(51,619.454)</u>	<u>-</u>	<u>(51,619.454)</u>
<u>-</u>	<u>-</u>	<u>3,142,511</u>	<u>-</u>	<u>407,715.951</u>	<u>-</u>	<u>407,715.951</u>
<u>1,798.775</u>	<u>190.312</u>	<u>167.965</u>	<u>6,658.500</u>	<u>42,290.622</u>	<u>(7,731.568)</u>	<u>34,559.054</u>
<u>1,798.775</u>	<u>190.312</u>	<u>3,310.476</u>	<u>6,658.500</u>	<u>450,006.573</u>	<u>(7,731.568)</u>	<u>442,275.005</u>
123.680	175.548	1,497.094	-	167,340.600	-	167,340.600
20,040	31,064	372,580	-	37,440.422	-	37,440.422
18,200	2,853	449,624	123.453	22,654.349	-	22,654.349
4,995	45,745	121,676	-	112,306.603	-	112,306.603
41,668	19,489	75,694	-	25,579.009	(457.742)	25,121.267
(1,500)	-	-	6,157.422	14,089.396	(6,650.000)	7,439.396
26,979	-	-	-	4,646.167	-	4,646.167
614,478	-	130,141	-	20,698.903	-	20,698.903
<u>880.166</u>	<u>14.251</u>	<u>377.715</u>	<u>6.399</u>	<u>28,236.525</u>	<u>(623.826)</u>	<u>27,612.699</u>
<u>1,728.706</u>	<u>288.950</u>	<u>3,024.524</u>	<u>6,287.274</u>	<u>432,991.974</u>	<u>(7,731.568)</u>	<u>425,260.406</u>
<u>70.069</u>	<u>(98.638)</u>	<u>285.952</u>	<u>371.226</u>	<u>17,014.599</u>	<u>-</u>	<u>17,014.599</u>
(61,540)	-	-	2,039.246	8,383.678	-	8,383.678
61,934	-	-	-	2,712.968	-	2,712.968
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,111.245</u>	<u>(28,111.245)</u>	<u>-</u>
<u>394</u>	<u>-</u>	<u>-</u>	<u>2,039.246</u>	<u>39,207.891</u>	<u>(28,111.245)</u>	<u>11,096.646</u>
<u>\$ 70,463</u>	<u>\$ (98.638)</u>	<u>\$ 285,952</u>	<u>\$ 2,410.472</u>	<u>\$ 56,222.490</u>	<u>\$ (28,111.245)</u>	<u>\$ 28,111.245</u>

See accompanying independent auditor's report on combining information.

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING STATEMENTS OF CASH FLOWS
June 30, 2014

	<u>St. Joseph's/ Candler Health System</u>	<u>Candler Hospital</u>	<u>St. Joseph's Hospital</u>	<u>SJC Home Health</u>	<u>SJC Medical Group</u>
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ 34,520,993	\$ 8,806,908	\$ 3,959,311	\$ 832,527	\$ 1,554,284
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Change in fair value of derivative instruments	229,278	52,418	27,220	-	-
Beneficial interest in net assets of Foundations, net	-	(847,241)	(258,391)	-	-
Net realized and unrealized (gains) losses on investments other than trading securities	(16,570,305)	-	-	-	(814,360)
Depreciation and amortization	-	12,551,825	7,251,066	98,009	297,507
Contributions for property	-	(15,283)	(425,710)	-	-
Loss on bond defeasance	1,440,719	-	-	-	-
Changes in:					
Patient accounts receivable	-	(3,618,424)	(4,872,299)	(598,031)	(124,037)
Other receivables	(3,389,878)	4,272,942	(449,575)	(11,102)	19,430
Inventories	-	(166,604)	(732,858)	-	-
Prepaid expenses	(111,713)	(199,443)	(3,406)	12,170	(9,466)
Accounts payable	802,885	405,357	1,243,060	12,414	132,886
Accrued liabilities	197,139	(2,877,075)	771,343	264,164	89,940
Estimated third-party payor settlements	-	146,070	(3,531,345)	-	-
Accrued self-insurance claims	(756,241)	-	-	-	-
Accrued pension costs, net	224,130	-	-	-	-
Deferred compensation payable	-	<u>80,217</u>	<u>491,338</u>	<u>-</u>	<u>465,621</u>
Net cash provided by (used in) operating activities	<u>16,587,007</u>	<u>18,591,667</u>	<u>3,469,754</u>	<u>610,151</u>	<u>1,611,805</u>

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ 4,755,034	\$ 1,018,103	\$(4,483)	\$ 4,603,272	\$ 60,045,949	\$(25,524,956)	\$ 34,520,993
76.730	-	-	-	385.646	-	385.646
-	-	-	-	(1,105,632)	-	(1,105,632)
-	-	-	(4,461,034)	(21,845,699)	-	(21,845,699)
365,914	6,669	136,494	-	20,707,484	-	20,707,484
-	-	-	-	(440,993)	-	(440,993)
366,456	-	-	-	1,807,175		1,807,175
-	-	253,981	-	(8,958,810)	-	(8,958,810)
(15,112)	(755,573)	(2,640)	-	(331,508)	-	(331,508)
-	(519,049)	-	-	(1,418,511)	-	(1,418,511)
15,897	-	1,500	845	(293,616)	-	(293,616)
(29,420)	245,182	(10,814)	77,335	2,878,885	-	2,878,885
(448,783)	61,836	(6,644)	22,239	(1,925,841)	-	(1,925,841)
-	-	-	-	(3,385,275)	-	(3,385,275)
-	-	-	961,912	205,671	-	205,671
-	-	-	-	224,130	-	224,130
-	-	-	-	<u>1,037,176</u>	<u>-</u>	<u>1,037,176</u>
<u>5,086,716</u>	<u>57,168</u>	<u>367,394</u>	<u>1,204,569</u>	<u>47,586,231</u>	<u>(25,524,956)</u>	<u>22,061,275</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING STATEMENTS OF CASH FLOWS, Continued
June 30, 2014

