

CONSOLIDATED FINANCIAL STATEMENTS AND OTHER  
FINANCIAL INFORMATION

Shands Teaching Hospital and Clinics, Inc. and Subsidiaries  
Years Ended June 30, 2007 and 2006  
With Report of Independent Certified Public Accountants

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Consolidated Financial Statements  
and Other Financial Information

Years Ended June 30, 2007 and 2006

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## Report of Independent Certified Public Accountants

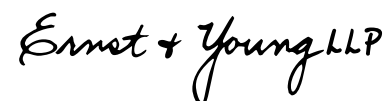
The Board of Directors  
Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Shands Teaching Hospital and Clinics, Inc. and Subsidiaries (Shands) as of June 30, 2007 and 2006, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Shands' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Shands' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Shands' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shands Teaching Hospital and Clinics, Inc. and Subsidiaries at June 30, 2007 and 2006, and the consolidated results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, Shands adopted the recognition provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)*, on June 30, 2007, which changed its method of accounting for its defined benefit pension and other postretirement plans.



September 14, 2007

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Consolidated Balance Sheets

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 195,850	\$ 194,103
Investments	240,455	146,027
Patient accounts receivable, less allowances for uncollectible accounts of \$70,263 in 2007 and \$62,127 in 2006	170,638	167,091
Assets limited as to use, current portion	16,321	18,744
Prepaid expenses and other current assets	51,699	45,730
Total current assets	<u>674,963</u>	<u>571,695</u>
Assets limited as to use, less current portion	238,078	188,263
Property and equipment, net	704,911	639,138
Other assets	79,385	78,437
Total assets	<u><u>\$ 1,697,337</u></u>	<u><u>\$ 1,477,533</u></u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 153,807	\$ 161,071
Long-term debt, current portion	10,751	17,276
Capital lease obligations, current portion	45	220
Estimated third-party payor settlements	52,892	64,324
Total current liabilities	<u>217,495</u>	<u>242,891</u>
Long-term debt, less current portion	564,056	394,355
Capital lease obligations, less current portion	6,575	6,616
Other liabilities	116,972	60,989
Total liabilities	<u>905,098</u>	<u>704,851</u>
Net assets:		
Unrestricted	787,193	769,360
Temporarily restricted	4,757	3,167
Permanently restricted	289	155
Total net assets	<u>792,239</u>	<u>772,682</u>
Total liabilities and net assets	<u><u>\$ 1,697,337</u></u>	<u><u>\$ 1,477,533</u></u>

*See accompanying notes.*

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Consolidated Statements of Operations  
and Changes in Net Assets

	<b>Year Ended June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
Unrestricted revenue and other support:		
Net patient service revenue	\$ 1,364,599	\$ 1,332,853
Capitation revenue	70,423	64,582
Investment income	30,798	18,420
Other revenue	161,471	144,422
Total unrestricted revenue and other support	<b>1,627,291</b>	1,560,277
Expenses:		
Salaries, wages, and benefits	685,592	634,272
Supplies and other	625,257	600,673
Interest	16,449	16,195
Depreciation and amortization	72,416	68,240
Provision for bad debts	128,990	137,931
Total expenses	<b>1,528,704</b>	1,457,311
Subtotal	<b>98,587</b>	<b>102,966</b>
Nonoperating gains, net	110	1,368
Expenditures in support of the University of Florida and its medical programs	<b>(56,365)</b>	<b>(48,044)</b>
Excess of revenue over expenses	<b>42,332</b>	56,290

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Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Consolidated Statements of Operations  
and Changes in Net Assets (continued)

	<b>Year Ended June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
Unrestricted net assets:		
Excess of revenue over expenses	\$ 42,332	\$ 56,290
Adjustment to initially apply recognition provisions of Statement of Financial Accounting Standards No. 158	(56,013)	–
Change in net unrealized gains and losses on other than trading securities	27,471	11,958
Change in fair value of derivative instruments designated as cash flow hedges	2,194	20,503
Reclassification to excess of revenues over expenses of accumulated gain related to terminated derivative instrument designated as a cash flow hedge	(3,320)	–
Contributions received for equipment purchases and other changes in unrestricted net assets	5,169	6,635
Increase in unrestricted net assets	<u>17,833</u>	<u>95,386</u>
Temporarily restricted net assets:		
Contributions	3,675	1,062
Transfer from permanently restricted net assets	–	1,000
Net assets released from restriction	(2,085)	(1,052)
Increase in temporarily restricted net assets	<u>1,590</u>	<u>1,010</u>
Permanently restricted net assets:		
Transfer to temporarily restricted net assets	–	(1,000)
Contributions	134	15
Increase (decrease) in permanently restricted net assets	<u>134</u>	<u>(985)</u>
Increase in net assets	19,557	95,411
Net assets, beginning of year	772,682	677,271
Net assets, end of year	<u>\$ 792,239</u>	<u>\$ 772,682</u>

*See accompanying notes.*

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	<b>Year Ended June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
<b>Operating activities</b>		
Increase in net assets	\$ 19,557	\$ 95,411
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	72,416	68,240
Net loss on disposal of property and equipment	208	588
Loss from early extinguishment of long-term debt	1,521	-
Contributions received for equipment purchases and other changes	(5,169)	(6,635)
Amortization of deferred charges and original issue discount	186	837
Adjustment to initially apply recognition provisions of Statement of Financial Accounting Standards No. 158	56,013	-
Change in net unrealized gains and losses on other than trading securities	(27,471)	(11,958)
Change in fair value of derivative instruments designated as cash flow hedges	(2,194)	(20,503)
Temporarily and permanently restricted contributions	(3,809)	(1,077)
Change in operating assets:		
Patients accounts receivable, net	(3,548)	(19,495)
Prepaid expenses and other current assets	(5,968)	5,813
Change in operating liabilities:		
Accounts payable and accrued expenses	(7,266)	37,556
Estimated third-party payor settlements	(11,433)	50,969
Other liabilities	(371)	4,794
Cash provided by operating activities	<b>82,672</b>	204,540
<b>Investing activities</b>		
Purchases of investments, net	(114,349)	(3,747)
Purchases of property and equipment	(135,263)	(107,361)
Other investing activities	(5,424)	887
Cash used in investing activities	<b>(255,036)</b>	(110,221)

*Continued on next page.*

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	<b>Year Ended June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
<b>Financing activities</b>		
Proceeds from issuance of debt	\$ 220,210	\$ –
Proceeds from termination of derivative instrument designated as a cash flow hedge	3,320	–
Payments of long-term debt and capital lease obligations	(56,076)	(15,343)
Payment of bond issuance costs	(1,529)	–
Payment of redemption fee from early extinguishment of long-term debt	(792)	–
Temporarily and permanently restricted contributions	3,809	1,077
Contributions received for equipment purchases and other changes	5,169	6,635
Cash provided by (used in) financing activities	<b>174,111</b>	<b>(7,631)</b>
Increase in cash and cash equivalents	1,747	86,688
Cash and cash equivalents at beginning of year	194,103	107,415
Cash and cash equivalents at end of year	<b>\$ 195,850</b>	<b>\$ 194,103</b>

*See accompanying notes.*

# Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2007

### 1. Organization and Summary of Significant Accounting Policies

Shands Teaching Hospital and Clinics, Inc. (Shands) was incorporated on October 15, 1979 as a Florida not-for-profit corporation. Shands operates a multi-hospital system. The accompanying financial statements consolidate the accounts of Shands and its subsidiaries, as described below:

