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Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax

OMB No 1545-0047

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

2013

Open to Public Inspection

Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.
 Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2013 calendar year, or tax year beginning 10-01-2013, 2013, and ending 09-30-2014

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization TALLAHASSEE MEMORIAL HEALTHCARE INC Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 1300 MICCOSUKEE ROAD Suite City or town, state or province, country, and ZIP or foreign postal code TALLAHASSEE, FL 323085054	D Employer identification number 59-1917016 E Telephone number (850) 431-5238 G Gross receipts \$ 657,049,010
F Name and address of principal officer WILLIAM GIUDICE CFO 1300 MICCOSUKEE ROAD TALLAHASSEE, FL 323080000		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: www.tmh.org		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation 1979 M State of legal domicile FL

Part I Summary

1	Briefly describe the organization's mission or most significant activities TALLAHASSEE MEMORIAL HEALTHCARE, INC IS A PRIVATE 772-BED, COMMUNITY HEALTH CARE SYSTEM THAT PROVIDES CHARITABLE, COMPASSIONATE, LEADING-EDGE, PATIENT-CENTERED HEALTH CARE		
2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
3	Number of voting members of the governing body (Part VI, line 1a)	3	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	5,023
6	Total number of volunteers (estimate if necessary)	6	765
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,414,436
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	1,154,299
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	2,093,409	2,325,227
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	414,717,765	436,128,591
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	555,761	248,104
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	148,848,327	163,010,227
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	566,215,262	601,712,149
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a Professional fundraising fees (Part IX, column (A), line 11e)	245,592,755	255,808,137
	b Total fundraising expenses (Part IX, column (D), line 25) \rightarrow 0	0	0
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	289,123,914	313,059,880
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	534,716,669	568,868,017	
19 Revenue less expenses Subtract line 18 from line 12	31,498,593	32,844,132	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	546,351,934	571,532,404
	21 Total liabilities (Part X, line 26)	296,046,245	291,306,220
22 Net assets or fund balances Subtract line 21 from line 20	250,305,689	280,226,184	

Part II Signature Block

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

Sign Here	Signature of officer WILLIAM GIUDICE CFO Type or print name and title	Date 2015-08-13
Paid Preparer Use Only	Prnt/Type preparer's name ANTONIO C RUSSO DIRECTOR	Preparer's signature Date 2015-08-12
	Firm's name \rightarrow PricewaterhouseCoopers LLP	Check <input type="checkbox"/> if self-employed PTIN P00858539
	Firm's address \rightarrow 2001 MARKET ST SUITE 1700 PHILADELPHIA, PA 19103	Firm's EIN \rightarrow Phone no (850) 431-5238

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III Yes No

1 Briefly describe the organization's mission
FOUNDED MORE THAN 60 YEARS AGO, TALLAHASSEE MEMORIAL HEALTHCARE INC IS A PRIVATE, NOT-FOR PROFIT, 772-BED, COMMUNITY HEALTH CARE SYSTEM THAT PROVIDES CHARITABLE, COMPASSIONATE, LEADING-EDGE, & PATIENT-CENTERED HEALTH CARE ITS MISSION TRANSFORMING CARE ADVANCING HEALTH IMPROVING LIVES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses \$ 510,629,931 including grants of \$ 0) (Revenue \$ 599,563,397)
DESIGNED TO MEET THE DIVERSE HEALTH CARE NEEDS OF THE BIG BEND REGION, TALLAHASSEE MEMORIAL HEALTHCARE, INC ("TMH") IS A COMPREHENSIVE, PRIVATE, NOT-FOR-PROFIT HEALTH CARE SYSTEM THAT SERVES 17 COUNTIES IN NORTH FLORIDA AND SOUTH GEORGIA TMH INCLUDES A 772-BED ACUTE CARE HOSPITAL AND HAS A TIME-HONORED COMMITMENT TO PROVIDING PATIENT-CENTERED, WORLD-CLASS HEALTH CARE TO ITS COMMUNITY WITHOUT REGARD TO A PATIENT'S ABILITY TO PAY TMH HOLDS A NUMBER OF IMPORTANT DISTINCTIONS WITHIN THE REGIONAL HEALTH SECTOR TMH IS HOME TO THE BIG BEND'S ONLY ACCREDITED COMMUNITY HOSPITAL CANCER PROGRAM AND THE REGION'S ONLY STATE-DESIGNATED TRAUMA CENTER TMH IS ALSO THE AREA'S ONLY HOSPITAL RECOGNIZED BY THE SOCIETY OF CHEST PAIN CENTERS AS AN ACCREDITED CHEST PAIN CENTER WITH PCI IN ALL, TMH IS THE SEVENTH-LARGEST HOSPITAL IN FLORIDA WITH A MEDICAL STAFF OF 570+ PHYSICIANS REPRESENTING 50+ DIFFERENT SPECIALTIES TMH IS MANAGED BY A TEAM OF COMMUNITY CITIZENS WHO VOLUNTEER THEIR TIME AND EXPERTISE WITHOUT COMPENSATION THE TMH BOARD OF DIRECTORS IS COMMITTED TO ITS COMMUNITY SERVICE MISSION AND MEMBERS SERVE WITHOUT COMPENSATION THE ENERGY AND RESOURCES COMMITTED BY TMH AND ITS COLLEAGUES ARE PROOF OF THE FULFILLMENT OF ITS MISSION TRANSFORMING CARE ADVANCING HEALTH IMPROVING LIVES SEE SCHEDULE H, PART VI FOR ADDITIONAL DETAILS REGARDING SOME OF THE VARIOUS PROGRAM SERVICE ACCOMPLISHMENTS AND ADDITIONAL COMMUNITY BUILDING ACTIVITIES CONDUCTED BY TMH

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

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

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

4e Total program service expenses 510,629,931

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)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		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? <i>If "Yes," complete Schedule C, Part II</i>	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? <i>If "Yes," complete Schedule C, Part III</i>		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? <i>If "Yes," complete Schedule D, Part I</i>		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? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		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? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	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? <i>If "Yes," complete Schedule D, Part VI</i>	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? <i>If "Yes," complete Schedule D, Part VII</i>		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? <i>If "Yes," complete Schedule D, Part VIII</i>		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? <i>If "Yes," complete Schedule D, Part IX</i>	Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV</i>	Yes	
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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		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? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	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		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <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	Yes	
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	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
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	Yes	
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	Yes	
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. 1a 274		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1b 0		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. 2a 5,023		
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).		
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).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
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. 7d		
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. 10a		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 10b		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders. 11a		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). 11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year. 12b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O. 13a		
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. 13b		
13c	Enter the amount of reserves on hand. 13c		
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		
	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		
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?	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		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?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	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	Yes	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	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	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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	Yes	
15b	Other officers or key employees of the organization	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?		No
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?		

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed FL
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 WILLIAM A GIUDICE CFO 1300 MICCOSUKEE ROAD
 TALLAHASSEE, FL 323080000 (850) 431-5238

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514		
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a						
	b	Membership dues 1b						
	c	Fundraising events 1c						
	d	Related organizations 1d	550,643					
	e	Government grants (contributions) 1e	1,158,044					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	616,540					
	g	Noncash contributions included in lines 1a-1f \$	26,254					
	h	Total. Add lines 1a-1f	2,325,227					
Program Service Revenue	2a	HEALTH CARE SERVICES	436,128,591	435,733,925	394,666			
		Business Code	621500					
	b							
	c							
	d							
	e							
	f	All other program service revenue						
g	Total. Add lines 2a-2f	436,128,591						
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	248,809			248,809		
	4	Income from investment of tax-exempt bond proceeds	0					
	5	Royalties	0					
	6a	Gross rents	(i) Real	3,310,418				
			(ii) Personal					
			b	Less rental expenses	3,734,997			
			c	Rental income or (loss)	-424,579		0	
	d	Net rental income or (loss)	-424,579		1,019,770	-1,444,349		
	7a	Gross amount from sales of assets other than inventory	(i) Securities	22,373,615	181,624			
			(ii) Other					
			b	Less cost or other basis and sales expenses	22,192,697			
			c	Gain or (loss)	180,918	181,624		
	d	Net gain or (loss)	-705			-705		
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
	a							
b	Less direct expenses b							
c	Net income or (loss) from fundraising events	0						
9a	Gross income from gaming activities See Part IV, line 19							
a								
b	Less direct expenses b							
c	Net income or (loss) from gaming activities	0						
10a	Gross sales of inventory, less returns and allowances							
a		187,164,981						
b	Less cost of goods sold b	29,409,167						
c	Net income or (loss) from sales of inventory	157,755,814	157,755,814					
	Miscellaneous Revenue	Business Code						
11a	VENDOR REBATES	900099	1,333,400	1,333,400				
b	PARKING DECK	900099	533,400	533,400				
c	MEDICARE & MEDICAID MEANINGFUL USE	900099	3,643,426	3,643,426				
d	All other revenue		168,766	168,766				
e	Total. Add lines 11a-11d		5,678,992					
12	Total revenue. See Instructions		601,712,149	599,168,731	1,414,436	-1,196,245		

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.	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	4,075,852	3,462,795	613,057	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	209,144,249	185,262,330	23,881,919	0
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	11,833,628	10,537,133	1,296,495	0
9	Other employee benefits.	15,980,715	14,155,897	1,824,818	0
10	Payroll taxes.	14,773,693	13,086,431	1,687,262	0
11	Fees for services (non-employees)				
a	Management.	1,946,531	1,776,751	169,780	0
b	Legal.	828,487	0	828,487	0
c	Accounting.	0			
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	37,135,807	34,785,547	2,350,260	0
12	Advertising and promotion.	1,627,716	0	1,627,716	0
13	Office expenses.	17,491,771	15,673,426	1,818,345	0
14	Information technology.	15,554,431	9,179,482	6,374,949	0
15	Royalties.	0			
16	Occupancy.	6,565,528	5,378,297	1,187,231	0
17	Travel.	2,383,620	1,095,549	1,288,071	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	903,999	394,747	509,252	0
20	Interest.	8,416,147	8,416,147	0	0
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	26,492,726	22,508,186	3,984,540	0
23	Insurance.	4,819,182	4,459,029	360,153	0
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	BAD DEBT EXPENSE	87,628,477	87,628,477	0	0
b	PATIENT EXPENSE	69,871,984	69,871,984	0	0
c	SERVICE/MAINTENANCE	14,765,380	10,452,260	4,313,120	0
d	INDIGENT CARE ASSESSMENT	5,424,950	5,424,950	0	0
e	All other expenses	11,203,144	7,080,513	4,122,631	0
25	Total functional expenses. Add lines 1 through 24e.	568,868,017	510,629,931	58,238,086	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	0	1	0
	2 Savings and temporary cash investments	156,138,850	2	174,261,739
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	69,081,421	4	76,334,590
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	8,196,708	8	8,437,142
	9 Prepaid expenses and deferred charges	6,983,456	9	8,306,466
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 547,317,147		
	b Less accumulated depreciation	10b 284,328,258	261,759,105	10c 262,988,889
	11 Investments—publicly traded securities	0	11	0
	12 Investments—other securities See Part IV, line 11	27,300	12	27,300
	13 Investments—program-related See Part IV, line 11	0	13	0
	14 Intangible assets	0	14	0
	15 Other assets See Part IV, line 11	44,165,094	15	41,176,278
16 Total assets. Add lines 1 through 15 (must equal line 34)	546,351,934	16	571,532,404	
Liabilities	17 Accounts payable and accrued expenses	44,344,284	17	48,730,013
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	111,358,516	20	105,971,317
	21 Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	22,627,043	23	22,166,090
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	117,716,402	25	114,438,800
	26 Total liabilities. Add lines 17 through 25	296,046,245	26	291,306,220
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	250,305,689	27	280,226,184
	28 Temporarily restricted net assets	0	28	0
	29 Permanently restricted net assets	0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <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	250,305,689	33	280,226,184	
34 Total liabilities and net assets/fund balances	546,351,934	34	571,532,404	

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	601,712,149
2	Total expenses (must equal Part IX, column (A), line 25)	2	568,868,017
3	Revenue less expenses Subtract line 2 from line 1	3	32,844,132
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	250,305,689
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-2,923,637
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	280,226,184

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 type="checkbox"/> Consolidated basis <input checked="" 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.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number
59-1917016

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

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 - a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

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

(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)

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	2,466,656	2,144,045	2,336,724	2,093,409	2,325,227	11,366,061
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 Total. Add lines 1 through 3	2,466,656	2,144,045	2,336,724	2,093,409	2,325,227	11,366,061
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)						0
6 Public support. Subtract line 5 from line 4						11,366,061

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	2,466,656	2,144,045	2,336,724	2,093,409	2,325,227	11,366,061
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	625,915	232,854	412,649	306,920	248,809	1,827,147
9 Net income from unrelated business activities, whether or not the business is regularly carried on	1,107,344	1,092,326	1,058,183	1,160,611	1,154,299	5,572,763
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	849,642	822,218	859,028	820,053	702,166	4,053,107
11 Total support (Add lines 7 through 10)						22,819,078
12 Gross receipts from related activities, etc. (see instructions)					12	2,788,237,178
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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	49.810%
15 Public support percentage for 2012 Schedule A, Part II, line 14	15	0%
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 <input checked="" type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	

- 19a 33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- b 33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

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

Facts And Circumstances Test

Return Reference

Explanation

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2013

Open to Public Inspection

For Organizations Exempt From Income Tax Under section 501(c) and section 527
Complete if the organization is described below. Attach to Form 990 or Form 990-EZ.
See separate instructions. Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

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

Table with 2 columns: Name of the organization (TALLAHASSEE MEMORIAL HEALTHCARE INC) and Employer identification number (59-1917016)

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?
4a Was a correction made?
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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

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)	0	0												
b	Total lobbying expenditures to influence a legislative body (direct lobbying)	113,914	113,914												
c	Total lobbying expenditures (add lines 1a and 1b)	113,914	113,914												
d	Other exempt purpose expenditures	568,754,103	570,591,982												
e	Total exempt purpose expenditures (add lines 1c and 1d)	568,868,017	570,705,896												
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns	1,000,000	1,000,000												
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <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> </tbody> </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)	250,000	250,000												
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	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	43,816	52,859	162,743	113,914	373,332
d Grassroots nontaxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures	0	0	0	0	0

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

	(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?			
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c Media advertisements?			
d Mailings to members, legislators, or the public?			
e Publications, or published or broadcast statements?			
f Grants to other organizations for lobbying purposes?			
g Direct contact with legislators, their staffs, government officials, or a legislative body?			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i Other activities?			
j Total Add lines 1c through 1i			
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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, SUPPLEMENTAL INFORMATION REGARDING LOBBYING EXPENSES	LOBBYING EXPENSES INCURRED INCLUDE MEETING WITH LOCAL CITY AND COUNTY OFFICIALS AND LEGISLATORS IN ORDER TO SECURE APPROPRIATED FUNDS FOR THE LEVEL II TRAUMA CENTER, AS WELL AS PORTIONS OF VHA AND FLORIDA HOSPITAL ASSOCIATION (FHA) MEMBERSHIP DUES ALLOCATED TO LOBBYING EXPENSES

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

Name of the organization TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number 59-1917016

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.

Table with 3 columns: Line number, (a) Donor advised funds, (b) Funds and other accounts. Includes questions 1-6 regarding donor advised funds.

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

Form for Part II Conservation Easements, including questions 1-9 and a table for 'Held at the End of the Year' with rows 2a, 2b, 2c, 2d.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets, including questions 1a, 1b, 2, and 3.

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

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

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

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

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

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

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

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

Table with 2 columns: Description (1c-1f) and Amount

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.

Table with 6 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows include 1a-1g.

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

- a Board designated or quasi-endowment 0%
b Permanent endowment 100.000%
c Temporarily restricted endowment 0%
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

Table with 3 columns: Description (3a(i), 3a(ii)), Yes, No

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

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.

Table with 4 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows include 1a-1e and Total.

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	625,584,029
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d	23,871,880	
e	Add lines 2a through 2d			2e 23,871,880
3	Subtract line 2e from line 1			3 601,712,149
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b			4c
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)			5 601,712,149

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	595,663,534
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	26,795,517	
e	Add lines 2a through 2d			2e 26,795,517
3	Subtract line 2e from line 1			3 568,868,017
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b			4c
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)			5 568,868,017

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
FORM 990, SCHEDULE D, PART V, LINE 4	DETAIL REGARDING ENDOWMENT FUNDS ALL ENDOWMENT FUNDS ARE UTILIZED IN PURSUIT OF THE ORGANIZATION'S TAX -EXEMPT PURPOSES -----
FORM 990, SCHEDULE D, PART XI, LINE 2D	DETAIL OF OTHER REVENUE ITEMS INCLUDED IN FINANCIAL STMTS NOT FORM 990 CHANGE IN ADD'L MIN PENSION LIABILITY \$ 3,520,076 CHANGE IN FMV OF DERIVATIVE INSTRUMENT (614,913) ADDITIONAL DEPRECIATION 18,474 COST OF GOODS SOLD (28,981,540) OTHER CHANGES 2,186,023 ----- TOTAL \$(23,871,880) -----
FORM 990, SCHEDULE D, PART XII, LINE 2D	DETAIL OF OTHER EXPENSE ITEMS INCLUDED IN FORM 990 NOT FINANCIAL STMTS COST OF GOODS SOLD (28,981,540) OTHER CHANGES 2,186,023 ----- TOTAL \$(26,795,517)

Additional Data

Software ID:

Software Version:

EIN: 59-1917016

Name: TALLAHASSEE MEMORIAL HEALTHCARE INC

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

1	(a) Description of Liability	(b) Book Value
	WORKER'S COMP SELF INSURANCE	1,278,095
	PROFESSIONAL LIABILITY SELF INSURANCE	8,893,231
	SWAP LIABILITY	1,877,163
	MIN PENSION LIABILITY	76,971,781
	OBLIGATION FOR SUPPLEMENTAL EX	4,312,130
	DEFERRED COMP ARRANGEMENT	2,312,973
	ASSET RETIREMENT OBLIGATION	380,000
	AHCA ASSESSMENT	2,791,292
	DUE TO MEDICARE	6,269,108
	OTHER LIABILITIES	9,353,027

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No 1545-0047

2013

**Open to Public
Inspection**

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

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

Department of the Treasury
Internal Revenue Service

Name of the organization
TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number
59-1917016

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? **Yes** **No**

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) Central America and the Caribbean			Investments	INSURANCE	957,500
(2)					
(3)					
(4)					
(5)					
3a Sub-total					957,500
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					957,500

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶ _____

3 Enter total number of other organizations or entities ▶ _____

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

- 1 Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* Yes No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* Yes No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)* Yes No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* Yes No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)* Yes No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).* Yes No

Additional Data

Software ID:

Software Version:

EIN: 59-1917016

Name: TALLAHASSEE MEMORIAL HEALTHCARE INC

Part V Supplemental Information

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2013

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.

Open to Public Inspection

Name of the organization TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number 59-1917016

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy... 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor... 3b Did the organization use FPG as a factor... 4 Did the organization's financial assistance policy... 5a Did the organization budget amounts... 5b If "Yes," did the organization's financial assistance expenses exceed... 5c If "Yes" to line 5b... 6a Did the organization prepare a community benefit report... 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs and Other Benefits.

