





















See a Social Security Number? Say Something!
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	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 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e	No
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or 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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If so, complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	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			
1b	Enter the number of voting members included in line 1a, above, who are independent	14	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
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. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 ROGER CARTER CFO 400 HEALTH PARK BLVD ST AUGUSTINE, FL 32086 (904) 825-4400

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) MATT BAKER CHAIRMAN	1.00	X		X				0	0	0
(2) WILLIAM ABARE DIRECTOR	1.00	X						0	0	0
(3) TODD BATTENHORST MD DIRECTOR	1.00	X						12,929	0	0
(4) JEFF KAMM DIRECTOR	1.00	X						0	0	0
(5) WILLIAM KOPF DIRECTOR	1.00	X						0	0	0
(6) RAY MATUZA DIRECTOR	1.00	X						0	0	0
(7) TODD NEVILLE DIRECTOR	1.00	X						0	0	0
(8) BRAD RUNK DIRECTOR	1.00	X						0	0	0
(9) ELLEN AVERY SMITH DIRECTOR	1.00	X						0	0	0
(10) STUART SOROKA MD DIRECTOR	1.00	X						0	0	0
(11) SUSAN PONDER-STANSEL DIRECTOR	1.00	X						0	0	0
(12) KAREN TAYLOR DIRECTOR	1.00	X						0	0	0
(13) ALI TUTAR MD DIRECTOR	1.00	X						0	0	0
(14) LEN TUCKER DIRECTOR	1.00	X						0	0	0
(15) SUSAN YARIAN MD DIRECTOR	1.00	X						0	0	0
(16) JOSEPH S GORDY CEO	40.00			X				381,371	0	41,619
(17) LYNDA I KIRKER CFO (THRU JAN 2014)	40.00			X				347,967	0	30,297

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) ROGER CARTER CFO (STARTED JAN 2014)	40 00			X				152,921	0	21,666
(19) JASON P BARRETT CIO & EXECUTIVE VP	40 00				X			244,214	0	35,787
(20) CHRISTOPHER SCHMIDT COO	40 00				X			186,020	0	17,964
(21) WILLIAM D RIEGER CIO	40 00				X			228,084	0	35,839
(22) DONALD R CRIST VP-PROFESSIONAL SVCS	40 00				X			200,031	0	33,285
(23) BARBARA DRUMMOND-HUTH CNO	40 00				X			197,405	0	31,250
(24) JEFFREY A HURLEY VP-HUMAN RESOURCES	40 00				X			164,629	0	30,624
(25) MICHAEL C DIBELLA CMO	40 00					X		331,318	0	31,688
(26) MIGUEL A MACHADO MD-ER OVERFLOW	40 00					X		303,462	0	13,672
(27) MICHAEL C SANDERS CHIEF-MEDICAL INFORMATICS	40 00					X		258,883	0	23,481
(28) GREGORY A GIBSON PHYSICIAN	40 00					X		197,196	0	33,055
(29) BRIAN D RAYMAKER PHYSICIAN	40 00					X		170,146	0	22,686
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,376,576	0	402,913

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▶14

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

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year		
	(A) Name and business address	(B) Description of services	(C) Compensation
	IMETHODS LLC 10748 DEERWOOD PARK BLVD S STE 150 JACKSONVILLE FL 32256	CONSTRUCTION	7,808,814
	GENESYS SPINE 1250 CAPITAL OF TEXAS HIGHWAY S BLAUSTIN TX 78746	SPINAL IMPLANTS	1,472,691
	FIRST CITY HOSPITALIST GROUP 400 HEALTH PARK BLVD ST AUGUSTINE FL 32086	PROFESSIONAL FEES	935,563
	DANIS CONSTRUCTION LLC 10748 DEERWOOD PARK BLVD S JACKSONVILLE FL 32256	CONSTRUCTION	844,400
	NAVIN HAFFTY & ASSOCIATES 1900 WEST PARK DR STE 18 WESTBOUROUGH MA 01581	COMPUTER SOFTWARE	744,040
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 ▶44		

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f					
Program Service Revenue	2a	NET PATIENT SERVICE	Business Code 623000	238,633,482	238,483,673	149,809	
	b	EHR MEANINGFUL USE	900099	2,550,000	2,550,000		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		241,183,482			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		1,568,786		1,568,786
		4	Income from investment of tax-exempt bond proceeds				
5		Royalties					
6a		Gross rents	(i) Real	(ii) Personal			
			1,500,672				
		b	Less rental expenses				
			229,286				
c		Rental income or (loss)					
		1,271,386					
d		Net rental income or (loss)		1,271,386		1,271,386	
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			2,815,615	20,630			
		b	Less cost or other basis and sales expenses				
			0	0			
c		Gain or (loss)					
		2,815,615	20,630				
d		Net gain or (loss)		2,836,245		2,836,245	
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events					
9a	Gross income from gaming activities See Part IV, line 19	a					
b	Less direct expenses	b					
c	Net income or (loss) from gaming activities						
10a	Gross sales of inventory, less returns and allowances	a					
b	Less cost of goods sold	b					
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11a	MISCELLANEOUS	900099	2,224,648			2,224,648	
b	FOOD & NUTRITION SALES	722210	848,240			848,240	
c	PATIENT RECORD TRANSCRIPTION	900099	183,645			183,645	
d	All other revenue						
e	Total. Add lines 11a-11d		3,256,533				
12	Total revenue. See Instructions		250,116,432	241,033,673	149,809	8,932,950	

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.	195,400	195,400		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	2,206,386		2,206,386	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	74,630,171	69,370,390	5,259,781	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,607,796	3,257,228	350,568	
9	Other employee benefits.	11,560,755	10,437,403	1,123,352	
10	Payroll taxes.	5,533,804	4,996,087	537,717	
11	Fees for services (non-employees):				
a	Management.	284,067		284,067	
b	Legal.	453,185		453,185	
c	Accounting.	197,750		197,750	
d	Lobbying.	365,764		365,764	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	27,314,872	21,768,535	5,546,337	
12	Advertising and promotion.	698,263		698,263	
13	Office expenses.	5,943,008	5,297,474	645,534	
14	Information technology.	2,972,529		2,972,529	
15	Royalties.				
16	Occupancy.	3,498,853	2,952,288	546,565	
17	Travel.	350,439	165,268	185,171	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	3,213,138	3,213,138		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	18,830,915	18,830,915		
23	Insurance.	4,106,936	4,106,936		
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	43,250,284	43,231,948	18,336	
b	BAD DEBT	31,059,779	31,059,779		
c	INDIGENT TAX	2,606,918	2,606,918		
d	OTHER EXPENSES	776,286	295,723	480,563	
e	All other expenses	343,168	338,177	4,991	
25	Total functional expenses. Add lines 1 through 24e.	244,000,466	222,123,607	21,876,859	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 <input type="checkbox"/> 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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		2,163,495	1	7,124,494
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		37,197,766	4	30,638,755
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		943,779	7	4,912,770
	8	Inventories for sale or use		5,471,022	8	5,369,142
	9	Prepaid expenses and deferred charges		1,988,732	9	1,591,357
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	327,259,998		
	b	Less accumulated depreciation	10b	185,913,624	148,513,359	10c 141,346,374
	11	Investments—publicly traded securities		75,142,458	11	80,747,518
	12	Investments—other securities See Part IV, line 11		10,140,732	12	11,225,011
	13	Investments—program-related See Part IV, line 11		28,464,246	13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		3,939,891	15	4,776,803
	16	Total assets. Add lines 1 through 15 (must equal line 34)		313,965,480	16	287,732,224
Liabilities	17	Accounts payable and accrued expenses		30,597,367	17	37,225,761
	18	Grants payable			18	
	19	Deferred revenue		4,244,126	19	4,112,865
	20	Tax-exempt bond liabilities		94,935,000	20	82,655,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		4,775,874	23	4,602,974
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		320,549	25	0
	26	Total liabilities. Add lines 17 through 25		134,872,916	26	128,596,600
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		174,181,043	27	159,135,624
	28	Temporarily restricted net assets		1,302,459	28	0
	29	Permanently restricted net assets		3,609,062	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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		179,092,564	33	159,135,624
	34	Total liabilities and net assets/fund balances		313,965,480	34	287,732,224

Part XI Reconciliation 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	250,116,432
2	Total expenses (must equal Part IX, column (A), line 25)	2	244,000,466
3	Revenue less expenses Subtract line 2 from line 1	3	6,115,966
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	179,092,564
5	Net unrealized gains (losses) on investments	5	2,055,630
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-28,128,536
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	159,135,624

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

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
FLAGLER HOSPITAL INC

Employer identification number
59-0675143

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 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

Part IV

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test		
Return Reference	Explanation	

SCHEDULE C

(Form 990 or 990-EZ)

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 FLAGLER HOSPITAL INC	Employer identification number 59-0675143
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		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		365,764
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			365,764
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
PART II-B, LINE 1	DURING THE TAX YEAR, THE ORGANIZATION ENGAGED A PROFESSIONAL LOBBYIST TO MONITOR LEGISLATION DIRECTLY AFFECTING NOT-FOR-PROFIT HOSPITALS/RURAL COMMUNITY PROVIDERS

[illegible]

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 FLAGLER HOSPITAL INC	Employer identification number 59-0675143
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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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

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

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2013

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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations
- 4
- Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5
- During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?
- ☐ Yes

☐ No

Part IV

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

- 1a
- Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?
- ☐ Yes

☐ No
- b
- If "Yes," explain the arrangement in Part XIII and complete the following table
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 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	3,609,062	6,007,584	3,428,122	3,516,547	3,467,360
b Contributions			2,341,026	601,813	
c Net investment earnings, gains, and losses	286,325	499,217	556,393	-311,346	49,187
d Grants or scholarships			317,957	378,892	
e Other expenditures for facilities and programs		2,897,739			
f Administrative expenses					
g End of year balance	3,895,387	3,609,062	6,007,584	3,428,122	3,516,547

- 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 100 000 %

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a
- Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

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

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

Part VI

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		6,543,325		6,543,325
b Buildings		152,471,387		152,471,387
c Leasehold improvements		402,364		402,364
d Equipment		163,469,309	185,913,624	-22,444,315
e Other		4,373,613		4,373,613
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				141,346,374

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	224,565,876
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	2,055,630
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-27,606,186
e	Add lines 2a through 2d	2e	-25,550,556
3	Subtract line 2e from line 1	3	250,116,432
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	0
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	250,116,432

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	213,169,971
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	229,286
e	Add lines 2a through 2d	2e	229,286
3	Subtract line 2e from line 1	3	212,940,685
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	31,059,781
c	Add lines 4a and 4b	4c	31,059,781
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	244,000,466

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
PART V, LINE 4	THE ORGANIZATION'S ENDOWMENT CONSISTS OF THREE INDIVIDUAL FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES. THE ENDOWMENTS ARE ALL DONOR-RESTRICTED AND INTERNALLY CONTROLLED. FLAGLER HEALTH CARE FOUNDATION, A RELATED ORGANIZATION, HOLDS THESE ENDOWMENTS FOR BENEFIT OF FLAGLER HOSPITAL, INC. INVESTMENTS CONTAIN AMOUNTS TO BE HELD IN PERPETUITY, THE DIVIDEND AND INTEREST INCOME FROM WHICH IS EXPENDABLE TO SUPPORT HEALTHCARE SERVICES, AND THE REMAINING INVESTMENT INCOME, GAINS, AND LOSSES ARE TO ADJUST THE CORPUS.
PART X, LINE 2	THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE, AND IS ALSO EXEMPT FROM STATE INCOME TAXES. ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE THE HOSPITAL'S MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE HOSPITAL AND RECOGNIZE A TAX LIABILITY (OR ASSET) IF THE HOSPITAL HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE. THE HOSPITAL HAS ANALYZED THE TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY (OR ASSET) OR DISCLOSURE IN THE FINANCIAL STATEMENTS. THE HOSPITAL IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. THE HOSPITAL BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO 2011.
PART XI, LINE 2D - OTHER ADJUSTMENTS	CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENT 172,900. RENTAL EXPENSES NET WITH REVENUES 229,286. BAD DEBT NET WITH REVENUE -31,059,781. NET CHANGE IN FOUNDATION INTEREST 3,075,600. PLUG -24,191.
PART XII, LINE 2D - OTHER ADJUSTMENTS	RENTAL EXPENSES NET WITH REVENUE 229,286.
PART XII, LINE 4B - OTHER ADJUSTMENTS	BAD DEBT NET WITH REVENUE 31,059,781.

[illegible]

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
FLAGLER HOSPITAL INC

Employer identification number
59-0675143

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			9,935,097	368,102	9,566,995	4 490 %
b Medicaid (from Worksheet 3, column a)			20,303,473	16,346,780	3,956,693	1 860 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs . .			30,238,570	16,714,882	13,523,688	6 350 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,289,119		1,289,119	0 610 %
f Health professions education (from Worksheet 5)			812,056		812,056	0 380 %
g Subsidized health services (from Worksheet 6)			7,128,012		7,128,012	3 350 %
h Research (from Worksheet 7)			176,818		176,818	0 080 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			174,583		174,583	0 080 %
j Total Other Benefits			9,580,588		9,580,588	4 500 %
k Total . Add lines 7d and 7j . .			39,819,158	16,714,882	23,104,276	10 850 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing	2	400	1,090		1,090	0 %
2Economic development						
3Community support	1		1,528		1,528	0 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building	3		14,131		14,131	0 010 %
7Community health improvement advocacy	2		6,659		6,659	0 %
8Workforce development	1	1,096	712		712	0 %
9Other						
10Total	9	1,496	24,120		24,120	0 010 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

No

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

231,059,779

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

34,980,744

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

Section B. Medicare

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

581,313,404

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

675,712,800

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

75,600,604

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

☐ Cost accounting system

☐ Cost to charge ratio

☒ Other

Section C. Collection Practices

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

9aYes

No

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

9b

No

Part IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
11 OUTPATIENT SURGERY CENTER OF ST AUGUSTINE LLC	ORTHOPEDIC OP SURGERY	12 260 %		87 740 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, 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)

FLAGLER HOSPITAL

Name of hospital facility or facility reporting group

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>11</u>		
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? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input type="checkbox"/> Hospital facility's website (list url)		
b <input type="checkbox"/> Other website (list url)		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a <input checked="" type="checkbox"/> Income level					
b <input checked="" type="checkbox"/> Asset level					
c <input checked="" type="checkbox"/> Medical indigency					
d <input checked="" type="checkbox"/> Insurance status					
e <input checked="" type="checkbox"/> Uninsured discount					
f <input checked="" type="checkbox"/> Medicaid/Medicare					
g <input checked="" type="checkbox"/> State regulation					
h <input type="checkbox"/> Residency					
i <input type="checkbox"/> Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
b <input type="checkbox"/> The policy was attached to billing invoices					
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input checked="" type="checkbox"/> The policy was available upon request					
g <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes		
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Section C)					
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
a <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Section C)					

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☐

Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d

☐

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

	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 <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d <input type="checkbox"/> 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 <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input type="checkbox"/> 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.

