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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

C Name of organization
Jefferson Hospital Association Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1600 West 40th Avenue
Suite

City or town, state or province, country, and ZIP or foreign postal code
Pine Bluff, AR 71603

D Employer identification number
71-0329353

E Telephone number
(870) 541-7100

G Gross receipts $ 311,614,870

F Name and address of principal officer
Walter Johnson
1600 West 40th Avenue
pine bluff, AR 71603

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 jrmc org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1959

M State of legal domicile AR

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Jefferson Hospital Association, inc provides a wide range of health care services to patients from jefferson county and surrounding areas in southeast arkansas

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,164
6	Total number of volunteers (estimate if necessary)	**6**	66
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	104,530
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-77,734

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	1,537,684	1,505,726
9	Program service revenue (Part VIII, line 2g)	170,702,750	157,725,867
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,533,843	9,793,206
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,842,247	5,578,196
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	180,616,524	174,602,995
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	554,025	546,433
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	93,907,944	87,030,571
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	85,872,702	81,010,749
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	180,334,671	168,587,753
19	Revenue less expenses Subtract line 18 from line 12	281,853	6,015,242

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	243,604,272	251,256,686
21	Total liabilities (Part X, line 26)	63,603,958	62,331,269
22	Net assets or fund balances Subtract line 21 from line 20	180,000,314	188,925,417

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

****** | 2015-05-15
Signature of officer | Date

BRYAN G JACKSON VP & CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Jeanette Verrelli				P00742631

Firm's name ▶ BKD LLP | Firm's EIN ▶

Firm's address ▶ 14241 DALLAS PARKWAY SUITE 1100
DALLAS, TX 75254 | Phone no (870) 541-7100

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

JEFFERSON REGIONAL MEDICAL CENTER IS COMMITTED TO PROVIDING MEASURABLE QUALITY HEALTH SERVICES IN A CARING ENVIRONMENT, WHICH FULFILL THE NEEDS OF OUR PATIENTS, PHYSICIANS, EMPLOYERS, EMPLOYEES AND COMMUNITY

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 152,967,869 including grants of $ 546,433) (Revenue $ 157,725,867)

JEFFERSON HOSPITAL ASSOCIATION, INC (JHA) OPERATES JEFFERSON REGIONAL MEDICAL CENTER (JRMC), A 471 BED TERTIARY CARE FACILITY LOCATED IN SOUTHEAST ARKANSAS THAT SERVES A POPULATION BASE OF 222,000 PEOPLE LIVING IN 11 COUNTIES JRMC IS A NOT-FOR-PROFIT, SOLE COMMUNITY HOSPITAL, LICENSED BY THE ARKANSAS STATE HEALTH DEPARTMENT AND ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS JRMC HAS A LONG TRADITION OF PROVIDING SIGNIFICANT BENEFITS TO OUR COMMUNITY WHICH IS ROOTED IN OUR MISSION, "TO PROVIDE MEASURABLE QUALITY HEALTH SERVICES IN A CARING ENVIRONMENT WHICH FULFILL THE NEEDS OF OUR PATIENTS, PHYSICIANS, EMPLOYERS, EMPLOYEES AND COMMUNITY" AND VISION, "TO BE WIDELY RECOGNIZED AS THE HEALTH CARE LEADER AND REFERRAL CENTER OF CHOICE FOR SOUTH ARKANSAS BY PROVIDING QUALITY HEALTH CARE SERVICES IN A COST EFFECTIVE MANNER " DURING fiscal year 2013, JRMC CONDUCTED A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) AND ADOPTED AN IMPLEMENTATION STRATEGY TO ADDRESS THE NEEDS OF THE COMMUNITY, IN ACCORDANCE WITH IRS CODE SECTION 501(R)(3) IN MANY CASES, JRMC AND OTHER ORGANIZATIONS ALREADY ADDRESSED COMMUNITY HEALTH NEEDS OF SOUTHEAST ARKANSAS, BUT CONDUCTING THE CHNA GAVE JRMC THE OPPORTUNITY TO STUDY HEALTH CARE NEEDS, WITH INPUT FROM VARIOUS SOURCES, WHICH CONFIRMED OUR CONTINUED AND IMPORTANT ROLE IN THE COMMUNITY WE ARE PROUD THAT WE CAN CONTINUE TO PROVIDE LEADING HEALTHCARE SERVICES TO EVERYONE IN SOUTHEAST ARKANSAS, REGARDLESS OF ABILITY TO PAY JRMC PROVIDES SEVERAL CENTERS OF EXCELLENCE PROVIDING A WIDE RANGE OF PROGRAMS AND MEDICAL SERVICES THESE INCLUDE CARDIOLOGY, SURGERY, CRITICAL CARE, REHABILITATION, PSYCHIATRY, LABORATORY, GASTROENTEROLOGY, ORTHOPEDICS, NEUROLOGY, EMERGENCY, OBSTETRICS/GYNECOLOGY, RADIOLOGY, HOSPICE, AND MANY MORE WE OPERATE AN EMERGENCY ROOM THAT IS OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY, HAVE AN OPEN MEDICAL STAFF WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS IN THE AREA, HAVE A GOVERNING BODY COMPRISED OF INDIVIDUALS WHO ARE REPRESENTATIVE OF THE COMMUNITY, ENGAGES IN THE TRAINING AND EDUCATION OF HEALTH CARE PROFESSIONALS, AND PARTICIPATES IN MEDICAID, MEDICARE CHAMPUS, TRICARE AND/OR OTHER GOVERNMENT-SPONSORED HEALTH CARE PROGRAMS JRMC ALSO OPERATES AND MANAGES SEVERAL SATELLITE CLINICS WHICH PROVIDE PRIMARY AND SPECIALTY HEALTHCARE TO THE COMMUNITY AND OUTLYING AREAS COMMUNITY SERVICE AND EDUCATION CONTINUE TO BE A SIGNIFICANT PART OF OUR MISSION JRMC PROVIDES NUMEROUS SPONSORSHIPS WITHIN THE COMMUNITY, AND OFFERS DOZENS OF FREE HEALTH SCREENINGS AND EDUCATIONAL EVENTS EACH YEAR NOT ONLY IS INFORMATION SHARED ABOUT HEALTHCARE RELATED ISSUES, BUT PARTICIPANTS ARE GIVEN THE OPPORTUNITY TO VISIT ONE-ON-ONE WITH PHYSICIANS AND OTHER HEALTHCARE PROFESSIONALS WE BELIEVE EVERYONE IN SOUTHEAST ARKANSAS IS IMPACTED, EITHER DIRECTLY OR INDIRECTLY, THROUGH THE COMMUNITY HEALTH EFFORTS AND COMMUNITY BUILDING ACTIVITIES CHAMPIONED BY JRMC OUR COMMITMENT TO BRING NEW AND INNOVATIVE PROGRAMS AND SERVICES TO SOUTHEAST ARKANSAS IS EVIDENT DURING FISCAL YEAR 2014, JRMC INVESTED APPROXIMATELY $5 1 MILLION IN CAPITAL ADDITIONS AND IMPROVEMENTS TO OUR FACILITIES AND EQUIPMENT THIS WAS ACCOMPLISHED BY CONNECTING THOUGHTFUL, DELIBERATE, DISCIPLINED PLANNING, BUDGETING AND SPENDING WITH THE NEED TO PROVIDE STATE-oF-THE-ART TECHNOLOGIES IN A CARING ENVIRONMENT JRMC CONTINUES TO BE A LEADER IN ELECTRONIC MEDICAL RECORD SYSTEM ADVANCEMENT, CONTINUING TO MEET STAGE 1 MEANINGFUL USE REQUIREMENTS SET FORTH AS PART OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 and preparing to meet Stage 2 during fiscal year 2015 SINCE THE BEGINNING OF THE PROGRAM, JRMC HAS RECEIVED MONETARY INCENTIVES FROM THE ARKANSAS MEDICAID QUALITY PROGRAM BY ACHIEVING PERFORMANCE GOALS IN QUALITY, DOCUMENTATION AND VALIDATION EXCELLENCE OUR ORGANIZATION WAS RECOGNIZED FOR ENTERING OUTCOMES MEASURE DATA IN ALL APPICABLE AREAS, AND IMPROVING PATIENT SAFETY AND QUALITY AS PART OF THE AHA/HRET HOSPITAL ENGAGEMENT NETWORK PROGRAM JRMC CONTINUES TO PARTICIPATE IN THE HCAHPS PATIENT PERSPECTIVES ON CARE WE HAVE CHOSEN THE PHONE METHODOLOGY WHICH ENSURES A HIGHER RESPONSE RATE IN OUR SERVICE AREA WE CONTINUALLY ANALYZE THE HCAHPS SURVEY RESULTS AND MAKE ADJUSTMENTS, WHEN NEEDED, TO IMPROVE THE OVERALL PATIENT EXPERIENCE AT JRMC DURING THE PAST SEVERAL YEARS, THE BOARD OF DIRECTORS VIA ITS AUDIT COMMITTEE HAS FOCUSED ON MAINTAINING RECOMMENDATIONS MADE BY FITCH RATING WHICH URGED NOT-FOR-PROFIT HEALTHCARE PROVIDERS TO ADOPT NINE SPECIFIC PROVISIONS OF SARBANES-OXLEY COMPLIANCE DURING THIS PERIOD WE HAVE CONTINUED TO MAINTAIN COMPLIANCE WITH ALL NINE OF THE FITCH/SOX PROVISIONS THESE INCLUDE PROHIBITION OF SPECIFIED NON-AUDIT SERVICES BY AUDITORS, FIVE YEAR AUDIT PARTNER ROTATION, AUDITOR COMMUNICATIONS, AUDIT COMMITTEE STANDARDS, MANAGEMENT CERTIFICATION OF FINANCIAL STATEMENTS, BONUS FORFEITURE, ADOPTION OF A CODE OF ETHICS, AUDIT COMMITTEE FINANCIAL EXPERT, AND INTERNAL CONTROL EVALUATION IN ADDITION TO THE COMPLETE ADOPTION OF THE FITCH/SOX PROVISIONS, THE JHA BOARD OF DIRECTORS HAS UNDERTAKEN A COMPREHENSIVE SELF-ASSESSMENT REGARDING ITS NOT-FOR-PROFIT STATUS UTILIZING A COMPLIANCE CHECK TOOL AND PROPOSED GUIDELINES PUBLISHED BY THE IRS JHA HAS NO REASON TO BELIEVE ITS TAX EXEMPT STATUS HAS EVER BEEN IN JEOPARDY THIS INITIATIVE IS PART OF A LARGER COMPLIANCE PROGRAM INTENDED TO ENSURE JHA CONTINUALLY SELF EVALUATES ITS REGULATORY COMPLIANCE TODAY'S PUBLIC DEMANDS MORE INFORMATION IN A FULLY TRANSPARENT MANNER TO BE TRANSPARENT, WE MUST PROVIDE INFORMATION OPENLY, CANDIDLY, AND ACCURATELY WE PROVIDE INFORMATION ON THE FOLLOWING TOPICS INPATIENT PRICING, OUTPATIENT PRICING, QUALITY OUTCOMES, AND PATIENT SATISFACTION THIS GOES OVER AND BEYOND THE EFFORTS AND REQUIREMENTS OF THE ARKANSAS HOSPITAL ASSOCIATION AND AMERICAN HOSPITAL ASSOCIATION THE COMPLETE INFORMATION CAN BE VIEWED AT WWW JRMC ORG

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

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

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 152,967,869

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants 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**	Yes	
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)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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	207		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,164		
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).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response 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**	15		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			**2** Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			**3**	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			**4**	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			**5**	No
6	Did the organization have members or stockholders?			**6** Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			**7a** Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			**7b**	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?			**8a** Yes	
b	Each committee with authority to act on behalf of the governing body?			**8b** Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*			**9**	No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	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?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**	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 ▶

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

▶BRYAN G JACKSON 1600 WEST 40TH AVENUE
PINE BLUFF,AR 71603 (870)541-7100

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) FRANK ANTHONY DIRECTOR	1 0 0 0	X								
(2) DREW ATKINSON DIRECTOR	1 0 0 0	X								
(3) JERREL BOAST DIRECTOR	1 0 0 0	X								
(4) DAVID BROWN DIRECTOR	1 0 0 0	X								
(5) JAMES A CAMPBELL MD DIRECTOR	1 0 0 0	X								
(6) MARTY CASTEEL VICE CHAIRMAN	1 0 0 0	X		X						
(7) MICHELLE ECKERT MD FACS DIRECTOR	1 0 0 0	X						418,263	0	0
(8) ANNETTE KLINE DIRECTOR	1 0 0 0	X								
(9) GEORGE MAKRIS CHAIRMAN	1 0 0 0	X		X						
(10) JOANN B MAYS MD DIRECTOR	1 0 0 0	X								
(11) CHUCK MORGAN SECRETARY	1 0 0 0	X		X						
(12) SCOTT PITTILLO DIRECTOR	1 0 0 0	X								
(13) CLIFTON ROAF DDS DIRECTOR	1 0 0 0	X								
(14) HENRY FORD TROTTER III DIRECTOR	1 0 0 0	X								
(15) OT GORDON MD DIRECTOR/JRMC CHIEF OF STAFF	15 0 0 0	X						30,000		
(16) JOHN O LYTLE MD DIRECTOR/JRMC CHIEF OF STAFF	40 0 0 0	X						701,097	0	35,086
(17) WALTER JOHNSON PRESIDENT/CEO	40 0 0 0	X		X				745,819	0	29,492