- *Shands at UF*, a division of Shands, is a major tertiary care teaching institution located in Gainesville, Florida, licensed to operate a 630-bed teaching hospital. Shands at UF is a leading referral center in the State of Florida and provides clinical settings for medical education programs at the University of Florida.
- *Shands Jacksonville HealthCare, Inc. (Shands Jacksonville)* is a Florida not-for-profit corporation. Shands Jacksonville Medical Center, Inc. (SJMC), a subsidiary of Shands Jacksonville, operates a teaching hospital located in Jacksonville, Florida. The teaching hospital is licensed to operate 696 beds and provides clinical settings for medical education programs at the University of Florida. Shands is the sole corporate member of Shands Jacksonville.
- *Shands AGH*, a division of Shands, is an acute care community hospital located in Gainesville, Florida, licensed to operate 367 beds.
- *Shands Vista*, a division of Shands, is an inpatient psychiatric and substance abuse facility located in Gainesville, Florida, licensed to operate 81 beds, of which 57 are psychiatric and 24 are substance abuse.
- *Shands Rehab Hospital*, a division of Shands, is a 40-bed inpatient rehabilitation hospital located on the same campus as Shands Vista.
- *Shands at Lake Shore, Inc. (Shands Lake Shore)*, a Florida not-for-profit corporation, is an acute care community hospital located in Lake City, Florida, licensed to operate 99 beds. Shands is the sole corporate member of Shands Lake Shore.
- *Shands Starke*, a division of Shands, is an acute care community hospital located in Starke, Florida, licensed to operate 25 beds.
- *Shands Live Oak*, a division of Shands, is an acute care community hospital located in Live Oak, Florida, licensed to operate 15 beds.

# Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 1. Organization and Summary of Significant Accounting Policies (continued)

- *Shands HomeCare*, a division of Shands, is a hospital-based home care agency providing home care services to the citizens of north central Florida.
- *Property Management*, a division of Shands, leases properties near Shands AGH including a condominium medical office building and nonmedical buildings.
- *Elder Care of Alachua County, Inc. (Elder Care)*, a Florida not-for-profit corporation, provides social and health care support to the elderly in Alachua County, Florida, through programs such as Meals on Wheels and an Alzheimer's Day Care Center. Shands is the sole corporate member of Elder Care.
- *Southeastern HealthCare Foundation, Inc. (Foundation)*, a Florida not-for-profit corporation, provides charitable aid to the University of Florida and to Shands and owns and leases various rental properties in Florida. Shands is the sole corporate member of the Foundation.

All significant intercompany accounts and transactions have been eliminated in consolidation.

#### **Tax Status**

Shands and most of its subsidiaries are exempt from federal income taxes pursuant to Section 501(a) as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income taxes pursuant to Chapter 220 of the Florida statutes. Certain of Shands' subsidiaries are organized as taxable entities with applicable income taxes reported as required.

#### **Use of Estimates**

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

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

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

**Investments and Investment Income**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value at the balance sheet dates. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses in the accompanying consolidated statements of operations and changes in net assets unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from excess of revenue over expenses since the investments are classified as other than trading securities.

**Assets Limited as to Use**

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Directors (the Board). The Board retains control of the designated assets and may, at its discretion, subsequently determine their use for other purposes. Amounts required to meet current liabilities are reported as current assets.

**Property and Equipment**

Property and equipment are recorded at cost. Property and equipment donated for operations are recorded at fair value at the date of receipt as an addition to net assets. Depreciation for financial reporting purposes is computed using the straight-line method over the estimated useful lives of the related depreciable assets. Property and equipment under capital leases are amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the related assets. Such amortization is included in depreciation expense. Gains and losses on dispositions are recorded in the year of disposal.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Goodwill**

Goodwill represents the excess of the acquisition cost over the fair value of the net assets of businesses acquired. Goodwill is amortized on a straight-line basis over a 20-year period. Unamortized goodwill was approximately \$26,917,000 and \$30,052,000 at June 30, 2007 and 2006, respectively, and is included in other assets in the accompanying consolidated balance sheets. Amortization of goodwill of approximately \$3,134,000 is included in depreciation and amortization in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2007 and 2006. Shands continually evaluates whether events and circumstances have occurred that indicate whether long-lived assets (including property and equipment) have been impaired.

**Costs of Borrowing**

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Bond issuance costs and original issue discounts are amortized over the period the bonds are outstanding using the interest method.

**Net Patient Service Revenue and Patient Accounts Receivable**

Shands has agreements with third-party payors that provide for payments to Shands at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue and patient accounts receivable are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. For the years ended June 30, 2007 and 2006, net patient service revenue increased approximately \$26,451,000 and \$22,799,000, respectively, due to such adjustments.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

For the years ended June 30, 2007 and 2006, respectively, approximately 30% of net patient service revenue was earned under the Medicare program and 15% and 16% under the Medicaid program. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**Provision for Bad Debts and Allowance for Uncollectible Accounts**

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

**Capitation Revenue and Related Expenses**

During 2007 and 2006, Shands had one capitated agreement with a managed care organization. This contract automatically renews annually unless either party provides written notice at least 120 days prior to the end of the contract year.

Payments are received monthly and are recognized as revenue during the period in which Shands is obligated to provide services. Shands contracts with various health care providers for the provision of certain medical care services to beneficiaries. Shands compensates these providers primarily on a capitation basis. As part of a cost-control incentive program, Shands retains up to approximately 30% of the capitated agreement as a risk-sharing fund. In the event that utilization exceeds the fund, those providers bear the risk to the extent of 5% of their capitation fee. The cost of other health services Shands provides or contracts for is accrued in the period in which it is provided based in part on estimates including an accrual for medical services provided but not reported to Shands. Supplies and other expenses include all amounts incurred by Shands under the aforementioned contract.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Excess of Revenue Over Expenses**

The consolidated statements of operations and changes in net assets include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, consist of unrealized gains and losses on other than trading securities, change in fair value of derivative instruments designated as cash flow hedges, contributions of long-lived assets (including assets acquired using donor-restricted contributions), and change in the funded status of defined benefit postretirement plans.

**Nonoperating Gains (Losses), Net**

Nonoperating gains (losses), net represent the net activities or transactions incidental or peripheral to the direct care of patients. Nonoperating gains (losses), net consist primarily of gains (losses) from extinguishment of long-term debt, reclassifications of gains (losses) on the termination of cash flow hedges, and gains (losses) on changes in fair value of derivative instruments not designated as hedges.

**Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by Shands has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are maintained primarily for the purpose of patient care-related services, capital improvements, and research and education. When a stipulated time restriction ends or restricted purpose is accomplished, temporarily restricted net assets are released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Permanently restricted net assets have been restricted by donors to be maintained by Shands in perpetuity. Income from permanently restricted net assets is used for the restricted purpose as stipulated by the donor.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Derivative Financial Instruments**

Shands accounts for its derivative financial instruments under Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (Statement 133), as amended, and Statement of Position (SOP) No. 02-2, *Accounting for Derivative Instruments and Hedging Activities by Not-for-Profit Healthcare Organizations*. Statement 133 requires companies to recognize all derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or hedge of the foreign currency exposure of a net investment in a foreign operation. SOP No. 02-2 requires that not-for-profit health care organizations apply the provisions of Statement 133 (including the provisions pertaining to cash flow hedge accounting) in the same manner as for-profit enterprises. SOP No. 02-2 also clarifies that the performance indicator (excess of revenues over expenses) reported by not-for-profit health care organizations is analogous to income from continuing operations of a for-profit enterprise.