[illegible]

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? 2

Name and address		Type of Facility (describe)
1	FLAGLER AFTER HOURS CARE AT MURABELLA 52 TUSCAN WAY STE 203 ST AUGUSTINE, FL 32092	OUTPATIENT CARE
2	FLAGLER OUTPATIENT LAB 156-316 ST HWY 312 260-264 ST AUGUSTINE, FL 32086	OUTPATIENT LABS
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
PART I, LINE 3C	FLAGLER HOSPITAL USES THE FEDERAL POVERTY GUIDELINES (FPG) TO DETERMINE WHETHER A PATIENT QUALIFIES FOR CHARITY FLAGLER HOSPITAL PROVIDES FREE CHARITY CARE FOR ALL PATIENTS WITH INCOME UP TO 150% OF THE FPG (INCREASED TO 200% DURING FISCAL YEAR 2015) FLAGLER HOSPITAL ALSO PROVIDES SIGNIFICANT DISCOUNTS TO PATIENTS THAT MEET THE FOLLOWING 1) 151% TO 400% OF THE FPG, 2) RETIRED AGE 55-65 WITH NO INSURANCE, 3) UNINSURED WORKERS, AND 4) UNDER INSURED ADDITIONALLY, THE HOSPITAL INCLUDES PATIENTS WITH MEDICAID AND HOMELESS PATIENTS TO BE ELIGIBLE FOR CHARITY CARE IN ORDER TO DETERMINE A FINANCIAL NEED, OUR POLICY STATES THAT WE WILL "TAKE INTO ACCOUNT THE PATIENT'S AVAILABLE ASSETS AND ALL OTHER FINANCIAL RESOURCES AVAILABLE TO THE PATIENT" THE HOSPITAL ALSO PROVIDES DISCOUNTS FOR PROMPT PAYMENT WHICH IS REQUIRED TO BE PAID WITHIN 10 BUSINESS DAYS OF THE SERVICES BEING RENDERED THE HOSPITAL CONTRACTS WITH A THIRD PARTY VENDOR WHO SCREENS ALL SELF PAY PATIENTS ADMITTED TO THE HOSPITAL THE VENDOR ALSO SCREENS ER AND OUTPATIENT SURGICAL PATIENTS THAT MAY FALL WITHIN SPECIFIC CRITERIA THIS VENDOR WILL ASSIST THE PATIENT IN APPLYING FOR ANY FEDERAL, STATE, OR COUNTY PROGRAMS THEY MAY BE ELIGIBLE FOR PATIENTS NOT SEEN BY THE VENDOR ARE SEEN BY DESIGNATED FLAGLER HOSPITAL STAFF MEMBERS THAT WORK WITH PATIENTS TO ASSIST THEM IN APPLYING FOR FINANCIAL ASSISTANCE THEY DISCUSS THE INCOME DOCUMENTS NEEDED, PREPARE THE APPLICATION, AND FOLLOWS UP WITH THE PATIENT ON WHAT THEY'RE ELIGIBLE FOR

Form and Line Reference	Explanation
PART I, LINE 7	THE ORGANIZATION USED WORKSHEET 2 OF THE 2013 SCHEDULE H INSTRUCTIONS TO COMPUTE A COST-TO-CHARGES RATIO USED TO CALCULATE FINANCIAL ASSISTANCE AND UNREIMBURSED MEDICAID AT COST FOR THE PURPOSE OF PART I, LINE 7

Form and Line Reference	Explanation
PART I, LINE 7G	FLAGLER HOSPITAL PROVIDES ESSENTIAL FUNDING TO A LOCAL FEDERALLY QUALIFIED HEALTH CLINIC (AZALEA HEALTH) THAT PROVIDES PRIMARY CARE SERVICES TO THE UNINSURED AND MEDICAID POPULATION OF ST JOHNS COUNTY FLAGLER HOSPITAL ALSO SUBSIDIZES MANY SUBSEQUENT PHYSICIAN REFERRAL COSTS ASSOCIATED WITH THE CONTINUATION OF CARE OF THE UNINSURED PATIENTS AND ANCILLARY TESTS PERFORMED AMOUNTS REPORTED ON LINE 7G ALSO INCLUDE ER SPECIALTY CALL COVERAGE AND PROFESSIONAL FEES FOR INDIGENT CARE

Form and Line Reference	Explanation
PART I, LINE 7, COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 31,059,779

Form and Line Reference	Explanation
PART I, LINE 6A	FLAGLER HOSPITAL PRODUCES A NUMBER OF PUBLICATIONS THAT FEATURE MANY OF THE HEALTH IMPROVEMENT INITIATIVES THAT THE HOSPITAL HAS IMPLEMENTED THROUGHOUT ST JOHNS COUNTY FOR EXAMPLE, THE ANNUAL CANCER REPORT DETAILS CANCER EDUCATION AND OUTREACH ACTIVITIES, SCREENING INFORMATION, AVAILABLE SUPPORT GROUPS, CLASSES AND EVENTS THE HOSPITAL ALSO PRODUCES A QUARTERLY MAGAZINE DEDICATED TO ADDRESSING HEALTH CONCERNS THAT PROVIDES INFORMATION ABOUT MANY OF THE HOSPITAL'S OFFERINGS AND COMMUNITY BENEFIT ACTIVITIES SUCH AS SMOKING CESSATION, FREE PHYSICALS, PRENATAL YOGA CLASSES, DIABETES EDUCATION AND THE FLAGLER HEALTH CARE ACADEMY

Form and Line Reference	Explanation
PART III, LINE 2	PATIENT ACCOUNT BALANCES ARE RECOGNIZED AS BAD DEBT EXPENSE WHEN BEING TRANSFERRED TO A COLLECTION AGENCY

Form and Line Reference	Explanation
PART III, LINE 3	THE ORGANIZATION ASSUMED HALF OF THE BAD DEBT ACCOUNTS COULD QUALIFY FOR FINANCIAL ASSISTANCE APPROXIMATELY 50% OF THOSE ACCOUNTS HAVE BEEN ADJUSTED BY 50% THROUGH AN ADMIN/SELF PAY ADJUSTMENT COST ESTIMATED USING THE COST TO CHARGE RATIO

Form and Line Reference	Explanation
PART III, LINE 4	THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT HAVE A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE. BAD DEBT IS REPORTED AT GROSS CHARGES FOR PURPOSES OF PART III, LINE 2 TO ESTIMATE THE AMOUNT OF BAD DEBT THAT RELATES TO PATIENTS THAT WOULD HAVE BEEN ELIGIBLE FOR CHARITY CARE, FLAGLER HOSPITAL SORTS BAD DEBTS BETWEEN PATIENTS THAT HAVE INSURANCE AND PURELY SELF PAY PATIENTS. BAD DEBTS RELATED TO PATIENTS WITH INSURANCE WERE CONSIDERED TO BE INELIGIBLE FOR CHARITY CARE EVEN THOUGH MANY HAVE HIGH DEDUCIBLE AND CO-INSURANCE PLANS AND COULD POSSIBLY QUALIFY. REMAINING BAD DEBTS REPRESENT ENTIRELY SELF PAY ACCOUNTS. MANY OF THESE ACCOUNTS ARE REDUCED BY MORE THAN 50% USING A SELF PAY ADJUSTMENT CODE FOR NONCOMPLIANCE AND THE REMAINING AMOUNT IS WRITTEN OFF TO BAD DEBT, THEREFORE, ONLY A PORTION OF THE ACCOUNT IS INCLUDED IN THE BAD DEBT AMOUNT. WE HAVE ASSUMED THAT APPROXIMATELY 50% OF THE SELF PAY BAD DEBTS WOULD HAVE BEEN CHARITY IF THE PATIENT WOULD HAVE BEEN IN COMPLIANCE IN COMPLETING THE CHARITY APPLICATION PROCESS. THIS ESTIMATE IS CONSIDERED TO BE CONSERVATIVE AND IS BASED ON THE EXPERIENCE OF OUR COLLECTIONS STAFF.

Form and Line Reference	Explanation
PART III, LINE 8	THE HOSPITAL'S PAYER MIX IS APPROXIMATELY MEDICARE 60%, MEDICAID 12%, MANAGED CARE 17%, SELF PAY 7%, AND 4% OTHER THAT MEANS THAT OVER 79% OF THE HOSPITAL'S BUSINESS GENERATES MORE EXPENSES THAN REVENUES MEDICARE, LIKE MEDICAID, DOES NOT PAY THE FULL COST OF CARE AND THE MAJORITY OF SELF PAY RESULTS IN CHARITY SINCE PROVIDING CARE FOR THE ELDERLY, SERVING MEDICARE AND MEDICAID PATIENTS, AND SERVING ALL PATIENTS REGARDLESS OF ABILITY TO PAY IS AN ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD, AS WELL AS OUR MISSION IN OUR COMMUNITY, WE SERVE THESE PATIENTS WITHOUT REGARD TO THE PAYMENT SHORTFALL

Form and Line Reference	Explanation
PART III, LINE 9B	1 FLAGLER HOSPITAL BUSINESS OFFICE STAFF REVIEW UNPAID PATIENT ACCOUNTS ON A REGULAR BASIS TO IDENTIFY THOSE ACCOUNTS THAT MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE ATTEMPTS TO CLASSIFY THESE PARTICULAR INDIVIDUALS START AT THE TIME THAT THEY ARE STILL IN-HOUSE PATIENTS ARE ALSO CONTACTED AFTER DISCHARGE THROUGH PHONE CALLS OR MAIL COMPLIANT INDIVIDUALS WHO MEET THE HOSPITALS FINANCIAL ASSISTANCE GUIDELINES ARE GRANTED THE APPROPRIATE DISCOUNT BASED ON WHERE THEY FALL IN RELATION TO THE FEDERAL POVERTY GUIDELINES MANY PATIENTS DUE TO FAILURE TO PRODUCE THE APPROPRIATE DOCUMENTATION RECEIVE A REDUCED NON-COMPLIANT HOSPITAL ADJUSTMENT THESE PARTICULAR INDIVIDUALS MAY HAVE RECEIVED A HIGHER WRITE-OFF IF THEY WERE IN FACT COMPLIANT 2 REGARDLESS OF THE PATIENTS FINANCIAL CLASS OR STATUS, IF A BILL REMAINS UNPAID FOR MORE THAN 120 DAYS FROM THE DATE IT WAS FIRST MAILED TO THE PATIENT, AND REASONABLE COLLECTION ATTEMPTS HAVE FAILED, THE DEBT IS SENT TO A PRIMARY BAD DEBT COLLECTION AGENCY FOR FURTHER COLLECTION EFFORTS

Form and Line Reference	Explanation
PART VI, LINE 2	<p>THE HEALTH LEADERSHIP COUNCIL OF ST. JOHNS COUNTY WAS ESTABLISHED IN 2010 FOR THE SPECIFIC PURPOSE OF BRINGING TOGETHER KEY LEADERS FROM THE LOCAL COMMUNITY TO ASSESS AND ADDRESS THE HEALTH NEEDS OF OUR RESIDENTS. FLAGLER HOSPITAL'S CEO, VP OF PATIENT ENGAGEMENT AND COMMUNITY BENEFIT COORDINATOR, ALONG WITH REPRESENTATIVES FROM 41 OTHER AGENCIES PARTICIPATED IN THIS HIGHLY COLLABORATIVE EFFORT WITH FLAGLER HOSPITAL IN THE FOREFRONT OF EVERY PHASE FROM DEVELOPING SURVEY QUESTIONS, CREATING SURVEY TOOLS, IDENTIFYING FOCUS GROUPS, ANALYZING DATA, ESTABLISHING ACTION PLANS AND REVIEWING RESULTS. THE YEAR-LONG PROCESS FOR THIS ASSESSMENT BEGAN IN JUNE 2010 AND UTILIZED A COMMUNITY-WIDE STRATEGIC PLANNING PROCESS CALLED "MOBILIZING FOR ACTION THROUGH PLANNING AND PARTNERSHIPS" OR "MAPP", WHICH WAS DEVELOPED BY THE NATIONAL ASSOCIATION OF CITY AND COUNTY HEALTH OFFICIALS AND THE CENTERS FOR DISEASE CONTROL AND PREVENTION. THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS PLANNED BY THE HEALTH LEADERSHIP COUNCIL AS A COLLECTION OF DATA GATHERED TO IDENTIFY AND ANALYZE HEALTH STATUS, HEALTH FACTORS AND HEALTH OUTCOMES WITHIN THE COMMUNITY USING MAPP GUIDELINES, FOCUS GROUPS WERE FORMED TO DETERMINE HOW RESIDENTS FELT ABOUT THE QUALITY OF LIFE IN ST. JOHNS COUNTY. THESE FOCUS GROUPS WERE FACILITATED BY LEADERS OF THE HEALTH LEADERSHIP COUNCIL WITH THE INTENT OF COVERING A VARIETY OF GEOGRAPHIC AND DEMOGRAPHIC SECTORS OF THE COUNTY. SECOND, A SURVEY WAS DISPERSED COUNTY-WIDE AND MADE AVAILABLE ONLINE. THIS DATA AND DATA FROM THE NATIONAL AND STATE COUNTY HEALTH RANKINGS AND HEALTHY PEOPLE 2020, SERVED AS A BASIS FOR THE COMMUNITY HEALTH IMPROVEMENT PLAN (CHIP). NOTE: THE COMPLETE "COMMUNITY HEALTH NEEDS ASSESSMENT AND COMMUNITY HEALTH IMPROVEMENT PLAN" IS PUBLISHED AND AVAILABLE ON THE FLAGLER HOSPITAL WEBSITE WWW.FLAGLERHOSPITAL.ORG. FLAGLER HOSPITAL'S BOARD OF DIRECTORS APPROVED THE COMMUNITY HEALTH NEEDS ASSESSMENT AND COMMUNITY HEALTH IMPROVEMENT PLAN AT THEIR MEETING ON SEPTEMBER 20, 2012 TO IMPLEMENT THE FINDINGS AND GOALS DETERMINED THROUGH THE CHNA. THE MAPP PROCESS USES A THREE-YEAR CYCLE WITH EACH IDENTIFIED NEED HAVING AN "OWNER" TO TRACK PROGRESS. WHILE VARIOUS MEMBERS OF THE HEALTH LEADERSHIP COUNCIL TOOK "OWNERSHIP" OF VARIOUS ASPECTS OF THE HEALTH NEEDS ASSESSMENT'S IMPLEMENTATION, FLAGLER HOSPITAL PARTICIPATES IN EACH PART OF IMPLEMENTATION. THE SHARED VISION AND COMMON VALUES OF MEMBERS PROVIDE A FRAMEWORK FOR PURSUING THE LONG-RANGE GOALS, SO FLAGLER HOSPITAL IS PROUD TO PARTNER WITH MANY MEMBERS OF THE HEALTH LEADERSHIP COUNCIL, IN ORDER TO BROADEN COMMUNITY PARTICIPATION. FLAGLER HOSPITAL ACKNOWLEDGES AND AGREES WITH THE SPECIFIED GOALS OF THE CHNA. A COMMUNITY-BALANCED SCORECARD WAS CREATED TO TRACK AND EVALUATE EACH OF THE STRATEGIC OBJECTIVES. THE CRITERIA AND RATIONALE FOR EACH OF THE OBJECTIVES AND GOALS IS CONTAINED ON PAGE 114 OF THE PUBLISHED "2011 COMMUNITY HEALTH NEEDS ASSESSMENT AND COMMUNITY HEALTH IMPROVEMENT PLAN."</p>

Form and Line Reference	Explanation
PART VI, LINE 3	<p>THE HOSPITAL COMMUNICATES ITS CHARITY CARE POLICY, OR PATIENT-FRIENDLY SUMMARY THEREOF, IN THE FOLLOWING WAYS - POSTED ON THE FLAGLER HOSPITAL WEBSITE - POSTED AT THE RECEPTION DESKS IN ALL REGISTRATION AREAS - POSTED AT ALL FINANCIAL COUNSELORS' DESKS WHEN UNINSURED OR UNDERINSURED PATIENTS ARE ADMITTED TO THE HOSPITAL, THEY ARE SCREENED FOR FINANCIAL ASSISTANCE. AT THE TIME OF SCREENING, THE PATIENT IS PROVIDED A FINANCIAL ASSISTANCE APPLICATION TO COMPLETE. THEY ARE THEN ASKED TO SUBMIT THE REQUIRED FINANCIAL DOCUMENTS (I.E., BANK STATEMENTS, PAY STUBS, TAX RETURNS, ETC.) THOSE PATIENTS DISCHARGED PRIOR TO SCREENING ARE CALLED BY BUSINESS OFFICE AND ARE SCREENED OVER THE PHONE. THE PATIENT IS INFORMED OF THE ELIGIBILITY REQUIREMENTS AND THE FINANCIAL DOCUMENTS NEEDED FOR VERIFICATION. UNINSURED PATIENTS TREATED IN THE EMERGENCY DEPARTMENT WHO MEET CERTAIN CRITERIA ARE SCREENED BY PHONE BY THE BUSINESS OFFICE. THE PATIENT IS INFORMED OF THE ELIGIBILITY REQUIREMENTS AND THE FINANCIAL DOCUMENTS NEEDED. A SEPARATE SCREENING IS PERFORMED TO DETERMINE ELIGIBILITY FOR COUNTY PROGRAMS AND MEDICAID. IN ADDITION, THE HOSPITAL UTILIZES A THIRD-PARTY VENDOR TO SCREEN SELF-PAY PATIENTS FOR POSSIBLE DISCOUNTS AND FINANCIAL ASSISTANCE OPTIONS. FOR DETAILS, PLEASE SEE THE RESPONSE TO PART I, LINE 3C ABOVE.</p>