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) THOMAS HARBUCK EXECUTIVE VP	40 0 0 0			X				674,625	0	30,692
(19) BRIAN THOMAS SENIOR VP/COO	40 0 0 0			X				386,068	0	30,472
(20) BRYAN G JACKSON VP/CFO	40 0 0 0			X				291,795	0	81,053
(21) LOUISE HICKMAN VP/CNO	40 0 0 0			X				314,275	0	28,472
(22) NICHOLAS WILLIS PHYSICIAN	40 0 0 0					X		1,003,512	0	14,410
(23) JAMES ALAN POLLARD PHYSICIAN	40 0 0 0					X		454,650	0	24,310
(24) ALI ALNASHIF PHYSICIAN	40 0 0 0					X		445,044	0	23,578
(25) AARON KUPERMAN PHYSICIAN	40 0 0 0					X		338,828	0	17,965
(26) GIRINDRA RAVAL PHYSICIAN	40 0 0 0					X		310,658	0	23,536
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								6,114,634	0	339,066

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 ▶ 62

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
EMUrgent Care Inc, 8 Shackleford Plaza LITTLE ROCK AR 72211	physician services	3,699,379
Rehab Care Group Inc, PO Box 502096 ST LOUIS MO 63150	Therapy SErvices	2,319,327
Sodexho Inc Affiliates, PO Box 536922 ATLANTA GA 30353	nutritional services	2,729,187
uams - ahec, 4010 mulberry st PINE BLUFF AR 71603	physician services	2,042,610
jefferson anesthesiology associates, PO Box 1272 PINE BLUFF AR 71603	professional service	2,164,416

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 ▶ 41

Part VIII Statement of Revenue

Check 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				
	e	Government grants (contributions)	1e	1,126,836			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	378,890			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		1,505,726			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	621400	157,295,450	157,295,450		
	b	EHR INCENTIVE REVENUE	900099	430,417	430,417		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		157,725,867			
	3	Investment income (including dividends, interest, and other similar amounts)		9,770,441		-5,990	9,776,431
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	528,893 /				
	b	Less rental expenses	/				
	c	Rental income or (loss)	528,893 / 0				
	d	Net rental income or (loss)		528,893		2,485	526,408
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	137,007,615 / 20,555				
	b	Less cost or other basis and sales expenses	136,967,538 / 37,867				
	c	Gain or (loss)	40,077 / -17,312				
	d	Net gain or (loss)		22,765			22,765
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a 11,485				
	b	Less direct expenses	b 6,470				
	c	Net income or (loss) from fundraising events		5,015			5,015
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
Other Revenue		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA REVENUE	722320	989,170			989,170
	b	WELLNESS CENTER	713940	958,590			958,590
	c	PATHOLOGY/OUTSIDE LAB BILLING REVENUE	900099	108,035		108,035	
	d	All other revenue		2,988,493			2,988,493
	e	**Total.** Add lines 11a–11d		5,044,288			
	12	**Total revenue.** See Instructions		174,602,995	157,725,867	104,530	15,266,872

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	79,596	79,596		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	466,837	466,837		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	3,821,020	1,063,760	2,757,260	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	211,436	156,443	54,993	
7 Other salaries and wages	69,252,474	63,405,746	5,846,728	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,257,867	1,976,809	281,058	
9 Other employee benefits	6,104,173	5,308,232	795,941	
10 Payroll taxes	5,383,601	4,713,454	670,147	
11 Fees for services (non-employees)				
a Management	4,579,813	4,271,805	308,008	
b Legal	646,163	592,875	53,288	
c Accounting	236,561		236,561	
d Lobbying	25,655		25,655	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	26,401,120	24,226,722	2,174,398	
12 Advertising and promotion	56,545	15,275	41,270	
13 Office expenses	5,452,296	4,251,501	1,200,795	
14 Information technology	1,623,729	1,468,980	154,749	
15 Royalties . .	0			
16 Occupancy	2,736,060	2,489,423	246,637	
17 Travel	183,286	117,526	65,760	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	122,681	108,411	14,270	
20 Interest	962,022	925,681	36,341	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	8,362,339	8,046,444	315,895	
23 Insurance	1,517,376	1,496,935	20,441	
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	22,777,538	22,777,538		
b LICENSE & TAXES	2,318,481	2,296,214	22,267	
c PAYMENTS TO RELATED PARTIES	1,871,985	1,836,733	35,252	
d BAD DEBT EXPENSE	717,540	717,540		
e All other expenses	419,559	157,389	262,170	
25 **Total functional expenses.** Add lines 1 through 24e	168,587,753	152,967,869	15,619,884	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		-361,052	1	-246,027
	2	Savings and temporary cash investments		10,893,481	2	11,673,827
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		23,934,247	4	24,294,434
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		1,467,006	7	984,644
	8	Inventories for sale or use		4,724,705	8	3,595,755
	9	Prepaid expenses and deferred charges		2,999,683	9	2,198,505
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 195,333,631			
	b	Less accumulated depreciation	10b 143,260,158	55,470,804	10c	52,073,473
	11	Investments—publicly traded securities		108,576,141	11	119,089,053
	12	Investments—other securities See Part IV, line 11		2,220,107	12	2,580,206
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		33,679,150	15	35,012,816
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		243,604,272	16	251,256,686
Liabilities	17	Accounts payable and accrued expenses		35,871,605	17	35,646,125
	18	Grants payable		0	18	0
	19	Deferred revenue		2,714,498	19	2,116,902
	20	Tax-exempt bond liabilities		24,181,006	20	23,471,232
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		836,849	25	1,097,010
	26	**Total liabilities.** Add lines 17 through 25		63,603,958	26	62,331,269
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		180,000,314	27	188,925,417
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		180,000,314	33	188,925,417
	34	Total liabilities and net assets/fund balances		243,604,272	34	251,256,686

Part XI Reconcilliation of Net Assets

Check 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	174,602,995
2	Total expenses (must equal Part IX, column (A), line 25)	2	168,587,753
3	Revenue less expenses Subtract line 2 from line 1	3	6,015,242
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	180,000,314
5	Net unrealized gains (losses) on investments	5	2,324,822
6	Donated services and use of facilities	6	585,039
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	188,925,417

Part XII Financial Statements and Reporting

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Jefferson Hospital Association Inc	71-0329353

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		
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-		

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		25,655
j	Total Add lines 1c through 1i			25,655
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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 1i	lobbying activities A PORTION OF DUES PAID TO ARKANSAS HOSPITAL ASSOCIATION AND AMERICAN HOSPITAL ASSOCIATION ARE USED FOR LOBBYING EXPENSES ADDITIONAL LOBBYING EXPENSES WERE PAID TO MCDERMOTT WILL & EMORY FOR THE SOLE COMMUNITY HOSPITAL COALITION AND RELATED MEDIA ADVOCACY

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

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

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

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

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

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

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

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

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

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

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

Part VI Land, Buildings, and Equipment. 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		4,805,853		4,805,853
b Buildings		82,957,972	57,672,283	25,285,689
c Leasehold improvements		1,727,368	1,346,380	380,988
d Equipment		104,743,876	84,241,495	20,502,381
e Other		1,098,562		1,098,562
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				52,073,473

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)* ▶		

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.

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

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

(a) Description	(b) Book value
(1) DEFERRED FINANCING COSTS	505,111
(2) 457 PLAN - FMV	1,097,010
(3) DUE FROM AFFILIATES	33,008,161
(4) PREMIER CONV MV EXS OF BV	402,534
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	35,012,816

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	0
457 PLAN	1,097,010
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	1,097,010

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

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

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

Part XIII Supplemental Information

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, part x, line 2	liability for uncertain tax positions The Association has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, the Association is subject to federal income tax on any unrelated business taxable income Jefferson Management Services, Inc and Jefferson Regional Medical Center Development, Inc are taxable entities and had no material deferred tax balances at June 30, 2014 and 2013 The Associations majority owned professional limited liability company, Jefferson Surgery Center, PLLC, is treated as a partnership for federal income tax purposes Consequently, federal income taxes are not provided for or payable by Jefferson Surgery Center, PLLC The Associations income tax returns are subject to review and examination by federal, state and local authorities The Association is not aware of any activities that would jeopardize its tax-exempt status The Association is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes that are not currently being recognized The tax returns for tax years 2011 to 2013 are open to examination by federal, local and state authorities The Associations 2011 IRS Forms 990 and 990-T are currently under examination The examination is ongoing and potential outcomes are not known

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		12,600	8,932,463		8,932,463	5 300 %
b Medicaid (from Worksheet 3, column a)		24,400	2,563,186		2,563,186	1 520 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		37,000	11,495,649		11,495,649	6 820 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	34	85,700	165,095	69,585	95,510	0 060 %
f Health professions education (from Worksheet 5)	18		7,493,923	2,753,764	4,740,159	2 810 %
g Subsidized health services (from Worksheet 6)	3		2,988,302	987,527	2,000,775	1 190 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			546,433	478,743	67,690	0 040 %
j **Total.** Other Benefits	55	85,700	11,193,753	4,289,619	6,904,134	4 100 %
k **Total.** Add lines 7d and 7j	55	122,700	22,689,402	4,289,619	18,399,783	10 920 %

Part II Community Building Activities Complete this 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 Economic development						
3 Community support	51	295,100	108,465		108,465	0 060 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**	51	295,100	108,465		108,465	0 060 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	9,954,435		
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	53,060,976		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	51,982,406		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	1,078,570		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 Jefferson Surgery				
2 Center PLLC	Ambulatory surgery Center	66 500 %	7 000 %	26 500 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? 1

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group JEFFERSON REGIONAL MEDICAL CENTER

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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
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**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) see part v, section c			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ 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	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	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 ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ 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?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible 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?	**21**		No
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?	**22**		No
If "Yes," explain in Part VI			