	St. Joseph's/ Candler <u>Health System</u>	Candler <u>Hospital</u>	St. Joseph's <u>Hospital</u>	SJC Home <u>Health</u>	SJC Medical <u>Group</u>
Cash flows from investing activities:					
Purchases of property and equipment	\$(8,105,198)	\$(9,037,844)	\$(15,608,648)	\$(288,876)	\$(781,674)
Proceeds from sale of assets limited as to use	87,352,050	-	-	-	1,987,382
Purchases of assets limited as to use	(112,876,173)	(80,217)	(491,338)	-	(2,505,605)
Investment in affiliates	(25,524,956)	-	-	-	-
Sales (purchases) of long-term investments, net	<u>905,684</u>	<u>315,749</u>	<u>(538,975)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(58,248,593)</u>	<u>(8,802,312)</u>	<u>(16,638,961)</u>	<u>(288,876)</u>	<u>(1,299,897)</u>
Cash flows from financing activities:					
Repayment of long-term debt	(37,894,282)	(6,339,543)	(1,972,480)	-	-
Proceeds from issuance of long-term debt	78,462,771	-	-	-	-
Bond issue costs	(1,207,375)	-	-	-	-
Contributions for property	-	15,283	425,710	-	-
Transfers of property	-	(3,291,008)	(1,464,965)	-	-
Transfers to (from) affiliates, net	<u>(11,370,249)</u>	<u>(2,030)</u>	<u>16,134,393</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>27,990,865</u>	<u>(9,617,298)</u>	<u>13,122,658</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(13,670,721)	172,057	(46,549)	321,275	311,908
Cash and cash equivalents, beginning of year	<u>20,686,969</u>	<u>27,262</u>	<u>85,547</u>	<u>8,862</u>	<u>56,034</u>
Cash and cash equivalents, end of year	<u>\$ 7,016,248</u>	<u>\$ 199,319</u>	<u>\$ 38,998</u>	<u>\$ 330,137</u>	<u>\$ 367,942</u>

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$(455.570)	\$ -	\$(63.982)	\$ -	\$(34,341.792)	\$ -	\$(34,341.792)
3,007.457	-	-	13,887.254	106,234.143	-	106,234.143
(1,075.909)	-	-	(15,641.665)	(132,670.907)	-	(132,670.907)
-	-	-	-	(25,524.956)	25,524.956	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682.458</u>	<u>-</u>	<u>682.458</u>
<u>1,475.978</u>	<u>-</u>	<u>(63.982)</u>	<u>(1,754.411)</u>	<u>(85,621.054)</u>	<u>25,524.956</u>	<u>(60,096.098)</u>
(11,373.652)	-	-	-	(57,579.957)	-	(57,579.957)
-	-	-	-	78,462.771	-	78,462.771
-	-	-	-	(1,207.375)	-	(1,207.375)
-	-	-	-	440.993	-	440.993
4,810.958	(54.985)	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,762.114)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(6,562.694)</u>	<u>(54.985)</u>	<u>-</u>	<u>(4,762.114)</u>	<u>20,116.432</u>	<u>-</u>	<u>20,116.432</u>
-	2,183	303,412	(5,311.956)	(17,918.391)	-	(17,918.391)
<u>-</u>	<u>3,340</u>	<u>513,741</u>	<u>6,782.840</u>	<u>28,164.595</u>	<u>-</u>	<u>28,164.595</u>
\$ <u> - </u>	\$ <u> 5.523 </u>	\$ <u>817,153</u>	\$ <u> 1,470.884 </u>	\$ <u>10,246.204</u>	\$ <u> - </u>	\$ <u>10,246.204</u>

See accompanying independent auditor's report on combining information.

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING STATEMENTS OF CASH FLOWS
June 30, 2013

	St. Joseph's/ Candler <u>Health System</u>	Candler <u>Hospital</u>	St. Joseph's <u>Hospital</u>	SJC Home <u>Health</u>	SJC Medical <u>Group</u>
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ 28,347,367	\$ 15,436,496	\$ 10,326,284	\$(36,609)	\$(187,868)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Change in fair value of derivative instruments	(185,064)	(1,623,025)	(842,945)	-	-
Beneficial interest in net assets of Foundations, net	-	(92,970)	205,149	-	-
Net realized and unrealized (gains) losses on investments other than trading securities	(4,697,078)	-	-	-	(295,845)
Depreciation and amortization	-	12,371,052	7,183,761	82,273	317,198
Contributions for property	-	(807,552)	(277,271)	-	-
Changes in:					
Patient accounts receivable	-	(1,040,421)	2,325,986	(67,426)	306,121
Other receivables	72,953	(2,090,337)	(378,106)	-	25,804
Inventories	-	(138,086)	(155,905)	-	-
Prepaid expenses	1,094,297	(278,679)	(208,520)	(4,473)	(38,492)
Accounts payable	(1,678,471)	(1,019,146)	(1,034,855)	(26,626)	112,071
Accrued liabilities	(183,312)	2,622,779	841,663	31,796	(45,269)
Estimated third-party payor settlements	-	431,805	700,600	-	-
Accrued self-insurance claims	1,473,579	-	-	-	-
Accrued pension costs, net	1,471,232	-	-	-	-
Deferred compensation payable	-	<u>50,498</u>	<u>309,456</u>	-	<u>497,696</u>
Net cash provided by (used in) operating activities	<u>25,715,503</u>	<u>23,822,414</u>	<u>18,995,297</u>	<u>(21,065)</u>	<u>691,416</u>

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ 1,105.522	\$ 54.716	\$ 201.903	\$ 2,961.442	\$ 58,209.253	\$(29,861.886)	\$ 28,347.367
(61.934)	-	-	-	(2,712.968)	-	(2,712.968)
-	-	-	-	112.179	-	112.179
614.478	-	130.141	(1,646.325)	(6,639.248)	-	(6,639.248)
-	-	-	-	20,698.903	-	20,698.903
(11,474)	(11,433)	210.226	-	(2,182.367)	-	(2,182.367)
-	(20.130)	-	-	(314.121)	-	(314.121)
(24.648)	-	(1,500)	5.050	543.035	-	543.035
19.303	(518)	(61.134)	(137.960)	(3,827.336)	-	(3,827.336)
(13.172)	(23.121)	15.831	9.920	3,257.115	-	3,257.115
-	-	-	-	1,132.405	-	1,132.405
-	-	-	906.732	2,380.311	-	2,380.311
-	-	-	-	1,471.232	-	1,471.232
<u>1,628.075</u>	<u>(486)</u>	<u>90.003</u>	<u>2,098.859</u>	<u>73,020.016</u>	<u>(29,861.886)</u>	<u>43,158.130</u>
<u>857.650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>857.650</u>	<u>-</u>	<u>857.650</u>

Continued

ST. JOSEPH'S/CANDLER HEALTH SYSTEM, INC.

