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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2008

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning 07/01 , 2008, and ending 06/30 , 2009

B Check if applicable: Address change; Name change; Initial return; Termination; Amended return; Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization BAYLOR HEALTH CARE SYSTEM FOUNDATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite: 2001 BRYAN STREET 2200

City or town, state or country, and ZIP + 4: DALLAS, TX 75201-3005

D Employer identification number: 75-1606705

E Telephone number: (214) 820-4135

G Gross receipts $ 72,022,978.

F Name and address of principal officer: ROWLAND ROBINSON
3600 GASTON AVENUE, SUITE 100 DALLAS, TX 75246

H(a) Is this a group return for affiliates? Yes [ ] No [X]

H(b) Are all affiliates included? Yes [ ] No [ ]

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

H(c) Group exemption number ▶

I Tax-exempt status: [X] 501(c)(3) ◀ (insert no) [ ] 4947(a)(1) or [ ] 527

J Website ▶ WWW.BAYLORHEALTH.COM

K Type of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation 1975 M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities

PROVIDES PHILANTHROPIC SUPPORT SERVICES TO HELP BAYLOR HEALTH CARE SYSTEM ACHIEVE ITS MISSION OF SERVING ALL PEOPLE WITH EXEMPLARY HEALTH CARE, MEDICAL EDUCATION, MEDICAL RESEARCH, AND COMMUNITY SERVICE.

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	111
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	111
5	Total number of employees (Part V, line 2a)	5	39
6	Total number of volunteers (estimate if necessary)	6	NONE
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	NONE
b	Net unrelated business taxable income from Form 990-T, line 34	7b	NONE

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		Prior Year	Current Year
8	Contribution and grants (Part VIII, line 1h)	23,917,225.	41,320,509.
9	Program service revenue (Part VIII, line 2g)	95,018.	35,017.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,806,259.	8,502,405.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-563,969.	-548,815.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	37,254,533.	49,309,116.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	26,442,362.	19,757,644.
14	Benefits paid to or for members (Part IX, column (A), line 4)	NONE	NONE
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,094,797.	3,578,676.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	NONE	60,000.
b	Total fundraising expenses, Part IX, column (D), line 25) ▶ 2,985,575.		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	3,096,854.	3,124,556.
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	32,634,013.	26,520,876.
19	Revenue less expenses Subtract line 18 from line 12	4,620,520.	22,788,240.

		Beginning of Year	End of Year
20	Total assets (Part X, line 16)	260,694,945.	236,933,778.
21	Total liabilities (Part X, line 26)	7,616,889.	7,122,382.
22	Net assets or fund balances Subtract line 21 from line 20	253,078,056.	229,811,396.

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 — Date: 14 MAY 10

▶ ROWLAND K ROBINSON, PRESIDENT
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ — Date 5/14/10 — Check if self-employed ▶ [ ] — Preparer's identifying number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG U.S. LLP
1901 SIXTH AVENUE NORTH, SUITE 1200 BIRMINGHAM, AL 35203

EIN ▶ 34-6565596

Phone no ▶ 205-251-2000

May the IRS discuss this return with the preparer shown above? (See instructions) [X] Yes [ ] No

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Part III **Statement of Program Service Accomplishments** (see instructions)

1 Briefly describe the organization's mission:
SEE STATEMENT 1

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 exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 $ 21,599,170. including grants of $ 19,757,644.) (Revenue $ NONE)
SEE STATEMENT 2

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 ▶ $ 21,599,170. *(Must equal Part IX, Line 25, column (B).)*

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		X
5	**Sections 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization hold assets in term, permanent, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	X	
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? *If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable*	11	X	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the U.S.?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the U.S ? *If "Yes," complete Schedule F, Part I*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Part II*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III*	16		X
17	Did the organization report more than $15,000 on Part IX, column (A), line 11e? *If "Yes," complete Schedule G, Part I*	17	X	
18	Did the organization report more than $15,000 total on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	X	
19	Did the organization report more than $15,000 on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20		X
21	Did the organization report more than $5,000 on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
22	Did the organization report more than $5,000 on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5,? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? *If "Yes," complete Schedule L, Part I*	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	27		X

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee:			
a	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? *If "Yes," complete Schedule L, Part IV*	28a		X
b	Have a family member who had a direct or indirect business relationship with the organization? *If "Yes," complete Schedule L, Part IV*	28b		X
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29	X	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	X	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35	X	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X

Part V Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable 1a 23			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . . 1b NONE			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	X	
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 39			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X	
	Note: If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* this return. (see instructions)			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
b	If "Yes," enter the name of the foreign country: ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
c	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c		
6a	Did the organization solicit any contributions that were not tax deductible?	6a	X	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	X	
7	**Organizations that may receive deductible contributions under section 170(c).**			
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than $75? .	7a	X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year 7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X	
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h		
8	**Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	**Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.**			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	**Section 501(c)(7) organizations.** Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12 . . . . . 10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . 10b			
11	**Section 501(c)(12) organizations.** Enter:			
a	Gross income from members or shareholders 11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) 11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? . . .	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year 12b			

Part VI **Governance, Management, and Disclosure** *(Sections A, B, and C request information about policies not required by the Internal Revenue Code.)*

Section A. Governing Body and Management

			Yes	No
	For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, process, or changes in Schedule O. See instructions			
1a	Enter the number of voting members of the governing body 1a 111			
b	Enter the number of voting members that are independent 1b 111			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	X	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . .	3		X
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4	X	
5	Did the organization become aware during the year of a material diversion of the organization's assets?	5		X
6	Does the organization have members or stockholders?	6	X	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	X	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	X	
8	Did the organizations contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a	The governing body?	8a	X	
b	Each committee with authority to act on behalf of the governing body?	8b	X	
9a	Does the organization have local chapters, branches, or affiliates?	9a		X
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	9b		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	10	X	
11	Is there any officer, director or 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*	11		X

Section B. Policies

			Yes	No
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this is done*	12c	X	
13	Does the organization have a written whistleblower policy?	13	X	
14	Does the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:			
a	The organization's CEO, Executive Director, or top management official?	15a	X	
b	Other officers or key employees of the organization?	15b	X	
	Describe the process in Schedule O. (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.

☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶AMY MARTIN 3600 GASTON AVENUE, SUITE 100, DALLAS, TX 75246
214-820-2677

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if the organization did not compensate any officer, director, trustee, or key employee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
SEE SCHEDULE J-2										

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

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
1b Total ▶								1,303,966.	NONE	172,828.