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	

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? **9**

	Name and address	Type of Facility (describe)
1	Health care Plus 209 N Blake Pine Bluff, AR 71603	Physician Clinic
2	Center On Aging 4747 Dusty Lake Dr Suite 101 Pine Bluff, AR 71603	Physician Clinic
3	Pine Bluff Specialty Clinic 1601 W 40th ave suite 301 pine bluff, AR 71603	physician clinic
4	Cardiology Associates 1601 W 40th ave suite 301 pine bluff, AR 71603	physician clinic
5	endocrinology of south arkansas 7500 dollarway rd white hall, AR 71603	physician clinic
6	south arkansas orthopeadics center 1609 w 40th ave suite 501 pine bluff, AR 71603	physician clinic
7	south arkansas cardiovascular surgery 1609 w 40th ave pine bluff, AR 71603	physician clinic
8	surgical associates of southeast ar 1609 w 40th ave pine bluff, AR 71603	physician clinic
9	neurosurgery associates of southeast ar 1609 w 40th ave suite 501 pine bluff, AR 71603	physician clinic
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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
Schedule H, part I, line 6b	
schedule h, part III, section a, line 2	bad debt methodology THE AMOUNT REPORTED ON LINE 2 IS BASED ON BAD DEBTS PER THE AUDITED FINANCIAL STATEMENTS
schedule h, part III, section a, line 3	bad debt attributable to patients eligible for financial assistance THE ORGANIZATION HAS ESTIMATED THE AMOUNT OF BAD DEBT EXPENSE OTHERWISE ATTRIBUTABLE TO ACCOUNTS WHO MAY QUALIF Y FOR FINANCIAL ASSISTANCE UTILIZING HISTORIC INFORMATION AND HAS EXCLUDED THESE AMOUNTS F ROM BAD DEBT EXPENSE, OFFSETTING NET PATIENT SERVICE REVENUE ACCORDINGLY
schedule h, part III, section a, line 4	Bad debt footnote Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Association analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with s ervices provided to patients who have third-party coverage, the Association analyzes contr actually due amounts and provides an allowance for doubtful accounts and a provision for u ncollectible accounts, if necessary (for example, for expected uncollectible deductibles a nd copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patient s without insurance and patients with deductible and copayment balances due for which thir d-party coverage exists for part of the bill), the Association records a significant provi sion for uncollectible accounts in the period of service on the basis of its past experien ce, which indicates 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 rate s (or the discounted rates if negotiated or provided by policy) and the amounts actually c ollected after all reasonable collection efforts have been exhausted is charged off agains t the allowance for doubtful accounts For the years ended June 30, 2014 and 2013, there w ere no significant changes in the underlying assumptions used in estimating the allowance for uncollectible and charity accounts or in the policies regarding uncollectible accounts for charity care
schedule h, part III, section b, line 8	costing methodology THE ORGANIZATION MAINTAINS A COST ACCOUNTING SYSTEM THAT COMPUTES COS TS AT THE PATIENT LEVEL THE COSTING METHODOLOGIES ARE APPLIED TO THE ORGANIZATION'S MEDIC ARE PATIENTS TO DETERMINE THE COST OF PROVIDING CARE AS A SAFETY NET HOSPITAL, THE ORGANI ZATION PROVIDES CARE TO ALL PATIENTS REGARDLESS OF SOURCE OF PAYMENT, THEREFORE, COSTS TO PROVIDE CARE TO MEDICARE PATIENTS SHOULD BE CONSIDERED A COMMUNITY BENEFIT TO THE EXTENT C OSTS EXCEED MEDICARE REIMBURSEMENT
schedule h, part III, section c, line 9b	collections policy PATIENT ACCOUNTS QUALIFYING FOR CHARITY CARE WOULD NOT INTENTIONALLY B E PLACED WITH A DEBT COLLECTION SERVICE FROM TIME TO TIME, INFORMATION THAT RESULTS IN TH E DETERMINATION OF CHARITY QUALIFICATION IS OBTAINED SUBSEQUENT TO A PATIENT'S ACCOUNT BEI NG PLACED WITH A DEBT COLLECTION AGENCY THE ORGANIZATION'S "COLLECTION AGENCY POLICY" REQ UIRES CONTRACTED COLLECTION AGENTS, IN ADDITION TO MANY OTHER PRUDENT PROCEDURES, TO INFOR M THE DEBTOR OF THE APPROPRIATE HOSPITAL FINANCIAL ASSISTANCE PROFESSIONAL TO CONTACT IF T HE COLLECTION AGENT IS MADE AWARE OF A PATIENT'S FINANCIAL HARDSHIP THE COLLECTION AGENT IS ALSO REQUIRED TO NOTIFY THE ORGANIZATION OF THE PATIENT'S FINANCIAL HARDSHIP SO THE ORG ANIZATION CAN ASSIST THE PATIENT IN ACCESSING THE ORGANIZATION'S FINANCIAL ASSISTANCE PROG RAMS
schedule h, part VI, line 2	needs assessment SEE STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS ON FORM 990, PART III, LINE 4A
schedule h, part VI, line 3	patient education of eligibilty for assistance A FINANCIAL COUNSELOR INITIATES A FINANCIA L SCREENING ON ALL INPATIENTS, OBSERVATION PATIENTS AND OUTPATIENTS OCCUPYING A BED HAVING NO INSURANCE INDICATED ON THEIR ACCOUNT THIS PROCESS INCLUDES SCREENING FOR CHARITY CARE ASSISTANCE, MEDICAID COVERAGE AND OTHER THIRD PARTY COVERAGE OUTPATIENTS RECEIVE A FINAN CIAL ASSISTANCE GUIDE SHEET SUMMARIZING ASSISTANCE OFFERED BY JRMC AT THE TIME OF REGISTRA TION
schedule h, part VI, line 4	community information SEE STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS ON FORM 990, PART III, LINE 4A
schedule h, part VI, line 5	promotion of community health SEE STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS ON FORM 990, PART III, LINE 4A
schedule h, part VI, line 6	affiliated health care system this is not applicable for tax year 2013
schedule h, part VI, line 7	state filing of community benefit report arkansas

Additional Data

Software ID:
Software Version:
EIN: 71-0329353
Name: Jefferson Hospital Association 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, 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
schedule h, part v, section b, line 3	
schedule h, part v, section b, line 5	CHNA and Implementation strategy The CHNA and implementation strategy is available upon r equest and at the following website http //www jrmc org/Community/index htm
schedule h, part v, section b, line 7	needs not addressed from chna ONE COMMUNITY HEALTH NEED IDENTIFIED IN THE CHNA WAS DETERM INED TO BE OUTSIDE THE SCOPE OF THE ORGANIZATION OTHER ORGANIZATIONS, INCLUDING THE ARKAN SAS DEPARTMENT OF HEALTH, SCHOOLS AND OTHER HEALTHCARE ORGANIZATIONS HAVE TAKEN ON THE RES PONSIBILITY OF EDUCATION AND PREVENTION OF SEXUALLY TRANSMITTED DISEASES IN THE YOUTH OF T HE COMMUNITY
schedule h, part v, section b, line 20d	financial assistance policy eligibility AMOUNTS CHARGED TO PATIENTS ELIGIBLE FOR FINANCIA L ASSISTANCE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY ARE DETERMINED BASED ON A SLIDING-SCALE THAT CONSIDERS INCOME AS COMPARED TO FEDERAL POVERTY GUIDELINES

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) University of AR - Pine Bluff 1200 N University Mail Slot 4891 Pine Bluff, AR 71601	71-6010030	501(c)(3)	25,000				Athletic Sponsorship
(2) United Way of SE Arkansas PO Box 8702 Pine Bluff, AR 71611	71-0236869	501(c)(3)	70,000				2012-2013 campaign pledge
(3) AR Trauma Education & Research Fdn 415 N Mckinley ST Suite 350 little rock, AR 72205	43-3250912	501(c)(3)	10,000				trauma education

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

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

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) Federal Pell Grants (US Dept of Education)	71	329,066			
(2) Academic Challenge Scholarships (State of AR)	7	9,778			
(3) Rehabilitation Grants (State of AR)	21	71,933			
(4) WIA Adult Program Grants (US Dept of Labor)	26	42,294			
(5) Go! Opportunities Grants (State of AR)	7	3,816			
(6) Scholarships - Jefferson School of Nursing	13	9,950			

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 i, part i, line 2	procedures for monitoring the use of grant funds in the U S Jefferson HOSPITAL ASSOCIATION, INC MAINTAINED 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 GRANTS OR ASSISTANCE
form 990, part ix, line 1 & schedule i, part ii, line 1	Difference between schedule i & statement of functional expenses THE ORGANIZATION IS REPORTING THE CONTRIBUTIONS PAID ON SCHEDULE I, WHICH IS NOT NECESSARILY ON THE ACCRUAL BASIS BECAUSE THE ORGANIZATION RECORDS LONG-TERM PLEDGES AT THEIR NPV AND RECORDS ACCRETION OF INTEREST OVER TIME THE PLEDGES, WHEN PAID, ARE A REDUCTION OF THIS LIABILITY AND NOT CURRENT YEAR EXPENSE WHICH MAY CAUSE A DIFFERENCE BETWEEN AMOUNT REPORTED ON FORM 990, PAGE 10 AND SCHEDULE I, PART II

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

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

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

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

Part III Supplemental Information

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, part i, line 1a	Description of Benefits - TAX GROSS-UP PAYMENTS ARE INCLUDED IN THE SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN IDENTIFIED BELOW - A DISCRETIONARY SPENDING ACCOUNT IS PROVIDED FOR THE CEO - COUNTRY CLUB MEMBERSHIPS ARE MAINTAINED BY THE ORGANIZATION FOR THE USE OF SPECIFIC EMPLOYEES AS DESIGNATED BY THE BOARD OF DIRECTORS
schedule j, part i, line 1b	written policy regarding payment or reimbursement THERE IS NO WRITTEN POLICY REGARDING PROVISION OF COUNTRY CLUB MEMBERSHIPS THE BOARD OF DIRECTORS DESIGNATES WHICH EMPLOYEES MAY USE MEMBERSHIPS MAINTAINED BY THE ORGANIZATION
schedule j, part i, line 4b	participants in supplemental nonqualified retirement plan PARTICIPANTS IN SERP PLAN REPORTED IN W-2 ---------- ---------- -- WALTER JOHNSON $ 136,033 THOMAS HARBUCK $ 118,983 BRIAN THOMAS $ 52,380 Louise Hickman $ 53,989 Bryan G Jackson NONE
schedule j, part i, line 7	non-fixed payments THE ORGANIZATION PROVIDES DEFINED MEMBERS OF MANAGEMENT A NON-FIXED PERFORMANCE BASED INCENTIVE PLAN THE PLAN'S COMPONENTS ARE ESTABLISHED AND EVALUATED BY THE ORGANIZATION'S EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Additional Data

Software ID:
Software Version:
EIN: 71-0329353
Name: Jefferson Hospital Association 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				
MICHELLE ECKERT MD FACS DIRECTOR	(I) (II)	418,263 0	0 0	0 0	0 0	0 0	418,263 0	0 0
JOHN O LYTLE MD DIRECTOR/JRMC CHIEF OF STAFF	(I) (II)	266,498 0	433,766 0	833 0	10,346 0	26,319 0	737,762 0	0 0
WALTER JOHNSON PRESIDENT/CEO	(I) (II)	413,683 0	93,375 0	238,761 0	10,900 0	21,235 0	777,954 0	0 0
THOMAS HARBUCK EXECUTIVE VP	(I) (II)	370,983 0	98,044 0	205,598 0	10,900 0	22,235 0	707,760 0	0 0
BRIAN THOMAS SENIOR VP/COO	(I) (II)	249,453 0	46,023 0	90,592 0	10,900 0	21,444 0	418,412 0	0 0
BRYAN G JACKSON VP/CFO	(I) (II)	228,483 0	39,848 0	23,464 0	61,261 0	21,518 0	374,574 0	0 0
LOUISE HICKMAN VP/CNO	(I) (II)	186,922 0	34,453 0	92,900 0	10,900 0	18,994 0	344,169 0	0 0
NICHOLAS WILLIS PHYSICIAN	(I) (II)	649,088 0	353,984 0	440 0	12,001 0	4,118 0	1,019,631 0	0 0
JAMES ALAN POLLARD PHYSICIAN	(I) (II)	316,496 0	137,751 0	403 0	10,900 0	14,867 0	480,417 0	0 0
ALI ALNASHIF PHYSICIAN	(I) (II)	412,231 0	32,467 0	346 0	10,900 0	15,080 0	471,024 0	0 0
AARON KUPERMAN PHYSICIAN	(I) (II)	278,007 0	60,650 0	171 0	10,900 0	8,520 0	358,248 0	0 0
GIRINDRA RAVAL PHYSICIAN	(I) (II)	245,797 0	64,722 0	139 0	10,963 0	13,932 0	335,553 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

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	Jefferson County AR	71-6009958	472705Df6	12-15-2011	26,013,416	Refund 2001 Bonds		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	510,000			
2	Amount of bonds legally defeased	0			
3	Total proceeds of issue	26,013,416			
4	Gross proceeds in reserve funds	0			
5	Capitalized interest from proceeds	0			
6	Proceeds in refunding escrows	25,395,168			
7	Issuance costs from proceeds	372,172			
8	Credit enhancement from proceeds	246,076			
9	Working capital expenditures from proceeds	0			
10	Capital expenditures from proceeds	0			
11	Other spent proceeds	0			
12	Other unspent proceeds	0			
13	Year of substantial completion	2012			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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						
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						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 %						
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						
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						
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?		X						
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							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?		X						
c	No rebate due?		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						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider	0							
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						
b	Name of provider	0							
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						
7	Has the organization established written procedures to monitor the requirements of section 148?	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?	X							

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

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

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

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

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

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

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Richard Morgan	see schedule o		see schedule o		No
(2) Rebecca Pittillo	see schedule o		see schedule o		No
(3) lindsay Makris	see schedule o		see schedule o		No
(4) arkansas hospital association	see schedule o		see schedule o		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

Return Reference	Explanation
form 990, part vi, section a, line 1a	delegation of authority AN EXECUTIVE COMMITTEE MAY BE ELECTED BY THE BOARD OF DIRECTORS TO CONSIST OF NOT LESS THAN THREE DIRECTORS THE COMMITTEE IS ABLE TO EXERCISE ALL AUTHORITY OF THE BOARD DURING INTERVALS BETWEEN MEETINGS OF THE BOARD WITH RESPECT TO THE AFFAIRS OF THE CORPORATION, BUT SHALL BE SUBJECT TO THE CONTROL AND DIRECTION OF THE FULL BOARD THE COMMITTEE SHALL ALSO CONDUCT AN EVALUATION OF THE CHIEF EXECUTIVE OFFICER ANNUALLY FOR THE FULL BOARD OF DIRECTORS TO REVIEW

Return Reference	Explanation
form 990, part vi, section a, line 2	relationships of officers, directors, and trustees Chuck Morgan (JHA Director) and Annette Kline (JHA Director) have a business relationship Marty Casteel (JHA Director) and Dr Clifton Roaf (JHA Director) have a business relationship George Makris (JHA Director) and Dr Clifton Roaf (JHA Director) have a business relationship George Makris (JHA Director) and Marty Casteel (JHA Director) have a business relationship H Ford Trotter III (JHA Director) and Dr Clifton Roaf (JHA Director) have a business relationship H Ford Trotter III (JHA Director) and Marty Casteel (JHA Director) have a business relationship H Ford Trotter III (JHA Director) and George Makris (JHA Director) have business relationships H Ford Trotter III (JHA Director) and David Brown (JHA Director) have a business relationship H Ford Trotter III (JHA Director) and Walter Johnson (JHA President and CEO) have a business relationship George Makris (JHA Director) and David Brown (JHA Director) have a business relationship Marty Casteel (JHA Director) and John Lytle (JHA Chief of Staff & Director) have a business relationship Marty Casteel (JHA Director) and Chuck Morgan (JHA Director) have a business relationship Scott Pittillo (JHA Director) and Annette Kline (JHA Director) have a business relationship Scott Pittillo (JHA Director) and Chuck Morgan (JHA Director) have a business relationship Drew Atkinson (JHA Director) and Frank Anthony (JHA Director) have a business relationship George Makris (JHA Director) and John Lytle (JHA Chief of Staff & Director) have a business relationship Drew Atkinson (JHA Director) and Bryan Jackson (JHA VP & CFO) have a business relationship Frank Anthony (JHA Director) and Bryan Jackson (JHA VP & CFO) have a business relationship Clifton Roaf (JHA Director) and John Lytle (JHA Chief of Staff & Director) have a business relationship H Ford Trotter III (JHA Director) and John Lytle (JHA Chief of Staff & Director) have a business relationship