At June 30, 2007 and 2006, Shands has no derivative instruments that are designated as fair value hedges or as hedges of the foreign currency exposure of a net investment in a foreign operation. For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure of variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of unrestricted net assets. The ineffective component, if any, is recorded in excess of revenues over expenses in the period in which the hedge transaction affects earnings. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, gains or losses on the derivative are recorded in excess of revenues over expenses. For derivative instruments not designated as hedging instruments, the unrealized gain or loss is recognized in nonoperating gains (losses), net during the period of change.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

During 2003, Shands entered into an interest rate swap agreement to effectively convert \$75,000,000 of existing variable rate debt to a fixed rate basis through 2026, thus reducing the impact of interest rate changes on future interest expense. During 2007, Shands entered into an interest rate swap agreement to effectively convert \$220,210,000 of variable rate debt to a fixed rate basis through 2037, thus reducing the impact of interest rate changes on future interest expense. In accordance with Statement 133, Shands has designated these interest rate swap agreements as cash flow hedges.

The accumulated gain included in unrestricted net assets associated with Shands' cash flow hedges was approximately \$14,697,000 and \$15,823,000 at June 30, 2007 and 2006, respectively. Shands reclassified approximately \$3,320,000 of gains from unrestricted net assets into excess of revenues over expenses from the termination of a cash flow hedge during the year ended June 30, 2007. There were no reclassifications of gains or losses from unrestricted net assets into excess of revenues over expenses associated with cash flow hedges during the year ended June 30, 2006. Shands expects that the amount of gain or loss in unrestricted net assets to be reclassified into excess of revenues over expenses within the next 12 months will not be significant.

**Functional Expenses**

Shands does not present expense information by functional classification because its resources and activities are primarily related to providing health care services. Further, since Shands receives substantially all of its resources from providing health care services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged its stewardship responsibilities.

# Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

### 1. Organization and Summary of Significant Accounting Policies (continued)

#### Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (Statement 158). Statement 158 requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, "post retirement benefit plans") to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. On June 30, 2007, Shands adopted the recognition and disclosure provisions of Statement 158. The effect of adopting Statement 158 on Shands' financial condition has been included in the accompanying consolidated financial statements (see Footnote 6). Statement 158 did not have an effect on the Company's financial condition at June 30, 2006. Statement 158's provisions regarding the change in measurement date of postretirement benefit plans will be adopted by Shands in 2008. Shands used a measurement date of March 31, 2007 and 2006, respectively, to measure plan assets and benefit obligations for the years ended June 30, 2007 and 2006.

#### 2. Un-sponsored Community Benefit

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

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

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**2. Unsponsored Community Benefit (continued)**

Shands has policies providing financial assistance for patients requiring care but have limited or no means to pay for that care. These policies provide free or discounted health and health-related services to persons who qualify under certain income and asset criteria. Shands maintains records to identify and monitor the level of financial assistance it provides.

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

- Community health services include activities carried out to improve community health. They extend beyond patient care activities and are usually subsidized by the health care organization. Examples include community health education, counseling and support services and health care screenings.
- Health professions education includes education provided in clinical settings such as internships and programs for physicians, nurses and allied health professionals. It also includes scholarships for health professional education related to providing community health improvement services and specialty in-service programs to professionals in the community.
- Research includes studies on health care delivery, unreimbursed studies on therapeutic protocols, evaluation of innovative treatments, and research papers prepared for professional journals.
- Donations include funds and in-kind services benefiting the community-at-large.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**2. Un-sponsored Community Benefit (continued)**

Shands' valuation of un-sponsored community benefits at cost (unaudited) is as follows:

	<b>Year Ended June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
Financial assistance provided	<b>\$ 135,868</b>	\$ 125,575
Government support applied to charity care	<b>(32,329)</b>	(37,729)
Net unreimbursed financial assistance	<b>103,539</b>	87,846
 <b>Benefits for the broader community</b>		
Community health services	<b>2,196</b>	2,215
Health professions education	<b>1,950</b>	1,667
Research	<b>2,791</b>	2,221
Donations	<b>2,366</b>	4,235
Total quantifiable benefits for the broader community	<b>9,303</b>	10,338
Total un-sponsored community benefits	<b>\$ 112,842</b>	\$ 98,184

Shands also plays a leadership role in the communities it serves by providing additional community benefits that have not been quantified. This role includes serving as a state designated Level I trauma center in both Jacksonville and Gainesville. Shands also maintains air ambulance services at its trauma centers, as well as a regional burn intensive care unit in Gainesville to help meet the emergency needs of citizens. Other specialty services provided at Shands' facilities include a transplant center of excellence for adult and pediatric patients in several disciplines including: heart, lung, liver, kidney, pancreas and bone marrow. In addition, Shands provides specialized pediatric services including several levels of neonatal intensive care, pediatric intensive care, pediatric open heart and cardiac catheterization. In the smaller, rural communities, Shands hospital network includes critical access hospitals and rural health clinics in both Suwannee and Bradford counties.

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**2. Un-sponsored Community Benefit (continued)**

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

**3. Investments and Assets Limited as to Use**

Investments and assets limited as to use stated at fair value consist of the following:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
Fixed income instruments:		
Fixed income mutual funds	\$ 120,575	\$ 114,830
Commercial paper	48,959	31,791
Corporate bonds	29,273	-
Municipal bonds	10,800	-
Guaranteed investment contracts	18,297	-
	<b>227,904</b>	146,621
Equity instruments:		
Domestic	155,957	136,623
International	50,846	49,350
	<b>206,803</b>	185,973
Cash and cash equivalents	60,147	20,440
	<b>\$ 494,854</b>	\$ 353,034

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**3. Investments and Assets Limited as to Use (continued)**

Assets limited as to use include amounts internally designated by the Board of Directors and amounts held by trustees with external restrictions and are comprised of the following:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
Internally designated by the Board of Directors for:		
Capital improvements and debt service	\$ <b>155,590</b>	\$ 143,459
Academic development and clinical faculty recruitment and retention	–	44,909
Other health programs	<b>6,856</b>	5,835
Other post-employment benefits	<b>2,255</b>	6,966
Held by trustees – capital project fund	<b>52,175</b>	1,998
Held by trustees – under indenture agreements	<b>37,523</b>	3,840
	<b>254,399</b>	207,007
Less current portion	<b>(16,321)</b>	(18,744)
Long-term portion	<b>\$ 238,078</b>	\$ 188,263

Investment income from cash and cash equivalents, investments and assets limited as to use amounted to approximately \$30,798,000 and \$18,420,000, which consists of \$22,935,000 and \$18,421,000 of interest and dividend income and \$7,863,000 and (\$1,000) of net realized gains (losses) for the years ended June 30, 2007 and 2006, respectively.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Property and Equipment**

The composition of property and equipment is as follows:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
Land	\$ 47,550	\$ 44,772
Buildings and leasehold improvements	742,503	694,501
Furniture and equipment	570,877	536,114
	<u>1,360,930</u>	<u>1,275,387</u>
Less accumulated depreciation and amortization	(733,060)	(670,503)
	<u>627,870</u>	604,884
Construction in progress	77,041	34,254
Property and equipment, net	<u><u>\$ 704,911</u></u>	<u><u>\$ 639,138</u></u>

Depreciation expense was approximately \$68,852,000 and \$63,689,000 for the years ended June 30, 2007 and 2006, respectively.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**5. Long-Term Debt**