2 Total number of individuals (including those in 1a) who received more than $100,000 in reportable compensation from the organization ▶ 7

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
SEE STATEMENT 3		

2 Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization ▶ 6

Part VIII Statement of Revenue 75-1606705

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c 3,002,102.				
	d Related organizations	1d 8,000,000.				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 30,318,407.				
	g Noncash contributions included in lines 1a-1f $ 1,254,912.					
	h Total. Add lines 1a-1f	▶	41,320,509.			
Program Service Revenue		Business Code				
	2a MISC. OPERATING REVENUE	900099	35,017.			35,017.
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f	▶	35,017.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)	▶	11,034,737.			11,034,737.
	4 Income from investment of tax-exempt bond proceeds	▶	NONE			
	5 Royalties	▶	NONE			
		(i) Real / (ii) Personal				
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)	▶	NONE			
		(i) Securities / (ii) Other				
	7a Gross amount from sales of assets other than inventory	19,534,914.				
	b Less cost or other basis and sales expenses	22,067,246.				
	c Gain or (loss)	-2,532,332.				
	d Net gain or (loss)	▶	-2,532,332.			-2,532,332.
	8a Gross income from fundraising events (not including $ 3,002,102. of contributions reported on line 1c) See Part IV, line 18 a	97,801.				
	b Less direct expenses b	646,616.				
	c Net income or (loss) from fundraising events	▶	-548,815.			-548,815.
	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	▶	NONE			
	10a Gross sales of inventory, less returns and allowances a					
	b Less cost of goods sold b					
	c Net income or (loss) from sales of inventory	▶	NONE			
	Miscellaneous Revenue	Business Code				
	11a					
	b					
	c					
	d All other revenue					
	e Total. Add lines 11a-11d	▶	NONE			
	12 Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e	▶	49,309,116.			7,988,607.

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) but are not required to complete columns (B), (C), and (D).

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 U.S. See Part IV, line 21	19,757,644.	19,757,644.		
2 Grants and other assistance to individuals in the U.S See Part IV, line 22	NONE			
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	NONE			
4 Benefits paid to or for members	NONE			
5 Compensation of current officers, directors, trustees, and key employees	1,132,635.	226,527.	219,086.	687,022.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	NONE			
7 Other salaries and wages	2,065,782.	766,874.	413,540.	885,368.
8 Pension plan contributions (include section 401 (k) and section 403(b) employer contributions)	98,950.	36,733.	19,808.	42,409.
9 Other employee benefits	80,788.	29,990.	16,173.	34,625.
10 Payroll taxes	200,521.	74,439.	40,141.	85,941.
11 Fees for services (non-employees)				
a Management	NONE			
b Legal	NONE			
c Accounting	NONE			
d Lobbying	NONE			
e Professional fundraising services See Part IV, line 17	60,000.			60,000.
f Investment management fees	NONE			
g Other	1,113,927.	99,407.	899,753.	114,767.
12 Advertising and promotion	22,633.			22,633.
13 Office expenses	622,302.	231,015.	124,576.	266,711.
14 Information technology	168,018.	62,373.	33,635.	72,010.
15 Royalties	NONE			
16 Occupancy	328,298.	121,873.	65,721.	140,704.
17 Travel	61,191.	22,715.	12,250.	26,226.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	NONE			
19 Conferences, conventions, and meetings	116,964.	43,420.	23,415.	50,129.
20 Interest	NONE			
21 Payments to affiliates	NONE			
22 Depreciation, depletion, and amortization	65,418.	24,285.	13,096.	28,037.
23 Insurance	NONE			
24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a SPECIAL FUNCTIONS	32,481.			32,481.
b DUES & MEMBERSHIPS	46,322.	17,196.	9,273.	19,853.
c MEALS & ENTERTAINMENT	24,338.	9,035.	4,872.	10,431.
d BAD DEBT	318,895.			318,895.
e ALL OTHER EXPENSES	203,769.	75,644.	40,792.	87,333.
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	26,520,876.	21,599,170.	1,936,131.	2,985,575.
26 Joint Costs. Check here ▶ ☐ If following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	NONE	1	NONE
	2	Savings and temporary cash investments	6,165,325.	2	7,225,459.
	3	Pledges and grants receivable, net	15,478,237.	3	28,919,632.
	4	Accounts receivable, net	NONE	4	47,854.
	5	Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net	8,793.	7	5,939.
	8	Inventories for sales or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment: cost basis 10a 2,085,711.			
	b	Less: accumulated depreciation. Complete Part VI of Schedule D 10b 1,365,662.	784,334.	10c	720,049.
	11	Investments - publicly traded securities	NONE	11	966,936.
	12	Investments - other securities. See Part IV, line 11		12	
	13	Investments - program-related. See Part IV, line 11	38,044.	13	38,044.
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	238,220,212.	15	199,009,865.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	260,694,945.	16	236,933,778.
Liabilities	17	Accounts payable and accrued expenses	2,525,309.	17	1,877,637.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow account liability. Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable		24	
	25	Other liabilities. Complete Part X of Schedule D	5,091,580.	25	5,244,745.
	26	**Total liabilities.** Add lines 17 through 25	7,616,889.	26	7,122,382.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	66,185,701.	27	25,563,194.
	28	Temporarily restricted net assets	78,447,329.	28	99,383,768.
	29	Permanently restricted net assets	108,445,026.	29	104,864,434.
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	253,078,056.	33	229,811,396.
	34	Total liabilities and net assets/fund balances	260,694,945.	34	236,933,778.

Part XI Financial Statements and Reporting

				Yes	No
1	Accounting method used to prepare the Form 990	[ ] Cash [X] Accrual [ ] Other			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		X
b	Were the organization's financial statements audited by an independent accountant?		2b	X	
c	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?		2c	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		3a		X
b	If "Yes," did the organization undergo the required audit or audits?		3b		

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate Instructions.**

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization	Employer identification number
BAYLOR HEALTH CARE SYSTEM FOUNDATION	75-1606705

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. (Please check only **one** organization.)

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).** (Attach Schedule H.)

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).** (see instructions)

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 - Other

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

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

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

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

h Provide the following information about the organizations the organization supports.

(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 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.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")	13,550,267.	19,643,702.	22,105,580.	23,917,225.	41,320,509.	120,537,283.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1-3	13,550,267.	19,643,702.	22,105,580.	23,917,225.	41,320,509.	120,537,283.
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)						3,019,684.
6 **Public support.** Subtract line 5 from line 4						117,517,599.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4	13,550,267.	19,643,702.	22,105,580.	23,917,225.	41,320,509.	120,537,283.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	11,840,231.	12,272,020.	13,879,694.	13,806,259.	8,502,405.	60,300,609.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support.** Add lines 7 through 10						180,837,892.
12 Gross receipts from related activities, etc. (See instructions)					12	487,267.