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support			474,848	0	474,848	0 100 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total			474,848	0	474,848	0 100 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1		No
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.	2		
			87,628,477
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.	3		
			16,230,400
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME).	5		84,580,411
6 Enter Medicare allowable costs of care relating to payments on line 5.	6		90,198,110
7 Subtract line 6 from line 5. This is the surplus (or shortfall).	7		-5,617,699
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 NA				
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

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)

TALLAHASSEE MEMORIAL HEALTHCARE INC

Name of hospital facility or facility reporting group _____

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

		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)	Yes	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</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	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		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)	Yes	
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>SEE SCHEDULE H, PART V, SECTION C</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input 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		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		No
8b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
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?	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>400</u> % If "No," explain in Part VI the criteria the hospital facility used	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</u> % If "No," explain in Part VI the criteria the hospital facility used	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)	Yes	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input 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 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?	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)	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		Yes	No
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?	Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

Part V Facility Information *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** Notified individuals of the financial assistance policy on admission
 - b** Notified individuals of the financial assistance policy prior to discharge
 - c** Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
 - d** Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
 - e** Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

	Yes	No
19	Yes	

If "No," indicate why

- a** The hospital facility did not provide care for any emergency medical conditions
- b** The hospital facility's policy was not in writing
- c** The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** Other (describe in Part VI)

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a** The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b** The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

21		No
22		No

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

If "Yes," explain in Part VI

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

If "Yes," explain in Part VI

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? _____

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

Part VI Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 7 (BAD DEBT EXPENSE, COSTING METHODOLOGY USED)	THE BAD DEBT EXPENSE AMOUNT INCLUDED ON FORM 990, PART IX, COLUMN 25(A) WAS \$87,628,477 FOR THE YEAR ENDED SEPTEMBER 30, 2014 THE COSTING METHODOLOGY USED IN CALCULATING THE AMOUNTS REPORTED ON THE LINE 7 TABLE ARE BASED ON A COST TO CHARGE RATIO THE COST TO CHARGE RATIO WAS DERIVED FROM WORKSHEET 2 -----

Form and Line Reference	Explanation
PART II (DETAIL OF COMMUNITY BUILDING ACTIVITIES)	<p>AS PART OF ITS COMMUNITY BENEFIT PROGRAM, TMH AND ITS COLLEAGUES CONTRIBUTE BOTH TIME AND DOLLARS TO A VARIETY OF LOCAL NONPROFIT ORGANIZATIONS, PARTICULARLY THOSE WHOSE MISSIONS HELP IMPROVE THE HEALTH AND WELFARE OF OUR COMMUNITY DURING THE 2013-2014 FISCAL YEAR, TMH CONTRIBUTED \$474,848 IN CASH DONATIONS AND IN-KIND DONATIONS, INCLUDING ADMINISTRATIVE SUPPORT, TO MORE THAN 25 DIFFERENT NONPROFIT ORGANIZATIONS SOME OF THE ORGANIZATIONS THAT BENEFITTED FROM THE GENEROSITY OF TMH COLLEAGUES WERE THE FOLLOWING ALZHEIMER'S PROJECT AMERICAN CANCER SOCIETY AMERICAN HEART ASSOCIATION AMERICAN LUNG ASSOCIATION BIG BEND HOSPICE, INC BOND COMMUNITY HEALTH CENTER CHILDREN'S HOME SOCIETY DOWN'S SYNDROME ASSOCIATION FOUNDATION FOR LEON COUNTY SCHOOLS FSU DANCE MARATHON/CHILDREN'S MIRACLE NETWORK LEUKEMIA & LYMPHOMA SOCIETY MARCH OF DIMES MEALS ON WHEELS RONALD MCDONALD HOUSE ROTARY CLUB SICKLE CELL FOUNDATION TALLAHASSEE SENIOR CENTER UNITED WAY OF THE BIG BEND -----</p>

Form and Line Reference	Explanation
PART III, SECTION A, LINE 1 (BAD DEBT EXPENSE)	TMH REPORTS BAD DEBT EXPENSE IN ACCORDANCE WITH GAAP AND AICPA GUIDELINES HFMA STATEMENT NO 15 HAS NOT BEEN ADOPTED BY THE AICPA ----- PART III, SECTION A, LINE 2 (BAD DEBT EXPENSE METHODOLOGY) THE COSTING METHODOLOGY USED IN DETERMINING THE AMOUNTS REPORTED ON LINES 2 AND 3 ARE BASED ON ACTUAL CHARGES WRITTEN OFF (AMOUNTS THAT ARE DEEMED TO BE UNCOLLECTIBLE) --- ----- PART III, SECTION A, LINE 4 (BAD DEBT EXPENSE FOOTNOTE) THE BAD DEBT EXPENSE FOOTNOTE DISCLOSURE CAN BE FOUND ON PAGE 8 OF THE ATTACHED FINANCIAL STATEMENTS FOR TALLAHASSEE MEMORIAL HEALTHCARE, INC -----

Form and Line Reference	Explanation
PART III, SECTION B, LINE 8 (COSTING METHODOLOGY, MEDICARE SHORTFALL)	THE COSTING METHODOLOGY USED IN DETERMINING THE AMOUNT REPORTED ON LINE 6 IS BASED ON THE HOSPITAL'S MEDICARE COST REPORT FILING FOR THE YEAR CONSISTENT WITH THE CHARITABLE HEALTHCARE MISSION OF TMH AND THE COMMUNITY BENEFIT STANDARD SET FORTH IN IRS REVENUE RULING 69-545, TMH PROVIDES CARE FOR ALL PATIENTS COVERED BY MEDICARE SEEKING MEDICAL CARE SUCH CARE IS PROVIDED REGARDLESS OF WHETHER THE REIMBURSEMENT PROVIDED FOR SUCH SERVICES MEETS OR EXCEEDS THE COSTS INCURRED BY TMH TO PROVIDE SUCH SERVICES AS A RESULT, TMH VIEWS ANY SHORTFALL REPORTED IN LINE 7 AS AN ADDITIONAL ITEM OF COMMUNITY BENEFIT PROVIDED BY THE ORGANIZATION -----

Form and Line Reference	Explanation
PART III, LINE 9B (COLLECTION PRACTICES)	THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE -----

Form and Line Reference	Explanation
PART VI, LINE 2 (NEEDS ASSESSMENT)	SEE RESPONSE TO PART V, SECTION B, LINE 3 (INPUT FROM COMMUNITY) -----

Form and Line Reference	Explanation
PART VI, LINE 3 (PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE)	<p>TMH ATTEMPTS TO EDUCATE ALL PATIENTS, OR THEIR GUARANTORS, ABOUT THEIR FINANCIAL RESPONSIBILITY AS WELL AS THEIR OPTIONS AND OPPORTUNITIES FOR ASSISTANCE WITH HOSPITAL BILLS ALL PATIENTS ARE GIVEN THE OPPORTUNITY TO RECEIVE A GOOD FAITH ESTIMATE OF SERVICES TO BE PROVIDED ALONG WITH INFORMATION ABOUT FINANCIAL ASSISTANCE SIGNS ARE POSTED IN CENTRAL REGISTRATION, AS WELL AS OTHER ENTRY POINTS IN THE HOSPITAL, PROVIDING PATIENTS WITH A PHONE NUMBER TO CALL FOR THIS INFORMATION INFORMATION IS ALSO AVAILABLE ON THE TALLAHASSEE MEMORIAL WEBSITE AT HTTP //WWW TMH ORG/BILLINGANDINSURANCEFINANCIALASSISTANCE THOSE PATIENTS WHO ARE UNINSURED ARE ASKED TO COMPLETE A BRIEF APPLICATION FOR FINANCIAL ASSISTANCE IT IS THROUGH THIS APPLICATION THAT TMH CAN ASSESS THE PATIENT'S NEED FOR FINANCIAL ASSISTANCE OR PROGRAM ELIGIBILITY A PATIENT MAY BE REFERRED TO A FINANCIAL COUNSELOR OR ADREIMA, WHICH IS A CONTRACTED COMPANY THAT PROVIDES MEDICAID ELIGIBILITY SERVICES TO THE HOSPITAL FOR THOSE WHO DO NOT SPEAK ENGLISH, TRANSLATION SERVICES ARE AVAILABLE WHEN AN UNINSURED PATIENT PRESENTS IN A NON-EMERGENT SETTING, A FINANCIAL APPLICATION IS COMPLETED AND A MEETING WITH A FINANCIAL COUNSELOR MAY BE SCHEDULED AS NEEDED DURING THIS MEETING, VARIOUS OPTIONS, RANGING FROM VOCATIONAL REHAB TO PAYMENT PLANS BASED ON A SLIDING FEE SCHEDULE, TO REFERRAL TO THE WECARE NETWORK, WHICH OFFERS FREE CARE, ARE EXPLORED IN THE EVENT THAT THE PATIENT WOULD QUALIFY FOR MEDICAID, A REFERRAL IS MADE TO ADREIMA ADREIMA, THROUGH A STATE OF FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES REPRESENTATIVE, ASSISTS PATIENTS IN COMPLETING THE MEDICAID APPLICATION IF THE PATIENT IS DISABLED, OR GOING TO BE DISABLED FOR AT LEAST A YEAR, HOSPITAL INPATIENT SERVICES WILL ASSIST THE PATIENT IN APPLYING FOR DISABILITY IF A PATIENT PRESENTS TO THE EMERGENCY ROOM, CARE IS PROVIDED PRIOR TO ASCERTAINING THE PATIENT'S COVERAGE AND/OR ABILITY TO PAY ONCE THE PATIENT IS STABILIZED, THE STEPS OUTLINED FOR THE NON-EMERGENT SETTING ARE TAKEN IN THE EVENT THAT A PATIENT DOES NOT QUALIFY FOR ANY PROGRAMS, AND IS UNINSURED, A CHARITY APPLICATION IS COMPLETED IT IS THROUGH THIS PROCESS THAT A DETERMINATION IS MADE AS TO WHETHER THE PATIENT QUALIFIES FOR CHARITY OR THE SLIDING FEE SCHEDULE THE HOSPITAL SPONSORED FINANCIAL ASSISTANCE PROGRAM (FAP) IS AVAILABLE FOR UNINSURED PATIENTS FAP IS A CHARITY AND SLIDING SCALE DISCOUNT PROGRAM BASED ON THE PATIENT'S FAMILY INCOME PATIENTS WITH FAMILY INCOMES AT OR BELOW 150% OF THE FEDERAL POVERTY GUIDELINES OR WHOSE CHARGES EXCEED 25% OF THE ANNUAL FAMILY INCOME ARE ELIGIBLE FOR 100% CHARITY OR FREE CARE PATIENTS WITH FAMILY INCOMES BETWEEN 151% AND 400% OF THE FEDERAL POVERTY GUIDELINES ARE ELIGIBLE FOR SLIDING SCALE DISCOUNTS THESE UNINSURED PATIENTS WILL BE RESPONSIBLE FOR A PERCENT OF HOSPITAL CHARGES DETERMINED BY INCOME AND FAMILY SIZE THE STATE OF FLORIDA HAS RECOGNIZED THE HIGH LEVEL OF UNCOMPENSATED CARE PROVIDED BY TMH BY DESIGNATING TMH AS A MEDICAID DISPROPORTIONATE SHARE PROVIDER APPROXIMATELY 3% OF TMH'S GROSS REVENUES ARE PROVIDED WITHOUT COMPENSATION TO INDIGENT PATIENTS WITH NO FUNDING SOURCE AND ANOTHER 11% OF THE GROSS REVENUES ARE GENERATED BY SERVICES TO PATIENTS COVERED UNDER THE MEDICAID PROGRAM AND MEDICAID HMOS -----</p>

Form and Line Reference	Explanation
PART VI, LINE 4 (COMMUNITY INFORMATION)	<p>TMH IS LOCATED IN THE CAPITAL CITY OF TALLAHASSEE, FLORIDA, IN THE HEART OF THE STATE'S PANHANDLE WITH A POPULATION OF MORE THAN 186,411 IN TALLAHASSEE ALONE, TMH SERVES A TOTAL OF 17 COUNTIES WITH A POPULATION BASE OF 690,874 COVERING 10,700 SQUARE MILES TMH'S PRIMARY SERVICE AREA COVERS TEN COUNTIES IN FLORIDA WHICH INCLUDE CALHOUN, GADSDEN, FRANKLIN, JACKSON, JEFFERSON, LIBERTY, MADISON, TAYLOR, AND WAKULLA THE SEVEN COUNTIES THAT COMPRISE THE GEORGIA SERVICE AREA INCLUDE BROOKS, COLQUITT, DECATUR, GRADY, MITCHELL, SEMINOLE AND THOMAS TALLAHASSEE MEMORIAL SERVES A TRULY DIVERSE POPULATION TALLAHASSEE IS ONE OF THE YOUNGEST AND MOST HIGHLY EDUCATED POPULATIONS IN FLORIDA IT IS A POPULATION THAT HAS THE MOST IMMEDIATE ACCESS TO MEDICAL CARE, HOWEVER, IT TOO IS CONSIDERED A MEDICALLY UNDERSERVED AREA FOR PRIMARY CARE BY THE HRSA, 2014 LEON COUNTY'S POPULATION OVERALL IS YOUNGER THAN THE STATE OF FLORIDA IN GENERAL LEON COUNTY'S POPULATION OF YOUNG ADULTS (AGES 18-34) IS HIGH (36%) COMPARED TO THE STATE'S AVERAGE PERCENTAGE OF 21% LEON COUNTY'S POPULATION OF ADULTS OVER AGE 65 IS LOW (10.9%), COMPARED TO 18.7% AVERAGE FOR THE STATE OF FLORIDA THE AREA SURROUNDING TALLAHASSEE IS MOSTLY RURAL, WITH BEAUTIFUL GENTLY ROLLING HILLS AND ACTIVE BEACHES UNFORTUNATELY, MANY OF THESE LESS POPULATED AREAS ARE ALSO MEDICALLY UNDERSERVED DUE TO A SHORTAGE OF HEALTHCARE PROFESSIONALS IN MANY OF THE REGION'S 17 COUNTIES THE HEALTH RESOURCE AND SERVICES ADMINISTRATION (HRSA) HAS DESIGNATED 15 OF THESE 17 COUNTIES AS MEDICALLY UNDERSERVED AREAS (MUA), ONLY TWO GEORGIA COUNTIES ARE NOT DESIGNATED AS SUCH (THOMAS AND SEMINOLE) FOURTEEN OF THE 17 COUNTIES HAVE AT LEAST 20% OF THEIR COUNTY'S POPULATION LIVING BELOW THE FEDERAL POVERTY LEVEL (ONLY JACKSON, JEFFERSON AND WAKULLA COUNTIES HAVE LESS THAN 20% OF THEIR COUNTY POPULATION LIVING BELOW POVERTY LEVEL) BASED ON DATA FROM HEALTHCARE FOR FLORIDA NOW, THE FOLLOWING REPRESENTS THE NUMBER OF UNINSURED NON-ELDERLY ADULTS (< AGE 65) LIVING BELOW 138% OF THE FEDERAL POVERTY LEVEL (FPL) LEON - 18.8%, GADSDEN - 23.8%, WAKULLA - 18%, JEFFERSON - 22.4%, CALHOUN - 22.8%, FRANKLIN - 23.3%, JACKSON - 19.3%, LIBERTY - 20.5%, MADISON - 22.0%, AND TAYLOR 20.2% THE PERCENTAGE OF UNINSURED FOR THE COUNTIES IN GEORGIA ARE BROOKS - 25.2%, COLQUITT - 28.3%, DECATUR - 22.3%, GRADY - 27.9%, MITCHELL - 21%, SEMINOLE - 22%, AND THOMAS 20.2% HEALTH BARRIERS ARE NUMEROUS AND HARD TO OVERCOME, BUT TMH IS TACKLING THESE BARRIERS AND STRIVING TO IMPROVE HEALTHCARE DATA SOURCES - TALLAHASSEE POPULATION AND 17 COUNTY POPULATION HTTP //WWW CENSUS GOV/QUICKFACTS/TABLE/ (JULY 2013) - MEDICALLY UNDERSERVED AREAS FOR PRIMARY CARE HTTP //DATAWAREHOUSE HRSA GOV/DATADOWNLOAD/FRN/D_BCD_HPSA_H1_FEDERALREGISTER PDF - LEON COUNTY POPULATION AGE 13-34 COMPARED TO FLORIDA TRUVEN HEALTH ANALYTICS, POPULATION PLANNING, NIELSEN, 2015 - LEON COUNTY OVER AGE 65 COMPARED TO FLORIDA HTTP //WWW CENSUS GOV/QUICKFACTS/TABLE/PST045214/00,12073,12 (2013) - COUNTY POPULATION LIVES AT OR BELOW FEDERAL POVERTY LEVEL US CENSUS BUREAU, STATE AND COUNTY QUICK FACTS, 2009-13 - COUNTY PERCENTAGE OF UNINSURED > FLORIDA SERVICE AREA COUNTIES HEALTHCARE FOR FLORIDA NOW (PROJECT OF FLORIDA CHAIN AND PROGRESS NOW), HTTP //MAP HEALTHCAREFORFLORIDA ORG/ > GEORGIA SERVICE AREA COUNTIES US CENSUS BUREAU, SMALL AREA HEALTH INSURANCE ESTIMATES, 2013 --</p> <p>-----</p>

Form and Line Reference	Explanation
PART VI, LINE 5 (INFORMATION REGARDING PROMOTION OF COMMUNITY HEALTH)	<p>AS THE LARGEST SAFETY NET HOSPITAL IN THE SERVICE AREA SPANNING 17 COUNTIES IN NORTH FLORIDA AND SOUTH GEORGIA, TMH HAS A LONG HISTORY OF IMPROVING HEALTH AND QUALITY OF LIFE THROUGHOUT THE REGION DURING FISCAL YEAR 2014, EXPANDED ACCESS TO CARE BY BRINGING NEW PHYSICIANS, FACILITIES AND TECHNOLOGIES TO THE AREA AND REACHED THE COMMUNITY WITH EDUCATIONAL EVENTS AND INITIATIVES SUBSIDIZED MEDICAL CARE AS A NOT-FOR-PROFIT COMMUNITY HEALTHCARE SYSTEM, TMH OFTEN SUBSIDIZES HEALTH SERVICES THAT DO NOT GENERATE A POSITIVE OPERATING MARGIN BUT ARE NEEDED IN THE COMMUNITY THE MAJORITY OF THESE SERVICES ARE PROVIDED BY THE DIABETES CENTER, THE NEUROSCIENCE CENTER, THE TRANSITION CENTER, THE BIXLER TRAUMA & EMERGENCY, THE EMERGENCY CENTER - NORTHEAST AND RURAL CLINICS THROUGHOUT THE BIG BEND THROUGH CLASSES AND INDIVIDUAL OR FAMILY COUNSELING SESSIONS ON TOPICS SUCH AS MANAGING AND TESTING BLOOD SUGAR, CHOOSING HEALTHY FOODS, AND STARTING INSULIN AND NUTRITION THERAPY, THE DIABETES CENTER HELPS PATIENTS BETTER MANAGE THEIR CONDITION AND AVOID COMPLICATIONS NEARLY A THIRD OF THE DIABETES CENTER PATIENTS ACCESS CARE THROUGH SUBSIDIZED SERVICES THE NEUROSCIENCE CENTER PROVIDES A VARIETY OF SUPPORT SERVICES TO PATIENTS WITH INJURIES AND CONDITIONS AFFECTING BRAIN AND NERVOUS SYSTEM AN INNOVATIVE FACILITY DESIGNED TO REDUCE EMERGENCY ROOM VISITS AND HOSPITAL READMISSIONS, THE TRANSITION CENTER PROVIDES FOLLOW-UP CARE TO PATIENTS WHO MAY BE AT HIGH RISK FOR READMISSION AFTER LEAVING THE HOSPITAL TMH'S RURAL CLINICS, INCLUDING FAMILY MEDICINE PRACTICES IN GADSDEN, JEFFERSON, TAYLOR, WAKULLA, AND CALHOUN COUNTIES ENSURE PATIENTS IN TALLAHASSEE'S SURROUNDING COMMUNITIES ARE ABLE TO RECEIVE CARE CLOSE TO HOME SINCE 2009, THE TALLAHASSEE MEMORIAL BIXLER TRAUMA & EMERGENCY CENTER HAS OPERATED AS THE REGION'S ONLY LEVEL II TRAUMA CENTER IN 2013, TMH ALSO OPENED THE EMERGENCY CENTER - NORTHEAST, EXPANDING EMERGENCY CARE OPTIONS FOR OUR SERVICE AREA IMPROVING ACCESS TO HEALTHCARE TMH HAS MADE MANY INVESTMENTS IN ORDER TO OFFER THE COMMUNITY GREATER ACCESS TO NEEDED HEALTHCARE SERVICES IN ADDITION TO THE ESTABLISHMENT OF THE TRANSITION CENTER AND THE RECENT OPENING OF THE TALLAHASSEE MEMORIAL EMERGENCY CENTER - NORTHEAST, THE LEMEDICINE TECHNOLOGIES AND THE CONTINUAL DEVELOPMENT OF RESIDENCY PROGRAMS ALLOW MORE PEOPLE TO RECEIVE CARE AT TMH VIRTUAL HEALTHCARE TOOLS KNOWN AS TELEMEDICINE ALLOW PHYSICIANS TO CONNECT WITH PATIENTS AND FELLOW PHYSICIANS FOR ONLINE CONSULTATIONS GREATLY EXPANDING ACCESS TO CARE FOR RESIDENTS OF OUR RURAL COMMUNITIES RESIDENCY PROGRAMS IN FAMILY MEDICINE, INTERNAL MEDICINE, GENERAL SURGERY, NURSING, AND PHARMACY IMPROVE ACCESS TO CARE AND HELP DEVELOP THE BIG BEND'S MEDICAL COMMUNITY PROVIDING THE MOST COMPREHENSIVE EMERGENCY SERVICES PROGRAM IN THE REGION TMH'S TRAUMA AND EMERGENCY SERVICES OPERATE AT A FINANCIAL LOSS HOWEVER, THE PROVISION OF A DESIGNATED LEVEL II TRAUMA CENTER IS AN ESSENTIAL SERVICE FOR TMH'S SERVICE AREA BETWEEN THE BIXLER EMERGENCY CENTER, EMERGENCY CENTER - NORTHEAST AND THE URGENT CARE CENTER, OVER 350 PATIENTS ARE SEEN DAILY THE TALLAHASSEE MEMORIAL TRAUMA CENTER HAS SEEN A 21% INCREASE IN VOLUME IN 2014 OVER 2013 AND THAT TREND CONTINUES INTO 2015 THE EMERGENCY CENTER - NORTHEAST WILL OPEN EIGHT ADDITIONAL BEDS IN FALL 2015 TO HANDLE INCREASED VOLUME TRAUMA PATIENTS HAVE COME FROM 38 DIFFERENT COUNTIES IN OUR REGION THE TRAUMA PROGRAM PROVIDES COMMUNITY OUTREACH TO MORE THAN 4,500 PEOPLE ANNUALLY OUTREACH PROGRAMS INCLUDE A FALL PREVENTION FAIR, OPERATION PROM NIGHT, INJURY PREVENTION FAIR, AND A NEW PROGRAM, "PATHWAYS TO PREVENTION" PATHWAYS TO PREVENTION IS AN INJURY PREVENTION PROGRAM DESIGNED FOR LOCAL SCHOOLS TO EDUCATE YOUTH ABOUT DANGERS OF TRAUMA RELATED ACCIDENTS AND TO ULTIMATELY PREVENT FUTURE OCCURRENCES THE BEHAVIORAL HEALTH ACCESS CENTER PROVIDES IMPROVED ACCESS AND QUALITY OF CARE FOR MENTAL HEALTH EMERGENCIES OCCURRING THROUGHOUT OUR REGION APPROPRIATE PATIENTS, NOT REQUIRING EMERGENCY CARE, CAN PRESENT DIRECTLY TO THE ACCESS CENTER, DECREASING WAIT TIMES FOR PATIENTS THE ACCESS CENTER HAS DECREASED BEHAVIORAL HEALTH VOLUMES IN THE BIXLER EMERGENCY CENTER BY 50% THEREFORE, ALL ACCESS IS IMPROVED FOR ALL PATIENT POPULATIONS CONTINUING DEVELOPMENT OF THE STRATEGIC TMH PHYSICIAN PARTNERS REGIONAL EXPANSION PLAN THE REGIONAL EXPANSION PLAN WILL FOCUS ON THE FOLLOWING ACTIVITIES TO CONTINUE TO IMPROVE COMMUNITIES' ACCESS TO CARE AS MEASURED BY INCREASED NUMBER OF PATIENT VISITS, MEDICAL CONDITIONS DIAGNOSED AND TREATED, AND REDUCED WAIT TIMES FOR PHYSICIAN APPOINTMENT SCHEDULING TMH WILL INCREASE PRIMARY CARE PROVIDERS ACCESS AT KEY LOCATIONS IN THE REGION BASED UPON MARKET NEED ASSESSMENTS, AND DEVELOP REGIONAL REFERRAL PROCESSES FOR SPECIALTY CARE PARTNERSHIPS WITH COMMUNITY INFRASTRUCTURES WILL CONTINUE TO HELP IDENTIFY AND ASSIST WITH IMPLEMENTING SOLUTIONS FOR COMMUNITY HEALTH NEEDS CONTINUE TO BUILD THE TMH/FSU PHYSICIAN RESIDENCY PR</p>