COMBINING STATEMENTS OF CASH FLOWS, Continued
June 30, 2013

	<u>St. Joseph's/ Candler Health System</u>	<u>Candler Hospital</u>	<u>St. Joseph's Hospital</u>	<u>SJC Home Health</u>	<u>SJC Medical Group</u>
Cash flows from investing activities:					
Purchases of property and equipment	\$(1,652,060)	\$(13,454,792)	\$(7,702,474)	\$(27,048)	\$(137,213)
Proceeds from sale of assets limited as to use	110,241,770	-	-	-	2,246,222
Purchases of assets limited as to use	(123,827,864)	(50,498)	(309,456)	-	(2,828,076)
Investment in affiliates	(29,861,886)	-	-	-	-
Sales (purchases) of long-term investments, net	(905,585)	347,203	172,958	-	-
Net cash provided by (used in) investing activities	(46,005,625)	(13,158,087)	(7,838,972)	(27,048)	(719,067)
Cash flows from financing activities:					
Repayment of long-term debt	(1,011,447)	(5,678,383)	(1,759,380)	-	-
Proceeds from issuance of long-term debt	-	-	1,100,000	-	-
Contributions for property	-	807,552	277,271	-	-
Transfers of property	-	(12,598)	12,598	-	-
Transfers to (from) affiliates, net	12,123,340	(5,799,209)	(10,708,564)	-	-
Net cash provided by (used in) financing activities	11,111,893	(10,682,638)	(11,078,075)	-	-
Net increase (decrease) in cash and cash equivalents	(9,178,229)	(18,311)	78,250	(48,113)	(27,651)
Cash and cash equivalents, beginning of year	29,865,198	45,573	7,297	56,975	83,685
Cash and cash equivalents, end of year	\$ 20,686,969	\$ 27,262	\$ 85,547	\$ 8,862	\$ 56,034

<u>SJC Properties</u>	<u>SJC Health Services</u>	<u>Georgia Infirmary</u>	<u>Geechee Reinsurance</u>	<u>Totals</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$(11,903)	\$ -	\$(52,719)	\$ -	\$(23,038.209)	\$ -	\$(23,038.209)
2,329.905	-	-	41,322.649	156,140.546	-	156,140.546
(2,443.758)	-	-	(43,320.775)	(172,780.427)	-	(172,780.427)
-	-	-	-	(29,861.886)	29,861.886	-
—	—	—	—	(385.424)	—	(385.424)
(125.756)	—	(52.719)	(1,998.126)	(69,925.400)	29,861.886	(40,063.514)
(1,502.319)	-	-	-	(9,951.529)	-	(9,951.529)
-	-	-	-	1,100.000	-	1,100.000
-	-	-	-	1,084.823	-	1,084.823
-	-	-	-	-	-	-
—	—	—	4,384.433	—	—	—
(1,502.319)	—	—	4,384.433	(7,766.706)	—	(7,766.706)
-	(486)	37.284	4,485.166	(4,672.090)	-	(4,672.090)
—	3.826	476.457	2,297.674	32,836.685	—	32,836.685
\$ —	\$ 3.340	\$ 513.741	\$ 6,782.840	\$ 28,164.595	\$ —	\$ 28,164.595

See accompanying independent auditor's report on combining information.

INTRODUCTION

During April and May 2013, St Joseph's Hospital, Inc and Candler Hospital, Inc jointly worked together as St Joseph's/Candler to identify the health and social determinants of health needs in Chatham County. The findings were published in the joint report filed in June 2013. The entire report can be found on the St Joseph's/Candler website under the section, "In the Community" or by going to http://www.sjchs.org/documents/public/sjc_needs_assessment.pdf

METHODS OF DETERMINING NEEDS

Using the findings of health and social needs identified through the Healthy Communities Institute data base and the Community Health Needs Assessment Survey, St Joseph's/Candler and collaborating partner, Memorial Health, met with key collaborators to evaluate findings and prioritize the needs that were identified. These key collaborators have members who represent the underserved and vulnerable populations of Chatham County. Their input was invaluable in finalizing the findings of the Community Health Needs Assessment.

A decision tree was used to determine if an indicator was or was not a community need. There were four determination types

- 1 Secondary Data – Is the Chatham County indicator red or yellow? If yes, the indicator is a community need
- 2 Secondary Data – Is the Chatham County value meeting the Healthy People 2020 target? If not, the indicator is a community need
- 3 Primary Data – Did survey respondents identify additional needs? If so, they are a community need
- 4 Primary Data – Did the Community input process identify addition needs? If so, they are a community need

They were color coded green, yellow and red to match the corresponding quartile of each indicator. The final list of needs was then evaluated to see which needs St Joseph's/Candler has the ability to either individually or collaboratively address.

FISCAL YEAR 2014 PROGRESS REPORT

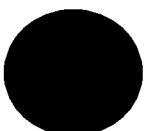
St Joseph's Hospital, Inc and Candler Hospital, Inc complete an annual report together each year which high-lights the work the hospitals have done separately and together to meet identified community needs which the two hospitals have pledged to address. This report, "The 2014 Joint Implementation Plan Progress Report" includes the needs identified, objective, initiative/program/service, population target, timeline, action steps/responsible party and target date and metrics from the original plan, as well as, the current status of each of those initiatives/programs/services. A stoplight legend is used to convey to the reader the status of each objective's status. **Red** indicates the initiative/program/service has not met the stated goals. **Yellow** indicates the initiative/program/service is moving in a positive direction, but has not met the original target and requires continual monitoring. **Green** indicates initiative/program/service is at target and meeting the stated

objectives. Narratives and statistics in blue font explain what has been done during the hospital's fiscal year 2014 and the measure(s) of progress for each identified need.

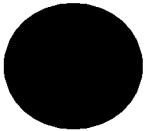
NEEDS IDENTIFIED WHICH ST. JOSEPH'S/CANDLER WILL ADDRESS

NEED IDENTIFIED:	Increase Access to Health Insurance for Adults and Children		
Objective:	Contribute to the decrease in the percent of uninsured in Chatham County by December 2014		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
<p>Goal 1 Facilitate enrollment in Health Exchange through counseling services and on-line assistance at four SJ/C outreach sites</p> <p>1) African American Health Information and Resource Center 2) Good Samaritan Clinic 3) St Mary's Community Center 4) St Mary's Health Center</p> <p>Population Target Uninsured Adults and Children, concentrate on residents in zip codes 31401, 31404 and 31415</p>	<p>Initial Oct 2013 – Feb 2014</p> <p>Ongoing enrollment support Oct 2013 – Feb 2014, Oct 2014 – Dec 2014 and Oct 2015 – Dec 2015</p>	<p>1) Commit staff time and resources of at least one co-worker at each of the four sites to be a credentialed counselor on the Health Exchange. Each site has at least one co-worker who was trained to refer patients/clients to other community resources providing enrollment assistance and/or contracted insurance agent assisting with ACA enrollment and plan education.</p> <p>2) Offer counseling and web tutorials to community members to enroll in Health Exchanges at each of the four outreach sites. House bill 707 restricted some non-for-profit hospital's ability to provide direct one-on-one counseling to assist community members with enrollment. SJ/C opted to bring in outside presenters to educate the community on the Affordable Care Act (ACA) and the plans which are offered in the Chatham County and surrounding areas.</p> <p>3) Provide Medicaid application assistance to eligible clients through St Mary's Center's Public Benefit Enrollment Services. Public Benefit Coordinator available on site to assist patients with Medicaid enrollment</p>	<p>1) September 2013 4 Co-workers trained 4 co-workers were trained on ACA education and enrollment sites in the Chatham County Area.</p> <p>2) October 2013 – February 2014 1 counseling/web tutorial at each site Do to constraints created by HB 707, information sessions were only offered at the SJ/C AAHIRC. In FY 14: 24 information sessions provided - 138 people attended.</p> <p>3) Ongoing Increase at least 50 Medicaid applications submitted over the previous fiscal year Baseline FY 13: New Applications: 0</p>