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

14	Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	64.99 %
15	Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	60.13 %

16a **33 1/3% support test - 2008.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☒

b **33 1/3% support test - 2007.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10%-facts-and-circumstances test - 2008.** 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 "fact-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10%-facts-and-circumstances test - 2007.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances"" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(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 1-5						
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 1% of the total of lines 9, 10c, 11, and 12 for the year or $5,000						
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) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(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 section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2008** (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from **2007** Schedule A, Part IV-A, line 27h	18	%

19a **33 1/3% support tests - 2008.** 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 - 2007.** 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.** Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. (see instructions)

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer Identification number

75-1606705

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

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

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

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

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

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

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

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Using the organization's 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 XIV.

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 Trust, Escrow and Custodial Arrangements. Complete if 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 XIV and complete the following table:

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

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

b If "Yes," explain the arrangement in Part XIV.

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

	(a) Current Year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	141,738,096.				
b Contributions	3,046,424.				
c Investment earnings or losses	-20,295,335.				
d Grants or scholarships					
e Other expenditures for facilities and programs	5,056,704.				
f Administrative expenses					
g End of year balance	119,432,481.				

2 Provide the estimated percentage of the year end balance held as:

a Board designated or quasi-endowment ▶ 0.8373 %
b Permanent endowment ▶ 99.1627 %
c Term endowment ▶ NONE %

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

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

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

Part VI Investments - Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land				NONE
b Buildings		1,191,406.	666,432.	524,974.
c Leasehold improvements				NONE
d Equipment		894,305.	699,230.	195,075.
e Other				NONE
Total. Add lines 1a-1e. *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				720,049.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation. Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
BENEFICIAL INTERESTS SPLIT-INT	11,685,534.
LONG-TERM INVESTMENTS	187,324,331.
Total. *(Column (b) should equal Form 990, Part X, col (B) line 15)* ▶	199,009,865.

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of liability	(b) Amount
Federal income taxes	
ANNUITIES PAYABLE	5,244,745.
Total *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	5,244,745.

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48.

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	49,309,116.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	26,520,876.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	22,788,240.
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net). Add lines 4-8	9	
10	Excess or (deficit) for the year per financial statements. Combine lines 3 and 9	10	22,788,240.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	16,672,977.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains on investments	2a	-3,523,669.		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-29,112,470.		
e	Add lines 2a through 2d			2e	-32,636,139.
3	Subtract line 2e from line 1			3	49,309,116.
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 XIV)	4b			
c	Add lines 4a and 4b			4c	
5	Total revenue. Add lines 3 and 4c. (This should equal Form 990, Part I, line 12.)			5	49,309,116.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	27,248,325.
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	Losses reported on Form 990, Part IX, line 25	2c			
d	Other (Describe in Part XIV)	2d	727,449.		
e	Add lines 2a through 2d			2e	727,449.
3	Subtract line 2e from line 1			3	26,520,876.
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 XIV)	4b			
c	Add lines 4a and 4b			4c	
5	Total expenses. Add lines 3 and 4c. (This should equal Form 990, Part I, line 18.)			5	26,520,876.

Part XIV Supplemental Information

Complete this part to 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; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b.

SEE PAGE 5

Part XIV Supplemental Information *(continued)*

SUPPLEMENTAL INFORMATION

SCHEDULE D, PART V, QUESTION 4

DESCRIPTION OF USE OF ENDOWMENT FUNDS

THE BAYLOR HEALTH CARE SYSTEM FOUNDATION ENDOWMENTS PROVIDE SUPPORT FOR THE ACTIVITIES AND PURPOSES OF BAYLOR HEALTH CARE SYSTEM AND ITS AFFILIATED ENTITIES (COLLECTIVELY, "BHCS"). THEY ENABLE BHCS TO ADVANCE ITS MEDICAL OBJECTIVES AND MISSION, INCLUDING SPONSORSHIP OF PATIENT CARE, RESEARCH, AND EDUCATIONAL AND TRAINING PROGRAMS.

SCHEDULE D, PART X

FIN 48 FOOTNOTE FROM AUDITED FINANCIAL STATEMENTS

THE ORGANIZATION IS ALSO INCLUDED IN BAYLOR HEALTH CARE SYSTEM'S COMBINED AUDITED FINANCIAL STATEMENTS (SYSTEM). THE SYSTEM ADOPTED THE PROVISIONS OF FASB INTERPRETATION NO. 48, "ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES-AN INTERPRETATION OF FASB STATEMENT 109," OR FIN 48, ON JULY 1, 2007. AS OF JUNE 30, 2009, THERE WERE NO GROSS UNRECOGNIZED TAX BENEFITS RELATED TO THE FILING ORGANIZATION.

SCHEDULE D PART XII

LINE 2D

LINE 2D INCLUDES: NET ASSETS RELEASED $19,398,289, GIFT IN KIND $392,650,

Part XIV Supplemental Information *(continued)*

RESTRICTED CONTRIBUTIONS $(41,331,243), RESTRICTED INVESTMENT INCOME $(8,306,813), GAIN/LOSS ON ASSETS $88,031 AND SPECIAL EVENT EXPENSES $646,616.

SCHEDULE D, PART XIII

LINE 2D

LINE 2D INCLUDES: GIFT IN KIND $392,650, SPECIAL EVENT EXPENSES $646,616 AND BAD DEBT EXPENSE $(311,817).

SCHEDULE G
(Form 990 or 990-EZ)
Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

▶ Attach to Form 990 or Form 990-EZ. Must be completed by organizations that answer "Yes" to Form 990, Part IV, lines 17, 18, or 19, and by organizations that enter more than $15,000 on Form 990-EZ, line 6a

OMB No 1545-0047

2008

Open To Public Inspection

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a [X] Mail solicitations
- b [X] Email solicitations
- c [X] Phone solicitations
- d [X] In-person solicitations
- e [X] Solicitation of non-government grants
- f [ ] Solicitation of government grants
- g [X] Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising activities? [X] Yes [ ] No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization. Form 990-EZ filers are not required to complete this table.