The composition of long-term debt is as follows:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>	
Health Facilities Revenue Bonds:		
Series 1992R, final maturity December 2015	\$ <b>66,185</b>	\$ 71,300
Series 1996A, final maturity December 2016	<b>22,165</b>	63,390
Series 1996B, final maturity December 2026	<b>75,000</b>	75,000
Series 2002A, final maturity December 2012	<b>50,000</b>	50,000
Series 2003A, final maturity January 2019	<b>20,000</b>	20,000
Series 2007A, final maturity December 2037	<b>175,000</b>	–
Series 2007B, final maturity December 2037	<b>45,210</b>	–
Health Facilities Revenue Notes:		
Series 2000, matures December 2010	<b>3,500</b>	4,500
Hospital Revenue Bonds:		
Series 2004A, final maturity February 2021	<b>36,900</b>	38,980
Series 2004B, final maturity February 2029	<b>39,800</b>	43,450
Hospital Revenue Refunding Bonds Series 2005, final maturity October 2015	<b>41,560</b>	45,530
Other	<b>662</b>	662
	<b>575,982</b>	412,812
Less net unamortized bond discount	<b>(1,175)</b>	(1,181)
Total long-term debt	<b>574,807</b>	411,631
Less current portion	<b>(10,751)</b>	(17,276)
Long-term portion	<b>\$ 564,056</b>	\$ 394,355

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**5. Long-Term Debt (continued)**

Scheduled principal payments on long-term debt excluding unamortized bond discount are as follows (in thousands):

Year Ending June 30:	
2008	\$ 10,933
2009	16,601
2010	17,315
2011	17,650
2012	17,795

Shands has entered into a Master Trust Indenture with U.S. Bank, National Association (U.S. Bank), which serves as the primary financing document for Shands and its subsidiaries, excluding Shands Jacksonville, Elder Care, and the Foundation. During 2007, Shands amended the Master Trust Indenture and pledged a security interest in its gross revenues on Shands debt obligations. The Master Trust Indentures provides for specific restrictive covenants, including a debt service coverage requirement. Shands was in compliance with all such restrictive covenants as of June 30, 2007.

SJMC has entered into a Master Trust Indenture with SunTrust Banks, Inc. (SunTrust Bank), which serves as the primary financing document for SJMC. The Master Trust Indentures provides for specific restrictive covenants, including a debt service coverage requirement. SJMC was in compliance with all such restrictive covenants as of June 30, 2007.

**Series 1992R Health Facilities Revenue Bonds**

The Series 1992R Health Facilities Revenue Bonds (1992R bonds) are fixed rate bonds, which are collateralized by the unconditional and irrevocable guarantee of the Municipal Bond Investors Assurance Corporation. Interest rates on the 1992R bonds range from 5.75% to 6.00% and are payable semi annually. The 1992R bonds maturing on or after December 1, 2004, are redeemable at Shands' option at par value. The 1992R bonds are covered under the Master Trust Indenture with U.S. Bank.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**5. Long-Term Debt (continued)**

**Series 1996A Health Facilities Revenue Bonds**

The Series 1996A Health Facilities Revenue Bonds (1996A bonds) are fixed rate bonds, which are collateralized by the unconditional and irrevocable guarantee of the Municipal Bond Investors Assurance Corporation. Certain of the 1996A bonds maturing on or after December 1, 2006, are redeemable at the option of Shands on various dates at redemption prices ranging from 100% to 102% of par value. During 2007, Shands partially refunded 1996A bonds in the amount of \$39,605,000. The partial refunding of the Series 1996 bonds resulted in a loss from extinguishment of long-term debt of approximately \$1,521,000, which is included in nonoperating gains (losses), net in the accompanying consolidated statements of operations and changes in net assets. The 1996A bonds are covered under the Master Trust Indenture with U.S. Bank.

**Series 1996B, 2002A, and 2003A Health Facilities Revenue Bonds**

The Series 1996B, 2002A, and 2003A Health Facilities Revenue Bonds (1996B, 2002A, and 2003A bonds) are variable rate bonds, which are backed by bank letters of credit totaling approximately \$147,000,000. The letter of credit backing the 1996B bonds expires in October 2010, and the letter of credit backing the 2002A and 2003A bonds expires in January 2009, with options to extend. There were no amounts outstanding under these letters of credit at June 30, 2007 and 2006. The Series 1996B, 2002A, and 2003B bonds are redeemable at the option of Shands at par value plus accrued interest at any interest payment date. The 1996B, 2002A and 2003A bonds are covered under the Master Trust Indenture with U.S. Bank.

**Series 2007A Health Facilities Revenue Bonds and Series 2007B Health Facilities Revenue Refunding Bonds**

In 2007, the Alachua County Health Facilities Authority issued the 2007A Health Facilities Revenue Bonds (2007A bonds) and the 2007B Health Facilities Revenue Refunding Bonds (2007B bonds) on behalf of Shands. The proceeds of the 2007A bonds are being used to finance capital improvement projects and pay costs associated with the issuance of the 2007A bonds. The proceeds of the 2007B bonds were used to partially refund outstanding principal of the Series 1996A Health Facilities Revenue Bonds and pay costs associated with the issuance of the 2007B bonds.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**5. Long-Term Debt (continued)**

The 2007A and 2007B bonds are auction rate bonds and are subject to mandatory redemption in various annual amounts beginning December 1, 2018, and have a final maturity of December 1, 2037. The 2007A and 2007B bonds maturing on or after June 1, 2017 are redeemable at Shands' option at par value. The interest rate on the auction rate bonds is reset quarterly and the interest rate was 4.46% at June 30, 2007. The 2007A and 2007B bonds are covered under the Master Trust Indenture with U.S. Bank.

**Series 2004A and 2004B Hospital Revenue Bonds**

In 2004, the Jacksonville Economic Development Commission (JEDC) issued the Series 2004A and 2004B Hospital Revenue Bonds (2004 bonds) on behalf of SJMC to finance various capital improvement projects, to refund outstanding principal of the Series 1992, City of Jacksonville Hospital Revenue Bonds, and to pay related issuance costs.

The 2004 bonds are fixed rate and auction rate bonds, which are collateralized by the unconditional and irrevocable guarantee of the Municipal Bond Investors Assurance Corporation. The fixed rate bonds outstanding as of June 30, 2007, are \$17,750,000 and have a final maturity of February 1, 2014. Interest on the fixed rate bonds ranges from 2.20% to 5.00% and is payable semiannually. The auction rate bonds of \$58,950,000 are subject to mandatory redemption in various annual amounts beginning February 1, 2015, and have a final maturity of February 1, 2029. The interest rate on the auction rate bonds is reset weekly and ranged from 3.62% to 3.65% at June 30, 2007 and 3.40% to 3.69% at June 30, 2006. The 2004 bonds are covered under the Master Trust Indenture with SunTrust Bank.

**Series 2005 Hospital Revenue Refunding Bonds**

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

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**5. Long-Term Debt (continued)**

The Series 2005 bonds are variable rate bonds, which are backed by a bank letter of credit for approximately \$47,300,000 that expires in April 2010 with an option for extension. There were no amounts outstanding under this letter credit at June 30, 2007 and 2006. The Series 2005 bonds are redeemable at the option of Shands at par value plus accrued interest at any interest payment date. The Series 2005 bonds are covered under the Master Trust Indenture with SunTrust Bank.

Cash paid for interest approximates interest expense in the accompanying consolidated statements of operations and changes in net assets.

**6. Postretirement Benefit Plans**

**Defined Contribution Plans**

Shands sponsors the Shands HealthCare Matched Savings Plan and the Shands Jacksonville Retirement Plan, which are defined contribution plans that cover eligible employees of Shands. Under the provisions of these plans, employees' eligible contributions are matched by Shands at established rates. Contributions to these plans by Shands were approximately \$10,018,000 and \$8,813,000 for the years ended June 30, 2007 and 2006, respectively.