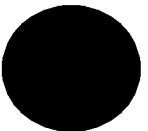
		<p>and renewals. Available M-F, 9a-5p.</p> <p>Responsible Parties Director and/or Manager of SJ/C's African American Health Information and Resource Center, the Good Samaritan Clinic, St. Mary's Community Center and St. Mary's Health Center</p>	<p>Renewal Applications: 12</p> <p>FY 14: New Applications: 241 Renewal Applications: 217</p>
<p>Goal 2 Provide a primary medical home for ineligible patients or for those who miss the enrollment periods, provide a primary medical home</p> <p>Population Target Uninsured patients living at 200% of the Federal Poverty Level or less</p>	<p>Ongoing FY 14, 15 & 16 Jul 2013 – Jun 2016</p>	<p>1) Increase access to health care services at St. Mary's Health Center and the Good Samaritan Clinic for those who do not qualify for care under the Affordable Care Act, for example those people who are undocumented or those who miss the enrollment period</p> <p>Responsible Parties Director and/or Manager of SJ/C's Good Samaritan Clinic and St. Mary's Health Center</p>	<p>All - Ongoing</p> <ul style="list-style-type: none"> • <i>Operate 2 free health centers for the uninsured</i> SJ/C operates two free health centers as part of the System's extensive outreach programs. Both health centers were approved for continued operation in FY 14. An additional provider was hired for SMHC to see additional patients. • Increase new unduplicated patients by 1% over prior year GSC: 316 or 91% increase SMHC: 522 or 86% increase

NEED IDENTIFIED:	Adults with Diabetes		
Objective:	Contribute to improved chronic disease management for vulnerable populations through clinical diabetes management programs at SJ/C's St. Mary's Health Center and the Good Samaritan Clinic by 2016.		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
<p>Goal Operate comprehensive culturally and linguistically appropriate diabetic management programs</p> <p>Program(s) St. Mary's Health Center and Good Samaritan Diabetes Programs</p> <p>Population Target Uninsured patients who have diabetes living at 200% of the Federal Poverty Level or less</p> 	July 2013 – June 2016	<ol style="list-style-type: none"> 1) Provide free diabetes testing supplies for those patients enrolled in the diabetes management programs 2) Provide A1C testing for those patients enrolled in the diabetes management program at least annually 3) Enroll diabetic patients in diabetes group or one-on-one education at least annually <ol style="list-style-type: none"> a Provide at least one culturally and linguistically appropriate group education annually <p>Responsible Director and/or Manager of SJ/C's Good Samaritan Clinic and St. Mary's Health Center</p>	<p>All – Implemented by June 2014</p> <ul style="list-style-type: none"> - 100% of program participants • Number of program participants SMHC: 12 GSC: N/A • Pre/post program A1C levels • Number of education classes provided <p>During FY 14, SMHC began managing a diabetic patients utilizing SMHC for their medical home. GSC has decided not to implement a formal program due to the low number of diabetic patients they serve. GSC will have ability to refer their patients to SMHC for the diabetes program.</p>

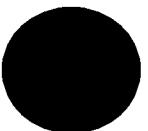
NEED IDENTIFIED:	Age Adjusted Death Rate Due to Prostate Cancer		
Objective:	Contribute to interventions that supporting a decrease in age adjusted death rate due to prostate cancer at the Good Samaritan Clinic, St. Mary's Health Center, Service Options Using Resources in Community Environments (SOURCE) clinic, and one Medical Group Management (MGM) clinic by December 31, 2016.		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
<p>Goal 1 Support evidence-based prostate cancer screening and early detection at the Good Samaritan Clinic, St. Mary's Health Center, the one SOURCE clinic, and one MGM clinic</p> <p>Goal 2 Continue to provide prostate cancer care including navigation services, social services support, palliative care, and survivorship support at SJ/C Lewis Cancer & Research Pavilion to underserved populations</p> <p>Population Target Disparate populations including geography, race/ethnicity, socio-economic status, insurance status (un/under insured, age and gender</p>	2013 - 2016	<p>1) Implement evidence-based prostate cancer screenings and follow-up guidelines at clinics In March 2014 the Lewis Cancer & Research Pavilion, part of SJ/C, provided evidence-based cancer screening guidelines, including recommended prostate cancer screening guidelines, to the Good Samaritan Clinic, St. Mary's Health Center, and the Georgia Infirmary/ SOURCE clinic.</p> <p>2) Provide PSA screening to qualified Good Samaritan Clinic and St. Mary's Health Center patients Both clinics routinely offer prostate cancer screening using PSA to age-eligible men seen at the clinics.</p> <p>3) Provide cancer support services to individuals with prostate cancer at SJ/C Lewis Cancer & Research Pavilion (LCRP) An active referral system exists between the clinics and the LCRP to ensure that patients from St. Mary's Health Center and the Good Samaritan Clinic diagnosed with prostate cancer receive navigation services to facilitate access to their cancer treatment.</p>	<p>All - Interventions by December 31, 2016</p> <p>1) PSA implemented and follow up guidelines in at least 4 clinics As of June 2014 prostate cancer screening guidelines and follow-up procedures were implemented at three clinics. Other MGM clinics are also aware of screening guidelines.</p> <p>2) Number of qualified patients at St. Mary's and the Good screened FY 2014, Good Samaritan Clinic: 89 FY 2014, St. Mary's: 84</p> <p>3) Number of follow up care provided at SJ/C LCRP 2 underserved prostate cancer patients from St. Mary's Health Center accessed cancer care at the LCRP with nurse navigation.</p>

		Responsible Disparities Program Manager, Nurse Navigator, Social Workers and Clinical Special Services Manager	Decreased death rate is a long-term outcome, this change will be seen past the reporting period for this implementation plan
Status Report: 	Evidence-based cancer screenings, including for prostate cancer, are actively promoted through both provider and patient based interventions at St. Joseph's/ Candler's two free clinics for uninsured, predominately minority patients. In January 2014, the Georgia Infirmary/ SOURCE clinic also began to systematically implement, with LCRP programmatic support, evidence-based cancer screenings for their patients. LCRP nurse navigators work to facilitate access to cancer care for any underserved patients diagnosed with prostate cancer.		