Form and Line Reference	Explanation
PART VI, LINE 5 (INFORMATION REGARDING PROMOTION OF COMMUNITY HEALTH)	<p> OGRAMS TMH CONTRIBUTES MILLIONS OF DOLLARS EACH YEAR TO THE CLINICAL EDUCATION OF HEALTHCARE PROFESSIONALS THIS INCLUDES TRAINING FOR FLORIDA STATE UNIVERSITY COLLEGE OF MEDICINE STUDENTS, FLORIDA A&M PHARMACY STUDENTS, HANDS-ON EXPERIENCE FOR NURSES FROM MANY DIFFERENT NURSING SCHOOLS THROUGHOUT NORTH FLORIDA AND SOUTH GEORGIA, AND CONTINUING MEDICAL EDUCATION FOR PHYSICIANS IN OUR COMMUNITY TMH HAS AWARDED A LAND GRANT TO TALLAHASSEE COMMUNITY COLLEGE (TCC) AS PART OF ITS PLAN TO DEVELOP A HEALTH EDUCATION PARTNERSHIP CAMPUS ON A PORTION OF THE 81.4 ACRES OF UNDEVELOPED LAND IT OWNS BEHIND THE HOSPITAL IN AUGUST 2011, TMH WELCOMED MORE THAN 400 TCC STUDENTS TO THE HOSPITAL'S CAMPUS WITH THE OPENING OF THE NEW GHAZVINI CENTER FOR HEALTHCARE EDUCATION THE 85,000-SQUARE-FOOT, THREE-STORY EDUCATIONAL CENTER INCLUDES SIX CLASSROOMS, 13 LABORATORIES, A MULTI-PURPOSE LIBRARY AND LEARNING COMMONS, SIX SIMULATION CENTERS, PLUS ADDITIONAL SPACE FOR EXPANSION AND A 296-SEAT AUDITORIUM THE CENTER IS EXPECTED TO BE HOME TO AS MANY AS 900 STUDENTS WITHIN FIVE YEARS ONE OF TMH'S MOST SIGNIFICANT CONTRIBUTIONS TO THE EDUCATION FOR HEALTHCARE PROFESSIONALS IS THE TALLAHASSEE MEMORIAL FAMILY MEDICINE RESIDENCY PROGRAM, WHICH TRAINS PHYSICIANS WHO HAVE GRADUATED FROM MEDICAL SCHOOL IN THE SPECIALTY OF FAMILY MEDICINE THE FAMILY MEDICINE RESIDENCY PROGRAM HAS PRODUCED 332 GRADUATES SINCE ITS INCEPTION IN 1973 OF THOSE, 139 HAVE CHOSEN TO REMAIN IN TMH'S SERVICE AREA HELPING TO ENSURE ACCESS TO PRIMARY HEALTHCARE OF RESIDENTS OF THE BIG BEND IN THE FALL OF 2011, TALLAHASSEE MEMORIAL AND THE FLORIDA STATE UNIVERSITY COLLEGE OF MEDICINE ESTABLISHED A JOINT INTERNAL MEDICINE RESIDENCY PROGRAM FOR THE BIG BEND REGION THE INTERNAL MEDICINE RESIDENCY PROGRAM CURRENTLY HAS 22 RESIDENTS , BUT WILL BUILD TO A COMPLEMENT OF 24 RESIDENTS WITHIN A THREE-YEAR PERIOD DURING 2014, BOTH RESIDENCY PROGRAMS OPERATED AT A NET LOSS OF \$4,372,000 IN EARLY 2014, THE TALLAHASSEE MEMORIAL HEALTHCARE BOARD OF DIRECTORS AND THE FLORIDA STATE UNIVERSITY COLLEGE OF MEDICINE ANNOUNCED PLANS TO CREATE A GENERAL SURGERY RESIDENCY PROGRAM IN TALLAHASSEE THE PROGRAM, EXPECTED TO PRODUCE TWO NEW GENERAL SURGEONS A YEAR WHEN AT FULL CAPACITY, WILL BE THE FIRST SURGERY RESIDENCY PROGRAM IN NORTHWEST FLORIDA IMPROVING METABOLIC HEALTH BOTH LEON AND GADSDEN COUNTIES FALL INTO THE BOTTOM QUARTILE OF FLORIDA COUNTIES FOR PERCENTAGE OF OVERWEIGHT ADULTS TMH IS ACTIVELY INVOLVED IN HELPING ADULTS AND CHILDREN IN OUR REGION ACHIEVE GREATER METABOLIC HEALTH TWO TRAINING SESSIONS FOR LEON COUNTY SCHOOL NURSES AND ASSISTANTS OCCURRED DURING SUMMER 2014 OVER 25 HEALTH CARE PROVIDERS WERE TRAINED NUTRITION LECTURES WERE ALSO OFFERED TO THE PUBLIC IN PARTNERSHIP WITH THE LEON COUNTY EXTENSION AGENCY THE TALLAHASSEE MEMORIAL DIABETES CENTER AND BARIATRIC CENTER OFFERED VARIOUS WORKSITE WELLNESS TALKS TO COMMUNITY EMPLOYERS THROUGH ANNUAL SPONSORSHIP OF STOMP OUT TYPE 2 DIABETES, A PARTNERSHIP WITH LEON COUNTY SCHOOLS AND OTHER COMMUNITY ORGANIZATIONS, TMH HELPS PROMOTE FUN PHYSICAL ACTIVITIES AND HEALTH AWARENESS EDUCATION AMONG LEON COUNTY STUDENTS AND THEIR FAMILIES IN ORDER TO PREVENT DIABETES TMH ALSO PROVIDES SCHOLARSHIPS THAT ALLOW CHILDREN WITH DIABETES TO ATTEND A FUN AND EDUCATIONAL DIABETES CAMP OFFERED EACH SUMMER IMPROVING MATERNAL/FETAL HEALTH TMH IS COMMITTED TO IMPROVING THE HEALTH OF MOTHERS AND INFANTS THROUGH INITIATIVES WITHIN THE HOSPITAL AND A VARIETY OF COMMUNITY OUTREACH AND EDUCATION INITIATIVES ATTRACTING MORE THAN 500 FAMILIES IN 2014, THE ANNUAL BABY & FAMILY FAIR HIGHLIGHTS TMH SERVICES AVAILABLE TO THE COMMUNITY AND PROVIDES HEALTH RESOURCES FOR ALL AGES AND ENTERTAINMENT FOR CHILDREN WITH SUPPORT OF THE MARCH OF DIMES, TMH LABOR & DELIVER BEGAN SKIN-TO-SKIN CONTACT OF MOTHER AND NEWBORN FOR A MINIMUM OF 60 MINUTES AFTER DELIVERY TO PROMOTE INITIAL BREASTFEEDING THROUGH COLLABORATION WITH AREA CHURCHES , TMH IS HELPING TO EDUCATE WOMEN ABOUT </p>

Form and Line Reference	Explanation
PART VI, LINE 6 (AFFILIATED HEALTHCARE SYSTEM INFORMATION)	NOT APPLICABLE -----

Form and Line Reference	Explanation
PART VI, LINE 7 (STATE FILING OF COMMUNITY BENEFIT REPORT)	NOT APPLICABLE

Additional Data

Software ID:
Software Version:
EIN: 59-1917016
Name: TALLAHASSEE MEMORIAL HEALTHCARE 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
PART V, SECTION B, LINE 3 (INPUT FROM COMMUNITY)	
PART V, SECTION B, LINE 7 (ADDRESSING THE NEEDS IDENTIFIED IN THE CHNA)	THE FIRST CHNA AND IMPLEMENTATION PLAN FOR TMH WAS ADOPTED IN 2013 THE ORGANIZATION IS IN THE PROCESS OF ADDRESSING THE NEEDS IDENTIFIED IN THE CHNA BUT HAS NOT FULLY ADDRESSED ALL NEEDS AT THIS TIME -----

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2013

Open to Public Inspection

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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number

59-1917016

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|---|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input checked="" type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

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

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b	Yes	
2	Yes	
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7	Yes	
8		No
9		

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

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

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

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

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II

Also complete this part for any additional information

Return Reference	Explanation
FORM 990, SCHEDULE J, PART I, LINE 1A	QUESTIONS REGARDING COMPENSATION DIRECTORS RECEIVE COMPLIMENTARY ACCESS TO TMH'S HEALTH CLUB, PREMIER HEALTH AND FITNESS CENTER -----
FORM 990, SCHEDULE J, PART I, LINE 7	PROVISION OF NON-FIXED PAYMENTS TMH MAINTAINS A VARIABLE COMPENSATION PROGRAM FOR CERTAIN MANAGERS THAT MAKES A BONUS PAYMENT BASED UPON ATTAINMENT OF INDIVIDUAL AND CORPORATE GOALS INDIVIDUAL GOALS ARE ESTABLISHED AT THE BEGINNING OF THE FISCAL YEAR AND INCLUDE QUALITATIVE AND QUANTITATIVE RESULTS CORPORATE GOALS ARE ESTABLISHED AT THE BEGINNING OF THE YEAR AND ARE BASED UPON THE BUDGET APPROVED BY THE BOARD OF DIRECTORS NO PAYMENT IS MADE FOR VARIABLE COMPENSATION PAYMENT UNLESS THE ORGANIZATION MEETS OR EXCEEDS ITS BUDGETED OPERATING MARGIN FOR THE YEAR UPON DETERMINATION THAT THE ACTUAL OPERATING MARGIN HAS MET OR EXCEEDED THE BUDGET VIA THE AUDITED FINANCIAL STATEMENTS, OTHER INDIVIDUAL AND CORPORATE GOALS ARE SCORED TO DETERMINE IF THEY MET OR EXCEEDED THE PRE-ESTABLISHED MEASUREMENT FOR THE YEAR THE ACTUAL AMOUNT OF THE BONUS IS BASED UPON AN INDIVIDUAL'S BASE COMPENSATION FOR THE FISCAL YEAR AND THE PERCENTAGE ATTAINMENT OF INDIVIDUAL AND CORPORATE GOALS PAYMENTS MADE TO ANY DISQUALIFIED PERSON IS APPROVED BY THE TMH COMPENSATION COMMITTEE THROUGH THE PROCESS DESCRIBED IN FORM 990, PART VI, SECTION B, LINE 15

Additional Data

Software ID:
Software Version:
EIN: 59-1917016
Name: TALLAHASSEE MEMORIAL HEALTHCARE 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				
G MARK O'BRYANT CEO/PRESIDENT	(i) (ii)	740,776 0	157,500 0	33,368 0	235,601 0	9,170 0	1,176,416 0	0 0
WILLIAM GIUDICE VP/CFO	(i) (ii)	405,969 0	55,842 0	11,434 0	15,300 0	9,170 0	497,714 0	0 0
JASON MOORE VP/COO	(i) (ii)	384,782 0	37,729 0	2,226 0	15,300 0	10,104 0	450,142 0	0 0
WARREN JONES VP/CHIEF COMMUNICATION OFFICER	(i) (ii)	162,959 0	14,627 0	84,469 0	4,972 0	3,738 0	270,764 0	0 0
BARBARA ALFORD VP/CHIEF PATIENT CARE OFFICER	(i) (ii)	164,071 0	0 0	1,665 0	10,228 0	6,562 0	182,526 0	0 0
CYNTHIA BLAIR VP/CHIEF IMPROVEMENT OFFICER	(i) (ii)	194,105 0	19,486 0	2,178 0	12,946 0	1,047 0	229,762 0	0 0
PAULA S FORTUNAS VP/CHIEF ADVANCEMENT OFFICER	(i) (ii)	189,982 0	20,000 0	3,896 0	12,950 0	4,479 0	231,306 0	0 0
DONALD LINDSEY VP/CMO	(i) (ii)	203,565 0	20,515 0	1,303 0	9,273 0	9,013 0	243,669 0	0 0
ROBERT L MOORE VP/CHIEF HR OFFICER	(i) (ii)	160,516 0	456 0	274 0	8,663 0	2,395 0	172,304 0	0 0
DEAN WATSON MD VP/CMO	(i) (ii)	311,289 0	42,875 0	1,258 0	15,300 0	9,509 0	380,231 0	0 0
STEVEN ADRIAANSE FMR VP/CH HUMAN RES OFCR	(i) (ii)	20,250 0	27,687 0	60,515 0	5,351 0	338 0	114,141 0	0 0
JOSHUA SIMMONS MD PHYSICIAN (ER)	(i) (ii)	150,226 0	440,639 0	162 0	15,300 0	3,570 0	609,897 0	0 0
AMIT JAIN MD PHYSICIAN (HEM/ONC)	(i) (ii)	323,698 0	254,885 0	144 0	6,592 0	10,381 0	595,700 0	0 0
MICHAEL A GLAZE MD PHYSICIAN (ER)	(i) (ii)	171,014 0	367,484 0	162 0	7,467 0	13,800 0	559,927 0	0 0
MARCUS S WILLET MD PHYSICIAN (ER)	(i) (ii)	141,913 0	394,993 0	162 0	15,300 0	9,012 0	561,379 0	0 0
EDWARD EASTMAN MD PHYSICIAN (ER)	(i) (ii)	152,239 0	360,449 0	2,770 0	9,012 0	15,300 0	539,770 0	0 0

**Schedule K
(Form 990)**

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

▶ 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.

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number

59-1917016

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 CITY OF TALLAHASSEE	59-6000435		09-12-2008	600,000	PURCHASE OF SLEEP CENTER EQUIPMENT		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired	0			
2 Amount of bonds legally defeased	0			
3 Total proceeds of issue	600,000			
4 Gross proceeds in reserve funds	0			
5 Capitalized interest from proceeds	0			
6 Proceeds in refunding escrows	0			
7 Issuance costs from proceeds	0			
8 Credit enhancement from proceeds	0			
9 Working capital expenditures from proceeds	0			
10 Capital expenditures from proceeds	600,000			
11 Other spent proceeds	0			
12 Other unspent proceeds	0			
13 Year of substantial completion	2009			
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X		
15 Were the bonds issued as part of an advance refunding issue?		X		
16 Has the final allocation of proceeds been made?	X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X			

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T?		X						
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X						
b Exception to rebate?	X							
c No rebate due?		X						
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X						
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider	0							
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider	0							
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148?	X							

Part V Procedures To Undertake Corrective Action

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

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

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

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

Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service

Name of the organization TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number

59-1917016

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

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

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

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

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

Part II Loans to and/or From Interested Persons.

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

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No)

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V Supplemental Information

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

Return Reference	Explanation
PART V, DETAIL OF BUSINESS TRANSACTIONS WITH INTERESTED PERSONS	THE \$523,196 TALLAHASSEE ORTHOPEDIC CLINIC (THE "CLINIC") AMOUNT REPORTED REPRESENTS THE AGGREGATE REPORTING OF TWO SEPARATE TRANSACTION FLOWS THE CLINIC PAID TMH \$94,029 IN RENTAL PAYMENTS DURING THE FISCAL YEAR, WHILE TMH PAID THE CLINIC \$429,167 IN MEDICAL DIRECTOR FEES DURING THE FISCAL YEAR

Additional Data**Software ID:****Software Version:****EIN:** 59-1917016**Name:** TALLAHASSEE MEMORIAL HEALTHCARE INC**Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons**

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Moore Bass Consulting Inc	SIMILAR DIRECTOR/PARTNER	333,685	CONSULTING SERVICES		No
(2) Southern Medical Group	SIMILAR DIRECTOR/PARTNER	16,118,912	PROFESSIONAL SERVICE PAYMENTS		No
(3) Tallahassee Neurological Clinic	SIMILAR DIRECTOR/PARTNER	229,628	PROPERTY RENTAL		No
(4) Frank Gredler MD	SIMILAR DIRECTOR/PARTNER	100,586	PROFESSIONAL SERVICE PAYMENTS		No
(5) Mad Dog Construction	SIMILAR DIRECTOR/PARTNER	931,018	CONSTRUCTION SERVICES		No
(6) Tallahassee Orthopedic Clinic	SIMILAR DIRECTOR/PARTNER	523,196	PROPERTY RENTAL/PROF SVC PYMTS		No
(7) Terry Sherraden	FAMILY MEMBER OF DIRECTOR	258,897	EMPLOYMENT		No
(8) Timothy Fortunas	FAMILY MEMBER OF OFFICER	34,272	EMPLOYMENT		No
(9) Patricia Faye Jones	FAMILY MEMBER OF OFFICER	76,442	EMPLOYMENT		No
(10) Vivian Moore	FAMILY MEMBER OF OFFICER	99,017	EMPLOYMENT		No
(11) Joseph L Camps III	FAMILY MEMBER OF DIRECTOR	13,285	EMPLOYMENT		No

SCHEDULE M (Form 990)

Noncash Contributions

OMB No 1545-0047

2013

Open to Public Inspection

Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30. Attach to Form 990.

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

Department of the Treasury Internal Revenue Service

Name of the organization TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number 59-1917016

Part I Types of Property

Table with 4 columns: (a) Check if applicable, (b) Number of contributions or items contributed, (c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g, (d) Method of determining noncash contribution amounts. Rows include Art, Books, Cars, Boats, Intellectual property, Securities, Real estate, etc.

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

29

Table with 3 columns: Question (30a, 31, 32a, 33), Yes, No. Contains questions about property holding periods and gift acceptance policies.

Part III Supplemental Information. Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation
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Schedule M (Form 990) (2013)

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization
TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number

59-1917016

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	
FORM 990, PART VI, SECTION B, LINE 11	<p>FORM 990 REVIEW PROCESS INFORMATION RELATED TO TMH'S FORM 990 FILING IS GATHERED BY FINANCIAL STAFF AND PROVIDED TO PRICEWATERHOUSECOOPERS LLP FOR REVIEW AND RETURN PREPARATION THE 2013 FORM 990 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2014 WAS REVIEWED AND APPROVED BY VARIOUS SENIOR FINANCE TEAM MEMBERS BEFORE IT WAS FILED WITH THE IRS THE AUDIT & COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS REVIEWED THE FORM 990 AT A MEETING OF THE COMMITTEE PRIOR TO ITS FILING ALL MEMBERS OF THE BOARD WERE AFFORDED THE OPPORTUNITY TO REVIEW FORM 990 PRIOR TO ITS FILING -----</p>
FORM 990, PART VI, SECTION B, LINE 15	<p>CONFLICT OF INTEREST POLICY AS PART OF OUR WRITTEN CONFLICT OF INTEREST POLICY, OFFICERS, DIRECTORS TRUSTEES AND KEY EMPLOYEES ARE REQUIRED TO ANNUALLY DISCLOSE POTENTIAL CONFLICTS OF THEMSELVES AND THEIR FAMILY MEMBERS -----</p>
FORM 990, PART XI, LINE 9	<p>COMPENSATION REVIEW PROCESS COMPENSATION ARRANGEMENTS INVOLVING OUR CEO AND SENIOR LEADERSHIP TEAM ARE ESTABLISHED BY TMH PURSUANT TO A PROCESS THAT SATISFIES THE REBUTTABLE PRESUMPTION PROCEDURE AVAILABLE FOR SECTION 4958 EXCESS BENEFIT TRANSACTION TAX PURPOSES (WHICH REQUIRES A REVIEW OF COMPENSATION DETERMINATIONS BY DISINTERESTED PERSONS, USE OF APPROPRIATE COMPARABILITY DATA, AND CONTEMPORANEOUS DOCUMENTATION OF THE PROCESS) -----</p>
FORM 990, PART VI, SECTION C, LINE 19	<p>DOCUMENTS AVAILABLE TO PUBLIC OUR GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND CONSOLIDATED FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST IN ADDITION, A COPY OF OUR CONFLICT OF INTEREST POLICY IS AVAILABLE ON THE TMH WEBSITE CONSOLIDATED FINANCIAL STATEMENTS ARE ALSO FILED WITH THE DIGITAL ASSURANCE CERTIFICATION, LLC, AGENCY FOR HEALTH CARE ADMINISTRATION A COPY OF OUR FORM 990 IS ALSO FILED WITH THE FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES -----</p>
FORM 990, PART XI, LINE 9	<p>DETAIL OF OTHER CHANGES IN NET ASSETS CHANGE IN ADD'L MIN PENSION LIABILITY \$(3,520,076) CHANGE IN FMV OF DERIVATIVE INSTRUMENT 614,913 ADDITIONAL DEPRECIATION (18,474)</p> <p>TOTAL \$(2,923,637)</p>

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
TALLAHASSEE MEMORIAL HEALTHCARE INC

Employer identification number
59-1917016

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) MEDICUS SELECT LLC 1300 MICCOSUKEE ROAD TALLAHASSEE, FL 32308 45-2980304	LEASED LABOR	FL	0	739,119	TMH