Return Reference	Explanation
form 990, part vi, section a, line 6	members or stockholders THE ORGANIZATION HAS A MEMBERSHIP CONSISTING OF 30 JEFFERSON COUNTY ARKANSAS RESIDENTS

Return Reference	Explanation
form 990, part vi, section a, line 7a	power to elect or appoint members of governing body THE MEMBERSHIP OF THE ORGANIZATION HAS THE RESPONSIBILITY OF ELECTING THE BOARD OF DIRECTORS AT THE ANNUAL MEMBERSHIP MEETING

Return Reference	Explanation
form 990, part vi, section b, line 11b	process to review form 990 THE FORM 990 AND FORM 990-T ARE PREPARED AND REVIEWED UNDER THE DIRECTION OF THE CHIEF FINANCIAL OFFICER FINAL DRAFTS OF THE RETURNS ARE PRESENTED TO THE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS, WHICH IS DESIGNATED BY THE BOARD OF DIRECTORS TO FULFILL THE FIDUCIARY RESPONSIBILITY OF THE GOVERNING BODY TO REVIEW AND APPROVE THE RETURNS BEFORE THEY ARE FILED WITH THE IRS AFTER ANY FINAL REVISIONS ARE MADE AND THE RETURNS ARE APPROVED BY THE GOVERNANCE COMMITTEE AND THE BOARD OF DIRECTORS, A FINAL VERSION IS POSTED TO AN INTERNAL SECURE WEBSITE WITH A LINK E-MAILED TO EACH VOTING MEMBER OF THE BOARD OF DIRECTORS

Return Reference	Explanation
form 990, part vi, section b, line 12c	process to monitor and enforce compliance with conflict of interest policy THE ORGANIZATION REQUIRES NOT ONLY AN ANNUAL CONFLICT OF INTEREST DISCLOSURE, BUT ALSO DISCLOSURE WHEN SITUATIONS SUBSEQUENT TO THE ANNUAL DISCLOSURE DEVELOP THAT WOULD POTENTIALLY PLACE THE INDIVIDUAL IN A CONFLICT OF INTEREST IN THOSE SITUATIONS, IMMEDIATE DISCLOSURE IS REQUIRED THE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS CONDUCTS THE ANNUAL REVIEW OF CONFLICT OF INTEREST DISCLOSURES IN THE EVENT THE GOVERNANCE COMMITTEE DETERMINES THAT A CONFLICT EXISTS, LEGAL COUNSEL IS CONSULTED IF LEGAL COUNSEL DETERMINES THAT A CONFLICT EXISTS, THE PERSON IS INFORMED AND THE MATTER IS REPORTED TO THE BOARD FOR ACTION ANY DIRECTOR OR OFFICER WHOSE TRANSACTIONS ARE BEING REVIEWED WOULD ABSENT HIMSELF/HERSELF FROM THE REVIEW

Return Reference	Explanation
form 990, part vi, section b, lines 15a & 15b	compensation of ceo and other officers The Board of Directors has established a separate compensation committee charged with performing an annual performance and compensation review of the CEO and other officers The Compensation Committee most recently engaged a third-party global human capital consulting firm in 2013 for a limited engagement to review and validate the findings and report provided to the Compensation Committee in 2012 The Compensation Committee engages the third-party global human capital consulting firm to develop and maintain a compensation package that is reasonable as compared to similar positions at non-profit healthcare organizations of similar size and complexity The Compensation Committee then makes a report to the full Board of Directors of any compensation adjustments

Return Reference	Explanation
form 990, part vi, section c, line 19	availability of documents THE ORGANIZATION PROVIDES PHOTOCOPIES OF ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, FINANCIAL STATEMENTS, AND OTHER DOCUMENTS TO ALL WHO REQUEST ONE OR MORE OF THE ITEMS

Return Reference	Explanation
form 990, part ix, line 11g	other fees for services Physician Fees $ 9,123,855 Purchased Services 8,432,206 Professional Fees 4,809,205 Other Fees 2,442,020 Contract Labor 1,593,834 ---------- total $ 26,401,120

Return Reference	Explanation
schedule l, part iv, columns b, c & d	business transactions involving interested persons (A) NAME OF PERSON RICHARD MORGAN (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF CHUCK MORGAN (JHA DIRECTOR) (C) TRANSACTION AMOUNTS REPORTED ARE GREATER THAN $10,000 (D) DESCRIPTION OF TRANSACTION EMPLOYEE OF JRMC (A) NAME OF PERSON REBECCA PITTILLO (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF SCOTT PITTILLO (JHA DIRECTOR) (C) TRANSACTION AMOUNTS REPORTED ARE GREATER THAN $10,000 (D) DESCRIPTION OF TRANSACTION EMPLOYEE OF JRMC (A) NAME OF PERSON LINDSAY MAKRIS (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FAMILY MEMBER OF GEORGE MAKRIS (JHA DIRECTOR) (C) TRANSACTION AMOUNTS REPORTED ARE GREATER THAN $10,000 (D) DESCRIPTION OF TRANSACTION EMPLOYEE OF JRMC (A) NAME OF PERSON ARKANSAS HOSPITAL ASSOCIATION (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION WALTER JOHNSON (JHA PRESIDENT & CEO) IS A BOARD MEMBER (C) TRANSACTION AMOUNTS REPORTED ARE GREATER THAN $100,000 (D) DESCRIPTION OF TRANSACTION HOSPITAL MEMBERSHIP DUES

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Jefferson Hospital Association Inc

Employer identification number
71-0329353

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

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	(g) No

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) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Jefferson surgery center pllc 1600 W 40th Ave Pine bluff, AR 71603 71-0810564	amb surgery	AR	jha	related	-45,753	1,097,439		No	0	Yes		66 500 %

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	(i) No
(1) jrmc development inc 1600 W 40th ave pine bluff, AR 71603 71-0664723	Real estate mgmt	AR	jha	c-corporation	-218,850	15,675,671	100 000 %	Yes	
(2) Jefferson management services inc 1600 w 40th ave pine bluff, AR 71603 71-0582753	phys practice mgt	AR	jha	c-corporation	0	478,798	100 000 %	Yes	

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

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

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 71-0329353
Name: Jefferson Hospital Association Inc

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Jefferson surgery center pllc	L	1,298,100	G/L Activity
Jefferson surgery center pllc	M	1,263,045	G/L Activity
Jefferson surgery center pllc	R	1,206,105	G/L Activity
Jefferson surgery center pllc	S	1,318,847	G/L Activity
Jefferson Management Services INc	L	277,845	G/L Activity
Jefferson Management Services INc	S	765,223	G/L Activity
JRMC Development Inc	K	675,926	G/L Activity
JRMC Development Inc	L	331,409	G/L Activity
JRMC Development Inc	A	1,683,773	G/L Activity
JRMC Development Inc	R	344,517	G/L Activity
JRMC Development Inc	S	474,274	G/L Activity

Jefferson Hospital Association, Inc.

Auditor's Report and Consolidated Financial Statements

June 30, 2014 and 2013

BKD LLP
CPAs & Advisors

Jefferson Hospital Association, Inc.

June 30, 2014 and 2013

Contents

Independent Auditor's Report

Board of Directors
Jefferson Hospital Association, Inc
Pine Bluff, Arkansas

We have audited the accompanying consolidated financial statements of Jefferson Hospital Association, Inc , which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Hospital Association, Inc as of June 30, 2014 and 2013, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Supplementary Information

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

BKD, LLP

Dallas, Texas
September 25, 2014

Jefferson Hospital Association, Inc.

Consolidated Balance Sheets

June 30, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	$ 12,555,215	$ 11,688,914
Assets limited as to use – current	192,649	192,479
Patient accounts receivable, net of allowance, 2014 – $23,806,000, 2013 – $18,615,000	20,211,876	20,067,928
Other receivables	4,828,655	5,096,225
Notes receivable – current	356,172	348,917
Supplies	3,734,845	4,897,194
Prepaid expenses	2,284,391	3,096,960
Total current assets	44,163,803	45,388,617
Assets Limited As To Use		
Internally designated for capital improvements	118,896,404	108,383,662
Held by trustee under indenture agreement	192,649	192,479
	119,089,053	108,576,141
Less amount required to meet current obligations	192,649	192,479
Total assets limited as to use	118,896,404	108,383,662
Property and Equipment, Net	67,779,730	72,542,687
Other Assets		
Notes receivable	628,472	1,118,089
Investments in affiliates	1,575,499	1,138,839
Deferred financing costs	505,111	547,498
Other	1,499,544	836,849
Total other assets	4,208,626	3,641,275
Total assets	$ 235,048,563	$ 229,956,241

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2014	2013
Current Liabilities		
Current maturities of long-term debt	$ 1,468,526	$ 1,305,000
Trade accounts payable	6,611,052	5,316,920
Accrued employee leave	4,995,027	5,017,698
Accrued interest expense	79,915	83,177
Accrued expenses and other current liabilities	11,502,349	10,910,519
Deferred revenue and gains – current	644,280	704,844
Total current liabilities	25,301,149	23,338,158
Long-term Debt	22,002,706	22,876,006
Deferred Revenue and Gains	1,472,622	2,009,654
Other Long-term Liabilities	14,225,470	16,076,477
Total liabilities	63,001,947	64,300,295
Net Assets		
Unrestricted		
Undesignated	52,644,082	56,580,982
Board designated	118,896,404	108,383,662
Noncontrolling interest in subsidiary	506,130	691,302
Total net assets	172,046,616	165,655,946
Total liabilities and net assets	$ 235,048,563	$ 229,956,241

Jefferson Hospital Association, Inc.

Consolidated Statements of Operations

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 167,301,223	$ 181,439,031
Less Provision for uncollectible accounts	10,065,919	11,361,301
Net patient service revenue, less provision for uncollectible accounts	157,235,304	170,077,730
Other revenue	7,637,781	9,255,508
Total unrestricted revenues, gains and other support	164,873,085	179,333,238
Expenses		
Salaries and wages	73,470,154	79,320,405
Employee benefits	14,086,115	15,460,395
Professional fees	16,131,700	14,926,988
Supplies	27,589,304	32,726,863
Purchased services	16,092,295	15,197,630
Agency personnel	313,849	654,790
Utilities	3,121,739	3,141,996
Insurance	1,632,163	2,113,247
Other	7,403,446	8,847,241
Depreciation and amortization	9,857,451	10,375,073
Interest	962,022	995,674
Provision (credit) for uncollectible accounts	744,995	(18,786)
Total expenses	171,405,233	183,741,516
Operating Loss	(6,532,148)	(4,408,278)
Other Income		
Investment return	8,065,011	1,878,402
Earnings from investments in affiliates	2,120,053	769,461
Total other income	10,185,064	2,647,863
Excess (Deficiency) of Revenues Over Expenses	3,652,916	(1,760,415)
Change in unrealized gains and losses on investments	2,324,822	1,756,352
Contributions of or for acquisition of property and equipment	585,039	585,039
Sale (purchase) of JRMC interest in JSC to (from) noncontrolling interest	(84,357)	32,007
Distributions to members	(87,750)	(101,250)
Increase in Unrestricted Net Assets	$ 6,390,670	$ 511,733

Jefferson Hospital Association, Inc.