Form and Line Reference	Explanation
PART VI, LINE 4	FLAGLER HOSPITAL IS THE ONLY HOSPITAL LOCATED IN ST JOHNS COUNTY, FLORIDA AND IS THE PRIMARY HEALTH CARE PROVIDER FOR AREA RESIDENTS ST JOHNS COUNTY ENCOMPASSES APPROXIMATELY 609 SQUARE MILES WITH A TOTAL POPULATION OF APPROXIMATELY 215,000 WITH 49% MALE AND 51% FEMALE ACCORDING TO ESRI, THE PERCENT CHANGE IN POPULATION IS PROJECTED AT A POSITIVE 14 8% OVER THE NEXT FIVE YEARS DEMOGRAPHICS ARE AS FOLLOWS AMERICAN INDIAN 0 3%ASIAN 2 6% AFRICAN AMERICAN 5 4%HISPANIC 6 3%OTHER RACE 0 2%TWO OR MORE RACES 1 7% WHITE 83 5%COUNTY AGE DEMOGRAPHICS ARE ESTIMATED AT 15 0% OVER THE AGE OF 65, 29 0% AGES 45-64, 26 4% AGES 25-44, 8 4% AGES 18-24, 9 6% AGES 10-17, AND 11 1% AGES 4-9 HOUSEHOLD INCOME <\$15,000 8 8%\$15,000- \$25,000 8 2%\$25,000 - \$30,000 7 3%\$35,000 - \$50,000 12 0%\$50,000- \$100,000 31 9%OVER \$100,000 31 8% THE TOP 5 EMPLOYMENT INDUSTRIES IN ST JOHNS COUNTY INCLUDE (1) HEALTH CARE/SOCIAL ASSISTANCE (2) RETAIL (3) FINANCE/INSURANCE/REAL ESTATE (4) HOTEL AND FOOD SERVICES (5) CONSTRUCTION

Form and Line Reference	Explanation
PART VI, LINE 6	THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART VI, COMMUNITY HEALTH PROMOTION	<p>REDUCE PERCENTAGE OF LOW BIRTH WEIGHT INFANTSFLAGLER HOSPITAL'S DIRECTOR OF MATERNITY SERV ICES, NEONATAL INTENSIVE CARE MANAGER AND MATERNITY COORDINATOR CONTINUE TO SERVE ON THE S T JOHNS INFANT MORTALITY TASK FORCE THE TASK FORCE MEETS QUARTERLY TO ANALYZE MORTALITY RATES FOR NORTHEAST FLORIDA AND DETERMINE LEADING CAUSES FOR LOW BIRTH WEIGHT TO ACHIEVE B ETTER OUTCOMES FOR ST JOHNS COUNTY THIS TASK FORCE IS PART OF THE NE FLORIDA HEALTHY STA RT COALITION,INC THE TASK FORCE IS CURRENTLY WORKING TO PROMOTE HEALTHY PREGNANCY AND PR EGNANCY BODY MASS INDEX LEVELS, REDUCE TOBACCO USAGE AMONG PREGNANT WOMEN AND HELP INCREAS E AWARENESS OF THE IMPORTANCE OF INCREASING THE INTERVAL TIME BETWEEN PREGNANCIES FOR HEAL THY OUTCOMES FLAGLER HOSPITAL OFFERS FREE PRE-NATAL YOGA CLASSES TO HELP MOMS STAY IN OPT IMUM HEALTH FOR DELIVERY (OPEN TO ALL ST JOHNS COUNTY MOMS, EVEN IF THEY DON'T PLAN TO DE LIVER AT FLAGLER HOSPITAL)REDUCE COLON AND LUNG CANCER MORBIDITY AND BREAST CANCER MORTAL ITYCANCER IS THE LEADING CAUSE OF DEATH IN ST JOHNS COUNTY BREAST, COLON AND LUNG CANCER WERE ALL IDENTIFIED AS BEING THE MOST COMMON TYPES OF CANCER AMONG RESIDENTS TO RAISE AWARENESS ABOUT THE BENEFITS OF EARLY DETECTION, FLAGLER HOSPITAL PARTICIPATED IN OVER 25 HE ALTH FAIRS, PROVIDING ST JOHNS COUNTY RESIDENTS WITH UP-TO-DATE SCREENING GUIDELINES AND THE BENEFITS OF A HEALTHY LIFESTYLE FURTHER, A THREE YEAR FLAGLER CANCER INSTITUTE COMMUN ITY NEEDS ASSESSMENT WAS COMPLETED, WHICH IDENTIFIED THE FOLLOWING TWO SPECIFIC AREAS OF N EED WITHIN THE COMMUNITY MAMMOGRAPHY AND AGE-ADJUSTED DEATH RATE FOR BLACK ST JOHNS COUN TY RESIDENTS CANCER PREVENTION PROGRAMS INCLUDED PRESENTATIONS FOR LOCAL CHURCHES AND CIV IC GROUPS, LUNG CANCER AWARENESS EVENTS, COLORECTAL CANCER PREVENTION AND AWARENESS EVENTS AND A SKIN CANCER PREVENTION PROGRAM IN ADDITION, FLAGLER HOSPITAL PARTNERED WITH OTHER COMMUNITY ORGANIZATIONS SUCH AS GOOD SAMARITAN WILDFLOWER CLINIC, AMERICAN CANCER SOCIETY, LUNG CANCER ALLIANCE, PINK UP THE PACE AND UNITY OUTREACH TO PROMOTE CANCER AWARENESS AND EARLY DETECTION THROUGHOUT THE COMMUNITY BREAST CANCERFROM 2009 TO 2010, THE BREAST CANCE R AGE-ADJUSTED DEATH RATE WAS 18 9/100,000 ALTHOUGH THIS RATE IS LOWER THAN STATE AND REG IONAL AVERAGES, IT IS SLIGHTLY HIGHER THAN THE PEER COUNTY STATE AVERAGE IN ORDER TO REDU CE THE TIME FRAME BETWEEN BREAST CANCER DIAGNOSIS AND TREATMENT, A BREAST CANCER PATIENT N AVIGATOR (BCPN) WAS ADDED TO THE FLAGLER HOSPITAL CANCER INSTITUTE CARE TEAM AND HELPS PAT IENTS MOVE THROUGH THE PROCESS OF BREAST CANCER ALL THE WAY THROUGH DIAGNOSIS, SURGERY, TR EATMENT AND RECOVERY THE PATIENT NAVIGATOR HELPS PATIENTS FROM THE TIME THERE IS A SUSPIC ION OF BREAST CANCER UNTIL TREATMENT IS CONCLUDED OUR PATIENT NAVIGATOR NURSE IS A CERTIF IED BREAST CARE NURSE CBCN AND IS DEDICATED TO THE FOLLOWING PROVIDING PATIENTS WITH KNOW LEDGEABLE AND COMPASSIONATE SUPPORT, FACILITATING COMMUNICATION BETWEEN THE PATIENT AND PH YSICIANS IN ORDER TO DECREASE FRAGMENTATION OF CARE, AND PROVIDING PATIENTS AND FAMILY MEM BERS WITH INFORMATION ON COMMUNITY-BASED RESOURCES IN THIS FISCAL YEAR, THE BCPN GUIDED OV ER 150 UNIQUE PATIENTS THROUGH THEIR CANCER TREATMENT THE BREAST CANCER PATIENT NAVIGATOR PARTICIPATES IN MANY COMMUNITY EVENTS, EDUCATING WOMEN ON THE BENEFITS OF EARLY DETECTION AND THE IMPORTANCE OF PERFORMING SELF-EXAMINATIONS FLAGLER HOSPITAL CONTINUES TO SUPPORT LOCAL NON-PROFIT ORGANIZATIONS THAT FOCUS ON THE PREVENTION AND EARLY DETECTION OF BREAST CANCER IN ST JOHNS COUNTY FLAGLER HOSPITAL, IN PARTNERSHIP WITH THE WILDFLOWER CLINIC, HELD A FREE MAMMOGRAM DAY THAT WAS OPEN TO ALL UNINSURED ST JOHNS COUNTY WOMEN BETWEEN TH E AGES OF 40-64 AT THIS EVENT, 54 WOMEN RECEIVED MAMMOGRAMS, HEALTH SCREENINGS, AND INFOR MATION ON AVAILABLE COMMUNITY RESOURCES COLON CANCERTHE ANNUAL COLORECTAL CANCER AWARENESS DAY WAS HELD ON MARCH 27, 2014 THE EVENT WAS COORDINATED WITH BORLAND-GROOVER CLINIC AND GI ASSOCIATES TO PROVIDE INFORMATION ON COLORECTAL CANCER PREVENTION AND SCREENING STRATE GIES THIS EVENT TOOK PLACE IN THE CANCER EDUCATION AND SUPPORT CENTER AND OVER 100 PEOPLE VISITED THE EVENT AND ANSWERED THE OPTIONAL SURVEY THE INFORMATION PROVIDED WAS BASED ON THE NATIONAL COMPREHENSIVE CANCER NETWORK (NCCN) COLORECTAL SCREENING GUIDELINES LUNG CAN CERREALIZING THAT CIGARETTE SMOKING IS THE NUMBER ONE RISK FACTOR FOR LUNG CANCER, FLAGLER HOSPITAL CONTINUES TO MAINTAIN A SMOKE FREE FACILITY, INCLUDING PARKING LOTS AND LEASED P ROPERTIES FLAGLER HOSPITAL ALSO IMPLEMENTED A TOBACCO SCREENING PROTOCOL THROUGHOUT THE H OSPITAL UPON ADMISSION, EACH PATIENT IS ASKED IF THEY SMOKE OR USE TOBACCO IN ANY OTHER F ORM THIS INFORMATION IS USED TO TRIGGER A CONSULT FROM THE CARDIOPULMONARY DEPARTMENT, FR OM A MEMBER OF THE QUIT TEAM QUIT TEAM MEMBERS VERIFY THE PATIENTS WHO USE TOBACCO AND PR OVIDE COUNSELING ON TOBACCO CESSATION IF THE PATIENT IS INTERESTED IN QUITTING, THEY ARE GIVEN INFORMATION ON FREE TOBACCO CESSATION PROGRA</p>

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART VI, COMMUNITY HEALTH PROMOTION	<p>MS OFFERED THROUGH FLAGLER HOSPITAL THE QUIT TEAM ALSO EDUCATED FLAGLER STAFF AND MEDICAL PERSONNEL ON THE IMPORTANCE OF THE MESSAGE THAT CESSATION OPPORTUNITIES ARE BOTH VALUABLE AND EFFICACIOUS DURING THIS FISCAL YEAR, 107 ST JOHNS COUNTY RESIDENTS PARTICIPATED IN FLAGLER HOSPITAL'S FREE QUIT SMOKING NOW CLASSES, WHICH ARE OFFERED THROUGH THE WELLNESS CENTER OF THOSE, 71 PARTICIPANTS SUCCESSFULLY QUIT SMOKING AS A RESULT OF THE CLASS FLAGLER HOSPITAL SCREENED OVER 12,000 PATIENTS FOR TOBACCO USE AND PROVIDED 5,550 WITH CESSATION MATERIALS ALSO, OVER 100 HEALTH PROFESSIONALS FROM AROUND THE COMMUNITY PARTICIPATED IN 7 FREE HEALTHCARE PROVIDER TRAININGS IN ADDITION TO THE QUIT SMOKING NOW SMOKING CESSATION PROGRAM, FLAGLER HOSPITAL HOSTED TWO LUNG CANCER AWARENESS EVENTS SHINE A LIGHT ON LUNG CANCER WAS HELD IN THE CANCER EDUCATION AND SUPPORT CENTER ON NOVEMBER 13, 2013 THIS IS A NATIONAL EVENT HELD AT DIFFERENT LOCATIONS ACROSS THE NATION THE GOAL IS TO BRING ATTENTION, COMPASSION, HOPE AND SUPPORT TO ALL INDIVIDUALS IMPACTED BY LUNG CANCER LASTLY, THE GREAT AMERICAN SMOKE OUT OCCURRED ON NOVEMBER 17 AND 20, 2013 THE EVENT WAS HOSTED BY FLAGLER HOSPITAL IN COLLABORATION WITH TOBACCO FREE FLORIDA AND ENCOURAGES SMOKERS TO MAKE A PLAN TO QUIT SMOKING OR PLEDGE TO HELP SOMEONE QUIT SMOKING THE COMMUNITY BENEFIT COORDINATOR SERVES AS THE CHAIRMAN OF THE TOBACCO FREE ST JOHNS PARTNERSHIP, WHICH IS A COMMUNITY-WIDE LOCALLY ORGANIZED GROUP COLLECTIVELY WORKING TOWARDS ELIMINATING INITIATION AND USE OF TOBACCO AMONG ST JOHNS COUNTY RESIDENTS, SUPPORTING POLICY CHANGE AND EDUCATING DECISION MAKERS ABOUT THE IMPACT OF TOBACCO ON THE LIVES OF ST JOHNS COUNTY RESIDENTS AND VISITORS</p>