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) SOUTHEAST COMMUNITY HEALTH SERVICES INC 1300 MICCOSUKEE ROAD TALLAHASSEE, FL 32308 58-1434992	HOLDING CO	FL	501(C)(25)	N/A	TMH	Yes	
(2) TALLAHASSEE MEMORIAL HEALTHCARE FDN 1300 MICCOSUKEE ROAD TALLAHASSEE, FL 32308 59-1727645	FUNDRAISING	FL	501(C)(3)	7	TMH	Yes	

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

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

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) TALLAHASSEE MEMORIAL HEALTH VENTURES INC 1300 MICCOSUKEE ROAD TALLAHASSEE, FL 32308 59-2717050	HOLDING COMPANY	FL	TMH	C CORP	-313,750	12,774,104	100 000 %	Yes	
(2) PRIME MERIDIAN HEALTH VENTURES INC 1309 THOMASVILLE ROAD TALLAHASSEE, FL 32303 59-2668613	DIAG IMAGING	FL	TMHV	C CORP				Yes	
(3) TALLAHASSEE MEMORIAL TELEPHONE COMPANY 1309 THOMASVILLE ROAD TALLAHASSEE, FL 32303 59-3395937	TELEPHONE COMM	FL	TMHV	C CORP				Yes	
(4) PREMIER HEALTH & FITNESS CENTER INC 3521 MACLAY BOULEVARD TALLAHASSEE, FL 32312 59-2471569	FITNESS CENTER	FL	TMHV	C CORP				Yes	

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Part VII Supplemental Information

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

Return Reference**Explanation**

Additional Data

Software ID:
Software Version:
EIN: 59-1917016
Name: TALLAHASSEE MEMORIAL HEALTHCARE INC

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
SOUTHEAST COMMUNITY HEALTH SERVICES	A	26,000	FMV
SOUTHEAST COMMUNITY HEALTH SERVICES	J	610,000	FMV
SOUTHEAST COMMUNITY HEALTH SERVICES	O, Q	48,000	FMV
TALLAHASSEE MEMORIAL FOUNDATION	C	550,643	FMV
TALLAHASSEE MEMORIAL FOUNDATION	O, Q	856,000	FMV
TALLAHASSEE MEMORIAL HEALTH VENTURES INC	A	1,402,000	FMV
TALLAHASSEE MEMORIAL HEALTH VENTURES INC	J	263,000	FMV

TY 2013 AffiliatedGroupAttachment

Name: TALLAHASSEE MEMORIAL HEALTHCARE INC

EIN: 59-1917016

Explanation: DIRECT OTHER LOBBYING EXEMPT PURPOSE NAME OF ELECTING ORGANIZATION EXPENDITURES EXPENDITURES

_____ TALLAHASSEE MEMORIAL HEALTHCARE, INC.
 \$113,914 \$568,754,103 THIS ORGANIZATION HAS MADE THE
 LOBBYING ELECTION UNDER I.R.C. SECTION 501(H) FOR THE TAX
 YEAR ENDED SEPTEMBER 30, 2014. THIS ELECTION HAS NOT BEEN
 REVOKED BEFORE THE START OF THE ORGANIZATION'S TAX YEAR
 THAT BEGAN IN 2013. -----

DIRECT OTHER LOBBYING EXEMPT PURPOSE NAME OF NON-ELECTING ORGANIZATION EXPENDITURES EXPENDITURES

_____ SOUTHEAST COMMUNITY HEALTH SRVS, INC.
 \$NONE \$ 275,100 TALLAHASSEE MEMORIAL HEALTHCARE FND
 NONE 1,562,779 ----- \$NONE \$1,837,879
 TOTALS \$113,914 \$570,591,982 =====
 =====

The Executive Summary

Overview and Background

This community needs health assessment was conducted in order to comply with federal tax law requirements set forth in Internal Revenue Code section 501(r) requiring hospital facilities owned and operated by an organization described in Code section 501(c)(3) to conduct a community health needs assessment at least once every three years. This report details progress made during the first year of implementation.

The goals of the community health needs assessment are to:

- 1. Better understand community health care needs.*
- 2. Identify priorities to address unmet health needs.*
- 3. Create a process for measuring outcomes related to implementation strategy.*

Study Area Defined

Tallahassee Memorial HealthCare's primary service area covers ten counties in Florida, which include Calhoun, Gadsden, Franklin, Jackson, Jefferson, Liberty, Madison, Taylor, and Wakulla. The seven counties that comprise the Georgia service area include Brooks, Colquitt, Decatur, Grady, Mitchell, Seminole and Thomas.

Data Collection and Analysis

Tallahassee Memorial used both community input and secondary data sources to identify and prioritize the top health conditions in our area.

Findings

As a result of all the data and information gathered, the following conditions were identified as health needs for the communities served by TMH:

- Community Health Need #1 - Improving Access to Healthcare

Our tactics to address this need:

- Expansion of services provided by Tallahassee Memorial Transition Center
- Continued development of Tallahassee Memorial's comprehensive Telemedicine Program
- Providing the most comprehensive Emergency Medicine program in the region
- Continuing development of the strategic TMH Physician Partners regional expansion plan
- Continue to build the TMH/FSU Physician Residency Program

- Community Health Need #2 – Improve Population Health

Our tactics to address this need:

- Improve Metabolic Health
- Improve Maternal/Fetal Health
- Improve Cardiovascular Health
- Improve Cancer Health
- Improve Mental Health
- Improve Asthma Health

Year One Results

IMPLEMENTATION OF
TELEMEDICINE

2019



100% of patients
referred to
telemedicine
received
services

TELEMEDICINE

100% of patients
referred to
telemedicine
received services

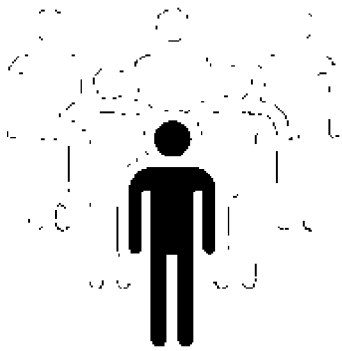
100% of patients
referred to
telemedicine
received services

100% of patients
referred to
telemedicine
received services

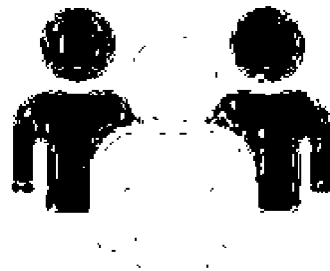
100% of patients
referred to
telemedicine
received services



Transition Center



Enhance Patient Education



Expand Partnerships

Tallahassee Memorial Transition Center Enhances Education, Expands Partnerships

In February 2011, Tallahassee Memorial opened the Transition Center, an innovative facility that provides follow-up care to Tallahassee Memorial patients who have recently been discharged from the hospital and may be at high risk for readmission. Whether these patients are at risk of readmission because they do not have a primary care physician, do not have insurance, or cannot see their own doctor in a reasonable period after leaving the hospital, the Transition Center acts as a safety net, helping them to avoid a second hospital stay. Created in partnership with Capital Health Plan and the Florida State University College of Medicine, the Transition Center connects patients to clinical care or other services following hospitalization. Services provided include filling prescriptions, arranging physical therapy, rehabilitation services, or getting in touch with case management or social work for intervention.



Through coordination of healthcare providers for post-discharge follow-up and assistance with obtaining necessary medications, fewer at-risk individuals will experience a healthcare decline after discharge, requiring readmission to a hospital.

During the CHNA implementation phase TMH expanded partnerships that increased the high-risk patient referrals to the Transition Center.

The Transition Center has entered into a Memorandum of Understanding (MOU) with Good Samaritan Ministries (GSM), the local non-profit organization that manages multiple residential facilities for the homeless. The MOU allows GSM to make direct

referrals to the Transition Center for residents to receive medical care. The Transition Center has also placed a telemedicine laptop at the main residential home so that residents can access timely follow-up care after an emergency room or inpatient stay. The Transition Center has met with staff at both the TMH Bixler Trauma and Emergency Center and Emergency Center – Northeast so that their case managers and social workers can directly refer high-risk patients to the Transition Center.

Also, during the CHNA implementation phase, TMH enhanced patient education and prevention services for patients with chronic diseases.

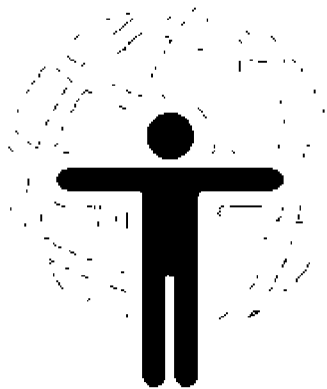
The Transition Center has implemented a follow-up program for patients who have been hospitalized with congestive heart failure or acute myocardial infarction. The program focuses on ensuring that patients understand how to obtain and take medications, accessing and attending follow-up appointments, and managing diet and exercise to support a healthy recovery and long-term health.

Finally, during the CHNA implementation phase, TMH expanded the use of telemedicine services in rural areas.

Telemedicine connectivity has been placed in several locations, and is actively being used at the Transition Center, Doctors' Memorial Hospital in Taylor County, and Weems Memorial Hospital in Franklin County. Services include telepsychiatry, teledietary, and ER consults. The technology is proving to be a vital resource in connecting rural patients to the care they need.



Telemedicine



Increase Locations



Increase Access

Tallahassee Memorial Expands Telemedicine Service Throughout Region

An example of Tallahassee Memorial's efforts to expand telemedicine in the region can be seen inside Doctors' Memorial Hospital in Perry, Florida. Tallahassee Memorial actively uses telepsychiatry services in the Emergency Department at Doctors' Memorial. Emergency Room physician Joda Lynn, MD is a champion of telemedicine.



"In the past, patients admitted through the ER for psychiatric evaluation were transferred by law enforcement officers to Tallahassee," he said. Using telemedicine technology, a psychiatrist from TMH's Behavioral Health Center can now conduct a private evaluation with the Doctors' Memorial ER patient through videoconference on a laptop computer.

"Not all cases require transfer to Tallahassee – a patient may simply need an adjustment in their current medication," says Lynn. Behavioral Health Center psychiatrists also work collaboratively with primary care physicians at Doctors' Memorial Clinic in Perry and Weems East Clinic in Carrabelle for patient consultations and evaluations.

Doctors' Memorial also uses telemedicine for dietary consults. Case Manager Dana Leggett notes, "It's often overwhelming for newly-diagnosed patients with Type 2 diabetes to absorb all the information about lifestyle changes and menu planning. Recently we used telemedicine for a consultation with Rodger Young, a registered dietitian from TMH's Dietary department." A laptop computer on a cart, or telecart, was brought to the patient's room for the consult. "It was very personal and the patient could ask specific questions based on her needs," says Leggett.

TMH will continue its implementation of telemedicine in the region in an effort to increase access to primary and specialty care, improve patient outcomes and increase efficiencies by reducing costs. The next phases of the implementation include using telemedicine to serve patients at the TMH Rehabilitation Center and expanding dermatology and wound care.

Our goal is to increase the availability of affordable and accessible healthcare for people in rural areas through the use of simple technology

During the CHNA implementation phase, TMH will partner with the Florida Legislature prior to and during the 2014 Session to develop telemedicine legislation that would provide reimbursement for telemedicine service providers throughout Florida.

Tallahassee Memorial played an active role during the 2014 Legislative Session in educating lawmakers, their staff, and the public on the benefits of telemedicine. TMH conducted live demonstrations on how the technology works to committees on the House and Senate sides of the legislature. A Telemedicine Bill progressed through the legislative session, but unfortunately did not make it to law.

Also, during the CHNA implementation phase, TMH developed telemedicine training materials, operational procedures, and resources for patients and providers.

TMH has developed a step-by-step guide for providers and presenting sites that guides those at the point of care in facilitating a successful telemedicine consult.

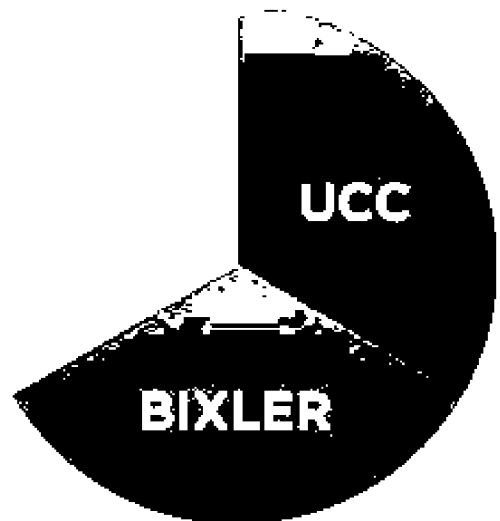
During the CHNA implementation phase, TMH deployed telemedicine equipment and training at additional provider sites within the primary service area.

In 2014, Telemedicine was deployed in Taylor County at Doctors' Memorial Hospital and outpatient clinics, Weems Hospital and outpatient clinics in Franklin County, Dermatology Associates, Tallahassee Plastic Surgery, and several long-term care facilities in the region.

Finally, during the CHNA implementation phase, TMH added additional primary care and specialty care providers to TMH's telemedicine network.

TMH neurologists are currently being trained on how to use the telemedicine technology and a pilot for use in the Bixler Trauma and Emergency Center has been scheduled before rolling out tele-stroke services to rural emergency departments.

Emergency Medicine



Reduce Wait Times

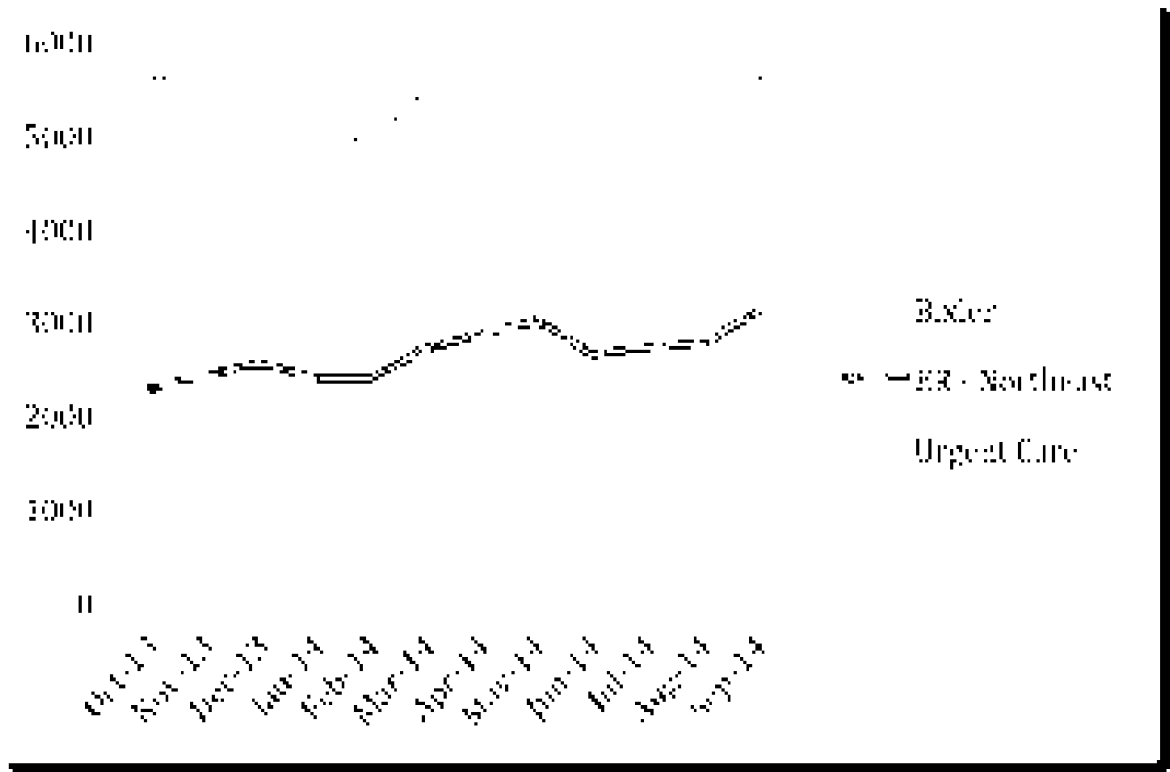
Assure Appropriate Distribution

The Most Comprehensive Emergency Medicine Program in the Region

As the region's safety net hospital, Tallahassee Memorial proudly maintains a wide array of services. Tallahassee Memorial brought to the region its only Trauma Center in effort to reduce trauma mortality throughout the region.

TMH's Trauma and Emergency Services operates at a financial loss. However, the provision of a designated Level II Trauma Center is an essential service for TMH's service area. The increased complexity and volume of care provided in the Trauma Center quickly caused the facility to reach capacity and resulted in extended wait time for emergent patient care. To address this issue, TMH developed an Urgent Care service to redirect non-emergent patients to a more appropriate level of care.

Between the Bixler Emergency and Trauma Center, Emergency Center – Northeast, and the Urgent Care Center, over 350 patients are seen daily. TMH's Trauma Program has seen a 21% increase in volume in 2014 and that trend continues. Trauma patients have come from 38 different counties. The Bixler Emergency and Trauma Center improved wait times by 25% for arrival to an ER bed in 2014 over 2013. In 2014, arrival to provider was a median of 46 minutes. Left before being seen decreased by 11% in 2014 over 2013.



The Trauma Program provides community outreach to more than 4,500 people annually. Outreach programs include Fall Prevention Fair, Operation Prom Night, Injury Prevention Fair, and a new program, "Pathways to Prevention." Pathways to Prevention is an injury prevention program designed for local schools to educate youth about the dangers of trauma related accidents and to ultimately prevent future occurrences.



Several additional tactics have been developed to increase accessibility to trauma, emergent, and urgent care services provided by the TMH Trauma & Emergency Services.



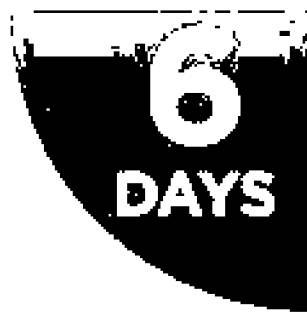
The Emergency Center – Northeast has been opened signed August 2013.

In 2014, 35,000 patients were cared for at the Emergency Center – Northeast. The modern design and leading edge technology of the new freestanding facility offers special features to promote comfort and support.

Tallahassee Memorial introduced the Behavioral Health Access Center in 2013 to provide improved access and quality of care for mental health emergencies occurring throughout the Big Bend region. Appropriate patients, not requiring emergency care can present directly to the Access Center, decreasing wait times for patients

The Access Center has decreased behavioral health volumes in the Bixler Trauma & Emergency Center by 50%, improving all patient populations

TMH Physician Partners



Reduce Wait Times

TMH Physician Partners Regional Expansion Plan

As part of TMH's commitment to improve access to healthcare in surrounding rural communities, Tallahassee Memorial operates five Family Medicine practices, with twelve physicians and four Advanced Registered Nurse Practitioners, throughout the area with offices located in Gadsden, Jefferson, Taylor, Wakulla, and Calhoun counties

During the CHNA implementation phase, the regional expansion plan focused on the following activities to continue to improve the communities' access to care as measured by an increased number of patient visits, medical conditions diagnosed and treated, and reduced wait times for physician appointment scheduling.

Through our primary care recruitment efforts, we brought four physicians and one Advanced Registered Nurse to our service area. These providers were able to provide care for 5,527 patient visits, which reduced wait times in half in most cases.

During the CHNA implementation phase, TMH increased the primary care provider (MD and mid-level) access at key locations in the region based upon market need assessments and also developed regional referral processes for specialty care.

Our annual community needs analysis determined a need for primary care physicians in our primary and secondary service areas. We were able to recruit four providers to our primary service area. We also brought an Advanced Registered Nurse Practitioner to Blountstown, Florida, which is in our secondary service area.

Also, during the CHNA implementation phase, TMH partnered with community infrastructures to identify and assist with implementing solutions for community health needs.

TMH became a founding partner in the United Way of the Big Bend Health Council, with several hospital representatives serving on the lead council and subcommittees. The group is focusing on dental health and mental health services and looking at increasing access to care, community engagement, and availability of resources.

TMH also served on the Gadsden County Health Council and conducted two presentations – one on transitional care and one on telemedicine. The group, comprised of local health providers and community agencies, focuses on streamlining service delivery and filling the gaps wherever possible with the goals of improving access to care and health outcomes in the county.

In 2014, TMH developed an enhanced partnership with Doctors' Memorial Hospital in Taylor County and gained two seats on the governing board of the hospital. TMH assists with recruitment of doctors, clinical education, and administrative support in order to ensure availability of quality care to local residents.

I

TMH/FSU Residency Programs

[REDACTED]

[REDACTED]

The Tallahassee Memorial Family Medicine Residency Program trains physicians who have graduated from medical school in the specialty of Family Medicine. The Family Medicine Residency Program has produced 342 graduates since its inception in 1973. Of those, 147 have chosen to remain in TMH's service area helping to ensure access to primary healthcare of residents of the Big Bend.

In the fall of 2011, Tallahassee Memorial and the FSU College of Medicine established a joint internal medicine residency program for the Big Bend region. The Internal Medicine Residency Program currently has 23 residents to continually improve access to care in the region.

During the CHNA implementation phase, TMH will develop an architectural plan for a Physician Education Training facility.

Mission critical medical education programs in Tallahassee are growing at a rate where more space is required to carry out their vital work. The FSU College of Medicine's Tallahassee Regional Medical School Campus, Tallahassee Memorial's Family Medicine Residency



Program, and Internal Medicine Residency Program are seeking to collocate programs in one medical education building to enhance educational benefits, learning experiences, and bring space efficiencies for the medical community and, in particular, the FSU/TMH medical student and medical resident community. Tallahassee Memorial is donating 3.1 acres of its campus for the three floor, 72,000 square foot building

Also during the CHNA implementation phase, TMH will incorporate population health assessment and health improvement planning into the Family Medicine Residency Program by including resident involvement in Tallahassee Memorial's Colleague Wellness Program and TMH's Transition Center.