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2014 and 2013

	Controlling Interest	Noncontrolling Interest	Total Unrestricted Net Assets
Unrestricted Net Assets – June 30, 2012	$ 164,481,252	$ 662,961	$ 165,144,213
Excess (deficiency) of revenues over expenses	(1,857,999)	97,584	(1,760,415)
Change in unrealized gains and losses on investments	1,756,352	-	1,756,352
Contributions of or for acquisition of property and equipment	585,039	-	585,039
Sale of JRMC interest in JSC to noncontrolling interest owners	-	32,007	32,007
Distributions to noncontrolling interest owners	-	(101,250)	(101,250)
Increase in unrestricted net assets	483,392	28,341	511,733
Unrestricted Net Assets – June 30, 2013	164,964,644	691,302	165,655,946
Excess (deficiency) of revenues over expenses	3,665,981	(13,065)	3,652,916
Change in unrealized gains and losses on investments	2,324,822	-	2,324,822
Contributions of or for acquisition of property and equipment	585,039	-	585,039
Purchase of JSC interest from noncontrolling interest owners	-	(84,357)	(84,357)
Distributions to noncontrolling interest owners	-	(87,750)	(87,750)
Increase (decrease) in unrestricted net assets	6,575,842	(185,172)	6,390,670
Unrestricted Net Assets – June 30, 2014	$ 171,540,486	$ 506,130	$ 172,046,616

Jefferson Hospital Association, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Increase in unrestricted net assets	$ 6,390,670	$ 511,733
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Depreciation and amortization	9,857,451	10,375,073
Forgiveness of physician loan agreements	69,654	220,687
Loss on disposal of property and equipment	17,312	25,818
Net gains on investments	(8,338,250)	(2,137,923)
Earnings from investments in affiliates	(2,120,053)	(769,461)
Contributions of or for acquisition of property and equipment	(585,039)	(585,039)
Provision for uncollectible accounts	10,810,914	11,342,515
Distributions to noncontrolling interest owners	87,750	101,250
Changes in		
Patient accounts receivable	(10,209,867)	(12,899,971)
Other receivables	171,756	265,412
Supplies	1,162,349	217,958
Prepaid expenses	824,629	(264,187)
Trade accounts payable, accrued expenses and other liabilities	1,777,849	2,327,616
Accrued interest expense	(3,262)	(3,163)
Other long-term liabilities	(2,123,726)	(1,547,008)
Net cash provided by operating activities	7,790,137	7,181,310
Investing Activities		
Purchases of investments	(139,142,334)	(53,904,806)
Proceeds from sale of investments	137,007,615	44,982,260
Purchase of property and equipment	(4,407,752)	(5,800,112)
Proceeds from sale of property and equipment	20,555	10,610
Advances on physician loan agreements	(225,209)	(25,000)
Principal payments received on notes receivable	8,640	183,667
Distributions from and proceeds from sale of equity investee	1,365,217	772,506
Proceeds from sale of Jefferson Surgery Center units	-	66,600
Purchase of Jefferson Surgery Center units	(124,300)	(35,600)
Net cash used in investing activities	(5,497,568)	(13,749,875)
Financing Activities		
Principal payments on long-term debt	(1,305,000)	(1,265,000)
Principal payments on capital lease obligations	(33,518)	-
Distribution to noncontrolling interest owners	(87,750)	(101,250)
Net cash used in financing activities	(1,426,268)	(1,366,250)
Increase (Decrease) in Cash and Cash Equivalents	866,301	(7,934,815)
Cash and Cash Equivalents, Beginning of Year	11,688,914	19,623,729
Cash and Cash Equivalents, End of Year	$ 12,555,215	$ 11,688,914
Supplemental Cash Flows Information		
Interest paid	$ 965,284	$ 998,837
Capital lease obligation incurred for equipment	$ 665,983	$ -

Jefferson Hospital Association, Inc.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Jefferson Hospital Association, Inc (the Association) provides a wide range of health care services to patients from Jefferson County and surrounding areas in southeast Arkansas All material intercompany accounts and transactions have been eliminated in consolidation The consolidated financial statements include the following divisions and companies

Organization	Primary Business Activity	Tax Status
Jefferson Regional Medical Center	Acute Care Medical Center	Division of the Association (501(c)3)
Jefferson Management Services, Inc	Physician Practice Management	For-Profit Corporation
Jefferson Regional Medical Center Development, Inc	Practice Office Space Sold and Leased to Physicians and Other Third Parties	For-Profit Corporation
Jefferson Surgery Center, PLLC	Ambulatory Surgery Center Majority owned by JHA	Professional Limited Liability Company

During the years ended June 30, 2014 and 2013, the Association had investments in the following unconsolidated subsidiaries, which are accounted for using the equity method

Entity	Interest
Arkansas Preferred Provider Organization, Inc	50%
Premier Healthcare Alliance, LP (previously Premier Purchasing Partners, LP)	<1%
Jefferson Regional Home Care, LLC	33%

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents, other than those classified as assets limited as to use At June 30, 2014 and 2013, cash equivalents consisted primarily of balances in bank repurchase sweep accounts

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are measured at fair value in the accompanying consolidated balance sheets Other investments are valued at the lower of cost or fair value Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments

Assets Limited As To Use

Assets limited as to use include assets set aside by the Board of Directors (the Board) for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes Assets limited as to use also include restricted assets held under long-term debt agreements Amounts required to meet current liabilities of the Association have been reclassified to current assets in the accompanying consolidated balance sheets at June 30, 2014 and 2013

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Association analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, the Association analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with 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 Association records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates 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 or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

For the years ended June 30, 2014 and 2013, there were no significant changes in the underlying assumptions used in estimating the allowance for uncollectible and charity accounts or in the policies regarding uncollectible accounts for charity care

Supplies

Supplies are stated at the lower of cost, determined using the average cost method, or market

Property and Equipment

Property and equipment acquisitions are recorded at cost Depreciation is recorded over the estimated useful life of each asset and is computed using the straight-line method

The estimated useful lives for each major depreciable classification of property and equipment are as follows

Buildings and improvements	10 – 40 years
Equipment	3 – 15 years

Gifts of long-lived assets such as land, buildings or equipment are reported as additions to unrestricted net assets, and are excluded from excess of revenues over expenses, 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 restrictions about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service

Long-lived Asset Impairment

The Association evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value

No asset impairment was recognized during the years ended June 30, 2014 and 2013

Deferred Financing Costs

Financing costs incurred in connection with the issuance of Series 2011 Hospital Revenue and Refunding bonds in the amount of $612,845 are being amortized over the life of the related bonds using the straight-line method which approximates the effective interest method At June 30, 2014 and 2013, accumulated amortization was $107,734 and $65,347, respectively

Investment in Affiliates

The investments in affiliates are accounted for using the equity method Under the equity method the Association recognizes the original investment in the affiliate adjusted by the Association's percentage of the affiliate's profit or loss and any contributions or distributions

Net Patient Service Revenue

The Association has agreements with third-party payers that provide for payments to the Association at amounts different from its established rates Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined

Charity Care

The Association provides care without charge to patients meeting certain criteria under its charity care policy Because the Association does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue

General and Professional Liability Risks

The Association is exempt from general and professional liability claims under the doctrine of charitable immunity recognized by the state of Arkansas Under Arkansas law, charitable organizations are exempt from suit except to the extent the charitable organization has purchased professional or general liability insurance

Self-insurance

The Association has elected to self-insure certain costs related to employee health and accident benefit programs Costs resulting from noninsured losses are charged to expense when incurred The Association has purchased insurance that limits its exposure for individual claims

Electronic Health Record Incentive Payments

As discussed in *Note 10*, the Association has received funding under the Electronic Health Records (EHR) incentive program The Association recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured the Association will meet all meaningful use objectives and when any other specific grant requirements that are applicable are met

Income Taxes

The Association has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, the Association is subject to federal income tax on any unrelated business taxable income

Jefferson Management Services, Inc and Jefferson Regional Medical Center Development, Inc are taxable entities and had no material deferred tax balances at June 30, 2014 and 2013

The Association's majority owned professional limited liability company, Jefferson Surgery Center, PLLC, is treated as a partnership for federal income tax purposes Consequently, federal income taxes are not provided for or payable by Jefferson Surgery Center, PLLC

The Association's income tax returns are subject to review and examination by federal, state and local authorities The Association is not aware of any activities that would jeopardize its tax-exempt status The Association is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes that are not currently being recognized The tax returns for tax years 2011 to 2013 are open to examination by federal, local and state authorities The Association's 2011 IRS Forms 990 and 990-T are currently under examination The examination is ongoing and potential outcomes are not known

Excess of Revenues Over Expenses

The accompanying consolidated statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments in other-than-trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions and grants of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), distributions to noncontrolling members of Jefferson Surgery Center, PLLC and purchases and sales of ownership interest in Jefferson Surgery Center, PLLC

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the ending date of the reporting period

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation These reclassifications had no effect on the change in net assets

Subsequent Events

In preparing these consolidated financial statements, the Association has considered events and transactions that have occurred through September 25, 2014, which is the date the consolidated financial statements were issued

Note 2: Net Patient Service Revenue

The Association has agreements with third-party payers that provide for payments to the Association at amounts different from its established rates A summary of the payment arrangements with major third-party payers follows

- **Medicare** – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per inpatient discharge or outpatient visit These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity Certain inpatient non-acute services and defined medical education costs are paid based on a cost reimbursement methodology The Association is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Association and audits thereof by the Medicare administrative contractor The Association's Medicare cost reports have been audited by the Medicare administrative contractor through June 30, 2009 Estimated amounts due to Medicare for settlement of annual cost reports are included in accrued expenses and other current liabilities and other long-term liabilities in the accompanying consolidated balance sheets

- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, subject to certain cost limitations The Association is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Association and audits thereof by the Medicaid administrative contractor Outpatient services rendered to Medicaid program beneficiaries are paid based on defined allowable charges. The Association's Medicaid cost reports have been audited by the Medicaid administrative contractor through June 30, 2007 Estimated amounts due to Medicaid for settlement of annual cost reports are included in accrued expenses and other current liabilities and other long-term liabilities in the accompanying consolidated balance sheets

  The Association receives supplemental Medicaid funds under the Arkansas Medicaid programs' Upper Payment Limit (UPL) provisions Total funds awarded under this program were $1,151,578 and $1,141,024 for the years ended June 30, 2014 and 2013, respectively, which is included in net patient service revenue on the accompanying consolidated statement of operations Amounts due to the Association under this program were approximately $288,000 and $278,000 at June 30, 2014 and 2013, respectively, which are included in other receivables in the accompanying consolidated balance sheets

The Association participates in the provider assessment program as a part of the Arkansas State Medicaid Plan This program assesses a fee of no more than 1% on the net patient service revenue of private hospitals and allocates the proceeds to supplement Medicaid payments The federal government matches the assessment amount at a rate of approximately 3 to 1 and these amounts are allocated to private hospitals in Arkansas based on each hospital's share of the total of these hospitals' Medicaid discharges and outpatient Medicaid payments Based on its status as a private hospital, the Association participates in this program and records the assessed fees and the supplemental payments as expenses and net patient service revenues in the period incurred or earned, respectively Amounts recorded for assessment payments under this program for the years ended June 30, 2014 and 2013, were approximately $2,290,000 and $2,652,000, respectively Amounts recorded for receipts under this program for the years ended June 30, 2014 and 2013, were approximately $8,435,000 and $9,537,000, respectively Amounts due to the Association under this program are included in the other receivables in the accompanying consolidated balance sheets, and were approximately $2,109,000 and $2,403,000 at June 30, 2014 and 2013, respectively

- **Other** – The Association has also entered into payment agreements with Blue Cross and Blue Shield and other commercial insurance carriers The basis for reimbursement under these agreements includes discounts from established charges and prospectively determined rates

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized for the years ended June 30, 2014 and 2013, was as follows

	2014	2013
Medicare	$ 73,079,291	$ 79,178,686
Medicaid	13,091,495	20,869,911
Other third-party payers	69,914,950	71,542,825
Self-pay	11,215,487	9,847,609
	$ 167,301,223	$ 181,439,031

Note 3: Concentration of Credit Risk

Patient Accounts Receivable

The Association grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements The mix of net receivables from patients and third-party payers at June 30, 2014 and 2013, is as follows

	2014	2013
Medicare	43 %	46 %
Medicaid	8	4
Other third-party payers	47	48
Patients	2	2
	100 %	100 %

Bank Balances

During the normal course of business, the Association maintains deposits in various financial institutions that exceed federally insured limits At June 30, 2014, the Association's cash accounts exceeded federally insured limits by approximately $206,000 Certain cash balances are routinely invested in overnight repurchase agreements that are not covered by FDIC insurance programs

The repurchase agreements are collateralized by securities held by the Association's financial institution in the Association's name The securities purchased pursuant to the repurchase agreements must be direct obligations of the U S government or obligations fully guaranteed as to principal and interest by the U S government or agency

Note 4: Investments and Investment Return

Assets Limited As To Use

The composition of assets limited as to use at June 30, 2014 and 2013, is shown in the following table

	2014	2013
Internally designated for capital improvements		
Cash	$ -	$ 5,000,000
Certificates of deposit	200,847	6,983,652
Money market mutual funds	2,181,154	13,013,809
U S Treasury obligations	-	14,896,472
U S agency obligations	9,626,651	32,429,329
Corporate bonds		
Financial	11,972,688	3,344,785
Services	5,391,825	508,167
Materials	4,307,870	1,792,122
Technology	4,150,767	367,752
Health care	2,522,496	669,181
Utilities	2,177,202	504,595
Industrial and consumer goods	3,374,362	3,080,641
Domestic equity securities and mutual funds	48,213,477	21,267,400
International mutual funds	24,416,759	4,223,931
Accrued investment income receivable	360,306	301,826
	118,896,404	108,383,662
Held by trustee under indenture agreement		
Cash	192,649	192,479
Total assets limited as to use	$ 119,089,053	$ 108,576,141

Investment Income

Investment income and gains and losses on assets limited as to use, cash and other investments are comprised of the following for the years ended June 30, 2014 and 2013