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART VI, COMMUNITY HEALTH PROMOTION	<p>REDUCE SUBSTANCE ABUSE THE ISSUE OF SUBSTANCE ABUSE WAS LISTED AS THE #1 HEALTH PROBLEM BY SURVEY RESPONDENTS THIS INCLUDES BINGE DRINKING, UNDERAGE DRINKING, CIGARETTE AND MARIJUA NA AND OTHER DRUG USE FLAGLER HOSPITAL'S MENTAL HEALTH DIRECTOR WORKS CLOSELY WITH EPIC C OMMUNITY SERVICES (EPIC WAS CREATED TO PROVIDE SUBSTANCE ABUSE PREVENTION, INTERVENTION, O UTPATIENT TREATMENT AND AFTERCARE SERVICES), PACT, (PREVENTION, ACTION, CHOICES AND TEAMWO RK) PREVENTION SERVICES (WHICH ADVOCATES FOR PREVENTION FOR YOUTH), TOBACCO FREE ST JOHNS AND OTHER GROUPS SUCH AS LAW ENFORCEMENT ON THIS ISSUE BECAUSE ST JOHNS COUNTY IS THE L ARGEST COUNTY IN FLORIDA WITHOUT A DETOX UNIT AND RANKED 4TH IN BINGE DRINKING, THE ST JO HNS COUNTY BEHAVIORAL HEALTH CONSORTIUM WAS FORMED TO FIND A WAY TO GET THESE IMPORTANT HE ALTH SERVICES AVAILABLE FOR REFERRAL IN OUR SERVICE AREA THANKS TO STATE FUNDING AND A SI ZEABLE DONATION FROM FLAGLER HOSPITAL, EPIC BEHAVIORAL HEALTHCARE'S 16-BED DETOX CENTER OP ENED THIS FISCAL YEAR SINCE ITS OPENING, THE EPIC RECOVERY CENTER HAS HAD OVER 800 ADMISS IONS, SERVING 653 ADULTS FROM ST JOHNS COUNTY AND THE SURROUNDING NE FLORIDA COUNTIES AND HAS REMAINED AT 80-85% CAPACITY THIS HAS EXCEEDED OUR ORIGINAL GOALS BY MORE THAN 4% AP PROXIMATELY 30% OF THE REFERRALS HAVE BEEN FROM FLAGLER HOSPITAL AS A DIRECT EMERGENCY ROO M DIVERSION, 10% WERE FROM OUR VARIOUS LAW ENFORCEMENT AGENCIES AND/OR THE COURT IN LIEU O F INDIVIDUALS BEING PLACED UNDER PROTECTIVE CUSTODY OTHER REFERRALS WERE FROM FAMILY MEMBERS, THE COURT, OTHER HEALTHCARE PROFESSIONALS (I E PHYSICIANS), SOCIAL SERVICE AGENCIES SERVING THE HOMELESS POPULATIONS, OR BY AN INDIVIDUAL THEMSELVES THE EPIC RECOVERY CENTER HAS BECOME THE CORNERSTONE OF THE ADDICTION TREATMENT SYSTEM OF CARE IN ST JOHNS COUNTY SERVING SOME OF THE MOST VULNERABLE FLORIDIANS UNINSURED, HOMELESS, THOSE INVOLVED IN THE CHILD WELFARE SYSTEM, CRIMINALLY JUSTICE INVOLVED, AND/OR SUFFERING FROM MULTIPLE CHRONIC HEALTH CONDITIONS INCREASE ACCESS TO DENTAL CARE ACCESS TO DENTAL CARE HAS LONG BEEN AN ISS UE IN ST JOHNS COUNTY, AS IT IS ACROSS THE STATE DURING THE ASSESSMENT YEAR, ALMOST 1,00 0 DENTAL CASES CAME TO THE FLAGLER HOSPITAL EMERGENCY DEPARTMENT FOR DENTAL CARE, HIGHLIGHTING THE NEED THE GOOD SAMARITAN WILDFLOWER CLINIC IS THE ONLY CLINIC OFFERING BOTH FREE DENTAL AND FREE HEALTH CARE IN ST JOHNS COUNTY FLAGLER CONTINUES TO BE A MAJOR CORPORATE SPONSOR OF THE WILDFLOWER CLINIC AND WORKS CLOSELY WITH THE CLINIC TO SHORTEN THE TIME BE TWEEN THE INITIAL CRISES (FLAGLER ER VISIT) AND FOLLOW UP CARE WITH THE HELP OF FLAGLER H OSPITAL'S DONATIONS, AND OTHER COMMUNITY ORGANIZATIONS, THE WILDFLOWER CLINIC STAFF HAS BE GUN OFFERING REGULAR DENTAL WALK-IN CLINICS EVERY WEEK WITH CONTINUED COLLABORATION BETWE EN THE WILDFLOWER CLINIC AND FLAGLER HOSPITAL'S EMERGENCY DEPARTMENT ON COORDINATING CARE BETWEEN UNINSURED ST JOHNS COUNTY RESIDENTS, FLAGLER HOSPITAL EMERGENCY ROOM VISITS FOR D DENTAL EMERGENCIES HAVE DROPPED 9% THIS FISCAL YEAR FURTHERMORE, DENTAL VISITS TO THE WILD FLOWER CLINIC HAVE INCREASED 2 6%, TO OVER 2,300 VISITS BUILDING ON THIS SUCCESS, PARTNER S WILL CONTINUE TO OPTIMIZE THIS TRANSITION AND FOLLOW-UP PROCESS FROM THE HOSPITAL EMERGE NCY ROOM TO THE WILDFLOWER DENTAL CLINIC INCREASE ACCESS TO MENTAL HEALTH CARE IN RESPONSE TO AN IDENTIFIED CRITICAL NEED FOR OUTPATIENT MENTAL HEALTH SERVICES IN ST JOHNS COUNTY, FLAGLER HOSPITAL INTRODUCED AN INTENSIVE OUTPATIENT PROGRAM THIS PROGRAM IS SPECIFICALLY DESIGNED TO SUPPORT PATIENTS AFTER BEING RELEASED FROM INPATIENT CARE THE PROGRAM'S PRIMA RY GOAL OF IMPROVING QUALITY OF LIFE AND REDUCE SYMPTOMS TO PREVENT RELAPSE IS ACCOMPLISHE D THROUGH GROUP THERAPY, MEDICATION AND SYMPTOM MANAGEMENT AND INDIVIDUAL PSYCHOTHERAPY A LL NEW PATIENTS PARTICIPATE IN A FORMAL CLINICAL EVALUATION PERFORMED BY A MULTI-DISCIPLIN ARY TEAM THIS EVALUATION HELPS THE TEAM DEVELOP A TREATMENT PLAN THAT REFLECTS EACH PATIE NT'S INDIVIDUAL STRENGTHS, LIMITATIONS AND GOALS FOR TREATMENT EVERY PATIENT'S GOALS ARE REVIEWED AND UPDATED WEEKLY IN TEAM MEETINGS AND INDIVIDUAL SESSIONS MEDICAL STAFF FROM T HE INTENSIVE OUTPATIENT PROGRAM ATTENDS COMMUNITY EVENTS TO RAISE AWARENESS ABOUT MENTAL H EALTH AND TO INFORM THE COMMUNITY ON AVAILABLE RESOURCES A SCHOLARSHIP IS AVAILABLE FOR E ACH SESSION, TO ENSURE THAT ACCESS TO MENTAL HEALTH SERVICES IS NEVER DEPENDENT UPON A PAT IENT'S ABILITY TO PAY DEVELOP A COMMUNITY HEALTH AND SOCIAL SERVICES RESOURCE TOOL MOST OF THE PEOPLE WHO ARE AT THE FOREFRONT OF CARE IN THE COMMUNITY HAVE THEIR OWN LIST OF COMMUN ITY PROVIDERS OR USE PRINTED RESOURCE GUIDES WITH SOON-OUTDATED INFORMATION, BUT THERE HAS NOT BEEN A VIABLE LIST THAT IS EASILY ACCESSIBLE AND UPDATABLE THE HEALTH LEADERSHIP COU NCIL CONVENED A RESOURCE TOOL SUBCOMMITTEE TO IDENTIFY AND EVALUATE PROGRAM OPTIONS THE C OMMUNITY BENEFIT COORDINATOR AT FLAGLER HOSPITAL SERVES ON THIS SUBCOMMITTEE WHICH BEGAN M EETING LAST FISCAL YEAR AS A RESPONSE TO THE ASSES</p>

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART VI, COMMUNITY HEALTH PROMOTION	<p>SMENT AND HEALTH IMPROVEMENT PLAN FLAGLER HOSPITAL IS A MAJOR CONTRIBUTOR TO NORTHEAST FL ORIDA COUNTS (WWW NEFLORIDACOUNTS ORG) WHICH SERVES AS A FREE ONLINE HEALTH RESOURCE FOR T HE SEVEN COUNTY AREA OF NORTHEAST FLORIDA THE SITE HELPS PLANNERS, POLICY MAKERS, AND COM MUNITY MEMBERS LEARN ABOUT ISSUES AND IDENTIFY IMPROVEMENTS NECESSARY FOR HEALTHFUL OUTCOM ES THE TOOL IS USED FOR COMMUNITY ASSESSMENT, STRATEGIC PLANNING, COLLABORATION, COMMUNIT Y CAPACITY DEVELOPMENT, GRANT DEVELOPMENT, AND EDUCATIONAL AND ADVOCACY PURPOSES IMPROVE P UBLC HEALTH SYSTEM COLLABORATIONTHE HEALTH LEADERSHIP COUNCIL SEEKS TO DETERMINE AND SUST AIN MEMBER INVOLVEMENT IN THE COUNCIL AT LEAST ONE REPRESENTATIVE HAS ATTENDED EACH HEALT H LEADERSHIP COUNCIL MEETING TO STRENGTHEN INVOLVEMENT, AND HAS FOUND AND SUGGESTED OTHER COMMUNITY GROUPS TO BECOME INVOLVED HEALTH PROFESSIONS EDUCATIONFLAGLER HOSPITAL DONATED P AID STAFF HOURS IN ONE-ON-ONE PROGRAMS TO PRECEPT NURSING STUDENTS AND ARNP STUDENTS FROM JACKSONVILLE UNIVERSITY, ST JOHNS RIVER STATE COLLEGE, ST PETERSBURG COLLEGE, UNIVERSITY OF CENTRAL FLORIDA, UNIVERSITY OF FLORIDA, AND THE UNIVERSITY OF NORTH FLORIDA ADDITIONA LLY, STUDENTS IN THE FIELDS OF EMT TRAINING, PHYSICAL THERAPY, OCCUPATIONAL THERAPY, MEDIC AL ASSISTING, LAB SCIENCES, SOCIAL WORK, HEALTH INFORMATION MANAGEMENT, CARDIOVASCULAR TEC HNOLOGY, RADIOLOGY, NUCLEAR MEDICINE AND MENTAL HEALTH WERE TRAINED WITH ONE-ON-ONE CONTAC T WITH STAFF AT FLAGLER HOSPITAL FLAGLER HOSPITAL HAS A FULL TIME STAFF MEMBER DEDICATED T O OFFERING CONTINUING MEDICAL EDUCATION TO ALL PHYSICIANS IN THE ST JOHNS COUNTY COMMUNIT Y, REGARDLESS OF THEIR AFFILIATION WITH THE HOSPITAL THIS HELPS ENSURE THAT OUR LOCAL RES IDENTS HAVE ACCESS TO PHYSICIANS WHO ARE UP TO DATE ON THE LATEST ADVANCEMENTS IN MEDICAL CARE THE CME COORDINATOR WORKED WITH PHYSICIANS TO PRESENT 40 PROGRAMS OF GRAND ROUNDS, M EDICAL SOCIETY MEETINGS AND WEBCASTS DURING THIS FY</p>

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART VI, COMMUNITY HEALTH PROMOTION	<p>RESEARCHFLAGLER HOSPITAL EMPLOYS TWO FULL-TIME EMPLOYEES TO MANAGE A CANCER PATIENT DATA BASE, LOG INFORMATION THAT CAN BE USED TO DETECT CANCER EARLIER, IMPROVE TREATMENTS AND ULTIMATELY, INCREASE CANCER SURVIVAL RATE REGISTRARS DETERMINE A PATIENT'S ELIGIBILITY FOR THE CANCER REGISTRY, RECORD THE PATIENT'S DIAGNOSIS, AND TRACK THEIR TREATMENT PLAN BY COLLECTING, TRACKING AND EVALUATING THIS DATA, WE ARE ABLE TO ADVANCE OUR KNOWLEDGE ON RISK FACTORS FOR CERTAIN CANCERS BECAUSE DATA ENTERED IN THE CANCER REGISTRY IS AVAILABLE TO THE PUBLIC, OUTCOMES AND TREATMENT PLANS FOR PATIENTS IN ST JOHNS COUNTY HAVE AN IMPACT NATI ON-WIDE FINANCIAL AND IN-KIND CONTRIBUTIONSFLAGLER HOSPITAL MADE FINANCIAL AND IN-KIND CONTRIBUTIONS TOTALING \$174,000 TO MANY AREA NON-PROFIT ORGANIZATIONS THAT FOCUS ON PROVIDING HEALTH PROGRAMS TARGETING COMMUNITY HEALTH NEEDS THAT WERE IDENTIFIED THROUGH THE ST JOHNS COUNTY COMMUNITY HEALTH NEEDS ASSESSMENT ONE OF THE BIGGEST DETERMINANTS OF HEALTH THA T COMMUNITY ORGANIZATIONS HAVE INFLUENCE ON IS ACCESS TO HEALTHCARE DURING THIS LAST FISC AL YEAR, FLAGLER HOSPITAL GAVE A \$50,000 GRANT TO THE ST JOHNS COUNCIL ON AGING TO PROVIDE STAFF TO ASSIST SENIOR CITIZENS IN ST JOHNS COUNTY IN APPLYING FOR FREE OR REDUCED RATE PRESCRIPTION DRUGS FROM PHARMACEUTICAL COMPANIES THIS PROGRAM CONTINUES TO SERVE OVER 300 SENIORS BECAUSE THE GRANT PROVIDED PAID STAFF TO RUN THIS PROGRAM, COUNCIL ON AGING VOL UNTEERS WERE ABLE TO FOCUS OVER 600 VOLUNTEER HOURS ON COUNSELING, CLIENT NOTIFICATION AND DOCTOR'S OFFICE VISITS TO HELP EXPEDITE PAPERWORK FLAGLER HOSPITAL ALSO DONATED MEETING ROOMS AND IN SOME CASES FOOD/CATERING CHARGES FOR VARIOUS NON-PROFIT, SUPPORT AND SELF-HEL P GROUPS IN THE COMMUNITY THIS TOTALED OVER \$30,154 USING A \$3/HOUR CHARGE FOR EACH MEETI NG SPACE, A FIGURE BASED ON THE SQUARE FOOTAGE OF THE HOSPITAL COMMUNITY BUILDING ACTIVIT IESFLAGLER HOSPITAL DONATED PAID STAFF TIME FOR EMPLOYEES WHO SERVED ON VARIOUS BOARDS FOR COMMUNITY EVENTS AND COMMITTEES WHICH OFFERED COMMUNITY SUPPORT, COALITION BUILDING WITH OTHER AGENCIES AND HEALTH AND WELFARE PROVIDERS, AND COMMUNITY HEALTH IMPROVEMENTS ADVOCAC Y THROUGH ITS PARTICIPATION IN THE HEALTH PLANNING COUNCIL OF NORTHEAST FLORIDA, FLAGLER HOSPITAL COMMITTED TO SUPPORT THE NORTHEAST FLORIDA COUNTS WEBSITE AS A SITE SPONSOR, PLED GING \$10,000 YEARLY THIS WEBSITE PROVIDES KEY HEALTH INFORMATION TO THE COMMUNITY AND ADD RESSES THE ISSUE OF ACCESSIBILITY TO DATA AND SERVES AS A ROADMAP FOR COLLABORATIVE COMMUN ITY IMPROVEMENT BY HIGHLIGHTING WHERE WE HAVE BEEN, OUR CURRENT STATUS AND DIRECTING WHERE WE NEED TO GO IT IS A FREE ONLINE HEALTH RESOURCE FOR A SEVEN COUNTY AREA, WHICH INCLUDE S OUR OWN SERVICE AREA OF ST JOHNS COUNTY (WWW.NEFLORIDACOUNTS.ORG) THROUGH A PARTNERSHIP WITH THE HOSPITAL, THE ST JOHNS COUNTY SCHOOL DISTRICT CREATED THE FLAGLER HOSPITAL ACAD EMY OF MEDICAL AND HEALTH CAREERS AT PEDRO MENENDEZ HIGH SCHOOL IN 2007-2008 IT IS OPEN T O STUDENTS THROUGHOUT THE SCHOOL SYSTEM IT FOCUSES ON PROVIDING SKILLS AND EXPERIENCE NEC ESSARY TO ATTAIN ENTRY LEVEL JOBS IN HEALTH, MEDICAL AND RELATED FIELDS, AND PROVIDES ACAD EMIC PREPARATION TO CONTINUE TRAINING THROUGH CLINICAL EXPERIENCE, COMMUNITY COLLEGE AND U NIVERSITY PROGRAMS NOW IN ITS SEVENTH YEAR, THE ACADEMY HAD 56 THIRD YEAR STUDENTS ROTATI NG THROUGH VARIOUS DEPARTMENTS AT THE HOSPITAL FOR TRAINING, FOR A COMBINED TOTAL OF 7056 HOURS STUDENTS SHADOWED IN THE LAB, RADIOLOGY, PHARMACY, OPERATING ROOM, PHYSICAL AND OCC UPATIONAL THERAPY, IN ADDITION TO MULTIPLE NURSING UNITS COMMUNITY BENEFIT OPERATIONSFLAGL ER HOSPITAL HAS A FULL TIME COMMUNITY BENEFIT COORDINATOR TO COORDINATE HOSPITAL-WIDE COMM UNITY BENEFIT FUNCTIONS IN ACCORDANCE WITH NATIONAL STANDARDS AND PUBLIC REPORTING REQUIRE MENTS THE COMMUNITY BENEFIT COORDINATOR USES CBISA SOFTWARE TO TRACK AND REPORT COMMUNITY BENEFIT ACTIVITIES AND PROVIDE AN ANNUAL REPORT ON COMMUNITY BENEFIT NUMBERS TO THE DIREC TOR OF ACCOUNTING FOR THE HOSPITAL'S 990 H COMMUNITY HEALTH IMPROVEMENT SERVICESIN ADDITIO N TO NEEDS ASSESSED BY THE HEALTH LEADERSHIP COUNCIL, FLAGLER HOSPITAL IS IN A POSITION TO KNOW THE OTHER HEALTH ISSUES WHICH COST THE COMMUNITY AND ITS CITIZENS THE MOST TIME AND MONEY WHILE DEATH FROM DIABETES IS ON THE DECLINE, INCIDENCE OF DIABETES IS RISING, DUE T O OBESITY CAUSED BY DIET AND LIFESTYLE FLAGLER HOSPITAL HAS A DIABETES TEAM, CONSISTING O F A REGISTERED NURSE, CERTIFIED IN DIABETES EDUCATION, AND A REGISTERED DIETITIAN TO EDUCA TE THE COMMUNITY, OFFERING FREE CLASSES TWICE MONTHLY ADDITIONALLY, THEY PARTICIPATED IN HEALTH FAIRS AND EDUCATIONAL EVENTS IN THE COMMUNITY, GIVING PROGRAMS FOR CHURCH AND AT THE COUNCIL ON AGING THE HEART CENTER AT FLAGLER HOSPITAL PROVIDES A CRITICAL SERVICE TO RE SIDENTS OF ST JOHNS COUNTY AND THE SURROUNDING AREAS FLAGLER HOSPITAL'S STATE-OF-THE-ART HEALTHCARE ENCOMPASSES THE ENTIRE CONTINUUM OF CARE FOR HEART PATIENTS, INCLUDING CLOSE C OLLABORATION WITH ST JOHNS COUNTY FIRE RESCUE, IN</p>