**Defined Benefit Pension and Retiree Health Insurance Plans**

Shands sponsors the Shands HealthCare Pension Plan (Defined Benefit Pension Plan), which is a defined benefit pension plan that covers eligible employees of Shands. Shands also sponsors the Shands HealthCare Health Plan and Shands Jacksonville Health Plan (collectively referred to as the Health Benefit Plans), which provide certain health care insurance benefits to eligible retirees of Shands.

On June 30, 2007, Shands adopted the recognition and disclosure provisions of Statement 158. Statement 158 required Shands to recognize an additional liability for the funded status (i.e., the difference between fair value of plan assets and the projected benefit obligations for pension plans and the difference between fair value of plan assets and the accumulated benefit obligation for other postretirement benefit plans) of its Defined Benefit Pension Plan and Health Benefit Plans in the June 30, 2007 consolidated balance sheet, with a corresponding adjustment to unrestricted net assets. The adjustment to unrestricted net assets at adoption represents the net unrecognized actuarial losses and unrecognized prior service costs, which were previously netted against the funded status of the Defined Benefit Pension Plan and the Health Benefit Plans.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**6. Postretirement Benefit Plans (continued)**

The following table summarizes the effect of the initial adoption of Statement 158 (*in thousands*):

	<b>Defined Benefit Pension Plan</b>		
	<b>Prior to Statement 158 Adjustment</b>	<b>Statement 158 Adjustment</b>	<b>As Reported at June 30, 2007</b>
Noncurrent liabilities	\$ (38,015)	\$ (56,311)	\$ (94,326)
Change in unrestricted net assets	–	(56,311)	(56,311)
	<b>Health Benefit Plans</b>		
	<b>Prior to Statement 158 Adjustment</b>	<b>Statement 158 Adjustment</b>	<b>As Reported at June 30, 2007</b>
Current liabilities	\$ –	\$ (928)	\$ (928)
Noncurrent liabilities	(17,117)	1,226	(15,891)
Change in unrestricted net assets	–	298	298

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**6. Postretirement Benefit Plans (continued)**

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	<b>Defined Benefit Pension Plan</b>		<b>Health Benefit Plans</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>			
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 603,377	\$ 551,259	\$ 15,845	\$ 15,069
Service cost	28,333	27,992	609	581
Interest cost	37,218	32,690	960	880
Benefits paid	(15,653)	(13,300)	(536)	(483)
Actuarial (gain) loss	(1,677)	4,736	(59)	(202)
Benefit obligation at end of year	<u>\$ 651,598</u>	<u>\$ 603,377</u>	<u>\$ 16,819</u>	<u>\$ 15,845</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 487,664	\$ 420,642	\$ -	\$ -
Actual return on plan assets	54,374	57,410	-	-
Employer contributions	30,887	22,912	536	483
Benefits paid	(15,653)	(13,300)	(536)	(483)
Fair value of plan assets at end of year	<u>\$ 557,272</u>	<u>\$ 487,664</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status	\$ (94,326)	\$ (115,713)	\$ (16,819)	\$ (15,845)
Unrecognized actuarial loss	-	87,277	-	3,194
Unrecognized prior service benefit	-	(9,494)	-	(4,572)
Net amount recognized	<u>\$ (94,326)</u>	<u>\$ (37,930)</u>	<u>\$ (16,819)</u>	<u>\$ (17,223)</u>

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**6. Postretirement Benefit Plans (continued)**

	<b>Defined Benefit Pension Plan</b>		<b>Health Benefit Plans</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>			
Amounts recognized on the consolidated balance sheets:				
Current liabilities	\$           –	\$           –	\$       (928)	\$           –
Non current liabilities	<b>(94,326)</b>	(37,930)	(15,891)	(17,223)
Net amount recognized	<b>\$ (94,326)</b>	\$ (37,930)	<b>\$ (16,819)</b>	\$ (17,223)
Amounts recognized in changes in unrestricted net assets:				
Unrecognized actuarial loss	\$ (64,377)	\$           –	\$ (2,721)	\$           –
Unrecognized prior service benefit	<b>8,066</b>	–	<b>3,019</b>	–
Total amount recognized	<b>\$ (56,311)</b>	\$           –	<b>\$ 298</b>	\$           –

At June 30, 2007 and 2006, the accumulated benefit obligation for Shands' pension plan was approximately \$537,066,000 and \$492,267,000, respectively.

Benefit obligations as of the end of the year reflect assumptions in effect as of those dates. The weighted average assumptions used to determine benefit obligations at June 30, were as follows:

	<b>Defined Benefit Pension Plan</b>		<b>Health Benefit Plans</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Discount rates	<b>6.338%</b>	6.25%	<b>6.338%</b>	6.25%
Rates of increase in future compensation levels	<b>4.66%</b>	4.67%	–	–

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**6. Postretirement Benefit Plans (continued)**

The summary of components of net periodic benefit cost is as follows:

	<b>Defined Benefit Pension Plan</b>		<b>Health Benefit Plans</b>	
	<b>Year Ended June 30</b>		<b>Year Ended June 30</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>(In Thousands)</i>			
Service cost	\$ 28,333	\$ 27,992	\$ 609	\$ 581
Interest cost	37,218	32,690	960	880
Expected return on plan assets	(38,108)	(34,150)	-	-
Amortization of prior service benefit	(1,429)	(1,429)	(1,554)	(1,554)
Recognized net actuarial loss	4,959	5,444	414	563
Net periodic pension cost	\$ 30,973	\$ 30,547	\$ 429	\$ 470

The amounts in changes in unrestricted net assets that are expected to be recognized as components of net periodic benefit cost during 2008 are as follows:

	<b>Defined Benefit Pension Plan</b>	<b>Health Benefit Plans</b>
Prior service benefit	\$ (1,429)	\$ (1,554)
Actuarial loss	\$ 3,377	\$ 335

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**6. Postretirement Benefit Plans (continued)**

Net pension and other benefit costs for each of the years presented were based on assumptions in effect at the end of the respective preceding year. The assumptions used to determine net periodic benefit cost for the years ended June 30 were as follows:

	<b>Defined Benefit Pension Plan</b>		<b>Health Benefit Plans</b>	
	<b>Year Ended June 30 2007</b>	<b>2006</b>	<b>Year Ended June 30 2007</b>	<b>2006</b>
Weighted average discount rate	<b>6.25%</b>	6.00%	<b>6.25%</b>	6.00%
Weighted average expected long-term rate of return on plan assets	<b>8.25%</b>	8.25%	–	–
Weighted average rate of compensation increase	<b>4.67%</b>	4.67%	–	–

Increases in expected health care costs per capita ranging from 3% to 10% and 3% to 11% were used in measuring the expected costs of covered benefits for 2007 and 2006, respectively. The rate for 2007 was assumed to decrease gradually each year to a rate of 3% to 5.50% for 2014, and remain at that level thereafter.

**Asset Allocation**

The weighted average asset allocation for the defined benefit pension plan and the target allocation range, by asset category, are as follows:

	<b>Target Allocation</b>	<b>June 30</b>	
		<b>2007</b>	<b>2006</b>
Domestic equity securities	40-50%	<b>48.1%</b>	49.9%
International equity securities	17-23%	<b>22.1%</b>	20.4%
Fixed income securities	22-28%	<b>23.4%</b>	24.3%
High-yield securities	3-7%	<b>4.9%</b>	5.0%
Private equity	3-7%	<b>1.5%</b>	0.4%

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**6. Postretirement Benefit Plans (continued)**

**Investment Strategy**

The asset allocation and investment strategy of the plans are designed to earn superior returns on plan assets consistent with a reasonable prudent level of risk. Investments are diversified across classes, sectors, and manager style to minimize the risk of large losses. Shands 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. Shands regularly monitors manager performance and compliance with investment guidelines.