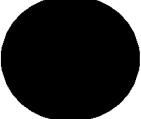
NEED IDENTIFIED:	Age Adjusted Death Rate Due to Colorectal Cancer		
Objective:	Contribute to interventions that support a decrease in age adjusted death rate due to colon and rectal cancer at the Good Samaritan Clinic, St. Mary's Health Center, SOURCE clinic, and MGM clinic by December 31, 2016.		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
Goal 1 Support evidence-based colon & rectal cancer screening and early detection at the Good Samaritan Clinic, St. Mary's Health Center, the one SOURCE clinic, and one MGM clinic Goal 2 Continue to provide colon & rectal cancer care including navigation services, social services support, palliative care, and survivorship support at SJ/C Lewis Cancer & Research Pavilion to underserved	2013 - 2016	<p>1) Implement evidence-based screenings for colorectal cancer and follow-up guidelines at clinics</p> <p>In March 2014 the Lewis Cancer & Research Pavilion, part of SJ/C, provided evidence-based cancer screening guidelines, including recommended colorectal cancer screening guidelines, to the Good Samaritan Clinic, St. Mary's Health Center, and the Georgia Infirmary/ SOURCE clinic.</p> <p>2) Provide Fecal Immunochemical Test (FIT) screening to qualified Good Samaritan Clinic and St. Mary's Health Center patients</p>	<p>All - Interventions by December 31, 2016</p> <p>1) Colorectal screenings and follow up guidelines in at least 4 clinics</p> <p>As of June 2014 colorectal cancer screening guidelines and follow-up procedures were implemented at three clinics. Other MGM</p>

<p>populations</p> <p>Population Target Disparate populations including geography, race/ethnicity, socio-economic status, insurance status (un/under insured, age and gender</p>		<p>Both clinics routinely refer age-eligible patients seen at the clinics for colorectal screening using FIT.</p> <p>3) Provide cancer treatment support services to individuals with colorectal cancer at SJ/C Lewis Cancer & Research Pavilion</p> <p>An active referral system exists between the clinics and the LCRP to ensure that patients from St. Mary's Health Center and the Good Samaritan Clinic diagnosed with colorectal cancer receive navigation services to facilitate access to their cancer treatment.</p> <p>Responsible Disparities Program Manager, Nurse Navigator, Social Workers and Clinical Special Services Manager</p>	<p>clinics are also aware of screening guidelines.</p> <p>2) Number of qualified patients at St. Mary's and the Good Samaritan screened</p> <p>FY 2014, Good Samaritan Clinic: 117</p> <p>FY 2014, St. Mary's: 93</p> <p>3) Number of follow up care provided at SJ/C LCRP</p> <p>0 underserved patients from the medical homes were treated for colorectal cancer at the LCRP.</p> <p>Decreased death rate is a long-term outcome, this change will be seen past the reporting period for this implementation plan</p>
<p>Status Report:</p> 	<p>Evidence-based cancer screenings, including for colorectal cancer, are actively promoted through both provider and patient based interventions at St. Joseph's/ Candler's two free clinics for uninsured, predominately minority patients. In January 2014, the Georgia Infirmary/ SOURCE clinic also began to systematically implement, with LCRP programmatic support, evidence-based cancer screenings for their patients. LCRP nurse navigators work to facilitate access to cancer care for any underserved patients diagnosed with prostate cancer.</p>		

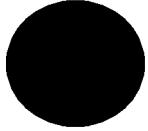
NEED IDENTIFIED: Breast Cancer Incidence Rate			
Objective:	Contribute to interventions that support a decrease in breast cancer incidence by promoting healthy lifestyles and early breast cancer detection through utilization of medical homes by December 31, 2016.		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
<p>Goal 1 Support evidence-based breast cancer screening and early detection at the Good Samaritan Clinic, St. Mary's Health Center, the one SOURCE clinic, and one MGM clinic</p> <p>Goal 2 Continue to provide breast cancer treatment and care including navigation services, social services support, palliative care, and survivorship support at SJ/C Lewis Cancer & Research Pavilion to underserved populations</p> <p>Population Target Disparate populations including geography, race/ethnicity, socio-economic status, insurance status (un/under insured, age and gender</p>		<p>1) Implement evidence-based screenings for breast cancer and follow-up guidelines at clinics</p> <p>In March 2014 the Lewis Cancer & Research Pavilion, part of SJ/C, provided evidence-based cancer screening guidelines, including recommended breast cancer screening and follow-up guidelines, to the Good Samaritan Clinic, St. Mary's Health Center, and the Georgia Infirmary/ SOURCE clinic.</p> <p>2) Provide screening mammograms to qualified Good Samaritan Clinic and St. Mary's Health Center patients</p> <p>Both clinics routinely refer age-eligible women for mammography screening and offer on-site mammography screening using the SJ/C mammography bus.</p> <p>3) Provide cancer treatment and support services to individuals with breast cancer at SJ/C Lewis Cancer & Research Pavilion</p> <p>An active referral system exists between the clinics and the LCRP to ensure that patients from St. Mary's Health Center and the Good Samaritan Clinic diagnosed with breast cancer receive navigation services to facilitate access to their cancer</p>	<p>All - Interventions by December 31, 2016</p> <p>1) Breast cancer screenings and follow up guidelines in at least 2 clinics</p> <p>As of June 2014 breast cancer screening guidelines and follow-up procedures were implemented at three clinics. (The Georgia Infirmary/ SOURCE, St. Mary's, and the Good Samaritan Clinic.)</p> <p>2) Number of qualified patients at St. Mary's and the Good Samaritan screened</p> <p>FY 2014, Good Samaritan Clinic: 211</p> <p>FY 2014, St. Mary's: 239</p> <p>3) Number of follow up care provided at SJ/C LCRP</p> <p>11 undeserved breast cancer patients from St. Mary's Health Center and the Good Samaritan Clinic</p>

NEED IDENTIFIED:	Breast Cancer Incidence Rate		
Objective:	Contribute to interventions that support a decrease in breast cancer incidence by promoting healthy lifestyles and early breast cancer detection through utilization of medical homes by December 31, 2016.		
		<p>treatment.</p> <p>Responsible Nurse Navigator, Social Workers and Clinical Special Services Manager</p>	<p>accessed cancer care at the LCRP with nurse navigation.</p> <p>Decreased incidence is a long-term outcome, this change will be seen past the reporting period for this implementation plan</p>
Status Report:	<p></p> <p>Evidence-based cancer screenings, including for breast cancer, are actively promoted through both provider and patient based interventions at St. Joseph's/ Candler's two free clinics for uninsured, predominately minority patients. In January 2014, the Georgia Infirmary/ SOURCE clinic also began to systematically implement, with LCRP programmatic support, evidence-based cancer screenings for their patients. LCRP nurse navigators work to facilitate access to cancer care for any underserved patients diagnosed with prostate cancer.</p>		