	2014	2013
Investment return		
Interest and dividend income	$ 2,051,583	$ 1,496,831
Realized gains on investments	6,013,428	381,571
	$ 8,065,011	$ 1,878,402
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investments	$ 2,324,822	$ 1,756,352

Unrealized Losses

Certain investments in debt and marketable equity securities are reported in the consolidated financial statements at an amount less than their historical cost The following tables show the Association's investments, gross unrealized losses and fair value, aggregated by investment category, at June 30, 2014 and 2013 Securities that are expected to recover have been in an unrealized loss position for less than 12 consecutive months

	June 30, 2014			
	Expected Recovery		Other than Temporary Decline	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U S agency obligations	$ 3,607,244	$ (11,495)	$ -	$ -
Corporate bonds	1,101,118	(2,953)	-	-
Total	$ 4,708,362	$ (14,448)	$ -	$ -

	June 30, 2013			
	Expected Recovery		Other than Temporary Decline	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Marketable certificates of deposit	$ 2,151,218	$ (62,782)	$ -	$ -
U S Treasury obligations	2,839,382	(29,598)	-	-
U S agency obligations	26,399,738	(605,210)	-	-
Corporate bonds	9,693,847	(41,497)	-	-
Equity securities and mutual funds	1,827,719	(116,171)	-	-
Total	$ 42,911,904	$ (855,258)	$ -	$ -

Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary Factored into this evaluation are the general market conditions, the issuer's financial condition and near term prospects, conditions in the issuer's industry, the recommendation of advisors and the length of time and extent to which the market value has been less than cost

Total unrealized losses at June 30, 2014 and 2013, amounted to approximately $14,000 and $855,000, respectively As of June 30, 2014 and 2013, none of these unrealized loss positions were determined to have experienced impairment in fair value, therefore are not recorded as other than temporary declines in fair value of investments

At June 30, 2014, total unrealized losses of approximately $14,000 are expected to be recovered in future periods as the Association has the intent and ability to hold these investments until further market recovery occurs

Note 5: Notes Receivable

Notes receivable as of June 30, 2014 and 2013, were as follows

	2014	2013
Physician loan agreements	$ 250,972	$ 95,417
Note receivable, net – sale of fixed assets	23,818	23,818
Note receivable, net – construction funding	649,180	1,307,001
Interest receivable	60,674	40,770
	984,644	1,467,006
Less current portion	356,172	348,917
	$ 628,472	$ 1,118,089

Physician Loan Agreements

Physician loan agreements consist of amounts advanced or loaned to certain physicians that are either being paid back or amortized as certain criteria are met Amounts forgiven under the physician recruitment agreements were approximately $70,000 and $221,000 for the years ended June 30, 2014 and 2013, respectively

Note Receivable – Sale of Fixed Assets

During fiscal year 2008, the Association sold certain fixed assets to an unrelated company in exchange for a note receivable of $6,200,000 calling for certain principal and interest payments The original agreement was extended a number of times as the debtor sought alternative financing

During the year ended June 30, 2011, an agreement was reached regarding settlement of the remaining debt for $5,000,000 to cancel the note During the year ended June 30, 2012, the debtor obtained alternative financing and, as a result, the Association received a cash payment of $4,809,000 and approximately $191,000 was placed in escrow, pending resolution of certain mortgage liens The Association received a portion of the escrow funds subsequent to year end In addition, other components of the debtor's indebtedness to the Association remain outstanding Collectibility of the remaining debt under a continuing indebtedness agreement, net of unrecognized deferred gain on the sale of assets, is not reasonably assured, and an offsetting allowance has been recorded

The original sale in fiscal 2008 resulted in a gain of $1,948,896 This gain was recorded as deferred gain on sale of fixed assets, and is being recognized as income as principal payments under the note agreement and subsequent agreements are received For both the years ended June 30, 2014 and 2013, approximately $22,000, was recognized and recorded as a component of other revenue in the accompanying consolidated statements of operations

Note Receivable – Construction Funding

Effective November 1, 2006, the Association entered into a note receivable agreement with an unrelated party to provide funding for the construction of an assisted living facility The terms of the note call for 480 monthly principal and interest payments of $7,747 at an annual rate of interest of 6 25% Total interest income earned from the note receivable was approximately $81,000 and $82,000 for the years ended June 30, 2014 and 2013, respectively The note is secured by real and personal property During 2014, the Association recorded an allowance of approximately $650,000 for uncollectibility of this note receivable based on an evaluation of the financial position of the debtor and payment history It is reasonably possible changes in circumstances could result in an increase or decrease in this allowance in the near term

Note 6: Investments in Affiliates

Investments in affiliates consist of the following as of June 30, 2014 and 2013

	2014	2013
Arkansas Preferred Provider Organization, Inc	$ 943,614	$ 820,887
Premier Healthcare Alliance, LP (previously Premier Purchasing Partners, LP)	565,640	288,845
Jefferson Regional Home Care, LLC	66,245	29,107
	$ 1,575,499	$ 1,138,839

All investments in affiliates are recorded on the equity method of accounting that approximates the Association's equity in the underlying book value

A description of investments in affiliates at June 30, 2014 and 2013, is as follows

Arkansas Preferred Provider Organization, Inc.

The Association has a 50% equity interest in Arkansas Preferred Provider Organization, Inc (APPO), a regional network of doctors, hospitals and other health care professionals dedicated to providing appropriate, quality health care at affordable rates

A summary of the APPO's unaudited assets, liabilities and results of operations as of June 30, 2014 and 2013, were as follows

	2014	2013
Assets	$ 1,890,796	$ 1,657,797
Liabilities	$ 3,569	$ 16,023
Equity	1,887,227	1,641,774
	$ 1,890,796	$ 1,657,797
Revenues	$ 317,330	$ 166,310
Expenses	124,262	125,549
Net income	$ 193,068	$ 40,761

Premier Healthcare Alliance, LP

The Association is a member of Premier Healthcare Alliance, LP (previously Premier Purchasing Partners, LP) On October 1, 2013, Premier Purchasing Partners, LP (PPPLP) completed an organizational restructuring, which resulted in the initial public offering (IPO) of Premier, Inc and PPPLP being renamed Premier Healthcare Alliance, LP (Premier LP) A portion of the IPO proceeds was distributed to member-owners, which resulted in a $798,000 gain recognized by the Association In the reorganization, the Association obtained interest in both Premier, Inc and Premier LP As a result of the reorganization and IPO, the cumulative effect recorded by the Association was a gain of approximately $1,695,000 in the year ended June 30, 2014 that is reflected as a component of earnings from investment in affiliates in the consolidated statements of operations

Under the terms of an exchange agreement between Premier, Inc and member-owners, the Association has the option to exchange up to one-seventh of its Premier, Inc Class B common stock for Class A common stock (actively traded) on an annual basis, with certain restrictions During 2014, the Association recognized the value of this exchange agreement in excess of the carrying value of the related Class B common stock which was approximately $402,000 at June 30, 2014 and is recorded as a component of other assets in the consolidated balance sheets The change in value of this asset is recognized as a component of earnings from investment in affiliates in the consolidated statements of operations

As a result of the reorganization, the Association recorded a gain of approximately $1,695,000 in the year ended June 30, 2014 that is reflected as a component of earnings from investment in affiliates in the consolidated statements of operations

Jefferson Regional Home Care, LLC

The Association has a 33% equity interest in Jefferson Regional Home Care, LLC For the years ended June 30, 2014 and 2013, the Association received approximately $180,000 and $159,000, respectively, in distributions from Jefferson Regional Home Care, LLC

Note 7: Property and Equipment

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

	2014	2013
Land and land improvements	$ 8,985,061	$ 8,997,285
Buildings and improvements	110,347,218	109,947,880
Fixed and moveable equipment	108,511,831	114,142,261
	227,844,110	233,087,426
Less accumulated depreciation	161,162,942	161,713,339
	66,681,168	71,374,087
Construction in progress	1,098,562	1,168,600
	$ 67,779,730	$ 72,542,687

Construction in progress as of June 30, 2014 and 2013, consists of various information system implementations and equipment upgrades expected to be completed within the next 12 months and paid for with operating cash flows

Note 8: Long-term Debt

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

Description	2014	2013
Series 2011 Hospital Revenue Improvement and Refunding Bonds (Series 2011 Bonds), interest ranging from 3 6% to 5 0%, due in varying amounts through 2026, secured by real and personal property and a pledge of the gross receipts of the Association	$ 22,395,000	$ 23,700,000
Capital lease obligation, interest at 4 25%, secured by equipment, due in monthly installments through 2019	632,465	-
Unamortized premium	443,767	481,006
Total long-term debt	23,471,232	24,181,006
Less current maturities	1,468,526	1,305,000
Long-term debt, net of current maturities	$ 22,002,706	$ 22,876,006

Property and equipment includes equipment under capital leases as of June 30, 2014 and 2013, as shown

	2014	2013
Equipment	$ 665,983	$ -
Less accumulated depreciation	11,100	-
	$ 654,883	$ -

Restrictive Covenants

Under the Series 2011 Bonds, the Association must meet certain operational and performance covenants and is limited in the amount of additional debt which can be incurred Management believes the Association was in compliance with all debt covenants as of June 30, 2014 and 2013

Optional Redemption

All of the Series 2011 Bonds still outstanding may be redeemed at the Association's option on any interest payment date on or after December 1, 2019, at a redemption price of par plus accrued interest to the redemption date

Repayment

Aggregate annual maturities of long-term debt and payments on the capital lease obligations as of June 30, 2014, are

	Long-term Debt (Excluding Capital Lease Obligation)	Capital Lease Obligation
2015	$ 1,345,000	$ 146,772
2016	1,395,000	146,772
2017	1,450,000	146,772
2018	1,515,000	146,772
2019	1,580,000	108,853
Thereafter	15,110,000	-
	$ 22,395,000	695,941
Less amount representing interest		63,476
Present value of future minimum lease payments		632,465
Less current maturities		123,526
Noncurrent portion		$ 508,939

Legal Ownership

The legal ownership of the Association premises is held by Jefferson County, Arkansas However, the cost of the premises is reflected on the accompanying consolidated financial statements in that the premises are leased to Jefferson Hospital Association, Inc under a lease agreement expiring December 11, 2040 During the term of the lease, the Association is obligated to operate a general hospital for the residents of Jefferson County, have nonprofit status, establish a schedule of charges, admit patients, maintain the hospital and equipment and insure the facility The payments required by the lease are in an amount required to pay for the cost of construction and debt retirement over the term of the lease These payments are recorded as payments against indebtedness of the Association related to construction cost This debt is also reflected on the accompanying consolidated financial statements Under the terms of the Bond Indenture, all rights, title and interest of Jefferson County in the lease, including Jefferson County's right to receive payments of rent there under, is assigned to the trustee to secure the repayment of the Series 2011 Bonds

Note 9: Deferred Revenue and Gains

A summary of deferred revenue and gains at June 30, 2014 and 2013, is as follows

	2014	2013
Software and implementation agreement	$ 828,523	$ 1,196,419
Medical equipment agreement	1,117,524	1,358,667
Gain on sale of fixed assets	23,818	23,818
Other	147,037	135,594
	2,116,902	2,714,498
Less current portion	644,280	704,844
	$ 1,472,622	$ 2,009,654

Software and Implementation Agreement

During the year ended June 30, 2010, the Association entered into an agreement with a software company to receive a suite of various integrated software products, related implementation services and maintenance provided to the Association at a cost lower than market value In consideration, the Association has agreed to showcase the products to the software company's prospective customers The agreement provides for specified minimum visits, calls and other related promotional performance for a term of seven years, ending September 29, 2016

The value of software and services received through June 30, 2014 and 2013, in excess of payments made was $2,006,159 Revenue recognized related to assets put into service during both the years ended June 30, 2014 and 2013, was approximately $368,000, and is recognized as a capital contribution, which is a component of the changes in unrestricted net assets

Medical Equipment Agreement

During the year ended June 30, 2012, the Association entered into an agreement with a supplier under which it received medical equipment at no cost in exchange for a multiple year purchase commitment, see *Note 15* In consideration, the Association agreed to purchase related medical supplies used with the equipment from the supplier for a period of seven years, ending in April 30, 2019

The fair value of equipment and associated licensing received under the agreement is $1,640,000, which was recorded as a deferred gain The deferred gain is being recognized related to this agreement over the seven year purchase commitment period and, as a result, during the years ended June 30, 2014 and 2013, approximately $241,000 was recognized

Note 10: Electronic Health Record Incentive Program

The Electronic Health Record (EHR) incentive program was enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act These Acts provided for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified EHR technology The incentive payments are made based on a statutory formula and are contingent on the Association continuing to meet the escalating meaningful use criteria

The Association demonstrated meaningful use to the Stage 1 criteria for the initial 90-day reporting period during the year ended June 30, 2011, and subsequently demonstrated meaningful use criteria under Stage 1 for 2012 and 2013 The Association has not yet attested to Stage 2 criteria, but began the 90-day attestation period for Stage 2 on July 1, 2014 The total EHR incentive revenue recognized for both Medicare and Medicaid was approximately $333,000 and $1,572,000 for 2014 and 2013, respectively, which is included as other operating revenue in the accompanying consolidated statements of operations