(i) Name of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	(iii) No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
WILLIAM H. LIVELY CONSULTING			X	NONE	60,000.	NONE
Total . . . . . ▶				NONE	60,000.	NONE

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 LUNCHEON (event type)	(b) Event #2 DINNER (event type)	(c) Other Events 1 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	2,563,172.	310,971.	225,760.	3,099,903.
	2 Less: Charitable contributions	2,524,662.	291,670.	185,770.	3,002,102.
	3 Gross revenue (line 1 minus line 2)	38,510.	19,301.	39,990.	97,801.
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	6,408.	6,136.	16,667.	29,211.
	6 Rent/facility costs	64,736.	45,973.	23,810.	134,519.
	7 Other direct expenses	268,655.	165,020.	49,211.	482,886.
	8 Direct expense summary Add lines 4 through 7 in column (d) ▶				(646,616.)
	9 Net income summary. Combine lines 3 and 8 in column (d) ▶				-548,815.

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary. Combine lines 1 and 7 in column (d) ▶				

			Yes	No
9	Enter the state(s) in which the organization operates gaming activities:			
a	Is the organization licensed to operate gaming activities in each of these states?	9a		
b	If "No," Explain:			
10a	Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a		
b	If "Yes," Explain:			
11	Does the organization operate gaming activities with nonmembers?	11		
12	Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12		

				Yes	No
13	Indicate the percentage of gaming activity operated in:				
a	The organization's facility	13a	%		
b	An outside facility	13b	%		
14	Provide the name and address of the person who prepares the organization's gaming/special event books and records:				
	Name ▶				
	Address ▶				
15a	Does the organization have a contract with a third party from whom the organization receives gaming revenue?	15a			
b	If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____.				
c	If "Yes," enter name and address.				
	Name ▶				
	Address ▶				
16	Gaming manager information:				
	Name ▶				
	Gaming manager compensation ▶ $ _____				
	Description of services provided ▶				
	☐ Director/officer ☐ Employee ☐ Independent contractor				
17	Mandatory distributions:				
a	Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?	17a			
b	Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $				

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the U.S.

▶ Complete if the organization answered "Yes," on Form 990, Part IV, lines 21 or 22.
▶ Attach to Form 990.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number

75-1606705

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ [ ]

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
BAYLOR UNIVERSITY MEDICAL CENTER DALLAS, TX 75246	75-1837454	501(C)(3)	10,327,059.		N/A	N/A	PT CARE, ED, MED RES
BSHC DBA OUR CHILDREN'S HOUSE AT BAYLOR DALLAS, TX 75204	75-1765385	501(C)(3)	26,491.		N/A	N/A	PATIENT CARE, ED
BIR AT GASTON EPISCOPAL HOSPITAL DALLAS, TX 75246	75-1037226	501(C)(3)	80,815.		N/A	N/A	PATIENT CARE, ED
BAYLOR MEDICAL CENTER AT WAXAHACHIE WAXAHACHIE, TX 75165	75-1844139	501(C)(3)	448,938.		N/A	N/A	PAT CARE, ED, EQUIP
BAYLOR REGIONAL MEDICAL CENTER AT GRAPEVINE GRAPEVINE, TX 76051	75-1777119	501(C)(3)	36,961.		N/A	N/A	PATIENT CARE, ED
BAYLOR REGIONAL MEDICAL CENTER AT PLANO PLANO, TX 75093	82-0551704	501(C)(3)	7,989.		N/A	N/A	PATIENT CARE, ED
BAYLOR RESEARCH INSTITUTE DALLAS, TX 75204	75-1921898	501(C)(3)	8,378,558.		N/A	N/A	MED RESEARCH, EQUIP
BAYLOR HEALTH CARE SYSTEM DALLAS, TX 75201	75-1812652	501(C)(3)	60,905.		N/A	N/A	EDUC., EMPL ASSIST.
HEALTHTEXAS PROVIDER NETWORK DALLAS, TX 75206	75-2536818	501(C)(3)	18,061.		N/A	N/A	MEDICAL RESEARCH
MARY CROWLEY MEDICAL RESEARCH CENTER DALLAS, TX 75201	75-2727375	501(C)(3)	371,567.		N/A	N/A	MEDICAL RESEARCH

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 10

3 Enter total number of other organizations . . . . . ▶ NONE

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

SCHEDULE I, LINES 1 & 2

MONITORING GRANTS AND OTHER ASSISTANCE

AS PART OF ITS MISSION, THE ORGANIZATION PROVIDES GRANTS AND OTHER ASSISTANCE TO RELATED AND/OR UNRELATED NOT-FOR-PROFIT ORGANIZATIONS WHICH ARE RELIGIOUS, CHARITABLE, SCIENTIFIC, OR EDUCATIONAL IN NATURE, WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501(C)(3), BUT ONLY WHEN THE USE WILL FURTHER ONE OR MORE TENETS OF BAYLOR'S CHARITABLE MISSION AND ONE OR MORE OF THE FOLLOWING CRITERIA FOR USE OF THESE FUNDS IS MET: (1) FULFILLS A NEED IDENTIFIED BY A COMMUNITY NEEDS ASSESSMENT CONDUCTED BY BAYLOR HEALTH CARE SYSTEM (BHCS) OR A THIRD PARTY (SUCH AS COMMUNITY

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

HEALTH CHECK UP OR BY THE UNITED WAY) AND ADOPTED AS A PRIORITY BY BHCS'S COMMUNITY SERVICE ADVISORY COUNCIL, (2) SERVES AN UNDER-SERVED COMMUNITY OR GROUP OF PEOPLE THROUGH MEDICAL MISSION WORK TO IMPROVE THEIR HEALTH STATUS.

FOR RELATED ORGANIZATIONS, ALL GRANTS AND OTHER ASSISTANCE ARE SUBJECT TO THE POLICIES AND PROCEDURES SET FORTH BY BHCS WHICH ENSURES ALL FUNDS ARE USED IN ACCORDANCE WITH THE GUIDELINES SET FORTH ABOVE AND IN ACCORDANCE WITH THE RELATED ORGANIZATION'S EXEMPT PURPOSE.