NEED IDENTIFIED:	Lung and Bronchus Incidence Rate		
Objective:	Contribute to interventions that support a decrease in lung cancer incidence by supporting smoking cessation and early lung cancer detection through utilization of medical homes by December 31, 2013.		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
<p>1) Support evidence-based lung & bronchus cancer screening, early detection, and smoking cessation at the Good Samaritan Clinic, St. Mary's Health Center, the one SOURCE clinic, and one MGM clinic</p> <p>2) Continue to provide lung & bronchus cancer care including navigation services, social services support, palliative care, and survivorship support at SJ/C Lewis Cancer & Research Pavilion to underserved populations</p> <p>3) SJ/C supports early detection of lung cancer with low contrast CT scan of the lungs to at-risk individuals for low cost</p> <p>4) SJ/C supports smoking cessation in the community</p> <p>Population Target Disparate populations including geography, race/ethnicity, socio-economic status, insurance status (un/under insured, age and gender</p>	2013 - 2016	<p>1) Implement evidence-based screenings for lung cancer and follow-up guidelines at clinics In March 2014 the Lewis Cancer & Research Pavilion, part of SJ/C, provided evidence-based cancer screening guidelines, including recommended lung cancer screening guidelines, to the Good Samaritan Clinic, St. Mary's Health Center, and the Georgia Infirmary/ SOURCE clinic.</p> <p>2) Support healthy lifestyles and smoking cessation through group education at the Good Samaritan Clinic and St. Mary's Health Center clinics St. Mary's Health Center offers smoking cessation and motivational counseling through a licensed social worker. Good Samaritan patients are referred to the State of Georgia Smoking Quit Line.</p> <p>3) Provide cancer support services to individuals with lung cancer at SJ/C Lewis Cancer & Research Pavilion A lung cancer oncology nurse navigator helps to facilitate treatment for lung cancer patients at the LCRP. In addition, the LCRP offers supportive oncology services including palliative care, nutritional counseling, clinical trials, and survivorship care.</p>	<p>Interventions by December 31, 2016</p> <p>1) Lung cancer screenings and follow up guidelines in at least 2 clinics As of June 2014 lung cancer screening guidelines and follow-up procedures were implemented at two clinics.</p> <p>2) Number of qualified patients at St. Mary's and the Good Samaritan screened FY 2014, St. Mary's: 36</p> <p>3) Number of follow up care provided at SJ/C LCRP 0 underserved patients from the medical homes were treated for lung cancer at the LCRP.</p>

NEED IDENTIFIED:	Lung and Bronchus Incidence Rate		
Objective:	Contribute to interventions that support a decrease in lung cancer incidence by supporting smoking cessation and early lung cancer detection through utilization of medical homes by December 31, 2013.		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
		<p>4) Implement a low-contrast CT scan lung screening program if feasible</p> <p>SJ/C offered a retail-based low-contrast CT lung screening program in FY 2014.</p> <p>5) Offer smoking cessation program at SJ/C for the community and for hospital employees at least twice yearly</p> <p>SJ/C smoking cessation classes were available to the community and hospital employees in FY 2014.</p> <p>Responsible Disparities Program Manager, Nurse Navigator, Social Workers and Clinical Special Services Manager</p>	Decreased incidence is a long-term outcome, this change will be seen past the reporting period for this implementation plan
Status Report:	 <p>In December 2013 the U.S. Preventative Service Task Force recommended, with a class B rating, annual screening for lung cancer with low-dose computed tomography (LDCT) in adults aged 55 to 80 years who have a 30 pack-year smoking history and currently smoke or have quit within the past 15 years. During FY 2014, this was not a Centers for Medicare & Medicaid Services (CMS) covered service. However, in February 2015 CMS issued a national coverage determination for Medicare coverage of screening for lung cancer with LDCT if certain eligibility requirements are met. Based on these new coverage guidelines, SJ/C plans to expand availability of LDCT screening for eligible individuals in 2015-2016.</p>		

NEED IDENTIFIED:	Affordable Medications		
Objective:	Increase access to medication assistance for low-income clients at SJ/C's St. Mary's Community Center and the Good Samaritan Clinic through in-house programs and by supporting MedBank, Inc. through continued financial, logistical and in-kind contributions 2013 – 2016.		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
<p>Goal 1 Increase utilization of MedBank Inc , services at St Mary's Health Center and the Good Samaritan Clinic, provide other medication assistance when needed</p> <p>Population Target Uninsured SJ/C health center patients who cannot afford medications living at 200% of the Federal Poverty Level or less</p> 	Ongoing	<p>1) Provide MedBank, Inc at SJ/C's St. Mary's Health Center or the Good Samaritan Clinic</p> <p>2) Purchase medications at pharmacies for patients who do not qualify for MedBank, Inc services or patients with other special needs</p> <p>Responsible: Director and/or Manager of SJ/C's Good Samaritan Clinic and St. Mary's Health Center</p>	<p>Ongoing</p> <ul style="list-style-type: none"> 1 MedBank Clinic each week at both sites SMHC – 2 nights ea. Wk. GSC – 1 night ea. Wk. 20 patients at each site per fiscal year SMHC – 102 patients GSC – 51 patients Number of patients who receive their 1st prescription through SJ/C FY 14: 35 patients
<p>Goal 2 Support MedBank, Inc operations through in-kind operations to reduce operating cost to ensure services are offered to the broader community outside the operations of SJ/C outreach sites</p> <p>Population Target: Uninsured patients outside of SJ/C operated outreach centers who cannot afford medications living at 200%</p>	Ongoing	<p>1) Provide in-kind office space including utilities, maintenance and repairs</p> <p>2) Provide in-kind office supplies</p> <p>3) Support MedBank's annual fundraiser</p> <p>4) Provide support to MedBank by providing SJ/C staff on the organization's Board of Directors</p> <p>Responsible Party Vice President of Mission Services and/or designee</p>	<p>All – June 2014</p> <ul style="list-style-type: none"> Annual cost of in-kind operations contributions FY 14: \$65,242 Dedicate at least one co-worker to serve on MedBank's BOD Three (3) co-workers served on the MedBank Board in FY 14.