Form and Line Reference	Explanation
FORM 990, SCHEDULE H, PART VI, COMMUNITY HEALTH PROMOTION	CLUDING TRANSMISSION OF EKGS DIRECTLY FROM AMBULANCE TO HOSPITAL, CARDIAC CATH LABS, WORLD -CLASS PHYSICIANS AND STAFF, QUALITY ASSURANCE PLANS, AND COMMUNITY OUTREACH AND EDUCATION PROGRAMS ONCE A PATIENT IS DISCHARGED WITH A DIAGNOSIS OF HEART FAILURE, A NURSE PRACTIT IONER FOLLOWS UP WITH THE PATIENT TO REVIEW DISCHARGE MEDICATIONS, VITAL SIGNS, THE IMPORT ANCE OF WEIGHT MANAGEMENT AND FLUID RESTRICTIONS ONCE IN THE HOME, THE NURSE PRACTITIONER REVIEWS THE FOODS THAT ARE IN THE PATIENT'S HOMES AND DISCUSSES HOW THAT FOOD SHOULD BE U SED IN THE DIET OR NOT USED AT ALL SHE USES CUPS THAT ARE IN THE PATIENT'S HOUSE TO SHOUL D HOW MUCH FLUID SHOULD GO IN AND HOW MANY A DAY SHOULD BE USED THIS OFFERS THE PATIENT A PRACTICAL APPROACH TO CARING FOR THEMSELVES AT HOME THIS SERVICE COMES AT NO CHARGE TO T HE PATIENT AND HELPS THEM UNDERSTAND WHAT THE DOCTOR EXPECTS FROM THEM THIS SERVICE GOES BEYOND HOSPITAL EDUCATION AND IS TRUE COMMUNITY/HOME EDUCATION FLAGLER HOSPITAL MAINTAIN S A CANCER RESOURCE LIBRARY, OPEN TO ALL IN THE COMMUNITY, ALONG WITH A WIG AND PROSTHESIS CLOSET THERE IS A FREE COMPUTER KIOSK FOR THE DISSEMINATION OF HEALTH INFORMATION IT IS STAFFED BY OUR CANCER EDUCATION AND SUPPORT COORDINATOR AND VOLUNTEERS EACH WEEKDAY FROM 9 00 UNTIL 4 00

Additional Data

Software ID:

Software Version:

EIN: 59-0675143

Name: FLAGLER HOSPITAL INC

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 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
FLAGLER HOSPITAL	

Schedule I
(Form 990)

Grants and Other Assistance to Organizations,
Governments and Individuals in the United States
Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990
▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047
2013
Open to Public
Inspection

Department of the Treasury
Internal Revenue Service
Name of the organization
FLAGLER HOSPITAL INC

Employer identification number
59-0675143

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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table 9

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

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
PART I, LINE 2	THE FLAGLER HEALTH CARE FOUNDATION, A SUPPORTING ORGANIZATION OF THE HOSPITAL, REPORTS ITS FINANCIAL ACTIVITIES TO THE CFO OF FLAGLER HOSPITAL

Additional Data

Software ID:
Software Version:
EIN: 59-0675143
Name: FLAGLER HOSPITAL INC

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
AMERICAN HEART ASSOCIATION 5851 ST AUGUSTINE ROAD JACKSONVILLE,FL 32207	13-5613797	501(C)(3)	6,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
BAPTIST HEALTH SYSTEMS 841 PRUDENTIAL DRIVE SUITE 1802 JACKSONVILLE,FL 32207	45-1444870	501(C)(3)	6,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
BETTY GRIFFIN HOUSE PO BOX 3319 ST AUGUSTINE, FL 320853319	59-3028497	501(C)(3)	20,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CARING HANDS-CARING COMMUNITY 161-A MARINE ST ST AUGUSTINE, FL 32084	59-0737904	501(C)(3)	7,500				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CEJKA SEARCH PO BOX 404682 ATLANTA, GA 303844682	04-3418038	501(C)(3)	10,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
MARGARET LYNN DUGGAR AND ASSOC INC 1018 THOMASVILLE ROAD SUITE 110 TALLAHASSEE,FL 32303	59-2972386	501(C)(3)	10,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST FRANCIS HOUSE 70 WASHINGTON ST ST AUGUSTINE, FL 32084	59-2475614	501(C)(3)	18,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST JOHNS COUNCIL ON AGING 180 MARINE STREET ST AUGUSTINE,FL 32084	59-1525829	501(C)(3)	50,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST JOHNS COUNTY EDUCATION 2744 US 1 SOUTH ST AUGUSTINE, FL 32086	59-3221115	501(C)(3)	8,000				OPERATIONAL SUPPORT AND PROGRAM ASSISTANCE

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
FLAGLER HOSPITAL INC

Employer identification number
59-0675143

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>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</div></div>	1bYes	
<div><div>2</div><div>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?</div></div>	2	No
<div><div>3</div><div>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</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4a	No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4b	No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div><div>6</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div><div>7</div><div>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</div></div>	7	No
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	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
PART I, LINE 1A	THE ORGANIZATION PROVIDES GROSS UP PAYMENTS FOR THE VALUE OF DISABILITY INSURANCE POLICY PREMIUMS TO CERTAIN OFFICERS, REPORTED ON THE OFFICERS' FORM W-2

Additional Data

Software ID:
Software Version:
EIN: 59-0675143
Name: FLAGLER HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JOSEPH S GORDY CEO	(i) (ii)	364,662 0	0 0	16,709 0	21,874 0	19,745 0	422,990 0	0 0
LYNDA I KIRKER CFO (THRU JAN 2014)	(i) (ii)	270,248 0	0 0	77,719 0	21,874 0	8,423 0	378,264 0	0 0
ROGER CARTER CFO (STARTED JAN 2014)	(i) (ii)	127,743 0	1,000 0	24,178 0	13,271 0	8,395 0	174,587 0	0 0
JASON P BARRETT CIO & EXECUTIVE VP	(i) (ii)	239,526 0	0 0	4,688 0	21,561 0	14,226 0	280,001 0	0 0
CHRISTOPHER SCHMIDT COO	(i) (ii)	179,790 0	0 0	6,230 0	15,953 0	2,011 0	203,984 0	0 0
WILLIAM D RIEGER CIO	(i) (ii)	192,338 0	29,100 0	6,646 0	20,254 0	15,585 0	263,923 0	0 0
DONALD R CRIST VP- PROFESSIONAL SVCS	(i) (ii)	180,029 0	0 0	20,002 0	17,699 0	15,586 0	233,316 0	0 0
BARBARA DRUMMOND-HUTH CNO	(i) (ii)	175,365 0	0 0	22,040 0	17,148 0	14,102 0	228,655 0	0 0
JEFFREY A HURLEY VP-HUMAN RESOURCES	(i) (ii)	162,927 0	0 0	1,702 0	14,535 0	16,089 0	195,253 0	0 0
MICHAEL C DIBELLA CMO	(i) (ii)	324,682 0	0 0	6,636 0	21,874 0	9,814 0	363,006 0	0 0
MIGUEL A MACHADO MD-ER OVERFLOW	(i) (ii)	301,878 0	0 0	1,584 0	0 0	13,672 0	317,134 0	0 0
MICHAEL C SANDERS CHIEF-MEDICAL INFORMATICS	(i) (ii)	257,161 0	0 0	1,722 0	21,874 0	1,607 0	282,364 0	0 0
GREGORY A GIBSON PHYSICIAN	(i) (ii)	196,774 0	0 0	422 0	17,406 0	15,649 0	230,251 0	0 0
BRIAN D RAYMAKER PHYSICIAN	(i) (ii)	170,000 0	0 0	146 0	14,531 0	8,155 0	192,832 0	0 0

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
FLAGLER HOSPITAL INC

Employer identification number
59-0675143

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	ST JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY	59-2146640		12-09-2010	30,000,000	REFUNDING 1996 SERIES BONDS		X		X		X
B	ST JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY	59-2146640		12-09-2010	28,275,000	REFUNDING 2009 SERIES BONDS		X		X		X
C	ST JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY	59-2146640		01-21-2011	12,500,000	REFUNDING 1996 SERIES BONDS		X		X		X
D	ST JOHNS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY	59-2146640		04-04-2012	30,000,000	RENOVATION PROJECTS, IMPLEMENTATION OF NEW EMR		X		X		X

Part II

Proceeds

				A		B		C		D	
1	Amount of bonds retired					2,275,000		6,700,000			
2	Amount of bonds legally defeased										
3	Total proceeds of issue			30,000,000		28,275,000		12,500,000		30,000,000	
4	Gross proceeds in reserve funds										
5	Capitalized interest from proceeds										
6	Proceeds in refunding escrows										
7	Issuance costs from proceeds										
8	Credit enhancement from proceeds										
9	Working capital expenditures from proceeds										
10	Capital expenditures from proceeds									30,000,000	
11	Other spent proceeds			30,000,000		28,275,000		12,500,000			
12	Other unspent proceeds										
13	Year of substantial completion			2003		2009		2003		2012	
14	Were the bonds issued as part of a current refunding issue?			Yes	No	Yes	No	Yes	No	Yes	No
				X		X		X			X
15	Were the bonds issued as part of an advance refunding issue?				X		X		X		X
16	Has the final allocation of proceeds been made?			X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?			X		X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X		X		X		X

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Return Reference	Explanation
PART II, LINE 11 OTHER SPENT PROCEEDS	AMOUNTS PRESENTED ON LINE 11 REPRESENT AMOUNTS FROM BOND PROCEEDS USED TO REFUND THE PRIOR ISSUES AS INDICATED IN THE DESCRIPTION OF EACH INDIVIDUAL ISSUE

Return Reference	Explanation
PART III	THE BONDS LISTED ON PART 1 LINES "A" AND "C" WERE USED TO REFUND ISSUES DATED PRIOR TO 1/1/2003, THEREFORE PART III IS NOT APPLICABLE

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 FLAGLER HOSPITAL INC	Employer identification number 59-0675143
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990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	
FORM 990, PART VI, SECTION A, LINE 7A	THE SOLE MEMBER ELECTS THE MEMBERS OF THE BOARD OF DIRECTORS SEE RESPONSE TO LINE 6 ABOVE
FORM 990, PART VI, SECTION A, LINE 7B	PRIOR TO MAY 1, 2014, THE SOLE MEMBER HAS APPROVAL AUTHORITY OVER CAPITAL BUDGETS SEE THE RESPONSE TO LINE 6 ABOVE
FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 WAS PREPARED BY AN INDEPENDENT ACCOUNTANT AND WAS EXTENSIVELY REVIEWED BY THE ORGANIZATION'S INVESTMENT AND FINANCE COMMITTEE AFTER THIS REVIEW, THE FORM 990 WAS POST ED TO THE ORGANIZATION'S WEBSITE PORTAL EACH BOARD MEMBER ACCESSED THE WEBSITE FOR THEIR PERSONAL REVIEW OF THE FORM 990
FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION TAKES AN ANNUAL QUERY WITH A COPY OF THE CONFLICT OF INTEREST POLICY TO EACH BOARD MEMBER AND THE EXECUTIVE STAFF TO CONFIRM NO CONFLICTS EXIST
FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION PACKAGE FOR THE CEO POSITION IS SET AND APPROVED BY THE COMPENSATION COMMITTEE, WHICH CONSISTS OF THE CURRENT AND PAST CHAIRPERSONS OF THE HOSPITAL, FLAGLER HEALTH CARE SYSTEM, AND FLAGLER HEALTH SERVICES BOARDS INDEPENDENT SALARY SURVEYS ARE OBTAINED FROM INDUSTRY EXPERTS TO DETERMINE COMPENSATION AND BENEFITS THOSE INDEPENDENT SALARY SURVEYS ARE ALSO USED TO DEVELOP COMPENSATION PACKAGES FOR THE SENIOR MANAGEMENT TEAM
FORM 990, PART VI, SECTION C, LINE 18	PHOTOCOPIES OF THE ORGANIZATION'S FORM 990 ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICES IN ADDITION, RECENT FILINGS OF THE FORM 990 ARE AVAILABLE ONLINE AT WWW GUIDESTAR ORG
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
FORM 990, PART IX, LINE 11G	OTHER FEES PROGRAM SERVICE EXPENSES 21,768,535 MANAGEMENT AND GENERAL EXPENSES 5,546,337 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 27,314,872
FORM 990, PART XI, LINE 9	CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENT 172,900 NET CHANGE IN FOUNDATION INTEREST 3,075,600 PLUG -24,191 AUDITOR PRESENTATION ADJUSTMENT FOR BENEFICIAL INTEREST IN FOUNDATION -31,352,845
FORM 990, PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
FLAGLER HOSPITAL INC

Employer identification number
59-0675143

▶ 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.

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	No
(1) FLAGLER HEALTH CARE FOUNDATION 400 HEALTH PARK BLVD ST AUGUSTINE, FL 32086 59-2440537	SUPPORTING ORGANIZATION	FL	501(C)(3)	11 (TYPE I)	FLAGLER HEALTH CARE SYSTEM INC		No
(2) FLAGLER HEALTH CARE SYSTEM INC 400 HEALTH PARK BLVD ST AUGUSTINE, FL 32086 59-2440535	SUPPORTING ORGANIZATION	FL	501(C)(3)	11 (TYPE III)	N/A		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?		(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	
(1) OUTPATIENT SURGERY CENTER OF ST AUGUSTINE LLC 1 ORTHOPAEDIC PL STE 200 ST AUGUSTINE, FL 32086 20-2047704	OUTPATIENT SURGERY	FL	N/A	RELATED	248,622	345,520		No		Yes		12 260 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) FLAGLER HEALTH SERVICES INC 400 HEALTH PARK BLVD ST AUGUSTINE, FL 32086 59-2484352	REAL ESTATE LEASING	FL	N/A	C					No
(2) HEALTH PARK OWNERS ASSOCIATION 400 HEALTH PARK BLVD ST AUGUSTINE, FL 32086 59-2869538	BUILDING ASSOCIATION	FL	N/A	C					No
(3) ANDERSON GIBBS CONDOMINIUM ASSOC 400 HEALTH PARK BLVD ST AUGUSTINE, FL 32086 59-3223458	BUILDING ASSOCIATION	FL	N/A	C					No

Part V

Transactions With Related Organizations

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

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

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

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

No

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

Yes

1n

Yes

1o

Yes

1p

No

1q

No

1r

No

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
(1) OUTPATIENT SURGERY CENTER OF ST AUGUSTINE LLC	S	232,343	CASH

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Consolidated Financial Statements

September 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

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KPMG LLP
Suite 1100
Independent Square
One Independent Drive
Jacksonville, FL 32202

Independent Auditors' Report

The Board of Trustees
Flagler Hospital, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Flagler Hospital, Inc. and subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations and changes in unrestricted net assets, 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 U.S. generally accepted accounting principles; 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.