The final amount of these payments will be determined based on information from the Association's Medicare cost reports and audits thereof by the fiscal intermediary Events could occur that would cause the final payments to differ materially upon final settlement

Note 11: Defined Contribution Pension Plans

401(k) Contribution Plan

The Association has established a 401(k) retirement savings plan that permits eligible employees to contribute through salary deferral elections Employee rollover contributions are also permitted under the plan The Association makes matching contributions of 25% of employees' salary deferral amounts up to 6% of eligible compensation In addition, the Association makes fixed contributions of 3% of eligible compensation, as well as certain discretionary contributions, which were approximately 0% and 1 2% of eligible compensation during the years ended June 30, 2014 and 2013, respectively

Contributions are subject to certain limitations Forfeitures are used to offset the Association's cost under the plan Total pension plan expense for the years ended June 30, 2014 and 2013, was approximately $2,348,000 and $2,516,000, respectively

403(b) Contribution Plan

The Association also sponsors a tax deferred annuity plan (TDA or 403(b)) which allows employees to make pretax salary contributions in addition to their contributions to the 401(k) retirement savings plan, subject to certain legal limits There was no match or other contribution to the TDA plan by the Association for the years ended June 30, 2014 and 2013

457(b) Contribution Plan

The Association has a deferred compensation plan under which eligible employees receive payments of deferred compensation on retirement or severance from employment The employee withholdings are invested in self-directed investments that are held in the Association's name An investment in self-directed investments, included in other assets in the consolidated balance sheets, and a related liability, included in other long-term liabilities in the consolidated balance sheets, are reflected on the Association's consolidated financial statements in the amounts of $1,097,011 and $836,849 at June 30, 2014 and 2013, respectively

Note 12: Uncompensated Care

In support of its mission, the Association voluntarily provides care to patients that meet the Association's charity care criteria Because the Association does not pursue collection of amounts determined to qualify as charity care, they are not reported in net patient service revenue The Association's criteria is based on federal poverty guidelines and uses patients' income information to determine amounts of free or discounted care on a tiered scale Primarily, this information is obtained from patients through an application process, but the Association also utilizes presumptive data to make assessments of patients' ability to pay in order to qualify individuals under the policy

Charges excluded from revenue under the Association's charity care policy were approximately $46,690,000 and $61,137,000 for the years ended June 30, 2014 and 2013, respectively

Included in these amounts are gross charges of $8,327,000 and $7,754,000 for the years ended June 30, 2014 and 2013, from accounts previously considered to be uncollectible and written-off or reserved in provision for bad debts in a prior fiscal year These patient accounts were subsequently qualified for charity care under the Association's financial assistance policy during the years ended June 30, 2014 and 2013, causing a reclassification from current bad debt expense with an increase to the amount of charges excluded from gross revenue for charity care

In addition, the Association provides services to other medically indigent patients under certain government-reimbursed public aid programs Such programs pay providers amounts which are less than established charges for the services provided to the recipients and many times the payments are less than the cost of rendering the services provided

The Association's estimated total cost of uncompensated care relating to these services and other services are as follows for the years ended June 30, 2014 and 2013

	2014	2013
Charity allowances	$ 9,697,365	$ 13,009,395
State Medicaid and other public aid programs	3,691,716	1,985,951
Uncollectible accounts	1,637,386	1,561,978
	$ 15,026,467	$ 16,557,324

The cost of uncompensated care is calculated using the Association's cost accounting system on individual patients for the above services The uncompensated care cost of state Medicaid and other public aid programs is determined by computing the cost of providing that care less amounts paid by the programs

Note 13: Functional Expenses

The Association provides health care services to residents within its geographic location Expenses related to providing these services by functional class for the years ended June 30, 2014 and 2013, are estimated to be

	2014	2013
Health care services	$ 153,627,547	$ 164,673,614
General and administrative	17,777,686	19,067,902
	$ 171,405,233	$ 183,741,516

Note 14: Related Party Transactions

From time to time, the Association conducts business transactions with companies that members of the Board have a direct or indirect relationship These relationships and transactions are disclosed by the Board members in annual conflict of interest statements and are approved annually by the Board Certain of these transactions are also disclosed in the Association's annual Internal Revenue Service Form 990, in accordance with applicable disclosure requirements

Note 15: Significant Estimates, Concentrations and Commitments

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*

Investments

The Association invests in various investment securities Investment securities 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 consolidated balance sheets

General and Professional Liability

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of professional liability claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents The Association relies on the doctrine of charitable immunity recognized by the state of Arkansas, as described in *Note 1*, which states that charitable, not-for-profit organizations are immune from liability for damages in tort, except to the extent that they may be covered by liability insurance As such, no accrual for general professional liability risks has been made

The Association records estimates of amounts in its financial statements to reflect the anticipated overturning of the doctrine of charitable immunity that is recorded as a component of other long-term liabilities less any current portion recorded as a component of accrued expenses and other current liabilities in the accompanying consolidated balance sheets It is reasonably possible that this estimate could change materially in the near term

Operational and Industry Risks

The health care industry is subject to a wide range of risks that require the Association's management to make significant estimates regarding the Association's financial exposure Examples of these risks include

- Electronic medical record audits
- Maintenance of tax-exempt status
- Loss of charitable immunity
- Recovery audit contractors and related government recovery programs
- Contractual compliance risks (STARK, anti-kickback, etc)
- Fraud and abuse enforcement
- Emergency Medical Treatment and Active Labor Act
- HIPPA Privacy and Security Regulations
- False Claims Act
- Compliance with coding and billing requirements

Management records estimates in the Association's financial statements to reflect the anticipated settlement of these risks, which is recorded as a component of other long-term liabilities less any current portion recorded as a component of accrued expenses and other current liabilities in the accompanying consolidated balance sheets It is reasonably possible that this estimate could materially change in the near term

Health Insurance

The Association maintains a self-funded health insurance plan that is administered by a third-party administrator At June 30, 2014 and 2013, the Association has estimated a liability of approximately $2,341,000 and $2,009,000 for incurred but unpaid claims, respectively

The Association has recognized approximately $5,879,000 and $6,947,000 in total employer health insurance expense for the years ended June 30, 2014 and 2013, respectively

Workers' Compensation

The Association maintains a self-funded workers' compensation insurance plan that is administered by a third-party administrator that recommends current funding under the plan At June 30, 2014 and 2013, the Association has estimated a liability of approximately $142,000 and $92,000 for incurred but unpaid claims, respectively The Association has recognized approximately $178,000 and $101,000 in total workers' compensation insurance expense for the years ended June 30, 2014 and 2013, respectively

Litigation

In the normal course of business, the Association is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by the Association's insurance program (discussed elsewhere in these notes), for example, allegations regarding performance of contracts The Association evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Health Care Legislation and Regulation

The health care industry is subject to numerous laws and regulations of federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse Over recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violation of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed

Management believes that the Association is in substantial compliance with fraud and abuse regulations, as well as other applicable government laws and regulations While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time

Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event The Association's hospital facility contains asbestos and other potential materials that will likely require special handling and disposition in the future An ARO liability has not been recorded as such a liability has not been deemed determinable based on existing information

Supply Purchase Commitment

As discussed in *Note 9*, the Association has committed to purchase medical supplies from a supplier for a period of seven years, ending in April 30, 2019, in exchange for ownership of certain medical equipment at no cost Estimated purchase commitments under this agreement are as of June 30, 2014, are as follows

Year Ending June 30,	
2015	$ 200,000
2016	200,000
2017	200,000
2018	200,000
2019	167,000
Total	$ 967,000

Health Care Reform

The Patient Protection and Affordable Care Act (PPACA) is substantially reforming the United States health care system The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies Beginning in 2014, the legislation requires the establishment of health insurance exchanges, which provides individuals without employer provided health care coverage the opportunity to purchase insurance It is possible that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges The reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, may be substantially decreased Each state's participation in an expanded Medicaid program is optional

The state of Arkansas is participating in the Medicaid expansion program through the use of private insurance exchanges The state's participation in the Medicaid expansion program requires annual approval by the state legislature Management has estimated the annual benefit to the Association of the expansion program to be approximately $6,000,000

The PPACA is extremely complex and may be difficult for the federal government and each state to implement Due to variables associated with PPACA and its implementation that are still underdetermined, the ultimate impact of PPACA to the Association is not certain Additionally, it is possible that the Association will experience payment delays and other operational challenges during PPACA's implementation

Note 16: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs There is a hierarchy of three levels of inputs that may be used to measure fair value

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2014 and 2013

	June 30, 2014			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 200,847	$ -	$ 200,847	$ -
Money market mutual funds	2,181,154	2,181,154	-	-
U S agency obligations	9,626,651	-	9,626,651	-
Corporate bonds	33,897,210	-	33,897,210	-
Mutual fund and equity securities	72,630,236	72,630,236	-	-

	June 30, 2013			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 6,983,652	$ -	$ 6,983,652	$ -
Money market mutual funds	13,013,809	13,013,809	-	-
U S Treasury obligations	14,896,472	-	14,896,472	-
U S agency obligations	32,429,329	-	32,429,329	-
Corporate bonds	10,267,243	-	10,267,243	-
Mutual fund and equity securities	25,491,331	25,491,331	-	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy There have been no significant changes in the valuation techniques during the year ended June 30, 2014

Assets Limited As To Use

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows Such securities are classified in Level 2 of the valuation hierarchy In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy The Association held no Level 3 securities at June 30, 2014 or 2013

Fair Value of Financial Instruments

The following table presents estimated fair values of the Association's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2014 and 2013

	June 30, 2014			
	Fair Value Measurements Using			
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents	$ 12,747,864	$ 12,747,864	$ -	$ -
Certificates of deposit	200,847	-	200,847	-
Money market mutual funds	2,181,154	2,181,154	-	-
U S agency obligations	9,626,651	-	9,626,651	-
Corporate bonds	33,897,210	-	33,897,210	-
Mutual fund and equity securities	72,630,236	72,630,236	-	-
Notes receivable	984,644	-	1,359,615	-
Financial liabilities				
Long-term debt	22,838,767	-	24,102,615	-

	June 30, 2013			
	Fair Value Measurements Using			
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Cash and cash equivalents	$ 16,881,393	$ 16,881,393	$ -	$ -
Certificates of deposit	6,983,652	-	6,983,652	-
Money market mutual funds	13,013,809	13,013,809	-	-
U S Treasury obligations	14,896,472	-	14,896,472	-
U S agency obligations	32,429,329	-	32,429,329	-
Corporate bonds	10,267,243	-	10,267,243	-
Mutual fund and equity securities	25,491,331	25,491,331	-	-
Notes receivable	1,467,006	-	1,852,753	-
Financial liabilities				
Long-term debt	24,181,006	-	24,599,403	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value

Cash and Cash Equivalents

The carrying amount approximates fair value

Notes Receivable

Fair value is estimated by discounting the cash flows of the future payments expected to be received using rates of return on assets with similar cash flows

Long-term Debt

Fair value is estimated based on the estimated trade values as of June 30, 2014 and 2013 The value is estimated using the rates currently offered for like debt instruments with similar remaining maturities

Supplementary Information

Jefferson Hospital Association, Inc.

Balance Sheet Information – Consolidating Schedule

June 30, 2014

Assets	Jefferson Regional Medical Center	Jefferson Management Services, Inc	JRMC Development, Inc	Jefferson Surgery Center, PLLC	Eliminations	Consolidated
Current Assets						
Cash and cash equivalents	$ 11,427,800	$ 170,852	$ 371,219	$ 585,344	$ -	$ 12,555,215
Assets limited as to use – current	192,649	-	-	-	-	192,649
Patient accounts receivable, net	19,837,272	-	-	374,604	-	20,211,876
Other receivables	4,457,162	307,946	63,329	218	-	4,828,655
Notes receivable – current	356,172	-	-	-	-	356,172
Supplies	3,595,752	-	-	139,093	-	3,734,845
Prepaid expenses	2,198,505	-	45,147	40,739	-	2,284,391
Total current assets	42,065,312	478,798	479,695	1,139,998	-	44,163,803
Assets Limited As To Use						
Internally designated for capital improvements	118,896,404	-	-	-	-	118,896,404
Held by trustee under indenture agreement	192,649	-	-	-	-	192,649
	119,089,053	-	-	-	-	119,089,053
Less amount required to meet current obligations	192,649	-	-	-	-	192,649
Total assets limited as to use	118,896,404	-	-	-	-	118,896,404
Due From (To) Affiliates	33,008,162	(3,877,577)	(29,116,795)	(13,790)	-	-
Property and Equipment, Net	52,073,475	-	15,195,968	510,287	-	67,779,730
Other Assets						
Notes receivable	628,472	-	-	-	-	628,472
Investments in affiliates	2,580,206	-	-	-	(1,004,707)	1,575,499
Deferred financing costs, net	505,111	-	-	-	-	505,111
Other	1,499,544	-	-	-	-	1,499,544
Total other assets	5,213,333	-	-	-	(1,004,707)	4,208,626
Total assets	$ 251,256,686	$ (3,398,779)	$ (13,441,132)	$ 1,636,495	$ (1,004,707)	$ 235,048,563

Jefferson Hospital Association, Inc.