Tallahassee Memorial is continuing to develop programming for this tactic during the next year

During the CHNA implementation phase, TMH planned for the addition of a Surgical Residency Program.

In early 2014, the Tallahassee Memorial HealthCare Board of Directors and the Florida State University College of Medicine announced plans to create a general surgery residency program in Tallahassee. The program, expected to produce two new general surgeons a year when at full capacity, is the first surgery residency program in Northwest Florida.



IMPROVE
ASTHMA HEALTH



IMPROVING
POPULATION
HEALTH



IMPROVING
HEALTHY LIVES

Tallahassee Memorial adopted a new five-year strategic plan in 2013. The improvement of our region's health status is highlighted in our new vision and mission statements.

Vision Leading our community to be the healthiest in the nation

Mission Transforming Care
 Advancing Health
 Improving Lives

The new mission and vision require a new strategic focus on planning that enables TMH to build systems and cultivate relationships that improve effective and affordable health management. The goal is to work with the community to evolve a regional care delivery model engaging populations in preventive and health management while providing coordinated care across preventive, ambulatory, inpatient and post acute care settings.

Our focus is to proactively engage the community and other healthcare providers in managing the high utilizing segment of the population. Another focus will be to develop a health care delivery system that includes self-management interventions so targeted populations can make behavioral changes over time to address both illness and long term health.

The vision of Tallahassee Memorial is to lead the community to be the healthiest in the nation. As such, TMH provides community health education and services, and develops collaborative partnerships to address the following health needs of the population:

- Improve Metabolic Health
- Improve Maternal/Fetal Health
- Improve Cardiovascular Health
- Improve Cancer Health
- Improve Mental Health
- Improve Asthma Health

Improving Metabolic Health

The Tallahassee Memorial Diabetes Center was established at the direction of local endocrinologists to improve the educational experience of patients. Our comprehensive outpatient Diabetes Center is staffed with nurses and dieticians who are certified as diabetes educators.

Two of our Primary Service Area counties (Leon and Gadsden) fall into the bottom quartile of Florida counties for percentage of overweight adults, with rates ranging from 3-4.6 percentage points higher than the Florida state rate. Three counties (Wakulla, Gadsden, and Jefferson) fall into the bottom quartile of Florida counties for percentage of obese adults, with rates ranging from 9-10 percentage points above the Florida state rate. Tallahassee Memorial is actively involved in helping adults and children in our region achieve greater metabolic health.

During the CHNA implementation phase TMH continued its long-term partnership between its Diabetes Center and Leon County school health nurses and school health assistants to provide annual pediatric diabetes education. The school health staff, in turn, collaborated with the Diabetes Center educators and medical directors on health management plans for children with diabetes in the schools. This program has effectively reduced diabetes-related emergencies in the schools and has led to better health management for children. The program is a model for school health trainings throughout the state of Florida. This training and collaboration serve as a springboard for other health education initiatives.

Two training sessions for Leon County school nurses and assistants occurred during Summer, 2014. Over 25 health care providers were trained. Dr. Kelley Lang replaced Dr. Angelina Cain on the School County School Health Advisory Committee.

During the CHNA implementation phase TMH continued its annual sponsorship of "Stomp Out Type 2 Diabetes" – a partnership with Leon County schools and other community organizations to promote fun physical activities and health awareness education among Leon County students and their families to prevent diabetes.



Tallahassee Memorial was an active sponsor and participant for the Stomp Out Type 2 Diabetes program targeted at Leon County school students, and their families, to promote healthy weight and eating behaviors, thereby preventing diabetes and obesity.

During the CHNA implementation phase the Diabetes Center offered ongoing community nutrition lectures at no charge and identified expanded location and settings to target underserved populations.

TMH offered several nutrition lectures to the public in partnership with the Leon County Extension Agency during the spring of 2014. These lectures were held at a variety of local community locations, such as the Chaires Community Center, Jake Gaither Community Center, Fort Braden Community Center, Premier Health & Fitness Center, Tallahassee Senior Center, Leon County Public Library, and the Leon County Health Department.

During the CHNA implementation phase, TMH served as an advocate for more community employers to invest in work site wellness initiatives.

The Diabetes and Bariatric Centers have been assisting a local wellness coordinator (Mary Barley) in offering diabetes and nutrition worksite wellness talks through our "Conversation Map" trainings at various worksites. These have been very successful and as of August 2014, TMH has completed six sessions with several more planned in the future.

Also during the CHNA implementation phase, Tallahassee Memorial will be a community advocate for more "walkable" communities where community development includes walking and biking areas as well as community sidewalk access. Tallahassee Memorial will also develop a TMH healthy workplace environment model that can be replicated in other organizations and communities, and develop partnerships with local restaurants to provide and promote healthy options.

Tallahassee Memorial is continuing to develop programming for this tactic during the next year.

During the CHNA implementation phase, TMH continued to provide Diabetes Center outreach sites in Monticello, Quincy, Crawfordville, and Florida State University.

Diabetes education continues to be offered monthly at Florida State University. Diabetes education is offered monthly in Quincy, and at least twice a month in Monticello and Crawfordville.

During the CHNA implementation phase, Tallahassee Memorial continued its 20-year sponsorship of the Florida Diabetes Camp for children with diabetes.

The Centenary Camp for children with Diabetes was held June 24-28, 2014. TMH provides scholarships that allow children with diabetes to attend a fun and educational Diabetes Camp offered each summer. Children from Leon, Gadsden, and other neighboring counties, including some in Georgia, attended in 2014.



During the CHNA implementation phase, TMH continued its sponsorship and involvement with Working Well, a local group of work site wellness program initiatives.

Tallahassee Memorial's sponsorship in Working Well continues.

During the CHNA implementation phase, TMH will participate in Imagine Tallahassee, a grassroots initiative providing citizens with an opportunity to brand their community.

The work of Imagine Tallahassee was completed during the first year of the implementation phase.

Also, during the CHNA implementation phase the Diabetes Center continued to provide medically managed weight loss programs through the Tallahassee Memorial Bariatric Center.

Dr. Kelley Lang replaced Dr. Angelina Cain as the director of the Tallahassee Memorial Bariatric Center. Obesity is the second leading cause of preventable death in the United States after smoking. The Bariatric Center is committed to treating obesity through a team approach that is customized to the patient.

Finally, during the CHNA implementation phase, Tallahassee Memorial continued to grow its Lipid Clinic.

Elizabeth Ford, ARNP, has joined the team at the Tallahassee Memorial Lipid Center. Wait times for newly referred patients with lipid disorders should be decreased with the addition of an ARNP.

Improving Maternal/Fetal Health

Tallahassee Memorial is proud to be the region's leader in maternity services, with more than 75% of babies born in the Big Bend delivered here at the Alexander D. Brickler, MD Women's Pavilion. We are the only hospital in Tallahassee currently working to obtain the Baby-Friendly Hospital designation. This is a global program that recognizes hospital and birthing centers offering an optimal level of care for infant feeding and mother/baby bonding.

Data available from the Florida Department of Health, Vital Statistics, 2013, shows that two counties in the Primary Service Area (Leon and Gadsden) fall into the bottom quartile of Florida counties for Infant Death rates, with rates ranging from 1.9 percentage points above Florida's state rate of 6.3 infant deaths/1000 live births in Leon County, to 3.7 percentage points above the state rate in Gadsden County. A deeper dive into the data reveals that greater disparities exist when comparing infant death rates by race. Leon County shows disparity in the African American race with 13.5 infant deaths/1000 live births compared to the state rate for African American infant deaths of 12.7/1000 live births (+.8 percentage points) and to the White Leon County rate of 5.6/1000 and state death rate of 5.5/1000 live births (+.1 percentage points).

In Jefferson County, disparity works the other direction with White infant deaths far exceeding African American infant death with rates of 16.7 and 7.2, respectively. Jefferson County white infant death rate is 9.2 percentage points higher than the Florida state average of 5.5 deaths/1000 live births. The Jefferson County African American infant death rate is 5.5 percentage points better than the Florida rate of 12.7/1000 live African American births.

Fetal death rates in Gadsden and Jefferson counties also exceed the Florida state rate by 9.1-9.9 percentage points. Greater disparities exist for Fetal Infant Deaths within the White population, with rates ranging from 8.5 percentage points higher than the state rate of 3.3, to 12.9 percentage points in Gadsden and Wakulla counties, respectively.

Three counties (Leon, Gadsden, and Jefferson) fall into the bottom quartile of Florida counties for infants born with low birth weight, ranging from .7 percentage points to 2.4 percentage points above the state rate of 8.7 low birth weight infants/1000 live births. Gadsden and Jefferson counties have significantly higher rates for Births to Teens (15-19) than the Florida state rate of 20.6/1000 live births. Rates run 23.4 percentage points and 8.4 percentage points higher than the state rate in these two counties respectively.

During the CHNA implementation phase, Tallahassee Memorial provided our Diabetes Center services for women with pre and post partum gestational diabetes.

The Gestational Diabetes Management (GDM) program at the Diabetes Center serves women with gestational diabetes in Gadsden, Jefferson, Leon, Madison, Taylor and Wakulla counties. From October 2013 to September 2014, the Diabetes Center has seen 248 patients with GDM for education and management training totaling 896 visits. The average birth weight is 7.5 lbs, which is an encouraging outcome.

During the CHNA implementation phase TMH continued to support the March of Dimes.

The colleagues at Tallahassee Memorial participate in the March of Dimes fundraising walk annually and most recently in April, 2014. TMH colleagues collected a walk total in the amount of \$19,938.88, plus a sponsorship from Tallahassee Memorial. Some of the funding stays in Tallahassee and part of the funding is used for medical research. Tallahassee Memorial received a \$5,000 grant in FY 2013 for safe sleep education for patients in the Neonatal Intensive Care Unit (NICU). The March of Dimes also provides a monthly dinner for the NICU parents at TMH. Current campaigns include support for education of health care providers and consumers against non-medically indicated inductions before 39 weeks. These deliveries will be a Tallahassee Memorial core measure for data collection in FY 2015.

During the CHNA implementation phase TMH continued its participation in various community health fairs to reach childbearing population with maternal fetal education and information.

Tallahassee Memorial's Women & Children's Services has participated in several health fairs. Women & Children's Services has collaborated with the Director of Colleague Well-Being to determine the demographics of the participants of the health fairs to better improve resource distribution.

During the CHNA implementation phase Tallahassee Memorial Women & Children's Services continued to participate in the annual Tallahassee Memorial Baby & Family Fair.

Participation in the TMH Baby & Family Fair was extensive. It included Labor & Deliver, the Neonatal Intensive Care Unit, Family Care Unit, Lactation Services, and the Children's Center. The Baby & Family Fair is an educational and exciting health event for both expectant moms and dads and families with children of all ages. It showcases products and services for those who are making important decisions about pregnancy, childbirth and raising a family. Over 500 families participated in the Baby & Family Fair this year.



During the CHNA implementation phase, TMH will participate in the Health Summit 2014 in Leon County.

There was not a Health Summit held in 2014

During the CHNA implementation phase, Tallahassee Memorial Women & Children's Services improved availability and access to perinatal classes related to breastfeeding, outpatient breastfeeding support and Safe Sleep safety.

Breastfeeding classes at A Woman's Place have been expanded to include another monthly date if registrations exceed capacity. Referrals to the lactation consultants have risen over the past six months from 380/395 per month to 540/591 per month. Group participation has risen from 116/130 breastfeeding mothers to 540/591 breastfeeding mothers per month. Safe sleep is addressed at discharge with each mother and family, and a reminder card with the safe sleeping position and update of information is given in the discharge booklet.

During the CHNA implementation phase, Tallahassee Memorial Women & Children's Services provided evidence-based care to childbearing women in the perinatal hospital setting.

Tallahassee Memorial's Family Care Unit provides documentation in the medical record for non-medical infant formula feedings for breastfeeding mothers. The Children's Center also supports breastfeeding mothers with food trays and snacks to enhance milk production and mothers are provided with a hospital-grade breast pump.

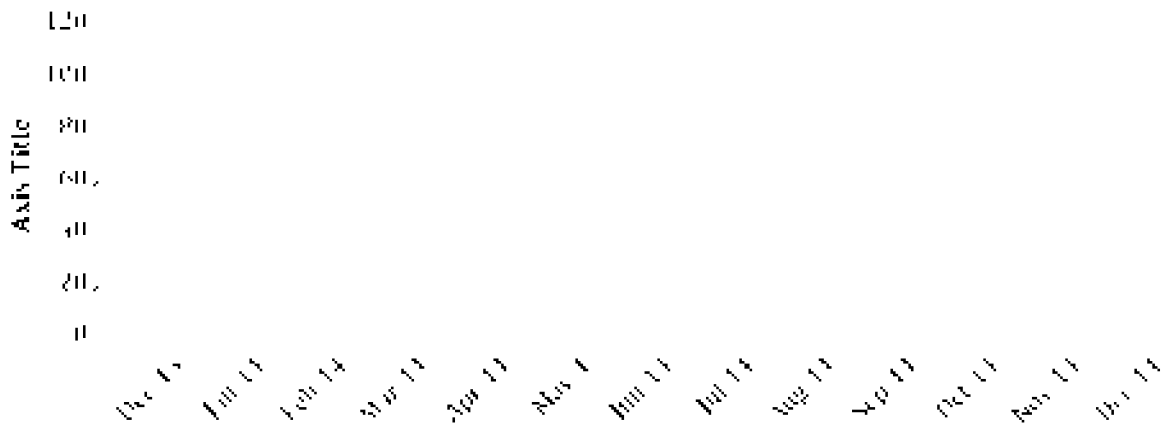
During the CHNA implementation phase, TMH launched a Labor & Delivery Unit initiative to begin skin-to-skin contact of mother and newborn for a minimum of 60 minutes after delivery to promote initial breastfeeding.

All mothers who choose to breastfeed and who have full-term healthy newborns are offered the opportunity provide skin-to-skin contact with their newborn during the first 60 minutes of birth. This has become a standard practice in our Labor & Delivery Unit—rarely do mothers choose not to provide this care.

During the CHNA implementation phase, Tallahassee Memorial will provide documentation and analysis of reasons for the provision of non-medical infant formula feedings for breastfeeding mothers on TMH’s Family Care Unit.

The Cerner documentation system was modified to provide a place for the Family Care Unit nurse to document the reason for providing infant formula to a breastfeeding mother. A Quarterly audit is now completed. The quarterly data is reviewed by the OB CNS.

Reason for Formula Documented



During the CHNA implementation phase, TMH began a new initiative in the Neonatal Intensive Care Unit (NICU) to increase breast milk pumping and administration by 10%.

Pumping has increased in the NICU due to more mothers choosing to breastfeed their newborn and pump and store breast milk. An electric breast pump is provided to all mothers of NICU babies within 4-6 hours of birth.

During the CHNA implementation phase, Tallahassee Memorial supported breastfeeding mothers with food trays and snacks during inpatient hospital stays to enhance milk production and provided the availability of a hospital-grade breast pump.

TMH provides nutritious food during hospital stays along with snacks. Nesters who have been discharged as an inpatient, but who have a baby in the Neonatal Intensive Care Unit have been provided with a food tray if they are breastfeeding. The Ronald McDonald House also provides breast pumps.

During the CHNA implementation phase, TMH continued to participate in the Fetal Infant Mortality Review (FIMR) each month with Capital Area Healthy Start Coalition.

Tallahassee Memorial's Neonatal Intensive Care Unit, Family Care Unit, Labor & Delivery Unit, Children's Center, and Pediatrics Intensive Care Unit participate each month in the case review for fetal infant mortality. TMH facilitates these meetings by providing space and also sponsors five lunches a year for the community multi-agency meeting.

During the CHNA implementation phase, Tallahassee Memorial continued to collaborate with the Capital Area Healthy Start Coalition to provide Preconception Professional Education.

Tallahassee Memorial sponsored a Preconception Health Medical Conference at the Florida State University College of Medicine in Winter, 2014. Many community physicians, nurses and other community leaders participated in this educational opportunity. Preconception health is the best way to provide preventative service and care for women planning to become pregnant. Healthier mothers equal healthier babies.

During the CHNA implementation phase, TMH continued to collaborate with the Whole Child Leon Coalition and work with its steering committee.

Tallahassee Memorial attended monthly meetings with Whole Child Leon and helped facilitate updates of community service changes to providers by providing access to pediatric department meetings.

During the CHNA implementation phase, Tallahassee Memorial will continue to support the local March of Dimes Chapters and collaborate in programs that impact low birth weight infants.

TMH representative serves on local March of Dimes Board. TMH participates in fundraising, contributes as a sponsor and participates the spring Walk.

During the CHNA implementation phase TMH continued to support the Down Syndrome Association.

Tallahassee Memorial is an annual sponsor of Down Syndrome Association of Tallahassee's Buddy Walk. Children and adults with Down syndrome, along with their families and friends, and TMH colleagues take part in a one-mile advocacy walk demonstrating their support of the acceptance and inclusion of people with Down syndrome.

During the CHNA implementation phase Tallahassee Memorial expanded its Breast Feeding Support Group.

TMH has re-branded the support group as “Milk with Mommy” Each new mother receives a post-card in the postpartum discharge information education packet about this support group

Resource phone numbers have also been included for other local support groups

During the CHNA implementation phase TMH expanded its lactation support to the community by providing outpatient visits for mothers experiencing breast feeding problems and continued to conduct follow-up phone calls to recently discharged mothers who are breastfeeding.

The IBCLC (International Breastfeeding Certified Lactation Consultant) receives phone calls related to problems with breastfeeding Some calls are handled over the phone and others require an outpatient visit

During the CHNA implementation phase Tallahassee Memorial will join the Florida Perinatal Quality Improvement Collaborative for Obstetric Hemorrhage.

The Tallahassee Memorial NICU attended a quality collaborative meeting in FY 2013 Presently, the NICU is waiting for an application, but has received approval for funding for this Collaborative

During the CHNA implementation phase, TMH continued its participation with the Capital Area Breastfeeding Coalition.

Tallahassee Memorial’s lactation consultants participate in the Capital Area Breastfeeding Coalition’s monthly meetings TMH sponsored events in August, 2014 to promote World Breastfeeding Week in the community Education and awareness assists the community in the normalization of breastfeeding The WIC program participates in this coalition

During the CHNA implementation phase, Tallahassee Memorial continued to collaborate with the WIC program in county health departments.

TMH has received a grant from the state of Florida administered by the local county health department for baby friendly accreditation efforts

During the CHNA implementation phase, Tallahassee Memorial continued to collaborate with African-American area churches to educate women about Safe Sleep for babies, and the importance of breastfeeding.

TMH reached out all area African-American churches whose pastors participated in the Tallahassee Memorial Focus Group luncheons in 2013 and 2014 No individual programs were requested or provided The Women & Children’s Services’ colleagues

have participated in several health fairs conducted by the churches, but coordinated through TMH

Finally, during the CHNA implementation phase, TMH implemented a structured nurse-led discharge program using a patient/family education format and self management plan for children admitted to the Children's Center with acute asthma or readmission to the Children's Center for asthma.

The Tallahassee Memorial Children's Center has developed a patient and family education nurse-led discharge-teaching program for childhood asthma this year. Plans are to educate the Children's Center Unit and then set an implementation date.

Improving in Cardiovascular Health

While Leon County compares favorably, or better than, the state rates for most cardiovascular health indicators, the neighboring counties do not. Two counties (Gadsden and Jefferson) fall into the bottom quartile of Florida counties for Heart Failure Deaths with rates 5 percentage points higher than the state rate of 9/100K population. Jefferson County also falls into the bottom quartile for Stroke Deaths, with a rating of 15.7 percentage points higher than the state average of 31.5 deaths/100K population. Gadsden, Jefferson and Wakulla counties each have elevated ratings of health risk factors such as hypertension, high cholesterol and smoking that fall into the bottom quartile of Florida state rates.

During the CHNA implementation phase, Tallahassee Memorial continued community education events, lectures, health fairs focusing on middle and high schools, senior centers, large employers, and churches.

TMH is invested in helping the community achieve greater cardiovascular health through educational initiatives and corporate sponsorships. The Tallahassee Memorial Heart & Vascular Center conducted 25 community education and screening events in 2014, touching 5,906 lives. The Diabetes and Lipid Centers have participated in several health fairs to promote education and awareness of cardiovascular disease prevention through diabetes and lipid management, and healthy eating and activity choices. TMH also sponsored local school events such as the Lincoln High School Battle of the Bands, Challenger Learning Center heart health education, and Hands Only CPR training to local Girl Scouts Troup 677.

During the CHNA implementation phase, TMH continued its partnerships with county EMS addressing early identification and intervention in stroke and heart attack.

Tallahassee Memorial Heart & Vascular Center colleagues participated in their annual continuing education event addressing heart attacks, and the Tallahassee Memorial NeuroScience Center provided stroke education. TMH colleagues attend a monthly STEMI review where they talk about cases and collaborate on ideas to improve pre- and post-hospital. The Heart & Vascular Center is working on a grant specific to minorities that could increase awareness about the importance of bystander Hands Only CPR. Collaborative community education on increasing awareness about heart attack and cardiovascular disease occurred at all the Alpha Phi Foundation events, the Press the Chest event, and the Battle of the Bands event.

During the CHNA implementation phase, Tallahassee Memorial will expand continuing medical education to primary care physicians and EMS providers.

Tallahassee Memorial is continuing to develop programming for this tactic during the next year

During the CHNA implementation phase, TMH will collaborate with the Alpha Phi Foundation through grant and partnerships with Leon County EMS to provide layperson CPR training to 600 women in Leon County.