**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.

**Expected Cash Flows**

The following represents the expected pension and other benefit plan payments for the next five years and the five years thereafter:

	<b>Defined Benefit Pension Plan</b>	<b>Health Benefit Plans</b>
	<i>(In Thousands)</i>	
2008	\$ 18,347	\$ 928
2009	20,701	1,022
2010	23,257	1,180
2011	26,325	1,296
2012	29,513	1,399
2013-2017	207,756	8,525

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**6. Postretirement Benefit Plans (continued)**

During 2008, Shands expects to contribute approximately \$29,350,000 and \$928,000, respectively, to its Defined Benefit Pension Plan and Health Benefit Plans. No plan assets are expected to be returned to Shands during 2008.

**7. Commitments and Contingencies**

**Lease Agreements**

Shands entered into a contractual agreement as of July 1, 1980, with the State Board of Education of the State of Florida (the State Board of Education), as subsequently restated and amended, which provides for the use of hospital facilities (buildings and improvements) of the patient care and clinical education unit of the J. Hillis Miller Health Center at the University of Florida (the Health Center) through December 31, 2057, with renewal provisions. The contractual agreement also provided for the transfer to Shands of all other assets and liabilities arising from the operation of the Shands at UF hospital facilities prior to July 1, 1980. At termination of the contractual agreement, the net assets of the Shands at UF hospital facility revert to the State Board of Education. Legal title to all buildings and improvements transferred to Shands remains with the State of Florida during the term of the contractual agreement. The contractual agreement provides for a 12-month grace period for any event of default, other than the bankruptcy of Shands. In addition, the contractual agreement limits the right of the State Board of Education to terminate the contractual agreement solely to the circumstance when Shands declares bankruptcy and, in such event, requires net revenue derived from the operation of the hospital facilities to continue to be applied to the payment of Shands' debts.

Under the terms of the contractual agreement, Shands is obligated to manage, operate, maintain and insure the hospital facilities in support of the programs of the Health Center, which include the College of Medicine, and further agrees to contract with the State Board of Education for the provision of these programs.

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**7. Commitments and Contingencies (continued)**

Substantially all of the land, buildings, and equipment of Shands Lake Shore are leased from the Lake Shore Hospital Authority of Columbia County (the Authority) under a capital lease agreement with payments due monthly in varying amounts which range from approximately \$42,000 to \$67,000. The lease agreement expires in March 2031. Payments on the capital lease reimburse the Authority for use of the leased land, building, and equipment and also fund the debt service requirements of the Health Facilities Revenue Bonds, Series 1991, issued by the Authority, with an outstanding principal balance of approximately \$2,800,000 at June 30, 2007. These bonds are supported by a direct-pay letter of credit issued by a bank in an amount not to exceed \$3,600,000, and repayment on the letter of credit is guaranteed by Shands. The letter of credit expires in December 2009.

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

The following is a schedule, by year, of future minimum lease payments under capital and noncancelable operating leases together with the present value of net minimum capital lease payments as of June 30, 2007:

	<b>Capital Leases</b>	<b>Operating Leases</b>
	<i>(In Thousands)</i>	
Year ending June 30:		
2008	\$ 617	\$ 7,905
2009	616	6,325
2010	654	3,969
2011	689	3,282
2012	690	2,417
Thereafter	12,354	24,792
Total minimum lease payments	15,620	\$ 48,690
Less amount representing interest	(9,000)	
Present value of net minimum lease payments	\$ 6,620	

Shands Teaching Hospital and  
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Notes to Consolidated Financial Statements (continued)

**7. Commitments and Contingencies (continued)**

Operating lease expense for the rental of property and equipment for the years ended June 30, 2007 and 2006, was approximately \$12,552,000 and \$11,564,000, respectively.

**Construction Commitments**

Shands has contracts for the construction and remodeling of facilities and for the purchase and maintenance of computer application software for its core operation systems. As of June 30, 2007, the remaining commitment relating to these contracts was approximately \$96,436,000.

**Professional Liability**

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

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

**Self-Insurance**

Shands has a self-insurance plan for health and medical coverage for its employees. Amounts contributed by Shands and its employees to the plan are determined by the level of benefits coverage selected by each employee. Expense related to the self-insured health and medical plan for the years ended June 30, 2007 and 2006, was approximately \$50,855,000 and \$46,119,000, respectively.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**7. Commitments and Contingencies (continued)**

Shands is self-insured for workers' compensation up to \$600,000, per occurrence, and has purchased excess coverage from commercial carriers up to the amount allowed by Florida statutes.

**Litigation**

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

**8. Transactions With Related Parties**

Shands has various agreements for services provided by the University of Florida for support of the educational, clinical, and research activities of the College of Medicine, maintenance, security, utilities, and various other services. Expenses related to these agreements included in excess of revenues over expenses were approximately \$186,981,000 and \$177,372,000 for the years ended June 30, 2007 and 2006, respectively, of which approximately \$56,365,000 and \$48,044,000 for the years ended June 30, 2007 and 2006, respectively, are expenditures in support of the University of Florida and its medical programs and are included under this caption in the accompanying consolidated statements of operations and changes in net assets. At June 30, 2007 and 2006, approximately \$8,625,000 and \$8,207,000, respectively, were owed to the University of Florida under these agreements and are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Shands provides contracted services at cost to the University of Florida for support of the clinical and research activities of the College of Medicine, maintenance, utilities, telephone communication and various other services. The amount credited against expenses for these contracted services was approximately \$42,830,000 and \$40,269,000 for the years ended June 30, 2007 and 2006, respectively. At June 30, 2007 and 2006, approximately \$4,665,000 and \$5,918,000, respectively, were owed to Shands under these agreements and are included in prepaid expenses and other current assets in the accompanying consolidated balance sheets.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**9. Concentrations of Credit Risk**

Shands grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payor agreements. Shands does not charge interest on accounts receivable. The composition of receivables from patients and third-party payors is as follows:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
Medicare	<b>19%</b>	19%
Medicaid	<b>17</b>	13
Other third-party payors	<b>39</b>	38
Patients	<b>25</b>	30

**10. Financial Instruments**

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

- *Investments and assets limited as to use:* The carrying amounts for investments and assets limited as to use reported in the consolidated balance sheets approximate their fair value. Fair value is determined by quoted market prices and dealer quotes.
- *Derivative financial instruments:* The fair value of derivative financial instruments are based upon quoted market prices or estimated based upon common derivative pricing models. The net fair value of the derivative financial instruments, consisting primarily of instruments designated as cash flow hedges, was approximately \$14,956,000 and \$16,264,000 at June 30, 2007 and 2006, respectively. Derivative financial instruments with a favorable fair value are classified as other assets in the accompanying consolidated balance sheets. Those instruments with an unfavorable fair value are classified as other liabilities.
- *Long-term debt:* The fair value of fixed rate debt is estimated based on dealer quotes for hospital tax-exempt debt with similar terms and maturities and using discounted cash flow analyses based on current interest rates for similar types of borrowing arrangements. The fair value of variable rate debt approximates its carrying value. The carrying value of Shands' long-term debt is approximately \$574,807,000 and \$411,631,000 at June 30, 2007 and 2006, respectively. The fair value is approximately \$575,544,000 and \$414,781,000 at June 30, 2007 and 2006, respectively.