NEED IDENTIFIED:	Affordable Medications		
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Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
of the Federal Poverty Level or less 			

NEED IDENTIFIED:	People Living in Poverty		
Objective:	Contribute to meeting identified socio-economic, health, workforce and education needs of individuals living in poverty through a broad spectrum of programs by providing services at SJ/C operated community outreach facilities in 2013 - 2016		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
Goal 1 Address socio-economic needs Population Target Un/under employed clients, especially residents in zip codes 31401, 31404 and 31415	Ongoing	<p>1) Provide at least one staff person to assist clients in evaluating eligibility in public benefit programs (i e , Medicare, Medicaid, Food Stamps, etc)</p> <p>2) Provide free income tax preparation assistance yearly</p> <p>3) Provide financial education, enrolling in bank services (checking accounts, savings accounts, etc) and how to understand and improve credit scores</p> <p>Responsible Director of SJ/C's St Mary's Community Center</p>	All – June 2014 <ul style="list-style-type: none"> • First year – document number of people served and number of encounters Complete • Second year – establish benchmarks for outcomes in each program where possible • Third year – evaluate results and establish the next three year goals
Goal 2 Address health through services and health education	Ongoing	<p>1) Provide free eye exams and assistance in purchasing eye glasses</p> <p>2) Provide health education and culturally relevant health information</p> <p>3) Provide food assistance to the broader community</p> <p>4) Provide food assistance to the senior population</p> <p>5) Provide access to SJ/C Care Call Center's Health Information Line</p> <p>6) Provide free blood pressure checks and referrals as needed</p> <p>7) Provide free blood glucose testing and referrals as</p>	All – June 2014 <ul style="list-style-type: none"> • First year – document number of people served and number of encounters Complete • Second year – establish benchmarks for outcomes in each

NEED IDENTIFIED:	People Living in Poverty		
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Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
Population Target Un/under insured patients living at 200% of the Federal Poverty Level or less		<p>needed</p> <p>8) Participate in community health fairs offering health information and health screenings</p> <p>9) Offer healthy cooking lessons for children</p> <p>10)Offer free exercise and weight loss classes at least once weekly</p> <p>11)Provide Health Literacy classes at least once yearly</p> <p>12)Provide a Certified Health Educator for patients</p> <p>13)Provide two free primary medical home clinics</p> <p>14)Provide a social worker to navigate the barriers of social determinants of health</p> <p>15)Provide mental health counseling</p>	<p>program where possible</p> <ul style="list-style-type: none"> • Third year – evaluate results and establish the next three year goals
Goal 3 Assists in the development of workforce skills	Ongoing	<p>1) Provide computer classes to learn computer basics including internet use and competency in relevant computer programs including Microsoft programs</p> <p>2) Assist clients in completing on-line and paper employment applications</p> <p>3) Provide 4-H classes weekly</p> <p>4) Provide internet surfing center</p> <p>5) Provide resume, job application and job search assistance</p>	<p>All – June 2014</p> <ul style="list-style-type: none"> • First year – document number of people served and number of encounters Complete • Second year – establish benchmarks for outcomes in each program where possible • Third year – evaluate results and

NEED IDENTIFIED:	People Living in Poverty		
Objective:	Contribute to meeting identified socio-economic, health, workforce and education needs of individuals living in poverty through a broad spectrum of programs by providing services at SJ/C operated community outreach facilities in 2013 - 2016		
Initiative/Program/Service Population Target	Timeline	Action Steps/Responsible Party	Target Completion Date & Metrics
Population Target Un/under insured patients living at 200% of the Federal Poverty Level or less		Responsible Directors of SJ/C's African American Health Information and Resource Center and St Mary's Community Center	establish the next three year goals
Goal 4 Assists in the educational development of children and adults		<ol style="list-style-type: none"> 1) Provide basic literacy education 2) Provide General Education Diploma (GED) education, assistance and testing 3) Provide pre-school classes for children aged 3&4 who are not accepted to the State's pre-k program 4) Provides early literacy and culturally competent health and basic education to students aged 3&4 5) Provide gap training for the Work Ready Certificate 6) Provide tutoring assistance for the entrance exam, Compass (Savannah Technical College 	All – June 2014 <ul style="list-style-type: none"> • First year – document number of people served and number of encounters Complete • Second year – establish benchmarks for outcomes in each program where possible • Third year – evaluate results and establish the next three year goals
Population Target Clients living at 200% of the Federal Poverty Level or less		Responsible Directors of SJ/C's African American Health Information and Resource Center and St Mary's Community Center	

NEEDS IDENTIFIED WHICH ST. JOSEPH'S/CANDLER WILL NOT ADDRESS DIRECTLY

St. Joseph's/Candler provides many community benefit programs that address the health and social determinants of health throughout Chatham County and the surrounding communities. Chatham County is fortunate to have a large number of health and social service agencies who work individually and collectively to provide services, programs and support for the county residents. To that end, St. Joseph's/Candler will not address some of the needs identified in the 2013 assessment because (1) SJ/C addresses the need, but currently has no plans to expand services, (2) Other providers are already addressing the needs and (3) The need identified is beyond the scope of SJ/C.

NEED IDENTIFIED	REASON THE NEED IS NOT ADDRESSED	OTHER PROVIDER(S) ADDRESSING THE NEED
Babies with Very Low Birth Weights	Need addressed by another provider <ul style="list-style-type: none"> Candler operates a skilled nursery unit for level 2 and 3 babies 	<ul style="list-style-type: none"> Coastal District Health Department Memorial University
Age Adjusted Death Rate Due to Cerebrovascular Disease (stroke)	Need is addressed, but no plan for program expansion at this time <ul style="list-style-type: none"> SJ/C provides a free Stroke Tele-medicine to seven regional hospitals for stroke evaluation SJ/C has rehabilitation facilities at both hospitals SJ/C is one of five hospitals in the country designated as a Primary Stroke Center 	<ul style="list-style-type: none"> Memorial University
Affordable Dental Care	Need addressed by another provider <ul style="list-style-type: none"> SJ/C provides in-kind contributions to The Children's Free Dental Clinic when requested SJ/C refers community members to other providers through referral programs at all of SJ/C outreach centers and through SJ/C's Care Call Center 	<ul style="list-style-type: none"> J C Lewis' Peter Brassler Dental Clinic (homeless population) Curtis V Cooper Primary Care The Children's Free Dental Clinic
Childhood Obesity and Health	Need addressed by another provider <ul style="list-style-type: none"> SJ/C provides classes on healthy cooking for students at the African American Health Information and Resource Center 	<ul style="list-style-type: none"> Savannah Business Group 100 Black Men of Savannah
Homeownership	Beyond the scope of SJ/C services and programs	<ul style="list-style-type: none"> Step Up! Savannah
People Spending More than 30% of Their Income on Rent	Beyond the scope of SJ/C services and programs <ul style="list-style-type: none"> SJ/C provides financial and money management 	<ul style="list-style-type: none"> Step Up! Savannah