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

GRANTS AND OTHER ASSISTANCE PROVIDED TO UNRELATED ORGANIZATIONS ARE TYPICALLY MONITORED BY PERSONAL INSPECTION. EXAMPLES INCLUDE PROVIDING ASSISTANCE TO ENTITIES WHERE THE FILING ORGANIZATION'S EMPLOYEE SERVES AS A BOARD MEMBER FOR THE RECIPIENT ORGANIZATION OR THROUGH ATTENDANCE AT COMMUNITY EVENTS WHERE THE FILING ORGANIZATION EMPLOYEES WORK AS VOLUNTEERS OR TO HELP COORDINATE THESE EVENTS.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 23.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

Part I Questions Regarding Compensation

			Yes	No
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			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax indemnification and gross-up payments	☒ Health or social club dues or initiation fees		
	☒ Discretionary spending account	☐ Personal services (e.g., maid, chauffeur, chef)		
b	If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	X	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.			
	☒ Compensation committee	☐ Written employment contract		
	☒ Independent compensation consultant	☒ Compensation survey or study		
	☐ Form 990 of other organizations	☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a:			
a	Receive a severance payment or change of control payment?	4a		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	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 must complete lines 5-8.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	X	
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 Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		X

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 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) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(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 reportable compensation				
ROWLAND ROBINSON	(i)	287,741.	131,694.	17,218.	34,426.	25,894.	496,973.	29,476.
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
CLARE GRACA	(i)	133,159.	33,441.	1,760.	NONE	24,820.	193,180.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
CYNTHIA KRAUSE	(i)	140,633.	16,950.	840.	NONE	15,767.	174,190.	NONE
	(ii)	NONE	NONE	NONE	NONE	NONE	NONE	NONE
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

SCHEDULE J SUPPLEMENTAL INFORMATION

GOVERNING BODY COMPENSATION:

THE MEMBERS OF THE GOVERNING BODY SERVE ON A VOLUNTARY BASIS AND RECEIVE NO CASH COMPENSATION FROM THE ORGANIZATION FOR THESE DUTIES AS A MEMBER OF THE GOVERNING BODY.

SCHEDULE J, QUESTION 1A

DESCRETIONARY SPENDING ACCOUNTS - THE ORGANIZATION PROVIDES ELIGIBLE EMPLOYEES WHO TRAVEL FREQUENTLY IN THEIR PERSONAL VEHICLE AN AUTO EXPENSE ALLOWANCE IN LIEU OF REIMBURSEMENT FOR BUSINESS MILEAGE UNDER THE ORGANIZATION'S BUSINESS TRAVEL AND EXPENSE REIMBURSEMENT POLICY. ALL AUTO EXPENSE ALLOWANCES ARE TREATED AS TAXABLE COMPENSATION. ONE PERSON LISTED IN THE FORM 990, PART VII, SECTION A, RECEIVED THIS BENEFIT DURING THE TAX YEAR.

HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES - THE ORGANIZATION MAY REIMBURSE ELIGIBLE EMPLOYEES FOR DUES FOR A HEALTH CLUB AND/OR A SOCIAL

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

CLUB WHERE THERE IS A BONA FIDE BUSINESS NEED FOR THE MEMBERSHIP. FOR EXAMPLE, AS PART OF THE ORGANIZATION'S PROMOTION OF HEALTH, THE ORGANIZATION WILL COVER A PORTION OF EMPLOYEES' FITNESS CENTER CLUB MEMBERSHIP DUES PAID TO AN AFFILIATED ENTITY THAT OWNS AND OPERATES A FITNESS CENTER. SUCH REIMBURSEMENTS ARE TREATED AS TAXABLE COMPENSATION TO THE EXTENT ANY PART OF THE MEMBERSHIP IS USED FOR PERSONAL USE. FIVE OF THE PERSONS LISTED IN THE FORM 990, PART VII, SECTION A, RECEIVED THIS BENEFIT DURING THE TAX YEAR.

SCHEDULE J, QUESTION 4B

IN ORDER TO RECRUIT AND RETAIN KEY TALENT, BAYLOR HEALTH CARE SYSTEM ("BHCS") OFFERS A SUPPLEMENTAL NON QUALIFIED RETIREMENT PLAN TO ELIGIBLE EMPLOYEES. THE PLAN PROVIDES AN ANNUAL BENEFIT (BASED ON A PERCENTAGE OF COMPENSATION) TO THE EMPLOYEE THAT IS PAID TO THE EMPLOYEE ON A FUTURE DATE UPON VESTING IN THE PLAN. THE FOLLOWING INDIVIDUAL(S) PARTICIPATED IN AND/OR RECEIVED PAYMENTS (NOTED IN PARENTHESIS) FROM BHCS' SUPPLEMENTAL NON QUALIFIED RETIREMENT PLAN DURING THE TAX YEAR: ROWLAND ROBINSON ($29,476).

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

SCHEDULE J, QUESTION 7

THE ORGANIZATION HAS ADOPTED AND IMPLEMENTED BAYLOR HEALTH CARE SYSTEM'S ("BHCS"), THE ORGANIZATION'S SOLE MEMBER, PERFORMANCE AWARD PROGRAM TO PROVIDE A MARKET COMPETITIVE TOTAL CASH COMPENSATION INCENTIVE PROGRAM THAT IS DESIGNED TO ATTRACT AND RETAIN KEY LEADERS AND ESTABLISH GREATER INDIVIDUAL ACCOUNTABILITY AND ALIGNMENT TO BUSINESS PERFORMANCE. PAYOUT TARGETS ARE BASED UPON A PERCENTAGE OF BASE PAY AND ARE DEVELOPED BY AN INDEPENDENT THIRD PARTY CONSULTANT USING COMPARABLE MARKET COMPETITIVE DATA WITHIN THE BOUNDS OF REASONABLENESS AND THAT ARE REVIEWED AND APPROVED BY BHCS'S GOVERNING BODY. PAYOUT LEVELS ARE BASED UPON A COMBINATION OF SYSTEM, ENTITY, AND INDIVIDUAL PERFORMANCE USING VARIOUS METRICS RELATED TO QUALITY, PATIENT SATISFACTION, EMPLOYEE RETENTION, AND FINANCIAL STEWARDSHIP. BHCS'S GOVERNING BODY MAY APPROVE MODIFICATIONS TO ANNUAL INCENTIVE AWARDS PROVIDED UNDER THE PROGRAM CONSISTENT WITH MARKET COMPARABILITY DATA.