Auditors' 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 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 auditors' 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 consolidated financial position of Flagler Hospital, Inc. and subsidiaries as of September 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in schedules 1 and 2 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 audits 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.

KPMG LLP

January 21, 2015
Jacksonville, Florida
Certified Public Accountants

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 7,618,422	2,586,819
Net patient accounts receivable:		
Patient accounts receivable	56,173,422	58,817,629
Medicare interim payments	3,877,830	3,600,951
	60,051,252	62,418,580
Less allowances for estimated uncollectible accounts	29,216,188	25,080,653
Net patient accounts receivable	30,835,064	37,337,927
Supplies	5,369,142	5,471,022
Estimated third-party payor settlements (note 2)	1,720,378	—
Prepaid expenses and other current assets (note 9(b))	6,627,714	5,090,149
Total current assets	52,170,720	50,485,917
Investments (note 3)	25,570,652	24,933,510
Assets whose use is limited or restricted (note 3)	97,776,377	88,960,057
Property and equipment, net (note 4)	145,100,002	151,761,852
Other assets	2,568,666	2,408,013
Total assets	\$ 323,186,417	318,549,349
Liabilities and Net Assets		
Current liabilities:		
Current maturities of long-term debt (note 5)	\$ 6,145,000	6,235,000
Accounts payable	8,498,663	9,776,405
Estimated third-party payor settlements (note 2)	—	281,439
Accrued expenses and other current liabilities	22,894,551	21,004,300
Total current liabilities	37,538,214	37,297,144
Derivative financial instrument (note 6)	4,602,974	4,775,874
Deferred rent	4,112,865	4,244,126
Long-term debt, excluding current maturities (note 5)	82,655,000	89,400,000
Total liabilities	128,909,053	135,717,144
Net assets:		
Unrestricted	188,768,053	177,920,684
Temporarily restricted (note 7)	1,613,924	1,302,459
Permanently restricted (note 7)	3,895,387	3,609,062
Total net assets	194,277,364	182,832,205
Commitments and contingencies (notes 5, 9, 10, and 13)		
Total liabilities and net assets	\$ 323,186,417	318,549,349

See accompanying notes to consolidated financial statements.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Unrestricted Net Assets

Years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenues and other support:		
Net patient service revenue	\$ 238,633,482	226,602,793
Provision for uncollectible accounts	(31,059,781)	(31,593,987)
Net patient service revenue less provision for uncollectible accounts (note 2)	207,573,701	195,008,806
Other operating revenue	7,526,233	8,442,916
Net assets released from restrictions	190,469	2,107,529
Total revenues and other support	<u>215,290,403</u>	<u>205,559,251</u>
Expenses:		
Salaries	77,456,161	76,591,408
Employee benefits	20,851,706	20,785,619
Supplies	46,091,323	43,743,861
Purchased services	26,144,592	27,046,822
Utilities	2,802,516	2,597,564
Insurance	4,208,918	3,336,374
Lease and rental	785,642	811,219
Professional fees	9,047,324	7,870,425
Interest expense	3,232,248	3,215,396
Depreciation and amortization	19,241,021	16,970,782
Indigent tax	2,606,922	2,608,862
Other expenses	2,449,413	2,975,615
Total expenses	<u>214,917,786</u>	<u>208,553,947</u>
Income (loss) from operations	<u>372,617</u>	<u>(2,994,696)</u>
Nonoperating gains (losses):		
Investment income (note 3)	10,554,042	14,969,485
Change in fair value of derivative financial instrument (note 6)	172,900	2,381,638
Other nonoperating losses, net	(295,947)	(83,631)
Total nonoperating gains, net	<u>10,430,995</u>	<u>17,267,492</u>
Excess of revenues, gains and other support over expenses	10,803,612	14,272,796
Net assets released from restrictions for capital purchases	43,757	—
Increase in unrestricted net assets	<u>\$ 10,847,369</u>	<u>14,272,796</u>

See accompanying notes to consolidated financial statements.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted net assets:		
Excess of revenues and other support over expenses	\$ 10,803,612	14,272,796
Net assets released from restriction for capital purchases	43,757	—
Increase in unrestricted net assets	<u>10,847,369</u>	<u>14,272,796</u>
Temporarily restricted net assets:		
Temporarily restricted contributions received	545,691	512,249
Net assets released from restrictions	<u>(234,226)</u>	<u>(2,107,529)</u>
Increase (decrease) in temporarily restricted net assets	<u>311,465</u>	<u>(1,595,280)</u>
Permanently restricted net assets:		
Net realized gains on investments	3,577	38,923
Net unrealized gains on investments	<u>282,748</u>	<u>460,294</u>
Increase in permanently restricted net assets	<u>286,325</u>	<u>499,217</u>
Increase in net assets	11,445,159	13,176,733
Net assets, beginning of year	<u>182,832,205</u>	<u>169,655,472</u>
Net assets, end of year	<u>\$ 194,277,364</u>	<u>182,832,205</u>

See accompanying notes to consolidated financial statements.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase in net assets	\$ 11,445,159	13,176,733
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for uncollectible accounts	31,059,781	31,593,987
Depreciation and amortization	19,241,021	16,970,782
Loss on disposition of fixed assets	1,640	35,070
Amortization of deferred rent	(131,261)	(131,262)
Net realized and unrealized gains on investments and assets limited as to use	(6,860,456)	(11,187,797)
Temporarily restricted contributions received	(545,691)	(512,249)
Net realized and unrealized gains on permanently restricted investments	(286,325)	(499,217)
Change in fair value of derivative financial instrument	(172,900)	(2,381,638)
Changes in operating assets and liabilities		
Change in accounts receivable	(24,556,918)	(43,648,653)
Change in supplies	101,880	(242,448)
Change in prepaid expenses and other current assets and other assets	(1,186,852)	1,773,037
Change in estimated third-party payor settlements	(2,001,817)	(1,589,066)
Change in accounts payable, accrued expenses, and other current liabilities, net	2,680,471	(668,633)
Net cash provided by operating activities	<u>28,787,732</u>	<u>2,688,646</u>
Cash flows from investing activities		
Capital expenditures	(14,585,139)	(32,099,489)
Other assets	(575,000)	—
Sales of assets whose use is limited and investments	15,662,670	30,264,413
Purchases of assets whose use is limited and investments	<u>(18,255,676)</u>	<u>(4,933,080)</u>
Net cash used in investing activities	<u>(17,753,145)</u>	<u>(6,768,156)</u>
Cash flows from financing activities		
Repayment of long-term debt	(6,835,000)	(3,130,000)
Temporarily restricted contributions received	545,691	512,249
Net realized and unrealized gains on permanently restricted investments	<u>286,325</u>	<u>499,217</u>
Net cash used in financing activities	<u>(6,002,984)</u>	<u>(2,118,534)</u>
Net increase (decrease) in cash and cash equivalents	5,031,603	(6,198,044)
Cash and cash equivalents, beginning of year	<u>2,586,819</u>	<u>8,784,863</u>
Cash and cash equivalents, end of year	\$ <u><u>7,618,422</u></u>	<u><u>2,586,819</u></u>
Supplemental cash flow information		
Cash paid during the year for interest	\$ 3,231,276	3,221,600
Noncash investing activity		
Increase (decrease) in construction in progress accrual	\$ (2,067,962)	(1,713,072)

See accompanying notes to consolidated financial statements

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

(1) Summary of Significant Accounting Policies

(a) Organization

Flagler Health Care System, Inc. (FHCS) and Flagler Health Care Foundation (the Foundation) were established pursuant to a corporate reorganization of Flagler Hospital, Inc. (the Hospital) during 1984. Flagler Health Services, Inc. (FHS) and Health Park Owners Association (HPOA) were formed in 1985. FHCS, the Hospital, the Foundation, FHS, and HPOA are collectively referred to as "the System." FHCS served as the sole member and parent corporation of the Hospital, the Foundation, FHS, and HPOA.

On May 1, 2014, FHCS merged with and into the Hospital, with the Hospital being the surviving corporation. The Hospital operates a 335-bed acute care general hospital from an 80-acre site just south of the city limits of St. Augustine, Florida. The Foundation serves as a support organization for the Hospital and is the developer of the Hospital campus. FHS and HPOA own and operate real property on and around the Hospital campus including four medical office buildings. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

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

- Unrestricted net assets represent resources generated from operations, unrestricted donations, and lapses of temporary restrictions and are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose.
- Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained in perpetuity by the System. Generally, the donor of these assets permits the System to use all or part of the income earned on related investments for general or specific purposes.

(b) Use of Estimates

The preparation of the consolidated financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment; valuation allowances for receivables; third-party payor settlements; valuation of derivative instruments; self-insurance reserves; and assets and obligations related to employee benefits. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in depository accounts, investments in money market accounts, and other securities with maturities at the date of purchase of three months or less.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

(d) Patient Accounts Receivable

Patient accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. In evaluating the collectibility of patient accounts receivable, the System analyzes its past history and current contractual rates and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. For receivables associated with services provided to patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System analyzes contractual amounts due and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, the System records a significant provision for bad debts 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 billed rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

There was no significant change to the System's self-pay allowance percentage for doubtful accounts during 2014. The System changed its financial assistance policy in 2014 to provide free care for patients whose income is at or below two hundred percent of the federal poverty guidelines from one hundred-fifty percent. The System does not maintain a material allowance for doubtful collections from third-party payors, nor did it have significant write-offs from third-party payors.

(e) Supplies

Supplies consist primarily of medical and surgical supplies and pharmaceuticals and are reported at the lower of cost or market, determined on a first-in, first-out basis.

(f) Assets Whose Use Is Limited or Restricted and Investments

The System classifies its mutual funds, partnerships, and debt and equity securities as trading. All debt and equity securities are required to be reported at fair value, principally based on quoted market prices, in the consolidated balance sheets. The fair value of partnerships is determined by the general partner using the latest available information at the valuation date. Investment income (including realized gains and losses on investments, unrealized gains and losses on trading securities, interest, and dividends) is included in excess of revenues, gains, and other support over expenses unless such earnings are subject to donor-imposed restrictions.

Assets whose use is limited include (i) assets set aside by the Board of Trustees (the Board) for future payments of bond principal and capital expenditures and (ii) assets held from donors, which are temporarily or permanently restricted.

(g) Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value at the date of donation.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligation is amortized

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

using the straight-line method over the lesser of the period of the lease term or the estimated useful life of the equipment. The estimated useful lives of the major classes of property and equipment are assigned based on the American Hospital Association's Estimated Useful Lives of Depreciable Hospital Assets as follows:

	<u>Range of useful lives</u>
Land improvements	5 to 25 years
Buildings and fixed equipment	10 to 40 years
Major movable equipment	3 to 15 years

(h) *Impairment of Long-Lived Assets*

Management regularly evaluates whether events or changes in circumstances have occurred that could indicate impairment in the value of long-lived assets. If there is an indication that the carrying amount of an asset is not recoverable, the System estimates the projected undiscounted cash flows from the use and eventual disposition of the asset, excluding interest, to determine if an impairment loss should be recognized. The amount of impairment loss, if any, is determined by comparing the carrying value of the asset to its estimated fair value. There were no such impairment losses recorded during the years ended September 30, 2014 or 2013.

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining lives of its long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over the remaining lives.

(i) *Deferred Financing Costs*

Deferred financing costs, included in other assets in the accompanying consolidated balance sheets, relate to the costs from the respective bond issuances and are amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Amortization of deferred financing costs is included in depreciation and amortization in the consolidated statements of operations and changes in unrestricted net assets.

(j) *Derivative Financial Instrument*

As required, the System accounts for its derivative financial instrument as either an asset or liability in the consolidated balance sheets and measures the instrument at fair value. The System recognizes the changes in the derivatives fair value as nonoperating gains (losses) in the consolidated statements of operations and changes in unrestricted net assets unless specific hedge accounting criteria are met.

(k) *Excess of Revenue, Gains, and Other Support Over Expenses*

The consolidated statements of operations and changes in unrestricted net assets include the excess of revenues, gains, and other support over expenses. Changes in unrestricted net assets that are excluded from this measure, consistent with industry practice, include contributions for property and equipment. For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

(l) *Net Patient Service Revenue*

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. 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 associated with these programs will change by a material amount in the near term.

Patient service revenue consists of the following for the years ended September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Gross patient charges	\$ 917,998,106	853,347,405
Contractual adjustments	(679,364,624)	(626,744,612)
Provision for bad debts	(31,059,781)	(31,593,987)
Net patient service revenue	<u>\$ 207,573,701</u>	<u>195,008,806</u>

The 2014 and 2013 gross patient charges comprise the following:

	<u>2014</u>	<u>2013</u>
Payor:		
Medicare	58%	60%
Medicaid	10	9
Commercial	6	9
Managed care	16	14
Other	2	1
Self-pay	8	7
	<u>100%</u>	<u>100%</u>

(m) *Charity Care and Community Benefit*

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

The System maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. The estimated cost associated with those charity care services provided are estimated using a cost to charge ratio to the amount of gross uncompensated charges for the patients receiving

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

charity care. The following information measures the level of charity care provided during the years ended September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Charges forgone, based on established rates	\$ 33,905,635	24,010,943
Estimated costs and expenses incurred to provide charity care	7,933,919	5,582,279
Equivalent percentage of charity care patients to all patients	3.7%	3.1%

In addition to providing financial assistance, the System also provides other benefits for the community, the cost of which can exceed the revenue sources available. These other benefits include, but are not limited to, donations, education for healthcare professionals, community health improvement services, and subsidized healthcare services. The System also subsidizes the costs in excess of payments received from Medicaid.

(n) Incentive Funding for Meaningful Use of Electronic Health Records (EHR)

The System recognizes revenue under the grant accounting model for incentives earned under the Medicare and Medicaid program. Income is recognized when the Hospital complies with the applicable EHR meaningful use grant requirements and payment is reasonably assured. Incentive payments received under the Medicare program include a discharge-related portion, which is calculated by Centers for Medicare & Medicaid Services (CMS) based on the Hospital's most recently filed cost report. Such amounts are subject to adjustment at the time of settling the 12-month cost report for the Hospital's fiscal year that begins after the beginning of the payment year. The Hospital achieved compliance with the Stage 1 meaningful use requirements under the Medicare program and, accordingly, recognized other operating revenues of approximately \$2,550,000 and \$3,524,000 in the accompanying consolidated statements of operations and changes in unrestricted net assets for the years ended September 30, 2014 and 2013, respectively.

(o) Donor-Restricted Contributions

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

(p) Income Taxes

The Hospital and Foundation are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and are also exempt from state income taxes. FHS and HPOA are for-profit subsidiaries and are subject to federal income tax on their earnings.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

At September 30, 2014 and 2013, FHS had available net operating loss carryforwards for tax purposes of approximately \$1,184,000 and \$1,477,000, respectively, which expire through year 2025, and accordingly, no provision for income taxes has been recognized. Management believes the retained deficit of HPOA is not significant.

Accounting principles generally accepted in the United States of America require the System's management to evaluate tax positions taken by the System and recognize a tax liability (or asset) if the System has taken an uncertain position that would more likely than not be sustained upon examination by the Internal Revenue Service. The System has analyzed the tax positions and has concluded that as of September 30, 2014, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability (or asset) or disclosure in the financial statements. The System is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The System believes it is no longer subject to income tax examinations for years prior to 2011.

(2) Net Patient Service Revenue

The System has agreements with third-party payors that provide for payment to the System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare – Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Defined capital costs related to Medicare beneficiaries are paid at prospectively determined rates per discharge. Outpatient services are paid at prospectively determined rates per case. The rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

The System's Medicare cost reports for all years through September 30, 2013 have been filed. The System's Medicare cost reports for all years through September 30, 2012 have been examined and final settlements have been determined by the fiscal intermediary. Estimated provisions for the years ended September 30, 2014 and 2013 have been reflected in the accompanying consolidated financial statements.

Medicaid – Inpatient acute care services rendered to Medicaid program beneficiaries are paid using an AP-DRG grouping reimbursement methodology. Outpatient services rendered to Medicaid program beneficiaries are reimbursed on a fee-for-service basis. Retroactive adjustments are made to outpatient payment amounts after the related cost report is audited by the intermediary.