Balance Sheet Information – Consolidating Schedule (Continued)

June 30, 2014

Liabilities and Net Assets	Jefferson Regional Medical Center	Jefferson Management Services, Inc	JRMC Development, Inc	Jefferson Surgery Center, PLLC	Eliminations	Consolidated
Current Liabilities						
Current maturities of long-term debt	$ 1,468,526	$ -	$ -	$ -	$ -	$ 1,468,526
Trade accounts payable	6,443,969	-	95,721	71,362	-	6,611,052
Accrued employee leave	4,865,972	75,925	-	53,130	-	4,995,027
Accrued interest expense	79,915	-	-	-	-	79,915
Accrued expenses and other current liabilities	11,127,809	95,472	277,901	1,167	-	11,502,349
Deferred revenue and gains – current	644,280	-	-	-	-	644,280
Total current liabilities	24,630,471	171,397	373,622	125,659	-	25,301,149
Long-term Debt	22,002,706	-	-	-	-	22,002,706
Deferred Revenue and Gains	1,472,622	-	-	-	-	1,472,622
Other Long-term Liabilities	14,225,470	-	-	-	-	14,225,470
Total liabilities	62,331,269	171,397	373,622	125,659	-	63,001,947
Net Assets						
Unrestricted						
Undesignated	70,029,013	(3,570,176)	(13,814,754)	1,004,706	(1,004,707)	52,644,082
Board designated	118,896,404	-	-	-	-	118,896,404
Noncontrolling interest in subsidiary	-	-	-	506,130	-	506,130
Total net assets	188,925,417	(3,570,176)	(13,814,754)	1,510,836	(1,004,707)	172,046,616
Total liabilities and net assets	$ 251,256,686	$ (3,398,779)	$ (13,441,132)	$ 1,636,495	$ (1,004,707)	$ 235,048,563

Jefferson Hospital Association, Inc.

Statement of Operations Information – Consolidating Schedule

Year Ended June 30, 2014

	Jefferson Regional Medical Center	Jefferson Management Services, Inc	JRMC Development, Inc	Jefferson Surgery Center, PLLC	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support						
Patient service revenue (net of contractual discounts and allowances)	$ 165,564,546	$ -	$ -	$ 3,060,142	$ (1,323,465)	$ 167,301,223
Less Provision for uncollectible accounts	9,954,435	(317)	-	188,745	(76,944)	10,065,919
Net patient service revenue, less provision for uncollectible accounts	155,610,111	317	-	2,871,397	(1,246,521)	157,235,304
Other revenue	6,653,786	123,900	2,188,429	1,097	(1,329,431)	7,637,781
Total unrestricted revenues, gains and other support	162,263,897	124,217	2,188,429	2,872,494	(2,575,952)	164,873,085
Expenses						
Salaries and wages	72,665,840	4,196	-	800,118	-	73,470,154
Employee benefits	13,903,566	-	-	182,549	-	14,086,115
Professional fees	16,210,394	-	-	-	(78,694)	16,131,700
Supplies	26,943,832	-	1,077	644,395	-	27,589,304
Purchased services	16,825,182	-	216,631	371,243	(1,320,761)	16,092,295
Agency personnel	313,849	-	-	-	-	313,849
Utilities	2,739,435	-	675,526	-	(293,222)	3,121,739
Insurance	1,517,373	-	88,270	26,520	-	1,632,163
Other	6,954,108	52,977	611,303	660,117	(875,059)	7,403,446
Depreciation and amortization	8,362,339	-	1,271,400	224,962	(1,250)	9,857,451
Interest	962,022	-	1,706,427	319	(1,706,746)	962,022
Provision for uncollectible accounts	717,541	-	27,454	-	-	744,995
Total expenses	168,115,481	57,173	4,598,088	2,910,223	(4,275,732)	171,405,233
Operating Income (Loss)	(5,851,584)	67,044	(2,409,659)	(37,729)	1,699,780	(6,532,148)
Other Income						
Investment return	9,770,441	-	319	997	(1,706,746)	8,065,011
Earnings from investments in affiliates	2,096,385	-	-	-	23,668	2,120,053
Total other income	11,866,826	-	319	997	(1,683,078)	10,185,064
Excess (Deficiency) of Revenues Over Expenses	6,015,242	67,044	(2,409,340)	(36,732)	16,702	3,652,916
Change in unrealized gains and losses on investments	2,324,822	-	-	-	-	2,324,822
Contributions of or for acquisition of property and equipment	585,039	-	-	-	-	585,039
Purchase of JRMC interest in JSC from noncontrolling interest owners	-	-	-	-	(84,357)	(84,357)
Distributions to members	-	-	-	(225,000)	137,250	(87,750)
Increase (Decrease) in Unrestricted Net Assets	$ 8,925,103	$ 67,044	$ (2,409,340)	$ (261,732)	$ 69,595	$ 6,390,670

Jefferson Hospital Association, Inc.

Statement of Changes in Net Assets (Deficiency) Information – Consolidating Schedule

Year Ended June 30, 2014

	Jefferson Regional Medical Center	Jefferson Management Services, Inc	JRMC Development, Inc	Jefferson Surgery Center, PLLC			Eliminations	Consolidated
				Unrestricted	Noncontrolling Interest	Total		
Unrestricted Net Assets (Deficiency) – June 30, 2013	$ 180,000,314	$ (3,637,220)	$ (11,405,414)	$ 1,081,266	$ 691,302	$ 1,772,568	$ (1,074,302)	$ 165,655,946
Excess (deficiency) of revenues over expenses	6,015,242	67,044	(2,409,340)	(23,667)	(13,065)	(36,732)	16,702	3,652,916
Change in unrealized gains and losses on investments	2,324,822	-	-	-	-	-	-	2,324,822
Contributions of or for acquisition of property and equipment	585,039	-	-	-	-	-	-	585,039
Purchase of JSC interest from noncontrolling interest owners	-	-	-	84,357	(84,357)	-	(84,357)	(84,357)
Distributions to noncontrolling interest owners	-	-	-	(137,250)	(87,750)	(225,000)	137,250	(87,750)
Increase (decrease) in unrestricted net assets	8,925,103	67,044	(2,409,340)	(76,560)	(185,172)	(261,732)	69,595	6,390,670
Unrestricted Net Assets (Deficiency) – June 30, 2014	$ 188,925,417	$ (3,570,176)	$ (13,814,754)	$ 1,004,706	$ 506,130	$ 1,510,836	$ (1,004,707)	$ 172,046,616

Jefferson Hospital Association, Inc.

Balance Sheets Information – Jefferson Regional Medical Center

June 30, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	$ 11,427,800	$ 10,532,429
Assets limited as to use – current	192,649	192,479
Patient accounts receivable, net of allowance of $23,806,000	19,837,272	19,390,853
Other receivables	4,457,162	4,543,394
Notes receivable – current	356,172	348,917
Supplies	3,595,752	4,724,705
Prepaid expenses	2,198,505	2,999,683
Total current assets	42,065,312	42,732,460
Assets Limited As To Use		
Internally designated for capital improvements	118,896,404	108,383,662
Held by trustee under indenture agreement	192,649	192,479
	119,089,053	108,576,141
Less amount required to meet current obligations	192,649	192,479
Total assets limited as to use	118,896,404	108,383,662
Due From Affiliates	33,008,162	32,294,803
Property and Equipment, Net	52,073,475	55,470,804
Other Assets		
Notes receivable	628,472	1,118,089
Investments in affiliates	2,580,206	2,220,107
Deferred financing costs, net	505,111	547,498
Other	1,499,544	836,849
Total other assets	5,213,333	4,722,543
Total assets	$ 251,256,686	$ 243,604,272

Liabilities and Net Assets

	2014	2013
Current Liabilities		
Current maturities of long-term debt	$ 1,468,526	$ 1,305,000
Trade accounts payable	6,443,969	5,111,597
Accrued employee leave	4,865,972	4,844,935
Accrued interest expense	79,915	83,177
Accrued expenses and other current liabilities	11,127,809	10,592,268
Deferred revenue and gains – current	644,280	704,844
Total current liabilities	24,630,471	22,641,821
Long-term Debt	22,002,706	22,876,006
Deferred Revenue and Gains	1,472,622	2,009,654
Other Long-term Liabilities	14,225,470	16,076,477
Total liabilities	62,331,269	63,603,958
Net Assets		
Unrestricted		
Undesignated	70,029,013	71,616,652
Board designated	118,896,404	108,383,662
Total net assets	188,925,417	180,000,314
Total liabilities and net assets	$ 251,256,686	$ 243,604,272

Jefferson Hospital Association, Inc.

Statements of Operations Information – Jefferson Regional Medical Center

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 165,564,546	$ 178,481,556
Less Provision for uncollectible accounts	9,954,435	10,910,082
Net patient service revenue, less provision for uncollectible accounts	155,610,111	167,571,474
Other revenue	6,653,786	8,181,731
Total unrestricted revenues, gains and other support	162,263,897	175,753,205
Expenses		
Salaries and wages	72,665,840	78,359,020
Employee benefits	13,903,566	15,244,619
Professional fees	16,210,394	15,035,081
Supplies	26,943,832	31,767,446
Purchased services	16,825,182	15,839,826
Agency personnel	313,849	653,591
Utilities	2,739,435	2,743,041
Insurance	1,517,373	1,999,742
Other	6,954,108	8,406,773
Depreciation and amortization	8,362,339	8,883,258
Interest	962,022	995,674
Provision (credit) for uncollectible accounts	717,541	(18,795)
Total expenses	168,115,481	179,909,276
Operating Loss	(5,851,584)	(4,156,071)
Other Income		
Investment return	9,770,441	3,511,372
Earnings from investments in affiliates	2,096,385	926,552
Total other income	11,866,826	4,437,924
Excess of Revenues Over Expenses	6,015,242	281,853
Change in unrealized gains and losses on investments	2,324,822	1,756,352
Contributions of or for acquisition of property and equipment	585,039	585,039
Increase in Unrestricted Net Assets	$ 8,925,103	$ 2,623,244

Jefferson Hospital Association, Inc.

Statements of Changes in Net Assets Information – Jefferson Regional Medical Center

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted Net Assets – June 30, 2013	$ 180,000,314	$ 177,377,070
Excess of revenues over expenses	6,015,242	281,853
Change in unrealized gains and losses on investments	2,324,822	1,756,352
Contributions of or for acquisition of property and equipment	585,039	585,039
Increase in unrestricted net assets	8,925,103	2,623,244
Unrestricted Net Assets – June 30, 2014	$ 188,925,417	$ 180,000,314

Jefferson Hospital Association, Inc.

Statements of Cash Flows Information – Jefferson Regional Medical Center

Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Increase in unrestricted net assets	$ 8,925,103	$ 2,623,244
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Depreciation and amortization	8,362,339	8,883,258
Forgiveness of physician loan agreements	69,654	220,687
Loss on disposal of property and equipment	15,102	19,492
Net gains on investments	(8,338,250)	(2,136,915)
Earnings from investments in affiliates	(2,096,385)	(926,552)
Contributions of or for acquisition of property and equipment	(585,039)	(585,039)
Provision for uncollectible accounts	10,671,976	10,891,287
Changes in		
Patient accounts receivable	(10,400,854)	(12,348,342)
Other receivables	17,872	418,406
Supplies	1,128,953	216,474
Prepaid expenses	813,238	(267,492)
Trade accounts payable and accrued expenses and other liabilities	1,767,670	2,416,517
Accrued interest expense	(3,262)	(3,163)
Other long-term liabilities	(2,123,726)	(1,547,008)
Net cash provided by operating activities	8,224,391	7,874,854
Investing Activities		
Purchases of investments	(139,142,334)	(53,904,806)
Proceeds from sale of investments	137,007,615	44,982,260
Purchase of property and equipment	(4,240,220)	(5,296,235)
Proceeds from sale of property and equipment	20,555	10,610
Advances on physician loan agreements	(225,209)	(25,000)
Principal payments received on notes receivable	8,640	183,667
Distributions from equity investee	1,418,110	953,263
Change in amounts due from affiliates	(713,359)	(1,584,602)
Proceeds from sale of Jefferson Surgery Center units	-	66,600
Purchase of Jefferson Surgery Center units	(124,300)	(35,600)
Net cash used in investing activities	(5,990,502)	(14,649,843)
Financing Activities		
Principal payments on long-term debt	(1,305,000)	(1,265,000)
Principal payments on capital lease obligation	(33,518)	-
Net cash used in financing activities	(1,338,518)	(1,265,000)
Increase (Decrease) in Cash and Cash Equivalents	895,371	(8,039,989)
Cash and Cash Equivalents, Beginning of Year	10,532,429	18,572,418
Cash and Cash Equivalents, End of Year	$ 11,427,800	$ 10,532,429
Supplemental Cash Flows Information		
Interest paid	$ 965,284	$ 998,837
Capital lease obligation incurred for equipment	$ 665,983	$ -