SCHEDULE J-2 (Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the Organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer Identification number

75-1606705

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
RAUL AGUILAR DIRECTOR	1.	X						NONE	NONE	NONE
PIERCE ALLMAN DIRECTOR	1.	X						NONE	NONE	NONE
BARRY ANDREWS DIRECTOR	1.	X						NONE	NONE	NONE
NORMAN P. BAGWELL DIRECTOR	1.	X						NONE	NONE	NONE
ROY BAILEY DIRECTOR	1.	X						NONE	NONE	NONE
ROBERT BARNES, JR. DIRECTOR	1.	X						NONE	NONE	NONE
MAR NELL BELL DIRECTOR	1.	X						NONE	NONE	NONE
RICHARD BERNSTEIN DIRECTOR	1.	X						NONE	NONE	NONE
CECELIA BOX DIRECTOR	1.	X						NONE	NONE	NONE
BARBARA BRADFIELD DIRECTOR	1.	X						NONE	NONE	NONE
HAROLD BRIERLEY DIRECTOR	1.	X						NONE	NONE	NONE
GLENN CALLISON DIRECTOR	1.	X						NONE	NONE	NONE
BRIAN CASEY DIRECTOR	1.	X						NONE	NONE	NONE
DARLENE CASS DIRECTOR	1.	X						NONE	NONE	NONE
NATALIE CHU DIRECTOR	1.	X						NONE	NONE	NONE
DONALD CLAMPITT DIRECTOR	1.	X						NONE	NONE	NONE
NANCY COLLINS FISHER DIRECTOR	1.	X						NONE	NONE	NONE
JOE COLONNETTA DIRECTOR	1.	X						NONE	NONE	NONE
KATHLEEN COOPER DIRECTOR	1.	X						NONE	NONE	NONE
EDWARD COPLEY DIRECTOR	1.	X						NONE	NONE	NONE
LEO CORRIGAN, III DIRECTOR	1.	X						NONE	NONE	NONE

SCHEDULE J-2 (Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the Organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer Identification number

75-1606705

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
DAVID CRAIG DIRECTOR	1.	X						NONE	NONE	NONE
MARY ANNE CREE DIRECTOR	1.	X						NONE	NONE	NONE
LAWRENCE DALE DIRECTOR	1.	X						NONE	NONE	NONE
HELEN DAVIS DIRECTOR	1.	X						NONE	NONE	NONE
THOMAS DUNNING DIRECTOR	1.	X						NONE	NONE	NONE
VIRGINA DYKES, D.O. DIRECTOR	1.	X						NONE	NONE	NONE
LELDON ECHOLS DIRECTOR	1.	X						NONE	NONE	NONE
RICHARD EISEMAN, JR. DIRECTOR	1.	X						NONE	NONE	NONE
SHARON ELLIS DIRECTOR	1.	X						NONE	NONE	NONE
TIMOTHY EWING DIRECTOR	1.	X						NONE	NONE	NONE
STANFORD FINNEY, JR. DIRECTOR	1.	X						NONE	NONE	NONE
GINI FLORER DIRECTOR	1.	X						NONE	NONE	NONE
D. GILBERT FRIEDLANDER DIRECTOR	1.	X						NONE	NONE	NONE
JEFF FRONTERHOUSE DIRECTOR	1.	X						NONE	NONE	NONE
MARGO GOODWIN DIRECTOR	1.	X						NONE	NONE	NONE
KELLY GREEN DIRECTOR	1.	X						NONE	NONE	NONE
RANDI HALSELL DIRECTOR	1.	X						NONE	NONE	NONE
JACK HAMILTON DIRECTOR	1.	X						NONE	NONE	NONE
MARGARET HANCOCK DIRECTOR	1.	X						NONE	NONE	NONE
JOHN D. HARKEY, JR. DIRECTOR	1.	X						NONE	NONE	NONE
MILLEDGE A HART, III DIRECTOR	1.	X						NONE	NONE	NONE

SCHEDULE J-2 (Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the Organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer Identification number

75-1606705

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
C.R. HEFNER, JR. DIRECTOR	1.	X						NONE	NONE	NONE
LISA HEMBRY DIRECTOR	1.	X						NONE	NONE	NONE
ALBERT HERMAN DIRECTOR	1.	X						NONE	NONE	NONE
AL HILL DIRECTOR	1.	X						NONE	NONE	NONE
WILLIAM HILL DIRECTOR	1.	X						NONE	NONE	NONE
ROBERT C. HOLMES DIRECTOR	1.	X						NONE	NONE	NONE
J. STEPHEN JONES DIRECTOR	1.	X						NONE	NONE	NONE
AARON W. KOZMETSKY DIRECTOR	1.	X						NONE	NONE	NONE
MIKE LAFITTE DIRECTOR	1.	X						NONE	NONE	NONE
ALICIA LANDRY DIRECTOR	1.	X						NONE	NONE	NONE
H. WARD LAY DIRECTOR	1.	X						NONE	NONE	NONE
PETER LEWIS DIRECTOR	1.	X						NONE	NONE	NONE
NORMAN LOFGREN DIRECTOR	1.	X						NONE	NONE	NONE
SARAH LOSINGER DIRECTOR	1.	X						NONE	NONE	NONE
TED LYON DIRECTOR	1.	X						NONE	NONE	NONE
P. MIKE MCCULLOUGH DIRECTOR	1.	X						NONE	NONE	NONE
SHARON C. MCCULLOUGH DIRECTOR	1.	X						NONE	NONE	NONE
JOHN MCFARLAND DIRECTOR	1.	X						NONE	NONE	NONE
JAMES MILLER DIRECTOR	1.	X						NONE	NONE	NONE
WILLIAM MILLER DIRECTOR	1.	X						NONE	NONE	NONE
FLORENCE MULLINS DIRECTOR	1.	X						NONE	NONE	NONE

SCHEDULE J-2 (Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the Organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer Identification number

75-1606705

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
BARRY NEWMAN DIRECTOR	1.	X						NONE	NONE	NONE
BEVERLY NICHOLS DIRECTOR	1.	X						NONE	NONE	NONE
HELEN NIXON DIRECTOR	1.	X						NONE	NONE	NONE
JEANETTE NORSWORTHY DIRECTOR	1.	X						NONE	NONE	NONE
DANIEL P. NOVAKOV DIRECTOR	1.	X						NONE	NONE	NONE
GAIL OLMSTED DIRECTOR	1.	X						NONE	NONE	NONE
YVETTE OSTOLAZA DIRECTOR	1.	X						NONE	NONE	NONE
PAMELA PATSLEY DIRECTOR	1.	X						NONE	NONE	NONE
CHARLES PIERCE, JR. DIRECTOR	1.	X						NONE	NONE	NONE
L. FRANK PITTS DIRECTOR	1.	X						NONE	NONE	NONE
GAIL PLUMMER DIRECTOR	1.	X						NONE	NONE	NONE
AILENN M. PRATT DIRECTOR	1.	X						NONE	NONE	NONE
CLAIBORNE QUERBES DIRECTOR	1.	X						NONE	NONE	NONE
ANN QUEST DIRECTOR	1.	X						NONE	NONE	NONE
GEORGE RAY, JR. DIRECTOR	1.	X						NONE	NONE	NONE
WADE REED DIRECTOR	1.	X						NONE	NONE	NONE
LEONARD RIGGS, JR. DIRECTOR	1.	X						NONE	NONE	NONE
C.A. RUNDELL, JR. DIRECTOR	1.	X						NONE	NONE	NONE
KENNETH SCHNITZER, JR. DIRECTOR	1.	X						NONE	NONE	NONE
PEGGY SEWELL DIRECTOR	1.	X						NONE	NONE	NONE
DAVID SHANAHAN DIRECTOR	1.	X						NONE	NONE	NONE