Shands Teaching Hospital and  
Clinics, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**11. Subsequent Event (Unaudited)**

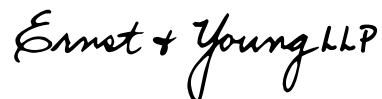
On July 1, 2007, Shands adopted the measurement date provisions of Statement 158 to change the measurement date for measuring the plan assets and obligations relating to its Defined Benefit Pension Plan and Health Benefit Plans from March 31 to June 30. Shands also changed its discount rate for measuring plan obligations from 6.338% to 6.588%. The effect of the measurement date change and the change in the discount rate was an increase to unrestricted net assets and a decrease to other liabilities as of July 1, 2007 of approximately \$29,211,000.

# Other Financial Information

## Report of Independent Certified Public Accountants on Other Financial Information

The Board of Directors  
Shands Teaching Hospital and Clinics, Inc.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of Shands Teaching Hospital and Clinics, Inc. and Subsidiaries taken as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



September 14, 2007

# Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

## Detailed Consolidating Balance Sheet

June 30, 2007  
(In Thousands)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands HomeCare	Property Management	Shands Lake Shore
<b>Current assets:</b>									
Cash and cash equivalents	\$ 138,813	\$ 4	\$ 1	\$ -	\$ -	\$ 138,818	\$ -	\$ -	\$ 1
Investments	174,301	-	-	-	-	174,301	-	-	-
Patient accounts receivable, net	86,386	12,146	2,962	1,776	-	103,270	1,420	-	3,669
Estimated third-party payor settlements	-	4,446	2,527	51	(7,024)	-	-	-	-
Assets limited as to use, current portion	16,298	-	-	-	-	16,298	-	-	-
Prepaid expenses and other current assets	25,538	1,898	475	55	-	27,966	21	-	944
<b>Total current assets</b>	<b>441,336</b>	<b>18,494</b>	<b>5,965</b>	<b>1,882</b>	<b>(7,024)</b>	<b>460,653</b>	<b>1,441</b>	<b>-</b>	<b>4,614</b>
<b>Assets limited as to use, less current portion</b>	<b>225,828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225,828</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property and equipment:</b>									
Land	26,492	2,340	700	400	-	29,932	-	1,900	270
Buildings and leasehold improvements	370,280	63,103	9,691	2,900	-	445,974	948	14,236	12,160
Furniture and equipment	289,892	46,390	1,575	2,394	-	340,251	1,178	21	9,562
	686,664	111,833	11,966	5,694	-	816,157	2,126	16,157	21,992
Less accumulated depreciation and amortization	(352,672)	(47,466)	(4,444)	(2,975)	-	(407,557)	(1,838)	(5,315)	(9,965)
Construction in progress	64,529	935	1,129	-	-	66,593	-	55	240
Property and equipment, net	398,521	65,302	8,651	2,719	-	475,193	288	10,897	12,267
Due from affiliated entities, net	-	-	34,260	25,903	(33,551)	26,612	-	-	-
Other assets	43,870	19,300	1,468	1,929	-	66,567	-	-	1,864
<b>Total assets</b>	<b>\$ 1,109,555</b>	<b>\$ 103,096</b>	<b>\$ 50,344</b>	<b>\$ 32,433</b>	<b>\$ (40,575)</b>	<b>\$ 1,254,853</b>	<b>\$ 1,729</b>	<b>\$ 10,897</b>	<b>\$ 18,745</b>
<b>Current liabilities:</b>									
Accounts payable and accrued expenses	\$ 86,974	\$ 5,828	\$ 397	\$ 306	\$ -	\$ 93,505	\$ 545	\$ 167	\$ 4,617
Long-term debt, current portion	4,346	-	-	-	-	4,346	-	-	-
Capital lease obligations, current portion	-	-	-	-	-	-	-	-	-
Estimated third-party payor settlements	33,732	-	-	-	(7,024)	26,708	-	-	1,193
<b>Total current liabilities</b>	<b>125,052</b>	<b>5,828</b>	<b>397</b>	<b>306</b>	<b>(7,024)</b>	<b>124,559</b>	<b>545</b>	<b>167</b>	<b>5,810</b>
Long-term debt, less current portion	452,357	-	-	-	-	452,357	-	-	-
Capital lease obligations, less current portion	-	-	-	-	-	-	-	-	6,518
Due to affiliated entities, net	22,423	11,128	-	-	(33,551)	-	1,156	3,780	10,872
Other liabilities	61,400	16,648	931	1,632	-	80,611	39	-	4,926
<b>Total liabilities</b>	<b>661,232</b>	<b>33,604</b>	<b>1,328</b>	<b>1,938</b>	<b>(40,575)</b>	<b>657,527</b>	<b>1,740</b>	<b>3,947</b>	<b>28,126</b>
<b>Net assets (deficit):</b>									
Unrestricted	444,867	69,445	49,016	30,495	-	593,823	(11)	6,950	(9,381)
Temporarily restricted	3,335	-	-	-	-	3,335	-	-	-
Permanently restricted	121	47	-	-	-	168	-	-	-
<b>Total net assets (deficit)</b>	<b>448,323</b>	<b>69,492</b>	<b>49,016</b>	<b>30,495</b>	<b>-</b>	<b>597,326</b>	<b>(11)</b>	<b>6,950</b>	<b>(9,381)</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,109,555</b>	<b>\$ 103,096</b>	<b>\$ 50,344</b>	<b>\$ 32,433</b>	<b>\$ (40,575)</b>	<b>\$ 1,254,853</b>	<b>\$ 1,729</b>	<b>\$ 10,897</b>	<b>\$ 18,745</b>

	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Other	Eliminations	Consolidated Subtotal	Shands Jacksonville	Eliminations	Consolidated Total
\$	2	\$ 1	\$ 4	\$ -	\$ 138,822	\$ 6,891	\$ -	\$ 145,713	\$ 50,137	\$ -	\$ 195,850
	-	-	-	-	174,301	628	-	174,929	65,526	-	240,455
	2,915	2,229	10,233	-	113,503	-	-	113,503	57,135	-	170,638
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	16,298	-	-	16,298	23	-	16,321
	473	483	1,921	-	29,887	165	-	30,052	24,248	(2,601)	51,699
	3,390	2,713	12,158	-	472,811	7,684	-	480,495	197,069	(2,601)	674,963
	-	-	-	-	225,828	-	-	225,828	12,250	-	238,078
	165	155	2,490	-	32,422	1,524	-	33,946	13,604	-	47,550
	13,397	4,125	44,866	-	490,840	534	-	491,374	251,129	-	742,503
	5,626	4,685	21,072	-	361,323	86	-	361,409	209,468	-	570,877
	19,188	8,965	68,428	-	884,585	2,144	-	886,729	474,201	-	1,360,930
	(7,249)	(4,929)	(29,296)	-	(436,853)	(619)	-	(437,472)	(295,588)	-	(733,060)
	91	265	651	-	67,244	-	-	67,244	9,797	-	77,041
	12,030	4,301	39,783	-	514,976	1,525	-	516,501	188,410	-	704,911
	-	-	-	(24,444)	2,168	-	(2,168)	-	-	-	-
	801	548	3,213	-	69,780	3	(628)	69,155	11,014	(784)	79,385
\$	16,221	\$ 7,562	\$ 55,154	\$ (24,444)	\$ 1,285,563	\$ 9,212	\$ (2,796)	\$ 1,291,979	\$ 408,743	\$ (3,385)	\$ 1,697,337
\$	648	\$ 534	\$ 6,511	\$ -	\$ 100,016	\$ 1,049	\$ (628)	\$ 100,437	\$ 55,971	\$ (2,601)	\$ 153,807
	-	-	-	-	4,346	-	-	4,346	6,405	-	10,751
	-	-	-	-	-	-	-	-	45	-	45
	339	437	1,969	-	28,677	-	-	28,677	24,215	-	52,892
	987	971	8,480	-	133,039	1,049	(628)	133,460	86,636	(2,601)	217,495
	-	-	-	-	452,357	-	-	452,357	111,699	-	564,056
	-	-	6,518	-	6,518	-	-	6,518	57	-	6,575
	8,476	160	24,444	(24,444)	-	2,168	(2,168)	-	-	-	-
	2,019	1,341	8,325	-	88,936	-	-	88,936	28,820	(784)	116,972
	11,482	2,472	47,767	(24,444)	680,850	3,217	(2,796)	681,271	227,212	(3,385)	905,098
	4,618	5,090	7,266	-	601,089	5,995	-	607,084	176,825	3,284	787,193
	-	-	-	-	3,335	-	-	3,335	4,706	(3,284)	4,757
	121	-	121	-	289	-	-	289	-	-	289
	4,739	5,090	7,387	-	604,713	5,995	-	610,708	181,531	-	792,239
\$	16,221	\$ 7,562	\$ 55,154	\$ (24,444)	\$ 1,285,563	\$ 9,212	\$ (2,796)	\$ 1,291,979	\$ 408,743	\$ (3,385)	\$ 1,697,337