NEED IDENTIFIED	REASON THE NEED IS NOT ADDRESSED	OTHER PROVIDER(S) ADDRESSING THE NEED
	occasionally at St Mary's Community Center	
Access to Healthy Food	<p>Need addressed by another provider</p> <ul style="list-style-type: none"> • SJ/C provides healthy food support to the clients of St Mary's Community Center and classes on healthy cooking for students at the African American Health and Resource Center 	<ul style="list-style-type: none"> • Forsyth's Farmers Market • Healthy Savannah
High School Graduation	<p>Beyond the scope of SJ/C services and programs</p> <ul style="list-style-type: none"> • See "People Living in Poverty – Education Session" to review the scope of SJ/C educational activities 	<ul style="list-style-type: none"> • Youth Future's Authority

KEY COLLABORATIVES IN CHATHAM COUNTY

United Way of the Coastal Empire

www.uwce.org

The mission of United Way of the Coastal Empire (UWCE) is to improve lives by mobilizing the caring power of communities. Through partnerships, long-term planning and wise investment of donor contributions, United Way supports community programs and services within four impact areas

Four Impact Areas

- Education & Youth Development
- Economic Independence
- Health & Wellness
- Basic Human Needs

Savannah-Chatham Community Indicators Coalition

<http://www.uwce.org/our-work/community-indicators/>

Over the past few years there has been a growing awareness of the need to integrate community indicators and performance measurement efforts at the community level. The intention is to better assess the position and progress of communities' quality of life and to better engage the communities' citizens and stakeholders. The sponsors of the Savannah-Chatham Community Indicators Coalition have a shared responsibility for assessment, planning, evaluation, and accountability for policy change and systems change over time

Chatham County Safety Net Planning Council (CCSNPC)

www.chathamsafetynet.org

The CCSNPC serves as a countywide planning group for healthcare. It was created in 2004 to improve the efficiency and effectiveness of the local healthcare delivery system, to advise regarding healthcare trends, and to assist the County Commissioners in better meeting the healthcare needs of uninsured and underinsured constituents. Since 2006, the Council has provided an annual evaluation to assess needs and trends and to identify key existing resources and gaps in the Community's healthcare delivery system. This evaluation is based on voluntary submission of data from the provider partners and publicly available data on population and policies affecting healthcare.

The CCSNPC Provider Network is composed of both primary care providers and other agencies which support the delivery of healthcare.

Key CCSNPC Health Care Providers

- Chatham C A R E Center – Chatham County Health Department Ryan White Clinic
- Community Health Mission (CHM) – Volunteer Medicine Clinic
- Curtis V Cooper Primary Healthcare (CVCPHC) – Federally Qualified Health Center
- J C Lewis Primary Healthcare Center (JCLPHCC) – Federally Qualified Health Center
- MedBank Foundation – Prescription Assistance Program
- SJ/C Good Samaritan (GS) – Volunteer Medicine Clinic
- SJ/C St. Mary's Health Center (SM) – Volunteer Medicine Clinic
- Memorial health Emergency Department
- St. Joseph's/Candler Health System Emergency Departments

Healthy Savannah, Inc.

www.healthysavannah.org

Healthy Savannah is dedicated to making Savannah a healthier place to live. Healthy Savannah leads and supports healthy lifestyles in Savannah by

- Creating an environment that makes a healthy choice an easy choice,
- Building a collaborative network that identifies and shares resources,
- Collecting and disseminating information,
- Promoting best practices and implementing innovative programs, and
- Advocating for effective policies

2012-2013 Aim

To increase opportunities for citizens to engage in physical activity and consume a nutritious, balanced diet

Step-Up Savannah, Inc.

www.stepupsavannah.org

Step Up Savannah, Inc , a collaborative of organizations, businesses, and government agencies, seeks to move families toward economic self sufficiency

Three Focus Areas

- Workforce development and jobs
- Wealth building and financial understanding
- Work supports

Chatham-Savannah Youth Futures Authority (YFA)

www.youthfutures.com

The Chatham-Savannah Youth Futures Authority (YFA) is a state legislated authority serving as the collaborative for addressing issues relevant to children, youth and families in Chatham County. The collaborative is comprised of representatives from city, county and state government, the local board of education, more than 20 health and human service providers with a focus on children, youth and families, the United Way of the Coastal Empire, faith community, area businesses, and neighborhoods

OTHER HEALTH PROVIDERS

Chatham County Health Department

Health care services and wellness programs for Adults, Children, and Women's Health are available through the Georgia Department of Public Health. Services include immunizations, eye, ear and dental screenings, tuberculosis skin testing, family planning, sexually transmitted disease services, HIV testing and counseling, child health check and sports physical, the Children First program, breast feeding support, lead program, WIC, Babies Born Healthy, and a breast and cervical cancer program

Community Health Mission

The Community Health Mission is free for those who qualify and offers primary (non-emergency) health care to individuals that do not have health insurance, including Medicare or Medicaid. Services include annual medical exams and preventive health care, treatment for diabetes, hypertension, cardiovascular disease and respiratory disease, women's health services, enrollment in the GA Breast and Cervical Cancer Screening program, smoking cessation and health education

Curtis V. Cooper Primary Health Care

Curtis V Cooper Primary Health Care provides discounted services for qualifying patients. Services include adult medicine, pediatric health care, health education, gynecological clinic (by referral), Medicaid screening, prenatal (pregnancy) services, family planning services (birth control, etc), pharmacy services, dental services, nutrition services, laboratory services, radiology services

Dental Care Treatment Sites

There are several dental care treatment sites in Chatham County serving uninsured clients To find out more information about dental sites, please visit <http://www.chathamsafetynet.org/dental-care-treatment-sites/index.html>

J.C. Lewis Primary Health Care Center

The J C Lewis Primary Health Care Center provides primary health care, physician services, medication assistance, medical case management, health promotion and disease prevention, optometry, podiatry, shelter & housing referrals, economic education & referral, nutritional education and planning, dietary supplementation, prisoner re-entry program, 24-hour respite care, and behavioral health counseling

Phoenix Clinic

The Phoenix Clinic provides Comprehensive Primary Health Care to persons living with HIV/AIDS Services include primary health care, physician services, medication assistance through the AIDS Drug Assistance Program, housing case management, health promotion and disease prevention, social service referrals, nutritional education and planning, dietary supplementation, housing programs, behavioral health counseling, and dental services

Prescription Assistance

You can get prescription assistance from the City of Savannah, PharmaCare, Medicare Prescription Drug Plan, GeorgiaCares, NeedyMeds, MedBank, your doctor, or by purchasing generic medications For more information on prescription assistance, please visit <http://www.chathamsafetynet.org/prescription-assistance/index.html>

This information is provided with permission by the Chatham County Safety Net Planning Council.

OTHER SOCIAL SERVICES

There are many other social service agencies serving Chatham County too The United Way 211 program assists residents in identifying available programs throughout the county For a complete listing of the programs and services available in the 211 database, please visit <http://www.referweb.net/uwce/>