SCHEDULE J-2 (Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the Organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer Identification number

75-1606705

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
GINNY SILLERS DIRECTOR	1.	X						NONE	NONE	NONE
JILL SMITH DIRECTOR	1.	X						NONE	NONE	NONE
ALISON SOLOMON DIRECTOR	1.	X						NONE	NONE	NONE
DAVID STEPHENS DIRECTOR	1.	X						NONE	NONE	NONE
JOANN STEWART DIRECTOR	1.	X						NONE	NONE	NONE
ANN STUART, M.D. DIRECTOR	1.	X						NONE	NONE	NONE
CAROLYN SWANN DIRECTOR	1.	X						NONE	NONE	NONE
THOMAS SWILEY DIRECTOR	1.	X						NONE	NONE	NONE
THOMAS A. TAYLOR DIRECTOR	1.	X						NONE	NONE	NONE
JOHN TOLLESON DIRECTOR	1.	X						NONE	NONE	NONE
JULIE TURNER DIRECTOR	1.	X						NONE	NONE	NONE
ANN K. UTLEY DIRECTOR	1.	X						NONE	NONE	NONE
MICHELE VALDEZ DIRECTOR	1.	X						NONE	NONE	NONE
JOHN L. WARE DIRECTOR	1.	X						NONE	NONE	NONE
SUSAN WAYNE STRAUSS DIRECTOR	1.	X						NONE	NONE	NONE
TUCEAN WEBB DIRECTOR	1.	X						NONE	NONE	NONE
ROBERT WELLBORN DIRECTOR	1.	X						NONE	NONE	NONE
LEE ANN WHITE DIRECTOR	1.	X						NONE	NONE	NONE
WILLIAM D. WHITE DIRECTOR	1.	X						NONE	NONE	NONE
JOSEPH WILLIAMS DIRECTOR	1.	X						NONE	NONE	NONE
JERRY WILLIAMSON DIRECTOR	1.	X						NONE	NONE	NONE

SCHEDULE J-2 (Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the Organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer Identification number

75-1606705

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
PHILIP WISE DIRECTOR	1.	X						NONE	NONE	NONE
BLAKE WOODALL DIRECTOR	1.	X						NONE	NONE	NONE
TERRY WORRELL DIRECTOR	1.	X						NONE	NONE	NONE
REV S.M. WRIGHT, II DIRECTOR	1.	X						NONE	NONE	NONE
ANA YODER DIRECTOR	1.	X						NONE	NONE	NONE
ROBERT SANFORD DIRECTOR	1.	X						NONE	NONE	NONE
AMY MARTIN VP-FINANCE/HOSP. FIN. OFF.	40.			X				67,182.	NONE	7,807.
ROWLAND ROBINSON PRESIDENT	40.			X				436,653.	NONE	60,320.
CLARE GRACA VP-FOUNDATION ADMINISTRATION	40.				X			168,360.	NONE	24,820.
CYNTHIA KRAUSE VP-GIFT PLANNING	40.				X			158,423.	NONE	15,767.
BENJAMIN MARCH DIRECTOR FOUNDATION	40.					X		132,879.	NONE	16,366.
MILDRED DEARMAN DIRECTOR FOUNDATION	40.					X		118,605.	NONE	14,753.
ROXANN GARCIA DIRECTOR FOUNDATION	40.					X		114,920.	NONE	16,848.
PAIGE SCHNABEL DIRECTOR FOUNDATION	40.					X		106,944.	NONE	16,147.

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Non-Cash Contributions

▶ To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2008

Open To Public Inspection

Name of the organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number

75-1606705

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1	Art-Works of art				
2	Art-Historical treasures				
3	Art-Fractional interests				
4	Books and publications	X		246.	FAIR MARKET VALUE
5	Clothing and household goods	X		2,815.	FAIR MARKET VALUE
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities-Publicly traded	X	2	1,142,478.	FAIR MARKET VALUE
10	Securities-Closely held stock				
11	Securities-Partnership, LLC, or trust interests				
12	Securities-Miscellaneous				
13	Qualified conservation contribution (historic structures)				
14	Qualified conservation contribution (other)				
15	Real estate-Residential				
16	Real estate-Commercial				
17	Real estate-Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies	X	24	16,615.	FAIR MARKET VALUE
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶(STMT 4)		66.	92,657.	
26	Other ▶( )				
27	Other ▶( )				
28	Other ▶( )				

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 NONE

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, line 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		X
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	X	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a		X
b	If "Yes," describe in Part II.			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II.			

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

SUPPLEMENTAL INFORMATION

IRC SECTION 6038 STATEMENT

BAYLOR HEALTH CARE SYSTEM FOUNDATION (BHCSF) IS CONTROLLED BY BAYLOR HEALTH CARE SYSTEM (BHCS), EMPLOYER IDENTIFICATION NUMBER 75-1812652. BHCS ALSO OWNS CHURCH UNIVERSITY INSURANCE COMPANY, LTD. (CUIC) AND HEALTH CARE INSURANCE COMPANY OF TEXAS, LTD. (HCIC). CUIC AND HCIC ARE CONTROLLED FOREIGN CORPORATIONS. BHCS FURNISHES ALL INFORMATION REQUIRED OF BHCSF BY IRC SECTION 6038 AND THE REGULATIONS THEREUNDER WITH RESPECT TO CUIC AND HCIC. THEREFORE, PURSUANT TO TREASURY REGULATION SEC. 1.6038-2(J)(2), BHCSF IS EXCEPTED FROM PROVIDING SUCH INFORMATION. BHCS FILES ITS RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX IN OGDEN, UTAH.

FORM 990, PART VI, QUESTION 2

DESCRIPTION OF FAMILY OR BUSINESS RELATIONSHIPS

DIRECTOR, YVETTE OSTOLAZA AND DIRECTOR, D. GILBERT FRIEDLANDER HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, JOE COLONNETTA AND DIRECTOR, NORMAN P. BAGWELL HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, JERRY WILLIAMSON AND DIRECTOR, HAROLD BRIERLY HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, LISA HEMBRY AND DIRECTOR, PETER LEWIS HAVE A BUSINESS RELATIONSHIP.