Tallahassee Memorial held multiple CPR training sessions, providing training to approximately 500 people with kits funded by the Alpha Phi Foundation grant

During the CHNA implementation phase, Tallahassee Memorial continued to be a corporate sponsor of the annual Big Bend American Heart Association Heart Walk.

Tallahassee Memorial colleagues also raised \$31,000 for the American Heart Association, earning the title of Top Fundraising Team in the Big Bend Heart Walk



Improving in Cancer Health

Data available from Florida Department of Health, Vital Statistics, and University of FL (Miami) Medical School, FL Cancer Data System, show that each of the four counties in the primary service area have three cancer health status indicators falling into the bottom quartile of Florida counties.

Cancer Incidence rates/100K population for Breast Cancer are significantly above the state rate of 113.9 in Gadsden, Leon, and Jefferson counties, with rates of 8-20 percentage points higher than Florida's state rate. The incidence rate for cervical cancer is also in the lowest quartile in Gadsden County, 7.3 percentage points above the state rate of 9-incidences/100K population. Leon and Jefferson counties have Prostate Cancer incidence rates in the bottom quartile with ratings higher than the state rate ranging from 13.2-24.7 percentage points, respectively.

Cancer Death rates/100K population for select cancers fall at the bottom quartile for Prostate Cancer (Gadsden, Jefferson and Leon), Breast Cancer (Jefferson & Gadsden), and Melanoma (Leon). While Lung Cancer death rates fall in the bottom quartile for only Wakulla County, 22.1 percentage points above state rate of 45.4/100K population, two other counties (Gadsden & Jefferson) have rates higher than the state rate by 5 percentage points, and 10.7 percentage points, respectively.

Interesting race disparities exist in Cancer Death rates in the primary service area. While the age-adjusted death rate for overall cancer is highest in the African-American race in Leon County (59 percentage points higher than the White rate), the cancer death rate in the White population is higher in surrounding counties (by 30.9 percent points in Wakulla County, and 9.0 percentage points in Jefferson County). The specific cancers with the largest race disparities in death rates/100K population are in the White population for Breast Cancer (Wakulla and Jefferson) and Lung Cancer (Wakulla and Gadsden). African American death rate disparities exist in Prostate Cancer (all 4 counties) and Colorectal Cancer (Wakulla, Leon & Jefferson).

Tallahassee Memorial has been the Big Bend's leader in cancer care. We were accredited by the American College of Surgeon's Commission on Cancer in 1951, making us the longest continuously accredited community hospital cancer program in Florida. We are affiliated with UF Health for cancer care to expand the resources, education and research available in the Big Bend Region.

During the CHNA implementation phase, Tallahassee Memorial will continue to provide free prostate cancer screenings (DRE & PSA blood test).

TMH did not provide prostate screenings in 2014.

During the CHNA implementation phase, Tallahassee Memorial continued to support the American Cancer Society.

The Cancer Center partnered with the American Cancer Society to provide “Look Good Feel Better” classes for 75 cancer patients, educating them about how to use make-up, wigs, and head coverings during their treatments

During the CHNA implementation phase TMH continued to support the Leukemia & Lymphoma Society.

In 2014, Tallahassee Memorial started a Leukemia & Lymphoma Society Support Group and also participated and sponsored the Leukemia & Lymphoma Society’s Light the Night Walk

During the CHNA implementation phase the Tallahassee Memorial Cancer Center provided community education and screening events.

The Tallahassee Memorial Cancer Center participated in over 34 health fairs and community screening events in 2014

During the CHNA implementation phase, the Cancer Center partnered with community and state entities to provide cancer screenings as they became available.

In partnership with Tallahassee Ear, Nose & Throat, the Cancer Center screened over 80 patients, five of who were notified for follow up appointments

During the CHNA implementation phase, the Cancer Center continued to partner with schools, universities, and businesses to further educate the community about the health risks of tobacco use and the availability of smoking cessation programs and tools.

The Tallahassee Memorial Cancer Center has provided six six-week smoking cessation classes in FY 2014, with over 52 attendees. Of those, only about 10% have successfully quit This is not out of the ordinary as statistics show it takes a person seven attempts to quit before they are successful

During the CHNA implementation phase, the Cancer Center targeted high-risk populations with additional education and discussion about cancer symptoms, prevention, detection and treatment, and worked with community partners and payers to expand access to screenings such as mammography, lung cancer, and CT screenings.

The Cancer Center continues to target high-risk populations with education and discussion about cancer symptoms, prevention, detection, and treatment options The Sharon Ewing Breast Health Center, in association with the Tallahassee Memorial Family Medicine Residency Program, Radiology Associates, and Florida A&M

University, is conducting a three-year study on Mammography Screening targeting mostly under/uninsured African-American women over the age of 40. Free mammograms were provided to over 175 women through this grant.

Improving Mental Health

Tallahassee Memorial offers the most comprehensive mental health services and treatments in North Florida, South Georgia and Southeastern Alabama. We provide support for substance abuse and mental health disorders for adults and children. We are specially trained to care for complex mental health disorders, such as depression, anxiety, schizophrenia and substance abuse, as well as co-occurring disorders.

During the CHNA implementation phase, TMH continued to support the Florida Alliance for the Mentally Ill.

During the CHNA implementation phase, Tallahassee Memorial continued to support the Tallahassee Alliance for the Mentally Ill.

During the CHNA implementation phase, TMH supported employer provided mental health services through its Employee Assistance Program.

Tallahassee Memorial offers an Employee Assistance Program, not just to our colleagues, but also as a service to organizations within the Big Bend region. The Employee Assistance Program has 24 employer contracts, including TMH, serving a total of 17,000 employees with an estimated 18,000 total lives. EAP provides services to employee family members.

During the CHNA implementation phase, TMH continued work with the Apalachee Center, Turnabout, Disc Village and private providers of psychiatric services.

In addition to participating in over 35 community events to provide education for mental health and substance abuse programs, we continue to work with the Apalachee Center, Turnabout, Disc Village and other private providers of psychiatric services.

During the CHNA implementation phase, the Tallahassee Memorial Behavioral Health Center continued to work with regional law enforcement for crisis intervention training.

Crisis intervention training with regional law enforcement is ongoing at the Behavioral Health Center and new law enforcement officers cycle through the Behavioral Health Center on a quarterly basis.

During the CHNA implementation phase TMH established a process to increase the number of acute care discharges receiving a follow-up appointment upon discharge.

Tallahassee Memorial has established a system of tracking discharges to ensure information flows from our episode of care to the next level of care. The Behavioral

Health Center has increased its focus on providing outpatient flow up within a seven-day timeframe

Improving Asthma Health

Data from FloridaCharts, FL Dept of Health, Bureau of Epidemiology, and Florida Agency for Health Care Administration, 2009-2011 data, shows that Wakulla County and Gadsden County fall into the bottom quartile of Florida counties for Asthma health status indicators. The rate of Adults with Asthma (Wakulla) is 5.8 percentage points above the state's percentage of adults with Asthma (8.3%) and Gadsden County falls into the bottom quartile for Asthma age-adjusted hospitalization rates with the rate being 66.5 percentage points above the state rate/100K population of 775.1/100K population.

While Leon County data shows an overall rate for Asthma incidence and asthma age-adjusted hospitalizations that are lower than the state rates, a deeper dive shows a disparate incidence in hospitalization for Asthma and Emergency Department visits within the African American population, with rates 1.1 and 2.3 respectively.

During the CHNA implementation phase, Tallahassee Memorial continued to partner with community resources, including schools, churches, and employers, to provide asthma education and screening.

Throughout 2014, Tallahassee Memorial partnered with primary schools, local universities, senior citizen centers, Boys & Girls Clubs, and organizational health and wellness fairs in the region to provide awareness and screenings for asthma and chronic lower lung disease to the community.

During the CHNA implementation phase, TMH partnered with primary care providers to raise asthma awareness and offer resources to assist with implementing sustainable asthma screening and management programs in the primary care setting.

Memorial respiratory therapists visited regional physicians to ensure that spirometry was performed per proper technique and the best results were achieved for accurate diagnosis.

Tactics such as these increased and will continue to increase asthma awareness within the community, improve asthma self-management skills, and decrease asthma emergencies requiring an emergency department visit or an admission to a hospital.

Tallahassee Memorial Hospital

(A division of Tallahassee Memorial HealthCare, Inc.)

**Financial Statements and Supplemental Data
September 30, 2014 and 2013**

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
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September 30, 2014 and 2013

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Report of Independent Certified Public Accountants

To the Board of Directors of
Tallahassee Memorial HealthCare, Inc

We have audited the accompanying financial statements of Tallahassee Memorial Hospital (the "Company") (a division of Tallahassee Memorial HealthCare, Inc), which comprise the balance sheets as of September 30, 2014 and 2013, and the related statements of operations, changes in net assets and cash flows for the years then ended

Management's Responsibility for the Financial Statements

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

Independent Certified Public Accountants' Responsibility

Our responsibility is to express an opinion on the 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 financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tallahassee Memorial Hospital (a division of Tallahassee Memorial HealthCare, Inc) at September 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

December 12, 2014

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
Balance Sheets
September 30, 2014 and 2013

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 172,709,387	\$ 154,587,147
Short-term investments	1,552,352	1,551,703
Assets limited as to use	13,471,190	13,321,732
Patient accounts receivable, net of allowance for doubtful accounts of approximately \$71,841,000 and \$71,066,000 as of September 30, 2014 and 2013, respectively	76,334,590	69,081,421
Inventories	8,437,142	8,196,708
Other current assets	8,306,466	6,983,456
Total current assets	<u>280,811,127</u>	<u>253,722,167</u>
Assets limited as to use		
Held by trustee	26,829,921	29,539,642
Less amount required to meet current obligations	<u>(13,471,190)</u>	<u>(13,321,732)</u>
Total assets limited as to use	<u>13,358,731</u>	<u>16,217,910</u>
Long-term investments	27,300	27,300
Property, plant and equipment, net	262,988,889	261,759,105
Due from TMH, Inc	5,700,338	5,769,896
Other assets	8,646,019	8,855,556
Total assets	<u>\$ 571,532,404</u>	<u>\$ 546,351,934</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 48,730,013	\$ 44,344,284
Due to Medicare	6,269,108	487,281
Current portion of long-term debt	3,963,700	5,843,511
Current portion of pension liability	17,478,867	18,479,940
Other current liabilities	9,353,027	9,197,104
Total current liabilities	<u>85,794,715</u>	<u>78,352,120</u>
Long-term debt, net of current portion	124,173,707	128,142,048
Long-term pension liability	59,492,914	66,076,264
Other liabilities	21,844,884	23,475,813
Total liabilities	<u>291,306,220</u>	<u>296,046,245</u>
Commitments and contingencies		
Net assets, unrestricted	<u>280,226,184</u>	<u>250,305,689</u>
Total liabilities and net assets	<u>\$ 571,532,404</u>	<u>\$ 546,351,934</u>

The accompanying notes are an integral part of these financial statements

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
Statements of Operations
Years Ended September 30, 2014 and 2013

	2014	2013
Unrestricted revenues, gains and other support		
Net patient service revenue (net of contractual allowances and discounts)	\$ 621,259,177	\$ 584,577,988
Provision for bad debts	<u>(87,628,477)</u>	<u>(80,603,147)</u>
Net patient service revenue less provision for bad debts	533,630,700	503,974,841
Other revenue	<u>7,305,324</u>	<u>3,711,033</u>
Total revenues, gains and other support	<u>540,936,024</u>	<u>507,685,874</u>
Expenses		
Salaries, wages and benefits	261,853,464	250,628,054
Supplies and other	174,390,239	161,502,188
Professional fees	36,882,481	33,679,388
Depreciation and amortization	26,492,726	21,578,664
Interest	<u>8,416,147</u>	<u>8,848,124</u>
Total expenses	<u>508,035,057</u>	<u>476,236,418</u>
Operating income	32,900,967	31,449,456
Other revenues and expenses, net	<u>155,471</u>	<u>(338,887)</u>
Excess of revenues over expenses	33,056,438	31,110,569
Net assets released from restrictions used for purchase of equipment	384,133	486,761
Change in pension liability	<u>(3,520,076)</u>	<u>77,156,656</u>
Increase in unrestricted net assets	<u>\$ 29,920,495</u>	<u>\$ 108,753,986</u>

The accompanying notes are an integral part of these financial statements

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
Statements of Changes in Net Assets
Years Ended September 30, 2014 and 2013

	2014	2013
Unrestricted net assets		
Excess of revenues over expenses	\$ 33,056,438	\$ 31,110,569
Net assets released from restrictions used for purchase of equipment	384,133	486,761
Change in pension liability	(3,520,076)	77,156,656
Increase in unrestricted net assets	<u>29,920,495</u>	<u>108,753,986</u>
Temporarily restricted net assets		
Contributions	384,133	486,761
Net assets released from restrictions used for purchase of equipment	(384,133)	(486,761)
Increase in temporarily restricted net assets	<u>-</u>	<u>-</u>
Increase in net assets	29,920,495	108,753,986
Net assets		
Beginning of year	<u>250,305,689</u>	<u>141,551,703</u>
End of year	<u>\$ 280,226,184</u>	<u>\$ 250,305,689</u>

The accompanying notes are an integral part of these financial statements

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 29,920,495	\$ 108,753,986
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	26,492,726	21,578,664
Depreciation on office space rental property	1,123,408	1,155,376
Amortization of bond discount and bond issue costs	212,485	264,530
Net realized and unrealized gains on trading securities	(180,918)	(139,978)
Change in fair value of derivative	(614,913)	26,157
Provision for bad debts	87,628,477	80,603,147
Loss (gain) on sale of equipment	181,624	(108,862)
Restricted contributions	(384,133)	(486,761)
(Increase) decrease in		
Patient accounts receivable	(94,881,646)	(95,698,580)
Inventories	(240,434)	(216,074)
Due from Medicare	-	2,936,552
Other current assets	(1,323,010)	3,461,989
Increase (decrease) in		
Accounts payable and accrued expenses	4,385,729	(1,376,618)
Due to Medicare	5,781,827	487,281
Other current liabilities	155,923	69,309
Change in pension liability	(7,584,423)	(77,607,062)
Other liabilities	(1,016,016)	(720,149)
Net cash provided by operating activities	<u>49,657,201</u>	<u>42,982,907</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(29,194,935)	(43,107,154)
Proceeds from disposals of equipment	167,394	119,217
Investments		
Purchases of investments	(649)	(5,264)
Assets limited as to use		
Purchases of investments	(3,606,857)	(3,804,025)
Proceeds from sales and maturities of investments	6,497,496	4,680,807
Decrease in notes receivable and deposits	84,853	1,707,948
Net cash used in investing activities	<u>(26,052,698)</u>	<u>(40,408,471)</u>
Cash flows from financing activities		
Payments on capital lease obligations	(460,954)	(782,601)
Payments on long-term debt	(5,475,000)	(5,150,000)
Decrease in due from TMH, Inc	69,558	2,001
Restricted contributions	384,133	486,761
Net cash used in financing activities	<u>(5,482,263)</u>	<u>(5,443,839)</u>
Net increase (decrease) in cash and cash equivalents	18,122,240	(2,869,403)
Cash and cash equivalents		
Beginning of year	<u>154,587,147</u>	<u>157,456,550</u>
End of year	<u>\$ 172,709,387</u>	<u>\$ 154,587,147</u>
Supplemental disclosures of cash flow information		
Purchases of building and equipment under capital lease obligations	\$ -	\$ 126,878
Interest paid on debt obligations	8,304,522	8,674,400

The accompanying notes are an integral part of these financial statements

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
Notes to Financial Statements
September 30, 2014 and 2013

1. Summary of Significant Accounting Policies

Organization and Reporting Entity

Tallahassee Memorial HealthCare, Inc and Subsidiaries ("TMH, Inc ") is a not-for-profit corporation, which primarily operates as Tallahassee Memorial Hospital (the "Hospital") in Tallahassee, Florida. The Hospital provides inpatient, outpatient and emergency care services as well as skilled nursing and psychiatric care to residents in the Big Bend area of Florida. The Hospital is used to distinguish the hospital division from TMH, Inc 's consolidated financial statements, which are TMH, Inc 's primary financial statements. The accompanying financial statements of the Hospital are not intended to be the primary financial statements of TMH, Inc. These financial statements are prepared for regulatory purposes.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets are identified as unrestricted, temporarily restricted, or permanently restricted.

- Unrestricted – Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted – Net assets whose use by the Hospital is subject to donor-imposed stipulations that can be fulfilled by actions of the Hospital pursuant to those stipulations or that expire by the passage of time. At September 30, 2014 and 2013, the Hospital has no temporarily restricted net assets.
- Permanently restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Hospital. At September 30, 2014 and 2013, the Hospital has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates involve accounting for the allowance for doubtful accounts and contractual allowances, due from Medicare, self-insurance liabilities, accrued pension liability and depreciation and amortization expense.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with maturities of three months or less when purchased.

Tallahassee Memorial Hospital
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Notes to Financial Statements
September 30, 2014 and 2013

Investments

Short-term and long-term investments consist primarily of certificates of deposit with maturities of less than one year, money market funds, and equities. All investments in debt securities and marketable equity securities with readily determinable fair values are measured at fair value in the accompanying balance sheets. Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses for trading securities except for income or loss that is restricted by donor or law. Unrealized gains and losses on short-term and long-term investments classified as other than trading securities are excluded from the excess of revenues over expenses. The Hospital evaluates the nature and classification of securities on a periodic basis under Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities* ("ASC 958"). Such securities are classified as trading securities.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture agreements and self-insurance trust arrangements. Amounts required to meet current liabilities of the Hospital have been presented as current assets in the accompanying balance sheets. Assets limited as to use are classified as trading or other than trading securities and stated at fair value. Amounts consist of cash and cash equivalents, corporate obligations, U.S. government and agency obligations, mutual funds and equities. The Hospital evaluates the nature and classification of securities on a periodic basis, and has designated all securities as trading.

Inventories

Inventories consist principally of unused supplies and are stated at the lower of cost (first-in, first-out method) or market.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets generally as follows:

	Estimated Useful Lives
Building and building improvements	5–40
Leasehold improvements	5–25
Equipment	3–20

Expenditures for additions and improvements are capitalized. Costs incurred to acquire material and services in obtaining and installing internal-use software and payroll costs directly spent on the installation of such software are capitalized. Training and maintenance fees are expensed as incurred. Expenditures for maintenance and repairs are charged to operations as incurred. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is included in other revenues and expenses, net.

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Debt Issuance Costs

Debt issuance costs incurred in connection with the Health Facilities Revenue Bonds, Health Facilities Revenue Refunding Bonds and Healthcare Facilities Subordinated Revenue Bonds are being amortized over their respective terms utilizing the straight-line method, which approximates the effective interest method. Debt issuance costs of approximately \$3,574,000, net of accumulated amortization of approximately \$2,515,000 and \$2,390,000 at September 30, 2014 and 2013, respectively, remain to be amortized over future periods and are included in other assets in the accompanying balance sheets.

Accrued Self-Insurance Liabilities

The provision for estimated self-insured professional liability (malpractice), workers' compensation and employee health includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The current portion of professional liability, workers' compensation and employee health are included in other current liabilities and the long-term portion is included in other liabilities in the balance sheets.

Net Patient Service Revenue

The components of net patient service revenue for the years ended September 30, 2014 and 2013 are as follows:

	2014	2013
Gross patient service revenue	\$ 1,971,788,496	\$ 1,771,525,330
Contractual adjustments and other deductions	<u>(1,350,529,319)</u>	<u>(1,186,947,342)</u>
Net patient service revenue	<u>\$ 621,259,177</u>	<u>\$ 584,577,988</u>

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. Approximately 80% and 81% of the Hospital's net patient accounts receivable at September 30, 2014 and 2013, respectively, are due from commercial insurance carriers and governmental payors, and the remainder is due from others who reside primarily in the geographical area in or near Tallahassee, Florida. Patient accounts receivable are stated at their estimated net realizable value as determined by management. Management's estimate is based on an assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage, and other collection indicators.

Excess of Revenues Over Expenses

The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include net assets released from restrictions used for purchases of equipment and the change in pension liability.

Charity Care

The Hospital 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 Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

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Donor-Restricted Gifts

Donor-restricted contributions, other than for equipment, whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements

Other Revenues and Expenses, Net

Other revenues and expenses, net consist primarily of interest income, rental income and the related expenses incurred to maintain rental property and the total change in the fair value of the derivative

Derivatives

The Hospital recognizes the asset or liability for the derivative instrument on the balance sheets at fair value and the amount is included in other liabilities in the balance sheets. The fair value of the derivative instrument at September 30, 2014 and 2013 was a liability of approximately \$1,877,000 and \$2,492,000, respectively, which is included in other long-term liabilities (see Note 7). Changes in the fair value of the derivative are recorded each period in excess of revenues over expenses or as a change in unrestricted net assets, depending on the type of hedge transaction.

On March 22, 2001, the Hospital entered into a "Basis Rate Swap" agreement with a financial institution to receive or pay the spread between two variable interest rates for a notional amount equal to the outstanding principal on the Series 2000 Bond Issue. The purpose of the Basis Rate Swap is to reduce interest cost over the life of the Series 2000 Bonds. However, the swap agreement does not meet the definition of a hedge. Consequently, changes in the fair value of the instrument are required to be recorded in the excess of revenues over expenses in the statements of operations. The changes in the fair value of the swap required the recording of a gain and a (loss) of approximately \$615,000 and \$(26,000) in other revenues and expenses, net, in the accompanying statements of operations for the years ended September 30, 2014 and 2013, respectively. The gains (losses) are unrealized and represent the amount the Hospital would be required to pay for the Basis Rate Swap at the end of the fiscal year.