Revenue from the Medicare and Medicaid programs accounted for approximately 54% and 61% of the System's net patient service revenue for the years ended September 30, 2014 and 2013, respectively. The accompanying consolidated financial statements reflect changes to net patient service revenue of approximately \$(691,000) and \$4,638,000 related to changes in prior year third-party settlement estimates and other payment issues during the years ended September 30, 2014 and 2013, respectively.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

(3) Assets Whose Use is Limited or Restricted and Investments

The composition of assets whose use is limited, stated at fair value, at September 30, 2014 and 2013 is set forth in the following table:

	<u>2014</u>	<u>2013</u>
Board-designated:		
Cash and cash equivalents	\$ 1,634,899	354,294
U.S. government obligations	9,174,098	12,508,216
Corporate bonds	17,046,855	12,579,906
Mutual funds	58,142,927	53,009,298
Limited partnerships	11,649,440	10,384,489
Interest receivable	128,158	123,854
	<u>\$ 97,776,377</u>	<u>88,960,057</u>

Investments, stated at fair value, at September 30, 2014 and 2013 include the following:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 361,888	—
U.S. government obligations	2,080,302	2,376,425
Corporate bonds	3,480,430	2,461,613
Mutual funds	17,024,006	17,407,837
Limited partnerships	2,599,848	2,486,696
Short-term investments	—	179,126
Interest receivable	24,178	21,813
	<u>\$ 25,570,652</u>	<u>24,933,510</u>

Included in investments are permanently restricted investments of \$3,895,387 and \$3,609,062 at September 30, 2014 and 2013, respectively. Also included in investments are amounts subject to planned giving agreements of approximately \$110,590 and \$98,000 at September 30, 2014 and 2013, respectively.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

Unrestricted investment income and gains (losses), net for assets whose use is limited or restricted, cash equivalents, and investments comprise the following for the years ended September 30, 2014 and 2013:

	2014	2013
Income:		
Interest income and dividends	\$ 3,693,586	3,286,827
Unrealized gains (losses) on trading investments	3,024,997	(1,700,516)
Realized gains on sales of securities	3,835,459	13,383,174
	<u>\$ 10,554,042</u>	<u>14,969,485</u>

(4) Property and Equipment

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

	2014	2013
Land and land improvements	\$ 15,438,440	14,989,332
Buildings and improvements	152,471,387	149,163,122
Equipment	167,432,471	162,532,264
	<u>335,342,298</u>	<u>326,684,718</u>
Less accumulated depreciation	<u>(194,852,217)</u>	<u>(175,795,599)</u>
	140,490,081	150,889,119
Construction in progress	<u>4,609,921</u>	<u>872,733</u>
Net property and equipment	<u>\$ 145,100,002</u>	<u>151,761,852</u>

Construction in progress at September 30, 2014 and 2013 consists of System renovation projects not yet completed. The System had no significant construction commitments as of September 30, 2014.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

(5) Long-Term Debt

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

	<u>2014</u>	<u>2013</u>
St. Johns County, Industrial Development Authority Health Facilities Revenue Bonds, Series 1986, with a variable interest rate determined weekly (2.75% at September 30, 2013)	\$ —	700,000
St. Johns County, Industrial Development Authority Hospital Revenue Bonds, Series 2012A, with a fixed interest rate of 1.87%	15,000,000	18,000,000
St. Johns County, Industrial Development Authority Hospital Revenue Bonds, Series 2012B, with a variable interest rate determined monthly through September 30, 2013 then fixed (2.97% at September 30, 2014) plus certain fees	12,000,000	12,000,000
St. Johns County, Industrial Development Authority Hospital Revenue Refunding Bonds, Series 2010A, with a fixed rate of interest of 2.99%	30,000,000	30,000,000
St. Johns County, Industrial Development Authority Hospital Revenue Refunding Bonds, Series 2010B, with a variable interest rate determined monthly (1.45% September 30, 2014) plus certain fees	26,000,000	26,735,000
St. Johns County, Industrial Development Authority Hospital Revenue Refunding Bonds, Series 2011, with a fixed rate of interest of 2.66%	5,800,000	8,200,000
	88,800,000	95,635,000
Less current maturities	6,145,000	6,235,000
	<u>\$ 82,655,000</u>	<u>89,400,000</u>

On December 1, 1986, the St. Johns County Industrial Development Authority issued \$2,700,000 of Health Facilities Revenue Bonds, Series 1986 (Coastal Health Care Investors, Ltd. Project). The proceeds from the sale of the 1986 bonds were used for the construction of medical office buildings on the System campus. The 1986 bonds were fully redeemed during fiscal year 2014.

On December 9, 2010, the St. Johns County Industrial Development Authority issued \$30,000,000 of Hospital Revenue Refunding Bonds (Series 2010A). The proceeds of the Series 2010A were applied toward the partial refunding of the St. Johns County Industrial Development Authority Hospital Revenue Bonds, Series 1996. The Series 2010A Bonds are "Bank Qualified" and carry a fixed rate of interest of 2.99% through the mandatory tender date of December 15, 2020. The final maturity is December 15, 2031. The St. Johns County Industrial Development Authority also issued \$28,275,000 of Hospital Revenue Refunding Bonds (Series 2010B). The proceeds of the Series 2010B were applied toward the full refunding of the St. Johns County Industrial Development Authority Hospital Revenue Bonds, Series 2009. The Series 2010B are "Bank Qualified" variable rate bonds. The rate shall adjust monthly based on a percentage of one-month LIBOR plus a credit spread of 1.35%. The Series 2010B mature on varying dates through 2028 and are subject to mandatory tender on December 15, 2020.

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On January 19, 2011, the St. Johns County Industrial Development Authority issued \$12,500,000 of Hospital Revenue Refunding Bonds (Series 2011). The proceeds of the Series 2011 were applied toward the remaining outstanding portion of the St. Johns County Industrial Development Authority Hospital Revenue Bonds, Series 1996. The Series 2011 Bonds are "Nonbank Qualified" and carry a fixed rate of interest of 2.66%. The Series 2011 Bonds mature at varying dates through December 15, 2016.

On April 4, 2012, the St. Johns County Industrial Development Authority issued \$18,000,000 of Hospital Revenue Bonds (Series 2012A) and \$12,000,000 of Hospital Revenue Bonds (Series 2012B). The proceeds of the Series 2012A and 2012B were used to reimburse the System for certain renovation projects, implementation of new electronic medical record, clinical, and billing system and other equipment. The Series 2012A Bonds are "Nonbank Qualified" and carry a fixed rate of interest of 1.869%. The Series 2012A mature on varying dates through 2019. The Series 2012B Bonds are "Nonbank Qualified" and carry a variable rate of 70% of LIBOR plus 135 basis points through September 30, 2014 and then a fixed rate of interest of 2.97%. The Series 2012B mature on varying dates through 2022.

The St. Johns County Industrial Development Authority Hospital Revenue Refunding Bonds are secured by substantially all property and equipment and construction in progress. The primary debt covenant for the bonds consists of a maximum long-term debt service coverage ratio of 1.20 and a minimum of 90 unrestricted days cash and investments on hand as defined in the loan agreement. Management believes the System is in compliance with such covenants at September 30, 2014.

The following are scheduled maturities of long-term debt for each of the next five years and thereafter, assuming that the variable rate demand bonds are remarketed:

2015	\$ 6,145,000
2016	6,265,000
2017	6,290,000
2018	6,580,000
2019	6,670,000
Thereafter	56,850,000
	<hr/>
	\$ 88,800,000
	<hr/>

(6) Derivative Financial Instrument

The System entered into an agreement dated October 24, 2003 and effective December 10, 2003 to exchange floating-rate interest payments on a notional amount of \$35,000,000 for fixed-rate interest payments without the exchange of any underlying amount. The agreement expires December 15, 2028. The notional amount of the agreement changes according to an amortizing schedule ending on the agreement expiration date. The notional amount was \$28,945,000 and \$29,680,000 at September 30, 2014 and 2013, respectively. The floating-rate interest payments subject to the swap agreement are based on 70% of USB-LIBOR-BBA and the fixed-rate interest payments are at a rate of 3.79%. Amounts paid or received as a result of the differences between the respective interest rates are recognized as adjustments to interest expense. Approximately \$1,071,000 and \$1,090,000 of interest expense in the consolidated statements of operations and changes in unrestricted net assets related to net payments for the System's interest rate swap agreement for the years ended September 30, 2014 and 2013, respectively. The fair value of the derivative instrument was a liability of \$4,602,974 and \$4,775,874 at September 30, 2014 and 2013, respectively. A

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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decrease in the liability of \$172,900 and an increase in the liability of \$2,381,638 have been reflected in nonoperating gains and losses in the accompanying consolidated statements of operations and changes in unrestricted net assets for the years ended September 30, 2014 and 2013, respectively.

(7) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of amounts held for future capital acquisitions and designated healthcare services.

Permanently restricted net assets at September 30, 2014 and 2013 are restricted to the following:

	<u>2014</u>	<u>2013</u>
Investments to be held in perpetuity, annually 6% of the value of the corpus is to be expended toward employee scholarships, and the remaining investment income, gains, and losses are to adjust the corpus	\$ 220,552	215,519
Investments to be held in perpetuity, the dividend and interest income from which is expendable to support healthcare services, and the remaining investment income, gains, and losses are to adjust the corpus	3,674,835	3,393,543
	<u>\$ 3,895,387</u>	<u>3,609,062</u>

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and also requires enhanced disclosures about an organizations endowment funds, and donor-restricted and board-designated endowment funds.

Pursuant to ASC 958-205, the System has interpreted UPMIFA, as adopted by Florida July 1, 2012, as requiring the preservation of fair value of donor-restricted endowment gifts as of the gift date, absent explicit donor stipulations to the contrary. The System's endowment consists of two individual funds established for a variety of purposes. The endowments are all donor-restricted and internally controlled. The System has no board-designated endowments. As required by relevant accounting literature, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. There are restrictions on the use of the related income of all endowments. The endowment investments have a target allocation of approximately 47.5% domestic equity, 12.5% international equity, 10% other assets, and 30.0% fixed-income investments.

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The System classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) unrealized gains and losses not to fall below the original corpus. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the donor designation, if any.

Endowment funds consist of the following at September 30, 2014 and 2013:

	2014	2013
Donor-restricted endowment funds:		
Permanently restricted	\$ 3,895,387	3,609,062
Total donor-restricted endowment funds	<u>\$ 3,895,387</u>	<u>3,609,062</u>

Changes in the endowment funds for the year ended September 30, 2014 are as follows:

	Temporarily restricted	Permanently restricted	Total
Endowment funds, September 30, 2013	\$ —	3,609,062	3,609,062
Investment return, net of fees (includes realized and unrealized gains that are permanently restricted)	—	286,325	286,325
Contributions	—	—	—
Appropriation of endowment assets for expenditures	—	—	—
Endowment funds, September 30, 2014	<u>\$ —</u>	<u>3,895,387</u>	<u>3,895,387</u>

Changes in the endowment funds for the year ended September 30, 2013 are as follows:

	Temporarily restricted	Permanently restricted	Total
Endowment funds, September 30, 2012	\$ 1,770,150	3,109,845	4,879,995
Investment return, net of fees (includes realized and unrealized gains that are permanently restricted)	—	499,217	499,217
Contributions	—	—	—
Appropriation of endowment assets for expenditures	(1,770,150)	—	(1,770,150)
Endowment funds, September 30, 2013	<u>\$ —</u>	<u>3,609,062</u>	<u>3,609,062</u>

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

(8) Concentrations of Credit Risk

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

	2014	2013
Medicare	32%	51%
Medicaid	10	5
Commercial	14	9
Managed care	18	27
Other third-party payors	7	4
Self-pay	19	4
	100%	100%

(9) Commitments and Contingencies

(a) Professional Liability

The System is involved in litigation arising from the ordinary course of business. Claims alleging malpractice have been asserted against the System and are currently in various stages of litigation. The System has maintained coverage during 2014 and 2013 with a self-insured retention of \$1,500,000 per occurrence and an aggregate limit of \$4,500,000 eroded at the amount of the indemnity payment and has no inner aggregate deductible. The System secured claims-made coverage through October 15, 2015 with a self-insured retention of \$1,500,000 per occurrence, no inner aggregate deductible, and an aggregate limit of \$4,500,000 eroded at the actual loss per claim. The System also has secured excess liability coverage for these periods with limits of \$20,000,000 per occurrence and \$20,000,000 in the aggregate per policy period. Coverage under this, as well as the System's previous policies, is on a claims-made basis. The System has established a liability to estimate losses from reported claims and other incidents not reported during the current coverage period not covered by insurance. In the opinion of management, after consultation with legal counsel, these matters will be resolved within its insurance coverage and accruals without a material adverse effect to the System's financial position.

The estimated accrual for self-insured professional liability risks was approximately \$9,183,000 and \$6,438,000 at September 30, 2014 and 2013, respectively. These amounts are included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets. Operating expenses for malpractice insurance premiums and other professional liability expenses for 2014 and 2013 were approximately \$3,116,000 and \$2,360,000, respectively.

The System maintains a line-of-credit agreement in the amount of \$1,500,000, which is restricted to the System's self-insurance program pursuant to Section 766.105(2)(c) of the Florida Statutes. There were no draws on the line of credit as of September 30, 2014 or 2013.

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(b) *Workers' Compensation*

The System is self-insured with respect to employee workers' compensation claims, covering \$300,000 to \$600,000 per claim reported prior to 2013, \$500,000 per claim during 2013, and \$550,000 per claim during 2014 with no aggregate limit. The System has contracted with an insurance carrier to cover those claims in excess of these limits. The System has established a liability for reported incidents and a liability related to loss development based on estimates from its claims administrator. The estimated accrual for self-insured workers' compensation included in accrued expenses and other current liabilities is approximately \$2,372,000 and \$2,420,000 as of September 30, 2014 and 2013, respectively. At September 30, 2014 and 2013, insurance recoveries in the amount of approximately \$1,636,000 and \$1,646,000, respectively, were recorded in prepaid expenses and other current assets.

Prior to becoming self-insured for workers' compensation, the System was a member of the Florida Hospital Workers' Compensation Self-Insurance Trust Fund (the Trust Fund), a self-insurance risk management trust fund in which members jointly and severally agree to pay the obligations of the Trust Fund. As a prior member of the Trust Fund, the System is subject to assessments in the event that the total amount of premiums for a year in which it was a member is not sufficient to satisfy claims. Assessments that have been levied against the System by the Trust Fund have been reflected in the accompanying financial statements as of September 30, 2014 and 2013. Management is not aware of any potential future assessments as of September 30, 2014.

(c) *Health Insurance Claims*

The System is self-insured with respect to employee health insurance claims covering up to \$250,000 per claim with an \$11,100,000 aggregate limit. The System has contracted with an insurance carrier to cover claims in excess of the self-insurance retention amounts. The estimated accrual for self-insured health insurance included in accrued expenses and other current liabilities is approximately \$1,020,000 and \$1,322,000 as of September 30, 2014 and 2013, respectively.

(d) *Operating Leases*

The System is obligated under various short-term operating leases for equipment and office space. Rental expense for all operating leases, a portion of which is to affiliated organizations, was approximately \$980,000 in 2014 and \$970,000 in 2013. Annual remaining rental commitments on noncancelable operating leases are not significant to the consolidated financial statements taken as a whole.

(e) *Management Services Agreement*

The System entered into a management services agreement for services and resources in support of a bariatric program in May 2007. The agreement requires payment of approximately \$54,700 per month for a term of 60 months and is cancelable by either party with 90-day notice. This agreement was modified in May 2013 and requires a monthly payment of \$28,892. The Hospital expensed approximately \$446,000 and \$553,000 for the fiscal years ended September 30, 2014 and 2013, respectively, related to the agreement, which is included in purchased services in the consolidated statements of operations and changes in unrestricted net assets.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

(10) Retirement Plan

The System has a noncontributory retirement plan covering substantially all employees. Prior to March 1, 2014, the System contributed 5.0% of the employee's total annual compensation plus an additional 4.3% for annual compensation in excess of \$32,000. Effective March 1, 2014, the System contributes 4.5% of the employee's total annual compensation plus an additional 4.3% for annual compensation in excess of \$55,000. Total retirement expense for the years ended September 30, 2014 and 2013 was approximately \$3,608,000 and \$4,085,000, respectively.