# Shands Teaching Hospital and Clinics, Inc. and Subsidiaries

## Detailed Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2007

(In Thousands)

	Shands UF	Shands AGH	Shands Vista	Shands Rehab Hospital	Eliminations	Total Alachua County Hospital Group	Shands HomeCare	Property Management
Unrestricted revenue and other support:								
Net patient service revenue	\$ 673,007	\$ 158,969	\$ 22,739	\$ 13,456	\$ (1,416)	\$ 866,755	\$ 7,916	\$ -
Capitation revenue	-	-	27	-	-	27	-	-
Investment income	24,423	44	-	-	-	24,467	-	-
Other revenue	45,073	5,589	177	104	-	50,943	-	1,330
Total unrestricted revenue and other support	742,503	164,602	22,943	13,560	(1,416)	942,192	7,916	1,330
Expenses:								
Salaries, wages, and benefits	315,666	78,090	11,549	7,775	497	413,577	6,452	-
Supplies and other	290,191	72,051	4,636	3,049	(1,913)	368,014	1,755	1,423
Interest	11,422	-	-	-	-	11,422	-	-
Depreciation and amortization	35,493	7,454	651	468	-	44,066	194	484
Provision for bad debts	34,891	10,225	1,448	421	-	46,985	164	-
Total expenses	687,663	167,820	18,284	11,713	(1,416)	884,064	8,565	1,907
Subtotal	54,840	(3,218)	4,659	1,847	-	58,128	(649)	(577)
Nonoperating gains (losses), net	(102)	(21)	-	-	-	(123)	-	447
Expenditures in support of the University of Florida and its medical programs	(30,727)	(1,600)	-	-	-	(32,327)	-	-
Excess (deficiency) of unrestricted revenue over expenses	24,011	(4,839)	4,659	1,847	-	25,678	(649)	(130)
Adjustment to initially apply recognition provisions Statement of Financial Accounting Standards No. 158	(26,751)	(8,604)	(489)	(845)	-	(36,689)	103	-
Transfer of net assets in association with consolidation and support of other operations and divisions of the Corporation	(3,263)	-	-	-	-	(3,263)	-	-
Change in net unrealized gains on other than trading securities	27,471	-	-	-	-	27,471	-	-
Change in fair value of derivative instruments designated as cash flow hedges	2,194	-	-	-	-	2,194	-	-
Reclassification to excess of revenues over expenses of accumulated gain relating to terminated derivative instrument designated as a cash flow hedge	(3,320)	-	-	-	-	(3,320)	-	-
Contributions received for equipment purchases and other changes in unrestricted net assets	3,127	32	-	-	-	3,159	-	-
Increase (decrease) in unrestricted net assets	23,469	(13,411)	4,170	1,002	-	15,230	(546)	(130)
Temporarily restricted net assets:								
Contributions	3,335	-	-	-	-	3,335	-	-
Net assets released from restrictions	(1,744)	-	-	-	-	(1,744)	-	-
Increase (decrease) in temporarily restricted net assets	1,591	-	-	-	-	1,591	-	-
Permanently restricted net assets:								
Contributions	121	4	-	-	-	125	-	-
Increase in permanently restricted net assets	121	4	-	-	-	125	-	-
Increase (decrease) in net assets	\$ 25,181	\$ (13,407)	\$ 4,170	\$ 1,002	\$ -	\$ 16,946	\$ (546)	\$ (130)

	Shands Lake Shore	Shands Starke	Shands Live Oak	Subtotal Other	Eliminations	Total Obligated Group	Other	Eliminations	Consolidated Subtotal	Shands Jacksonville	Eliminations	Consolidated Total
\$	41,692	\$ 25,280	\$ 18,388	\$ 93,276	\$ (530)	\$ 959,501	\$ -	\$ -	\$ 959,501	\$ 405,098	\$ -	\$ 1,364,599
	-	222	-	222	-	249	-	-	249	70,174	-	70,423
	4	-	-	4	-	24,471	-	-	24,471	6,327	-	30,798
	3,585	1,168	1,874	7,957	(868)	58,032	4,045	(364)	61,713	99,758	-	161,471
	45,281	26,670	20,262	101,459	(1,398)	1,042,253	4,045	(364)	1,045,934	581,357	-	1,627,291
	24,953	13,680	9,761	54,846	-	468,423	1,350	-	469,773	215,319	500	685,592
	16,623	6,197	4,395	30,393	(1,398)	397,009	1,510	(364)	398,155	227,602	(500)	625,257
	522	-	-	522	-	11,944	-	-	11,944	4,505	-	16,449
	1,470	1,111	592	3,851	-	47,917	1,052	-	48,969	23,447	-	72,416
	4,446	4,715	4,328	13,653	-	60,638	-	-	60,638	68,352	-	128,990
	48,014	25,703	19,076	103,265	(1,398)	985,931	3,912	(364)	989,479	539,225	-	1,528,704
	(2,733)	967	1,186	(1,806)	-	56,322	133	-	56,455	42,132	-	98,587
	(3)	-	-	444	-	321	(5)	-	316	(206)	-	110
	-	-	-	-	-	(32,327)	-	-	(32,327)	(24,038)	-	(56,365)
	(2,736)	967	1,186	(1,362)	-	24,316	128	-	24,444	17,888	-	42,332
	(2,566)	(1,051)	(699)	(4,213)	-	(40,902)	-	-	(40,902)	(15,111)	-	(56,013)
	-	-	-	-	-	(3,263)	140	-	(3,123)	3,123	-	-
	-	-	-	-	-	27,471	-	-	27,471	-	-	27,471
	-	-	-	-	-	2,194	-	-	2,194	-	-	2,194
	-	-	-	-	-	(3,320)	-	-	(3,320)	-	-	(3,320)
	520	154	98	772	-	3,931	-	-	3,931	6,397	(5,159)	5,169
	(4,782)	70	585	(4,803)	-	10,427	268	-	10,695	12,297	(5,159)	17,833
	-	-	-	-	-	3,335	-	-	3,335	340	-	3,675
	-	-	-	-	-	(1,744)	-	-	(1,744)	(5,500)	5,159	(2,085)
	-	-	-	-	-	1,591	-	-	1,591	(5,160)	5,159	1,590
	-	9	-	9	-	134	-	-	134	-	-	134
	-	9	-	9	-	134	-	-	134	-	-	134
\$	(4,782)	\$ 79	\$ 585	\$ (4,794)	\$ -	\$ 12,152	\$ 268	\$ -	\$ 12,420	\$ 7,137	\$ -	\$ 19,557