The Hospital received funds related to the Basis Rate Swap of approximately \$69,000 and \$41,000 for the years ended September 30, 2014 and 2013, respectively, which is recorded in other revenues and expenses, net in the accompanying statements of operations. Furthermore, the Hospital was required to post collateral in the amount of approximately \$3,229,000 and \$2,279,000 at September 30, 2014 and 2013, respectively, as part of the margin call related to the Basis Rate Swaps. The cash collateral is recorded in assets limited as to use in the accompanying balance sheets.

Fair Value Measurements

The Hospital accounts for fair value in accordance with ASC 820, *Fair Value Measurement* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC 820 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions.

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about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Hospital for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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

The following tables present the financial instruments carried at fair value as of September 30, 2014 and 2013, by caption on the balance sheets by the ASC 820 valuation hierarchy defined above.

September 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Cash, investments and assets limited as to use				
Cash and cash equivalents	\$ 193,663,030	\$ -	\$ -	\$ 193,663,030
U.S. government and agency obligations	-	3,837,400	-	3,837,400
Mutual funds	-	1,007,114	-	1,007,114
Equities	1,996,078	-	-	1,996,078
Corporate obligations	-	615,338	-	615,338
Total cash, investments and assets limited as to use	<u>195,659,108</u>	<u>5,459,852</u>	<u>-</u>	<u>201,118,960</u>
Total assets at fair value	<u>\$ 195,659,108</u>	<u>\$ 5,459,852</u>	<u>\$ -</u>	<u>\$ 201,118,960</u>
Liabilities				
Basis rate swap payable	\$ -	\$ 1,877,163	\$ -	\$ 1,877,163
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 1,877,163</u>	<u>\$ -</u>	<u>\$ 1,877,163</u>

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September 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Cash, investments and assets limited as to use				
Cash and cash equivalents	\$ 175,982,682	\$ -	\$ -	\$ 175,982,682
U S government and agency obligations	-	6,552,096	-	6,552,096
Mutual funds	-	656,119	-	656,119
Equities	1,900,762	-	-	1,900,762
Corporate obligations	-	614,133	-	614,133
Total cash, investments and assets limited as to use	<u>177,883,444</u>	<u>7,822,348</u>	<u>-</u>	<u>185,705,792</u>
Total assets at fair value	<u>\$ 177,883,444</u>	<u>\$ 7,822,348</u>	<u>\$ -</u>	<u>\$ 185,705,792</u>
Liabilities				
Basis rate swap payable	\$ -	\$ 2,492,076	\$ -	\$ 2,492,076
Total liabilities at fair value	<u>\$ -</u>	<u>\$ 2,492,076</u>	<u>\$ -</u>	<u>\$ 2,492,076</u>

Following is a description of the Hospital's valuation methodologies for assets and liabilities measured at fair value

Fair value for Level 1 is based upon quoted prices in active markets that the Hospital has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The Hospital does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

Basis rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. The basis rate swap arrangement has inputs which can generally be corroborated by market data and are therefore classified within Level 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital 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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Concentrations of Credit Risk

The Hospital maintains its cash and cash equivalents with several large institutions. All accounts at each financial institution are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000 per bank. The Hospital has cash deposits which exceed the federally insured deposited amount. Management does not anticipate nonperformance by financial institutions.

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors on a net basis at September 30, 2014 and 2013 was as follows:

	2014	2013
Medicare	22%	24%
Medicaid	9%	11%
Managed Care	26%	25%
Blue Cross	19%	17%
Other (principally Commercial)	24%	23%
	100%	100%

Recent Accounting Pronouncements

In October 2012, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2012-05, *Statement of Cash Flows*, which addresses how cash receipts arising from the sale of certain donated financial assets, such as securities, should be classified in the statement of cash flows for not-for-profit entities. As the classification of cash receipts from these kinds of assets have not been consistently classified, the amendments in this update seek to eliminate the current diversity of options available by determining the classification of proceeds based on any potential donor restrictions of the cash received for long-term purposes. Effective October 1, 2013, the Hospital adopted the provisions of the amendment which did not have a material impact to its financial statements.

2. Net Patient Service Revenue

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

Medicare

Inpatient acute care services, skilled nursing services, hospital outpatient services and home health services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain outpatient services rendered to Medicare beneficiaries, and direct graduate medical education costs are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

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The Hospital's Medicare cost reports have been audited by the Medicare intermediary for all years through September 30, 2010, however, final settlement has not been issued by Medicare for fiscal year 2007. Medicare audits have begun but are incomplete for fiscal years 2011 and 2012. Approximately 33% and 38% of net patient service revenue for the years ended September 30, 2014 and 2013, respectively, is subject to the provisions of Medicare agreements.

Medicaid

Inpatient and outpatient services (except for laboratory and pathology services) rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. Reimbursable cost is determined in accordance with the principles of reimbursement established by the State of Florida Title XIX Hospital Reimbursement Plan supplemented by the Medicare Principles of Reimbursement. The interim rates are tentatively established on an individual per diem basis for each hospital, subject to cost ceilings with exceptions. The Hospital is reimbursed at a tentative rate with final settlement determined when the prospectively determined rate is adjusted as a result of intermediary audit of the cost report used in the establishment of the prospective rate. Retroactive adjustments for interim rate changes anticipated after the intermediary audit of the cost report are accrued on an estimated basis and adjusted in the period when final settlements are determined. Beginning on July 1, 2013, inpatient admissions are paid upon a prospectively determined rate based upon diagnostic categories adjusted for severity. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2009, however, the revised audited per diem rates have not been issued by Medicaid. Approximately 8% and 4% of net patient service revenue for the years ended September 30, 2014 and 2013, respectively, is related to services provided to Medicaid patients.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Other

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Some of these arrangements provide for review of paid claims for compliance with the terms of the contract and result in retroactive settlement with third parties. Retroactive adjustments for other third party claims are recorded in the period when final settlement is determined.

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3. Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The direct and in-direct costs estimated by the Hospital related to charity care were approximately \$22,008,000 and \$20,070,000 as of September 30, 2014 and 2013, respectively. The costs were estimated using the best information available to management using the cost to charge ratio. There were no funds received related to offsetting or subsidizing charity care.

4. Tax Status

The Hospital is organized as a Florida not-for-profit corporation and is exempt from payment of income taxes under Internal Revenue Code Section 501(c)(3). The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances.

5. Investments and Assets Limited as to Use

The composition of assets limited as to use at September 30, 2014 and 2013 is set forth in the following table:

	2014	2013
Held by trustee under indenture agreements		
Cash, cash equivalents and short-term investments	\$ 15,795,311	\$ 16,996,651
U S government and agency obligations	3,337,866	6,149,977
	<u>19,133,177</u>	<u>23,146,628</u>
Held by trustee for self-insurance funding arrangements		
Cash, cash equivalents and short-term investments	376,537	567,739
U S government and agency obligations	472,234	374,818
Mutual funds	1,007,114	656,119
Equities	1,996,078	1,900,762
Corporate obligations	615,338	614,133
	<u>4,467,301</u>	<u>4,113,571</u>
Held by trustee as swap collateral		
Cash	3,229,443	2,279,443
	<u>\$ 26,829,921</u>	<u>\$ 29,539,642</u>

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Short-term and long-term investments, stated at fair value, at September 30, 2014 and 2013 include

	2014	2013
Private equities	\$ 27,300	\$ 27,300
Certificates of deposit	1,552,352	1,551,703
	<u>1,579,652</u>	<u>1,579,003</u>
Less Long-term investments	<u>(27,300)</u>	<u>(27,300)</u>
Short-term investments	<u>\$ 1,552,352</u>	<u>\$ 1,551,703</u>

Investment income for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30, 2014 and 2013

	2014	2013
Income		
Interest income	\$ 248,597	\$ 306,703
Unrealized gains on trading securities	180,918	139,978
	<u>\$ 429,515</u>	<u>\$ 446,681</u>

6. Property, Plant and Equipment

Property, plant and equipment as of September 30, 2014 and 2013 is summarized as follows

	2014	2013
Land	\$ 15,063,684	\$ 15,063,683
Buildings	296,168,263	290,208,225
Equipment	220,919,874	208,733,460
Leasehold improvements	3,559,483	4,190,287
	<u>535,711,304</u>	<u>518,195,655</u>
Less Accumulated depreciation	<u>(284,328,258)</u>	<u>(262,949,728)</u>
	251,383,046	255,245,927
Construction-in-progress	<u>11,605,843</u>	<u>6,513,178</u>
Property, plant and equipment, net	<u>\$ 262,988,889</u>	<u>\$ 261,759,105</u>

Depreciation and amortization expense for the years ended September 30, 2014 and 2013 was approximately \$26,493,000 and \$21,579,000, respectively. Depreciation expense on office space rental property for the years ended September 30, 2014 and 2013 was approximately \$1,123,000 and \$1,155,000, respectively, and was included in other revenues and expenses, net in the accompanying statements of operations. Construction-in-progress at September 30, 2014 consisted of facility renovations and various information technology projects. Estimated costs to complete are approximately \$4,175,000.

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The Hospital leases substantially all of its property, plant and equipment from the City of Tallahassee under the terms of a lease, as amended, which expires in September 2043. The lease is automatically extended one year each September 30 unless the City of Tallahassee or the Hospital elects to nullify that year's extension. Any such election will not affect automatic renewals in future years. Property, plant and equipment acquired by the Hospital becomes a part of the leased properties, but are owned by the City of Tallahassee and are subject to the terms of the lease agreement. Obligations incurred for such acquisitions are the direct responsibility and liability of the Hospital. The Hospital leases the facility for \$1 per year and is responsible for payment of related taxes, insurance, operating expenses and capital improvements of the property, plant and equipment.

The Hospital leases a portion of its office and equipment under agreements which expire at various dates through 2018. Rent expense for the years ended September 30, 2014 and 2013 was approximately \$4,029,000 and \$3,552,000, respectively. As of September 30, 2014, future minimum rental payments required under noncancelable operating leases are

Years Ending	
2015	\$ 396,795
2016	256,379
2017	42,208
2018	6,275
	<u>\$ 701,657</u>

The Hospital leases office space to tenants under operating leases. Lease terms range from one to ten years.

7. Other Liabilities

Other liabilities consist of the following at September 30, 2014 and 2013

	2014	2013
Workers' compensation liability	\$ 1,278,095	\$ 1,278,095
Self-insured professional liability	8,893,231	10,263,230
Agency for HealthCare Administration statutory liability	2,791,292	2,750,149
Deferred compensation arrangement	2,312,973	1,927,315
Asset retirement obligation	380,000	380,000
Fair value of interest rate swap	1,877,163	2,492,076
Obligation for supplemental executive retirement benefits	4,312,130	4,384,948
	<u>\$ 21,844,884</u>	<u>\$ 23,475,813</u>

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8. Long-Term Debt

A summary of long-term debt and capital lease obligations at September 30, 2014 and 2013 follows

	2014	2013
Health Facilities Revenue Refunding Bonds, Series 1992B, interest of 6% at September 30, 2014 and 2013, final maturity December 2015	\$ 6,090,000	\$ 8,880,000
Health Facilities Revenue Refunding Bonds, Series 1994, interest of 6 25% at September 30, 2013, final maturity December 2013	-	2,685,000
Health Facilities Revenue Bonds, Series 2000, interest of 6 25% to 6 375% at September 30, 2014 and 2013, final maturity December 2030	100,100,000	100,100,000
Healthcare Facilities Subordinated Revenue Bonds, Series 2008, interest of 9 3% at September 30, 2014 and 2013, final maturity June 2028	600,000	600,000
Capital lease obligations	<u>22,166,090</u>	<u>22,627,043</u>
	128,956,090	134,892,043
Less Net amortized bond discount	<u>(818,683)</u>	<u>(906,484)</u>
Total long-term debt	128,137,407	133,985,559
Less Current portion	<u>(3,963,700)</u>	<u>(5,843,511)</u>
Long-term portion	<u>\$ 124,173,707</u>	<u>\$ 128,142,048</u>

The Hospital, with the City of Tallahassee acting as a conduit, issued Health Facilities Revenue Refunding Bonds, Series 1987 and 1992B, of \$54,905,000 and \$38,840,000, respectively, in connection with two cross-over financings. In addition, Health Facilities Revenue Refunding Bonds, Series 1994 in the amount of \$21,835,000 were issued in October 1994. On December 1, 1994, the Hospital elected that the Series 1987 Bonds provide for the payment of the Series 1984 Bonds. At the same time, the Series 1992B Bonds and the Series 1994 Bonds provided for the payment of the Series 1987 Bonds. The Hospital granted the City of Tallahassee a security interest in its revenue at the time of closing of the Health Facilities Revenue Refunding Bonds, Series 1994, and the cross-over of the Series 1992B Bonds.

On November 7, 2000, the Hospital, with the City of Tallahassee acting as a conduit, issued Health Facility Revenue Bonds, Series 2000, in the amount of \$100,100,000 for certain construction, renovation, and purchase of equipment. Interest rates range from 6 25% to 6 375% with final maturity in December 2030. The Series 2000 Bonds are collateralized by the gross revenues of the Hospital.

On September 12, 2008, the Hospital, with the City of Tallahassee acting as a conduit, issued Healthcare Facilities Subordinated Revenue Bonds, Series 2008, in the amount of \$600,000 for the construction of a sleep center. The Series 2008 Bonds are privately placed and contain an interest rate of 9 3%.

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The Series 1992B Bonds are collateralized by the unconditional and irrevocable guarantee of MBIA, Inc (formerly the Municipal Bond Investors Assurance Corporation) The guarantee expires concurrently with the Series 1992B Bonds

The bond trust indentures require compliance with various restrictive covenants, such as minimum debt service coverage ratios, and include maintenance of certain debt service funds The Hospital was in compliance with various financial restrictive covenants at September 30, 2014 and 2013

Scheduled principal payments on long-term debt and the capital lease obligations are as follows

Years Ending	Long-Term Debt	Capital Lease Obligations
2015	\$ 3,680,000	\$ 1,625,678
2016	3,900,000	1,666,320
2017	4,140,000	1,707,978
2018	4,395,000	1,750,678
2019	4,670,000	1,794,445
Thereafter	<u>86,005,000</u>	<u>30,808,611</u>
	<u>\$ 106,790,000</u>	<u>39,353,710</u>
Less Amount representing interest under capital lease obligations		<u>(17,187,620)</u>
		<u>\$ 22,166,090</u>

The following equipment and buildings were financed under capital leases and are included in property, plant and equipment on the balance sheets at September 30, 2014 and 2013

	2014	2013
Equipment and buildings	\$ 22,872,616	\$ 27,649,698
Less Accumulated depreciation	<u>(3,598,165)</u>	<u>(7,138,663)</u>
	<u>\$ 19,274,451</u>	<u>\$ 20,511,035</u>

9. Self-Insurance

The Hospital has professional liability insurance coverage through a captive insurer on a claims-made basis The Hospital is currently self-insured for the first \$3,000,000 of each claim From May 1, 2003 through April 30, 2005, the Hospital was self-insured for the first \$5,000,000 of each claim From March 28, 2002 through April 30, 2003, the Hospital was self-insured for the first \$3,000,000 of each claim From March 15, 2001 through March 27, 2002, the Hospital was self-insured for the first \$1,000,000 of each claim From January 1, 1989 through March 14, 2001 the Hospital was self-insured for the first \$250,000 and prior to January 1, 1989, the Hospital was self-insured for the first \$100,000 of each claim Malpractice claims, including amounts for which the Hospital is self-insured, have been asserted by various claimants, and additional claims may be asserted for known incidents occurring through September 30, 2014 The claims are in various stages of processing and some may ultimately be brought to trial Moreover, additional claims arising from services provided to patients in the past may be asserted The Hospital has engaged an independent actuary to assist in the computation of an accrual for self-insurance of professional

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liability coverage The actuarial computations were based upon an evaluation of past incidents A liability of approximately \$17,395,000 and \$18,609,000 has been recorded at September 30, 2014 and 2013, respectively, representing management's best estimates based upon the actuarial computations

Effective May 1, 2005, the Hospital entered into a captive arrangement with Health Care Casualty Risk Retention Group, Inc ("HCCR") for professional and general liability reinsurance coverage HCCR provides liability insurance coverage of \$20,000,000 per occurrence in excess of the \$3,000,000 retention Effective August 1, 2014, HCCR's aggregate liability coverage increased from \$20,000,000 to \$25,000,000

HCCR was incorporated under the Captive Insurance Company Act of 2004 and the District of Columbia Business Corporation Act, D C Code, 2001 edition, on December 14, 2004 HCCR was added to the list of registered Risk Retention Groups by the state of Florida on March 8, 2005 In addition, the Hospital owns shares of Health Care Casualty Insurance Limited (the "Captive") which was incorporated as a limited liability company under the Companies Law of the Cayman Islands on August 30, 2002 and holds an unrestricted Class "B" Cayman Islands insurer's license under Section 4(2) of the Cayman Islands Insurance Law The license enables the Captive to transact insurance business, other than domestic business, from within the Cayman Islands The Cayman Islands Monetary Authority has imposed a minimum capital requirement of \$120,000

HCCR and the Captive are owned by a number of healthcare institutions based in the United States The owners are all not-for-profit hospitals and healthcare systems The principal activity of the Captive and HCCR is to provide professional and general liability coverage on a claims made and occurrence basis for the risk associated with the delivery of healthcare services for the shareholders, their employees and medical staff members The Hospital became a shareholder of the Captive and HCCR on May 1, 2005 As of September 30, 2014, the Hospital is one of eight owners of the Captive, four of which are active and four are inactive and one of five owners of HCCR TMH, Inc 's investment in HCCR and the Captive, which is carried at cost, was \$100,000 and \$857,000 at September 30, 2014 and 2013, respectively The Captive's bylaws indicate that no more than 15 organizations can be owners HCCR maintains a facultative reinsurance agreement with the Captive whereby all of the professional and general liability risk of the Hospital for in-force (not expired) policies is effectively transferred to the Captive Effective from August 1, 2009, the Captive entered into a reinsurance contract with limits reinsured of \$14,000,000 per claim and aggregate in excess of \$6,000,000 per claim in excess of each insured's retention Effective August 1, 2006, the Captive entered into a three year reinsurance contract with limits of \$14,000,000 per claim and \$21,000,000 annual aggregate in excess of \$6,000,000 per claim in excess of each insured's retention Prior to August 1, 2006, the Captive retained \$5,000,000 of professional liability risk for each claim and maintained a reinsurance treaty that provided \$5,000,000 of excess coverage for each claim

The Hospital is self-insured for workers' compensation up to \$500,000 per occurrence, and has purchased excess coverage from commercial carriers up to the amount allowed by Florida Statutes A liability of approximately \$2,129,000 has been recorded at September 30, 2014 and 2013

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The combined liability for professional liability and workers' compensation self-insurance at September 30, 2014 and 2013 was as follows

	2014	2013
Other current liabilities	\$ 9,353,027	\$ 9,197,104
Other liabilities	10,171,326	11,541,325
	<u>\$ 19,524,353</u>	<u>\$ 20,738,429</u>

10. Retirement Plans

The Hospital maintains a noncontributory defined benefit pension plan (the "Plan") covering substantially all employees. The Plan's benefits are based on years of service and the employees' compensation during the highest five years of credited service. The Hospital's funding policy is to contribute annually the minimum amount permitted under ERISA using the Projected Unit Credit Actuarial Cost Method. Plan assets consist primarily of listed stocks, corporate bonds, government bonds and notes, and mutual funds.

On October 20, 2004, the Board of Directors of TMH, Inc. approved a resolution to freeze benefit accruals under the Plan effective December 31, 2004. While continued service after December 31, 2004 will count towards eligibility for early retirement benefits and vesting purposes, no service or compensation after December 31, 2004 will be considered for benefit accruals.

The Hospital accounts for the Plan in accordance with ASC 715, *Compensation - Retirements* ("ASC 715"). ASC 715 requires an employer to recognize the net funded status of defined benefit pensions and other postretirement benefit plans as an asset or liability in its balance sheet and to recognize changes in the funded status through net assets. Additional minimum pension liabilities ("AML") and related intangible assets were derecognized upon adoption of ASC 715. For pension plans, the benefit obligation is the projected benefit obligation, for other postretirement plans, the benefit obligation is the accumulated postretirement benefit obligation.