(11) Transactions with Affiliated Organizations

On May 1, 2013, the System and certain community physicians formed First Coast Health Alliance, LLC (FCHA). FCHA is a physician hospital organization created to develop and operate a clinically integrated network of providers serving St. Johns County. The System owns fifty percent of FCHA and does have significant influence but not control over the partnership. The System has determined that the equity method of accounting is appropriate. The investment balance was \$(177,000) and \$187,000 as of September 30, 2014 and 2013, respectively, and is included in other assets. Effective June 4, 2013, the System committed to provide FCHA with a working capital line of credit for two years, not to exceed \$1,750,000, with a repayment term up to seven years with an interest rate equivalent to the System's current cost of capital. As of September 30, 2014, total amount drawn on the working capital line of credit was \$575,000, which is included in other assets in the consolidated balance sheets.

(12) Functional Expenses

The System provides general healthcare services to residents within its geographic location. Expenses related to providing these services at September 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Healthcare services	\$ 176,877,338	174,849,790
General and administrative	38,040,448	33,704,157
	<u>\$ 214,917,786</u>	<u>208,553,947</u>

(13) Physician Net Revenue and Other Guarantee Agreements

The System has entered into net revenue guarantee agreements with physicians for the purpose of recruiting physicians to the local area to provide quality medical services. Under the agreements, the System provides financial assistance to physicians in establishing medical practices in the area. The agreement terms vary and the assistance may or may not be subject to repayment provisions. If the agreements are subject to repayment provisions, physician receivables are recorded. Amounts recorded as physician receivables may be forgiven under certain conditions. If the agreements are not subject to repayment provisions, the amounts paid to the physician practices are recorded as operating expenses. For the years ended September 30, 2014 and 2013, the System expensed approximately \$97,000 and \$405,000, respectively, related to physician recruitment. The significant agreements entered into by the System relate to general surgery, cardiology, otolaryngology, bariatric, neurology, and family practice physician practices. At September 30, 2014 and 2013, the System had other receivables recorded in prepaid expenses and other current assets of approximately \$378,000 and \$586,000, respectively, related to these guarantee agreements.

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(14) Fair Value of Financial Instruments

The System considers fair value to be an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As required, the System uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Observable inputs such as quoted prices in active markets.

Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on the following three valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

Level 1 and Level 2 Trading Assets and Trading Liabilities

On a recurring basis, the System is required to measure trading securities and interest rate swaps at fair value. The fair values of trading securities are determined based on quoted market prices in active markets. The System's Level 2 fair value measures for fixed maturities are provided by a third-party pricing service. This pricing is provided by a leading global provider of financial market data, analytics, and related services to financial institutions. The System only relies on one price for each instrument to determine the carrying amount of the assets on its consolidated balance sheets. The inputs utilized in these pricing methodologies include observable measures such as benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. The fair value of the interest rate swap is determined using the estimated present value of the fixed leg and floating leg of the interest rate swap. The value of the fixed leg is the present value of the known fixed coupon payments. The value of the floating leg is the present value of the floating coupon payments determined at the agreed upon dates of each payment. Forward rates derived from the yield curve are used to approximate the floating rates. Each series of cash flows is discounted by market rates of interest.

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Level 3 Trading Assets and Trading Liabilities

The fair values of the following investments have been estimated using the net asset value per share of the investments:

- (a) Real estate fund (the Fund) fair values are provided by third-party appraisers. Each of the Fund's real property interests generally is appraised every quarter after the investment is made unless certain factors or economic conditions warrant an additional appraisal. Third-party debt not secured by a property is reviewed on a quarterly basis for any impact that debt may have on gross asset value. The Fund employs an independent valuation consultant to administer the Fund's valuation program, including assisting in the engagement and rotation of third-party appraisers, coordinating the quarterly appraisal process, and reviewing appraisals. The independent valuation consultant reviews the independent appraisals for reasonableness of assumptions, consistency of methodology, compliance with the engagement, and confirmation of value.
- (b) Distressed asset fund fair values are determined in good faith by an administrator, its delegate, or another independent service provider at its direction on the last business day of each month.

The methods described above for Level 1, 2, and 3 investments may produce a fair value calculation that may not be indicative of net realizable value or reflective of fair values. Furthermore, while the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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The fair values of financial assets and liabilities that are measured on a recurring basis as of September 30, 2014 are as follows:

2014 Fair value measurements at reporting date using					
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique (1)
	Fair value				
Assets					
Cash and cash equivalents	\$ 7,618,422	7,618,422	—	—	M
Investments and assets whose use is limited					
Cash and cash equivalents	1,996,787	1,996,787	—	—	M
Interest receivable	152,336	152,336	—	—	M
U S government obligations	11,254,400	—	11,254,400	—	M
Corporate bonds	20,527,285	—	20,527,285	—	M
Mutual funds					
Small/mid U S equity	12,533,275	12,533,275	—	—	M
Global equity	12,723,373	12,723,373	—	—	M
Global fixed income	12,255,755	12,255,755	—	—	M
Large U S equity	37,654,530	37,654,530	—	—	M
Limited partnerships					
Real estate fund	6,400,454	—	—	6,400,454	M
Distressed asset	7,848,834	—	—	7,848,834	M
	<u>\$ 123,347,029</u>	<u>77,316,056</u>	<u>31,781,685</u>	<u>14,249,288</u>	
Liabilities					
Derivative financial instrument	\$ 4,602,974	—	4,602,974	—	I

(1) The following represents the three valuation techniques (M) market approach, (I) income approach, and (C) cost approach

The following schedule is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) during the fiscal period ended September 30, 2014:

Category	Beginning balance	Transfers in	Net purchases (1)	Realized gain	Unrealized gain	Transfers out	Ending balance
Real estate fund	\$ 5,841,488	—	(11,060)	240,827	329,199	—	6,400,454
Distressed asset fund	7,029,697	—	573,202	52,043	193,892	—	7,848,834
Total	<u>\$ 12,871,185</u>	<u>—</u>	<u>562,142</u>	<u>292,870</u>	<u>523,091</u>	<u>—</u>	<u>14,249,288</u>

(1) Net purchases include reinvestment of dividend and interest earned net of administrative fees

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

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September 30, 2014 and 2013

Commitment and redemption schedule					Investee strategy and other restrictions
	Fair value at September 30, 2014	Unfunded commitments	Redemption frequency	Redemption notice period	
Category					
Real estate fund	\$ 6,400,454	—	Quarterly	30 days	2
Distressed asset fund	7,848,834	—	30 days	30 days	1
	<u>\$ 14,249,288</u>	<u>—</u>			

- (1) The alternative investment is for the purpose of seeking to provide investor enhanced returns principally through long-biased opportunistic investments, United States and international, in undervalued senior and super senior structured credit securities that are expected to produce attractive levels of current income and that may appreciate over time
- (2) The real estate fund's purpose is to actively manage a core portfolio of primarily equity real estate investments located in the United States

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

The fair values of financial assets and liabilities that are measured on a recurring basis as of September 30, 2013 are as follows:

2013 Fair value measurements at reporting date using					
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Valuation technique (1)
	Fair value				
Assets					
Cash and cash equivalents	\$ 2,586,819	2,586,819	—	—	M
Investments and assets whose use is limited					
Cash and cash equivalents	354,294	354,294	—	—	M
Short-term investments and interest receivable	324,793	324,793	—	—	M
U S government obligations	14,884,641	—	14,884,641	—	M
Corporate bonds	15,041,519	—	15,041,519	—	M
Mutual funds					
Small/mid U S equity	12,239,053	12,239,053	—	—	M
Global equity	11,738,027	11,738,027	—	—	M
Global fixed income	11,005,054	11,005,054	—	—	M
Large U S equity	35,435,001	35,435,001	—	—	M
Limited partnerships					
Real estate fund	5,841,488	—	—	5,841,488	M
Distressed asset	7,029,697	—	—	7,029,697	M
	<u>\$ 113,893,567</u>	<u>71,096,222</u>	<u>29,926,160</u>	<u>12,871,185</u>	
Liabilities					
Derivative financial instrument	\$ 4,775,874	—	4,775,874	—	I

(1) The following represents the three valuation techniques (M) market approach, (I) income approach, and (C) cost approach

The System's policy is to recognize transfers in and transfers out of the different Levels as of the actual date of the event or the circumstances that caused the transfer. No significant transfers occurred between Level 1 or 2 for the years ended September 30, 2014 and 2013.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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The following schedule is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) during the fiscal period ended September 30, 2013:

	<u>Beginning balance</u>	<u>Transfers in</u>	<u>Net purchases (1)</u>	<u>Realized gain</u>	<u>Unrealized gain</u>	<u>Transfers out</u>	<u>Ending balance</u>
Category							
Real estate fund	\$ 5,370,445	—	213,790	2,697	254,556	—	5,841,488
Distressed asset fund	6,063,502	—	598,081	225,197	142,917	—	7,029,697
Total	<u>\$ 11,433,947</u>	<u>—</u>	<u>811,871</u>	<u>227,894</u>	<u>397,473</u>	<u>—</u>	<u>12,871,185</u>

(1) Net purchases include reinvestment of dividend and interest earned, net of fees

<u>Commitment and redemption schedule</u>					
	<u>Fair value at September 30, 2013</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>	<u>Investee strategy and other restrictions</u>
Category					
Real estate fund	\$ 5,841,488	—	Quarterly	30 days	2
Distressed asset fund	7,029,697	—	30 days	30 days	1
	<u>\$ 12,871,185</u>	<u>—</u>			

- (1) The alternative investment is for the purpose of seeking to provide investor enhanced returns principally through long-biased opportunistic investments, United States and international, in undervalued senior and super senior structured credit securities that are expected to produce attractive levels of current income and that may appreciate over time
- (2) The real estate fund's purpose is to actively manage a core portfolio of primarily equity real estate investments located in the United States

The carrying amounts reported in the consolidated balance sheets for the System's financial instruments approximate their fair value.

(15) Subsequent Events

The System has evaluated events through January 21, 2015, which is the date that the consolidated financial statements were available for issuance. On October 30, 2014, the System purchased substantially all assets, including real estate, and certain assumed liabilities of St. Augustine Surgery Center (SASC), a multi-specialty ambulatory surgery center, for \$14,500,000. The System acquired a conventional loan from a bank in the amount of \$14,000,000, repayable over ten years with a fixed interest rate of 3.42%. The proceeds of the loan were applied toward the asset purchase.

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Consolidating Balance Sheet

Year ended September 30, 2014

Assets	Foundation	Health Services	Hospital	HPOA	Eliminations	Total
Current assets						
Cash and cash equivalents	\$ 45,425	441,822	7,124,494	6,681	—	7,618,422
Net patient accounts receivable						
Patient accounts receivable	—	196,309	55,977,113	—	—	56,173,422
Medicare interim payments	—	—	3,877,830	—	—	3,877,830
	—	196,309	59,854,943	—	—	60,051,252
Less allowances for estimated uncollectible accounts	—	—	29,216,188	—	—	29,216,188
Net patient accounts receivable	—	196,309	30,638,755	—	—	30,835,064
Supplies	—	—	5,369,142	—	—	5,369,142
Estimated third-party payor settlements (note 2)	—	—	1,720,378	—	—	1,720,378
Prepaid expenses and other current assets (note 9(b))	(519)	124,106	6,504,127	—	—	6,627,714
Total current assets	44,906	762,237	51,356,896	6,681	—	52,170,720
Investments (note 3)	25,570,652	—	—	—	—	25,570,652
Assets whose use is limited or restricted (note 3)	5,509,311	294,537	91,972,529	—	—	97,776,377
Property and equipment, net (note 4)	335,234	3,023,208	141,346,374	566,339	(171,153)	145,100,002
Other assets	100	32,678	3,056,425	1,400	(521,937)	2,568,666
Total assets	\$ 31,460,203	4,112,660	287,732,224	574,420	(693,090)	323,186,417
Liabilities and Net Assets						
Current liabilities						
Current maturities of long-term debt (note 5)	\$ —	—	6,145,000	—	—	6,145,000
Accounts payable	—	—	8,498,663	—	—	8,498,663
Accrued expenses and other current liabilities	107,357	717,927	22,582,099	8,105	(520,937)	22,894,551
Total current liabilities	107,357	717,927	37,225,762	8,105	(520,937)	37,538,214
Derivative financial instrument (note 6)	—	—	4,602,974	—	—	4,602,974
Deferred rent	—	—	4,112,865	—	—	4,112,865
Long-term debt, excluding current maturities (note 5)	—	—	82,655,000	—	—	82,655,000
Total liabilities	107,357	717,927	128,596,601	8,105	(520,937)	128,909,053
Net assets						
Unrestricted	25,843,535	3,394,733	159,135,623	566,315	(172,153)	188,768,053
Temporarily restricted (note 7)	1,613,924	—	—	—	—	1,613,924
Permanently restricted (note 7)	3,895,387	—	—	—	—	3,895,387
Total net assets	31,352,846	3,394,733	159,135,623	566,315	(172,153)	194,277,364
Commitments and contingencies (notes 5, 9, 10, and 13)						
Total liabilities and net assets	\$ 31,460,203	4,112,660	287,732,224	574,420	(693,090)	323,186,417

See accompanying notes to consolidated financial statements

FLAGLER HOSPITAL, INC. AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Unrestricted Net Assets

Year ended September 30, 2014

	Foundation	Health Services	Hospital	HPOA	Eliminations	Total
Unrestricted revenues and other support						
Net patient service revenue	\$ —	—	238,633,482	—	—	238,633,482
Provision for uncollectible accounts	—	—	(31,059,781)	—	—	(31,059,781)
Net patient service revenue less provision for uncollectible accounts (note 2)	—	—	207,573,701	—	—	207,573,701
Other operating revenue	—	2,027,687	5,789,549	36,191	(327,194)	7,526,233
Net assets released from restrictions	—	—	190,469	—	—	190,469
Total revenues and other support	—	2,027,687	213,553,719	36,191	(327,194)	215,290,403
Expenses						
Salaries	—	619,604	76,836,557	—	—	77,456,161
Employee benefits	—	149,350	20,702,356	—	—	20,851,706
Supplies	—	42,515	46,048,808	—	—	46,091,323
Purchased services	—	267,707	25,846,443	30,442	—	26,144,592
Utilities	—	227,736	2,571,905	2,875	—	2,802,516
Insurance	—	101,982	4,106,936	—	—	4,208,918
Lease and rental	—	131,677	979,909	—	(325,944)	785,642
Professional fees	—	—	9,047,324	—	—	9,047,324
Interest expense	—	19,109	3,213,139	—	—	3,232,248
Depreciation and amortization	—	410,104	18,830,917	—	—	19,241,021
Indigent tax	—	—	2,606,922	—	—	2,606,922
Other expenses	—	69,062	2,378,755	2,846	(1,250)	2,449,413
Total expenses	—	2,038,846	213,169,971	36,163	(327,194)	214,917,786
Income (loss) from operations	—	(11,159)	383,748	28	—	372,617
Nonoperating gains (losses)						
Investment income (note 3)	2,747,740	74,255	7,732,047	—	—	10,554,042
Change in fair value of derivative financial instrument (note 6)	—	—	172,900	—	—	172,900
Other nonoperating gains (losses), net	(269,931)	—	16,984	—	(43,000)	(295,947)
Total nonoperating gains (losses), net	2,477,809	74,255	7,921,931	—	(43,000)	10,430,995
Excess of revenues, gains, and other support over expenses	2,477,809	63,096	8,305,679	28	(43,000)	10,803,612
Net assets released from restrictions for capital purchases	—	—	43,757	—	—	43,757
Increase in unrestricted net assets	\$ 2,477,809	63,096	8,349,436	28	(43,000)	10,847,369

See accompanying notes to consolidated financial statements