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The following table sets forth the approximate change in projected benefit obligation, change in plan assets, weighted average assumptions and component of net periodic pension cost for the Plan

	2014	2013
Accumulated benefit obligation	<u>\$ 425,276,572</u>	<u>\$ 395,716,067</u>
Change in projected benefit obligation		
Projected benefit obligation, beginning of year	\$ 395,716,067	\$ 446,186,963
Interest cost	18,090,962	16,348,286
Actuarial loss (gain)	28,364,954	(50,513,328)
Benefits paid	<u>(16,895,411)</u>	<u>(16,305,854)</u>
Projected benefit obligation, end of year	<u>\$ 425,276,572</u>	<u>\$ 395,716,067</u>
Change in plan assets		
Plan assets at fair value, beginning of year	\$ 311,159,863	\$ 284,023,697
Employer contributions	14,400,000	13,435,413
Actual return on plan assets	39,640,339	30,006,607
Benefits paid	<u>(16,895,411)</u>	<u>(16,305,854)</u>
Plan assets at fair value, end of year	<u>\$ 348,304,791</u>	<u>\$ 311,159,863</u>
Funded status	<u>\$ (76,971,781)</u>	<u>\$ (84,556,204)</u>
	2014	2013
Amounts recognized in unrestricted net assets		
Net loss	<u>\$ 115,109,417</u>	<u>\$ 111,589,341</u>
Total amount recognized	<u>\$ 115,109,417</u>	<u>\$ 111,589,341</u>
Changes recognized in unrestricted net assets		
Net actuarial loss		
Net actuarial loss (gain) from liabilities	\$ 28,364,954	\$ (50,513,328)
Net actuarial gain from assets	<u>(14,842,415)</u>	<u>(7,400,688)</u>
Total net actuarial loss (gain)	13,522,539	(57,914,016)
Amortization of actuarial loss	<u>(10,002,463)</u>	<u>(19,242,640)</u>
Net change in unrestricted net assets	<u>\$ 3,520,076</u>	<u>\$ (77,156,656)</u>
Net periodic pension benefit cost	<u>\$ 3,295,501</u>	<u>\$ 12,985,079</u>

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September 30, 2014 and 2013

	2014	2013
Weighted average assumptions for benefit obligations at September 30		
Discount rate	4.11%	4.67%
Rate of increase in future compensation levels	N/A	N/A
Weighted average assumptions for net periodic benefit costs at September 30		
Discount rate	4.67%	3.73%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	N/A	N/A
Components of net periodic pension cost		
Interest cost	\$ 18,090,962	\$ 16,348,286
Expected return on plan assets	(24,797,924)	(22,605,847)
Amortization of loss	10,002,463	19,242,640
Net periodic pension benefit cost	<u>\$ 3,295,501</u>	<u>\$ 12,985,079</u>

The Plan assets are administered by a trustee and are invested in the following percentages in various instruments at September 30, 2014 and 2013

	2014	2013
Mutual funds and short-term investments	6%	5%
Equity securities	81%	76%
Debt securities	13%	19%
	<u>100%</u>	<u>100%</u>

Tallahassee Memorial Hospital
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Notes to Financial Statements
September 30, 2014 and 2013

The fair value of the Plan's assets at September 30, 2014 and 2013 are as follows

September 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Short-term investments	\$ 19,409,222	\$ -	\$ -	\$ 19,409,222
Corporate bonds and notes	-	26,373,663	-	26,373,663
U S government and agency obligations	-	18,798,320	-	18,798,320
Common stocks	283,723,586	-	-	283,723,586
Total investments	<u>\$ 303,132,808</u>	<u>\$ 45,171,983</u>	<u>\$ -</u>	<u>\$ 348,304,791</u>

September 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Short-term investments	\$ 14,818,997	\$ -	\$ -	\$ 14,818,997
Corporate bonds and notes	-	34,594,803	-	34,594,803
U S government and agency obligations	-	25,110,410	-	25,110,410
Common stocks	236,635,653	-	-	236,635,653
Total investments	<u>\$ 251,454,650</u>	<u>\$ 59,705,213</u>	<u>\$ -</u>	<u>\$ 311,159,863</u>

Future benefit payments for years ending September 30 are as follows

2015	\$ 17,614,992
2016	18,272,551
2017	19,015,684
2018	19,938,946
2019	20,829,958
2020 – 2025	139,683,921
	<u>\$ 235,356,052</u>

The Hospital expects to contribute approximately \$14,400,000 to the Plan for the year ending September 30, 2015. Estimated amounts to be amortized out of unrestricted net assets for the year ending September 30, 2015 are approximately \$10,428,000 and the amount will be recorded in pension expense.

Investment Strategy

The asset allocation and investment strategy of the Plan are designed to earn superior returns on Plan assets consistent with a reasonably prudent level of risk. Investments are diversified across classes, sectors, and manager style to minimize the risk of large losses. The Hospital uses investment managers specializing in each asset category and, where appropriate, provides the investment managers with specific guidelines, which include allowable and/or prohibited investment types. The Hospital regularly monitors manager performance and compliance with investment guidelines.

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Expected Rate of Return

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

Retirement Savings Plan

During the year ended September 30, 2005, the Hospital established the Tallahassee Memorial HealthCare 401(A) Retirement Savings Plan (the "Savings Plan"), a qualified defined contribution plan covering all employees who are at least 21 years of age and have completed one year of service. TMH, Inc. contributes 4% of eligible income to each eligible employee and an additional matching contribution up to 2% of eligible income. Participants become fully vested after three years of service. The contribution required under the Savings Plan for the years ended September 30, 2014 and 2013 was approximately \$8,717,000 and \$8,134,000, respectively. These contributions have been included in salaries, wages and benefits expense in the accompanying statements of operations. Additionally, the amounts due to the Savings Plan as of September 30, 2014 and 2013 were approximately \$1,071,000 and \$511,000, respectively, and are included in accounts payable and accrued expenses in the accompanying balance sheets.

11. Related Party Transactions

TMH, Inc. is a not-for-profit holding corporation which manages and operates a healthcare delivery system. Through common board membership, provisions of bylaws and direct stock ownership, TMH, Inc. is the parent corporation of Southeast Community Health Services, Inc. ("SECHS"), Tallahassee Memorial Health Ventures, Inc. ("TMHV"), Tallahassee Memorial HealthCare Foundation, Inc. (the "Foundation") and Medicus, LLC ("Medicus"). SECHS is a not-for-profit property holding company. TMHV is a for-profit corporation which manages activities which are not tax exempt. The Foundation is a not-for-profit organization which promotes the educational training and research programs of the Hospital. Medicus is a disregarded entity that leases labor to the Hospital.

During the years ended September 30, 2014 and 2013, the Hospital charged rent amounting to approximately \$1,402,000 annually to TMHV. The Hospital charged interest during the years ended September 30, 2014 and 2013 of approximately \$26,000 annually to SECHS relating to the financing of capital acquisitions in prior years. For the years ended September 30, 2014 and 2013, the Hospital received contributions of approximately \$698,000 and \$751,000, respectively, from the Foundation. For the years ended September 30, 2014 and 2013, the Hospital paid for leased space of approximately \$610,000 and \$593,000, respectively, to SECHS and approximately \$263,000 and \$259,000, respectively, to TMHV. For the years ended September 30, 2014 and 2013, Medicus provided TMH with approximately \$8,651,000 and \$8,353,000, respectively, in leased labor. At September 30, 2014 and 2013, the Hospital had outstanding receivables from TMH, Inc. of approximately \$1,417,000 and other receivables from subsidiaries of TMH, Inc. of approximately \$4,284,000 and \$4,353,000, respectively.

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
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12. Functional Expenses

The Hospital provides general health care services to residents within its geographic area. Expenses related to providing these services for the years ended September 30, 2014 and 2013 are as follows:

	2014	2013
Patient care services	\$ 378,126,394	\$ 354,672,814
General and administrative	129,908,663	121,563,604
Total healthcare services	<u>\$ 508,035,057</u>	<u>\$ 476,236,418</u>

13. Financial Instruments

The carrying amount of the Hospital's financial instruments (including cash and cash equivalents, short-term investments, and assets limited as to use) approximates fair value because of their relatively short maturities. Long-term investments consist of marketable equity securities and are reported in the balance sheets at fair value based on quoted market prices.

The estimated fair value of the Hospital's bonds and notes payable is based on dealer quotations for hospital debt with similar terms and maturities for the same or similar issues. The aggregate carrying amount and estimated fair value of the bonds and notes payable, exclusive of the capital lease obligations, as of September 30, 2014 and 2013 are as follows:

	2014	2013
Carrying value	\$ 105,971,317	\$ 111,358,516
Estimated fair value	107,310,511	112,446,855

Certain financial instruments potentially subject the Hospital to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, short-term investments, assets limited as to use, and patient accounts receivable. The Hospital maintains its cash and cash equivalents and short-term investments with what management believes to be high quality financial institutions and thus limits its credit exposure. Concentrations of credit risk with respect to patient accounts receivables include Medicare, Medicaid, and various managed care and commercial payors.

14. Commitments

As of September 30, 2014, future minimum payments required under noncancelable maintenance agreements were as follows:

2015	\$ 2,182,522
2016	2,242,934
2017	181,236
2018	181,236
2019 and thereafter	241,648
	<u>\$ 5,029,576</u>

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(A division of Tallahassee Memorial HealthCare, Inc.)
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15. Contingencies

In the normal course of business, the Hospital is subject to various litigation and claims such as labor-related and other matters. Management has analyzed such pending unresolved disputes and estimated the potential cost of settlements, legal fees and other costs associated with an unfavorable outcome. The financial statements include accruals related to these disputes. In the opinion of management, after consultation with legal counsel, no other material liabilities are likely to result from the ultimate disposition of such matters.

16. Subsequent Events

The Hospital has evaluated subsequent events through December 12, 2014, which is the date the financial statements were available for issuance.



Report of Independent Certified Public Accountants on Supplemental Data

To the Board of Directors of
Tallahassee Memorial HealthCare, Inc

We have audited the financial statements of Tallahassee Memorial Hospital (a division of Tallahassee Memorial Healthcare, Inc) as of September 30, 2014 and 2013 and for the years then ended and our report thereon appears on page 1 of this document. Those audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental data as identified in the Index is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 12, 2014

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
Gross Patient Service Revenue
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	Inpatient	Outpatient	Extended Care	Behavioral Health Care	Non-Patient	Total 2014	Total 2013
Medical-surgical Nursing	\$ 137,715,466	\$ 16,710,345	\$ 70,601	\$ 9,030	\$ -	\$ 154,505,442	\$ 140,559,117
Neurology ICU	9,460,156	-	-	-	-	9,460,156	8,788,833
Coronary Care	7,640,120	-	-	-	-	7,640,120	7,113,599
Hemodialysis	2,454,324	574,888	-	26,948	-	3,056,160	2,689,426
Respiratory Services	44,243,092	12,480,191	2,491,477	181,527	-	59,396,287	56,046,258
Labor & Delivery	20,128,765	4,872,154	-	-	-	25,000,919	23,925,573
Operating Room	136,704,890	98,145,239	48,259	85,658	-	234,984,046	219,522,881
Endoscopy Clinic	4,786,487	12,844,656	28,356	-	-	17,659,499	17,918,484
Recovery Room	11,330,521	13,951,052	-	56,130	-	25,337,703	22,769,120
Emergency Room	23,194,235	105,010,753	-	465,436	-	128,670,424	100,239,666
Ambulance Service	2,351	333,370	-	-	-	335,721	314,703
Central Service	32,035,486	8,387,054	1,239,375	14,583	-	41,676,498	39,186,537
Laboratory	138,770,350	94,409,355	2,425,702	6,547,486	689,631	242,842,524	207,705,014
Laboratory-POB	72,845	6,657,714	224	-	(2,522)	6,728,261	7,016,624
Blood	5,436,012	1,418,972	54,694	91	3,667	6,913,436	7,229,670
Neurodiagnostics/EEG	1,872,813	631,248	-	9,260	-	2,513,321	2,495,529
Radiology-diagnostic	155,397,142	232,911,336	501,480	225,293	56,310	389,091,561	346,435,726
Radiation Therapy	1,172,186	45,462,647	-	-	-	46,634,833	40,362,466
Nuclear Medicine	5,286,310	10,761,925	18,587	17,013	-	16,083,835	14,633,921
Pharmacy	77,386,592	62,749,154	3,833,010	863,160	39,520	144,871,436	132,176,755
Anesthesiology	56,600,059	41,477,291	12,559	90,225	-	98,180,134	92,772,832
Physical Therapy	8,399,298	15,377,080	7,732,926	1,387	-	31,510,691	28,213,900
Home Health Care	-	2,271,229	-	-	-	2,271,229	2,124,848
Newborn Nursery	13,124,795	-	-	-	-	13,124,795	12,361,715
Intensive Care	15,704,720	-	-	-	-	15,704,720	14,457,111
Neonatal ICU	15,259,641	-	-	-	-	15,259,641	14,257,499
EKG	25,083,636	28,354,992	50,492	53,722	20,842	53,563,684	46,402,086
Diabetes Center	-	1,614,656	-	-	-	1,614,656	1,629,286
Neuro Science Center	86,631	393,517	-	-	-	480,148	658,250
Wound Healing Program	56,315	6,687,232	-	-	(34)	6,743,513	4,633,662
Emergency Room Physicians	-	42,877,479	-	-	-	42,877,479	30,683,213
Extended Care Facility	-	-	8,109,044	-	-	8,109,044	7,314,348
Psychiatric Center Routine	-	7,065	-	13,808,378	-	13,815,443	13,697,729
Psychiatric Center Other	989,742	2,304,185	-	8,385,500	-	11,679,427	11,259,586
Residency ProgramS	-	8,668,259	-	-	-	8,668,259	8,662,894
Women's Resource	330	709,285	-	-	2,100	711,715	560,554
Physician Practice & Rural Clinics	-	76,154,368	-	-	-	76,154,368	74,294,766
Palliative Care	-	385,690	-	-	-	385,690	405,005
Sleep Center	-	7,531,678	-	-	-	7,531,678	10,006,144
Total	\$ 950,395,310	\$ 963,126,059	\$ 26,616,786	\$ 30,840,827	\$ 809,514	\$ 1,971,788,496	\$ 1,771,525,330

Tallahassee Memorial Hospital

(A division of Tallahassee Memorial HealthCare, Inc.)

Provision for Contractual Adjustments, Charity, Uncollectible Accounts and Other Year Ended September 30, 2014

(With Comparative Totals for the Year Ended September 30, 2013)

	Hospital	Extended Care Facility	Family Practice Residency Program	Behavioral Health Center	Total 2014	Total 2013
Provision for Uncollectible Accounts	\$ 83,534,472	\$ 1,197,143	\$ 426,740	\$ 2,470,121	\$ 87,628,476	\$ 80,603,147
Medicare Adjustments	381,064,850	9,183,420	(1,638,268)	3,379,546	391,989,548	356,216,023
Medicaid Adjustments	131,089,640	359,079	(506,343)	2,322,405	133,264,781	136,043,465
HMO/Medicaid Adjustments	72,073,669	77,148	191,241	2,073,089	74,415,147	49,933,051
Division of Children's Medical Services	678,197	-	-	112,486	790,683	713,309
Vocational Rehabilitation	1,675,905	20,170	-	4,500	1,700,575	2,911,747
Workers' Compensation	4,725,031	44,274	1,189	4,758	4,775,252	4,363,607
Medical Center Approved Charity	63,959,764	3,041,575	188,019	1,025,584	68,214,942	60,523,365
Employee Discounts	114,716	200	3,411	1,541	119,868	86,022
Patient Adjustments	14,863,557	200,051	97,170	1,133,244	16,294,022	11,046,837
Health Maintenance Organizations	590,975,910	5,745,642	749,744	9,594,181	607,065,477	513,479,920
Florida State Hospital	2,454,462	-	-	1,621	2,456,083	1,412,335
Other Governmental Programs	19,785,522	-	86,773	902,760	20,775,055	20,169,393
Other Contractual Adjustments	22,445,086	(24,531)	1,283,386	2,120,915	25,824,856	26,906,001
Absorbed Employee Health Claims	2,843,030	-	-	-	2,843,030	3,142,267
Total	\$ 1,392,283,811	\$ 19,844,171	\$ 883,062	\$ 25,146,751	\$ 1,438,157,795	\$ 1,267,550,489

Tallahassee Memorial Hospital

(A division of Tallahassee Memorial HealthCare, Inc.)

Other Revenue

Year Ended September 30, 2014

(With Comparative Totals for the Year Ended September 30, 2013)

	Hospital	Extended Care Facility	Family Practice Residency Program	Behavioral Health Center	Total 2014	Total 2013
Parking Deck	\$ 533,400	\$ -	\$ -	\$ -	\$ 533,400	\$ 547,927
Contractual Late Fees	25,046	-	-	-	25,046	82,088
Services to Other Organizations	32,600	-	22,016	190,924	245,540	240,886
Lifeline Services	223,198	-	-	-	223,198	265,300
Adult Day Care Services	272,480	-	-	-	272,480	241,435
Alzheimer/Parkinsons Grant	219,067	-	-	-	219,067	222,801
Domestic Security Preparedness	57,710	-	-	-	57,710	11,571
Trauma Center	463,270	-	-	-	463,270	507,443
Lower Income Pool Grant	238,706	-	73,885	-	312,591	657,829
Other Grants	188,574	-	-	-	188,574	67,516
Foundation Donations	521,990	229	6,000	15,000	543,219	551,958
Medicare and Medicaid Meaningful Use	3,554,176	-	89,250	-	3,643,426	-
Miscellaneous	177,222	740	399,773	68	577,803	314,279
Other revenue	<u>\$ 6,507,439</u>	<u>\$ 969</u>	<u>\$ 590,924</u>	<u>\$ 205,992</u>	<u>\$ 7,305,324</u>	<u>\$ 3,711,033</u>

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)

Patient Service Expenses

Year Ended September 30, 2014

(With Comparative Totals for the Year Ended September 30, 2013)

	Salaries	Other	Total 2014	Total 2013
Medical-surgical Nursing	\$ 28,294,700	\$ 8,105,286	\$ 36,399,986	\$ 37,521,099
Neurology ICU	1,829,336	523,461	2,352,797	2,317,371
Coronary Care	1,568,996	493,721	2,062,717	2,146,680
Hemodialysis	610,712	336,692	947,404	939,937
Wound Healing Program	652,630	1,122,554	1,775,184	1,690,189
Respiratory Services	3,691,270	1,929,668	5,620,938	5,467,983
Labor and Delivery	3,926,301	1,844,211	5,770,512	5,852,285
Operating Room	10,222,348	36,759,524	46,981,872	45,164,975
Surgery Center	1,806,858	3,319,147	5,126,005	5,413,493
Recovery Room	1,033,864	300,881	1,334,745	1,318,946
Emergency Room	22,633,924	7,997,396	30,631,320	25,613,585
Diabetes Center	937,621	947,293	1,884,914	1,983,328
Alzheimer/Parkinsons Clinic	66,172	66,871	133,043	137,203
Ambulance Service	265,153	152,613	417,766	367,975
Central Service	531,540	4,418,715	4,950,255	4,956,111
A Womens' Place	120,949	383,992	504,941	468,198
Intravenous Therapy	1,049,263	1,284,385	2,333,648	2,509,987
Laboratory	4,991,983	9,654,726	14,646,709	13,500,746
Blood	-	4,669,755	4,669,755	4,817,465
Neurodiagnostics/EEG	401,972	121,954	523,926	527,399
Radiology-diagnostic	6,449,842	9,118,807	15,568,649	13,387,213
Radiation Therapy	2,009,524	1,920,303	3,929,827	4,097,497
Nuclear Medicine	337,123	1,083,797	1,420,920	1,388,614
Pharmacy	6,311,065	27,815,488	34,126,553	28,678,161
Anesthesiology	727,184	1,754,622	2,481,806	2,419,543
Physical Therapy	4,018,677	1,363,471	5,382,148	5,366,757
Home Health Care	1,746,886	690,367	2,437,253	2,491,661
Family Care/Newborn Nursery	2,579,194	741,707	3,320,901	3,215,499
Neonatal ICU	2,453,801	837,023	3,290,824	3,266,924
Intensive Care	3,310,102	953,739	4,263,841	4,376,777
Cardiovascular/EKG	4,567,408	23,965,191	28,532,599	24,195,908
Extended Care Facility	5,232,808	2,513,640	7,746,448	7,419,718
Behavioral Health Center/Routine	9,666,898	2,746,147	12,413,045	12,199,630
Behavioral Health Center/Other	284,440	111,081	395,521	586,486
Family Practice Program	9,178,387	4,002,667	13,181,054	12,346,925
Sleep Center	487,626	417,384	905,010	1,079,749
Rural Family Practice Clinics	24,334,360	29,183,655	53,518,015	51,643,204
Palliative Care	269,981	38,735	308,716	329,268
Absorbed employee health claims	-	(1,990,121)	(1,990,121)	(2,199,587)
	<u>\$ 168,600,898</u>	<u>\$ 191,700,548</u>	<u>\$ 360,301,446</u>	<u>\$ 339,004,902</u>

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
General Operating Expenses
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	Salaries	Other	Total 2014	Total 2013
Dietary	\$ 2,256,885	\$ 2,609,249	\$ 4,866,134	\$ 4,730,005
Plant Engineering	3,607,906	9,382,725	12,990,631	12,722,296
Housekeeping	2,869,506	2,783,046	5,652,552	5,628,334
Laundry	946,949	950,772	1,897,721	1,849,869
Nursing-administration	7,495,805	3,615,386	11,111,191	9,555,110
Medical Records	2,218,711	2,191,409	4,410,120	4,127,815
Data Processing	8,137,137	10,051,793	18,188,930	17,056,709
Purchasing	1,008,822	31,311	1,040,133	910,351
Admitting	3,033,382	1,366,013	4,399,395	3,916,621
Patient Accounts	3,412,798	3,935,204	7,348,002	7,195,963
Social Services	2,214,662	1,045,083	3,259,745	2,845,966
Finance/Administrative Office	8,914,493	9,273,036	18,187,529	17,577,881
Fund Development	704,687	154,559	859,246	789,645
Neuro Science Center	307,658	185,802	493,460	615,588
Adult Day Care	130,587	132,064	262,651	260,764
Indigent care assessment	-	5,424,950	5,424,950	5,041,875
Insurance	-	4,313,055	4,313,055	4,381,900
Employee health and welfare	3,228,089	5,744,113	8,972,202	8,540,716
Absorbed employee health claims	-	(852,909)	(852,909)	(942,680)
	<u>\$ 50,488,077</u>	<u>\$ 62,336,661</u>	<u>\$ 112,824,738</u>	<u>\$ 106,804,728</u>

Tallahassee Memorial Hospital
(A division of Tallahassee Memorial HealthCare, Inc.)
Other Revenues and Expenses, Net
Years Ended September 30, 2014 and 2013

	2014	2013
Investment income	\$ 429,515	\$ 446,681
(Gain) loss on disposal of assets	(181,625)	108,862
Change in fair value of derivatives	614,913	(26,157)
Loss on office space rentals	(1,884,638)	(2,089,606)
Other rental income	1,211,188	1,277,467
Miscellaneous	(33,882)	(56,134)
	<u>155,471</u>	<u>(338,887)</u>
Other revenues and expenses, net	<u>\$ 155,471</u>	<u>\$ (338,887)</u>