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

DIRECTOR, P. MIKE MCCULLOUGH AND DIRECTOR, SHARON MCCULLOUGH HAVE A FAMILY RELATIONSHIP.

DIRECTOR, R.F. SANFORD AND DIRECTOR, RAUL AGUILAR HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, BRIAN CASEY AND DIRECTOR, BEVERLY NICHOLS HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, BRIAN CASEY AND DIRECTOR, PAMELA PATSLEY HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, BRIAN CASEY AND DIRECTOR, LEONARD RIGGS, JR. HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, BRIAN CASEY AND DIRECTOR, JOHN TOLLESON HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, LEO F CORRIGAN III AND DIRECTOR, LEONARD RIGGS, JR. HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, LEO F CORRIGAN III AND DIRECTOR, JOHN MCFARLAND HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, LEO F CORRIGAN III AND DIRECTOR, KENNETH SCHNITZER, JR. HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, JAMES N. MILLER AND DIRECTOR, BRIAN CASEY HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, PHILIP WISE AND DIRECTOR, MARGARET HANCOCK HAVE A BUSINESS RELATIONSHIP.

DIRECTOR, TERRY WORRELL AND DIRECTOR, JOHN TOLLESON HAVE A BUSINESS RELATIONSHIP.

FORM 990, PART VI, QUESTION 4

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

SIGNIFICANT CHANGES TO ORGANIZATIONAL DOCUMENTS

EFFECTIVE MAY 11, 2010, THE ORGANIZATION'S GOVERNING BODY SHALL NOW HAVE A MINIMUM OF 3 AND NO MORE THAN 5 PERSONS WHO WILL HAVE OVERSIGHT OF THE BUSINESS OF THE ORGANIZATION AND OVERALL GOVERNANCE OF THE ORGANIZATION EXCEPT FOR POWERS RESERVED TO THE ORGANIZATION'S SOLE MEMBER, BAYLOR HEALTH CARE SYSTEM ("BHCS"). RIGHTS AND POWERS RESERVED TO BHCS AS THE SOLE MEMBER INCLUDE, WITHOUT LIMITATION, APPROVAL OF THE ORGANIZATION'S ARTICLES OF FORMATION AND BYLAWS AND AMENDMENTS THERETO, APPOINTMENT AND REMOVAL OF MEMBERS OF THE ORGANIZATION'S GOVERNING BODY, APPROVAL OF DISSOLUTIONS AND MERGERS, AND OTHER SIMILAR DECISIONS OVER THE ORGANIZATION. FURTHERMORE, A NON-VOTING, ADVISORY FOUNDATION BOARD WAS CREATED CONSISTING OF THE FORMER MEMBERS OF THE GOVERNING BODY TO PROVIDE ADVICE AND SUPPORT TO THE ORGANIZATION'S GOVERNING BODY.

FORM 990, PART VI, QUESTION 6

MEMBERS OR STOCKHOLDERS

THE ORGANIZATION IS A TEXAS NONPROFIT MEMBERSHIP ORGANIZATION IN WHICH BAYLOR HEALTH CARE SYSTEM, A TAX EXEMPT, TEXAS NONPROFIT CORPORATION, IS THE SOLE MEMBER.

FORM 990, PART VI, QUESTION 7A

ELECTION OF MEMBERS OF GOVERNING BODY BY MEMBERS, STOCKHOLDERS, OR OTHER PERSONS

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

THE GOVERNING BODY IS SELF-APPOINTED, SUBJECT TO APPROVAL FROM THE SOLE MEMBER, BAYLOR HEALTH CARE SYSTEM.

FORM 990, PART VI, QUESTION 7B

GOVERNING BODY DECISIONS SUBJECT TO APPROVAL

THE SOLE MEMBER, BAYLOR HEALTH CARE SYSTEM, HAS FINAL AUTHORITY OVER CERTAIN DECISIONS/POWERS OF THE ORGANIZATION SUCH AS APPROVAL OF THE ORGANIZATION'S ARTICLES OF INCORPORATION AND BYLAWS AND AMENDMENTS THERETO, APPOINTMENT AND REMOVAL OF THE MEMBERS OF THE ORGANIZATION'S GOVERNING BODY, APPROVAL OF DISSOLUTIONS AND MERGERS, AND OTHER SIMILAR DECISIONS/POWERS OVER THE ORGANIZATION.

FORM 990, PART VI, QUESTION 10

PROCESS USED TO REVIEW THE FORM 990

THE FORM 990 IS PREPARED AND REVIEWED BY THE BAYLOR HEALTH CARE SYSTEM'S TAX DEPARTMENT WITH ASSISTANCE FROM A NATIONAL PUBLIC ACCOUNTING FIRM. DURING THE RETURN PREPARATION PROCESS THE TAX DEPARTMENT WORKS WITH OTHER FUNCTIONAL AREAS INCLUDING FINANCE, ACCOUNTING, TREASURY, LEGAL, HUMAN RESOURCES, AND CORPORATE COMPLIANCE FOR ADVICE, INFORMATION AND ASSISTANCE TO PREPARE A COMPLETE AND ACCURATE RETURN. UPON COMPLETION, THE FORM 990 IS REVIEWED BY THE ORGANIZATION'S PRESIDENT, FINANCIAL OFFICER AND/OR OTHER KEY OFFICERS. THE FORM 990 IS THEN REVIEWED BY THE

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

ORGANIZATION'S GOVERNING BODY AND A COMPLETE FINAL COPY OF THE RETURN IS PROVIDED TO THE ORGANIZATION'S GOVERNING BODY PRIOR TO FILING WITH THE IRS.

FORM 990, PART VI, QUESTION 12C

PROCESS USED TO MONITOR AND ENFORCE COMPLIANCE WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY

PERSONS WITH THE ACTUAL OR PERCEIVED ABILITY TO INFLUENCE THE ORGANIZATION HAVE THE DUTY TO DISCLOSE ANNUALLY AND OTHERWISE PROMPTLY AS POTENTIAL CONFLICTS ARE IDENTIFIED, ANY FAMILIAL, PROFESSIONAL OR FINANCIAL RELATIONSHIPS WITH ENTITIES OR INDIVIDUALS THAT DO, OR SEEK TO DO BUSINESS WITH THE ORGANIZATION OR THAT COMPETE WITH THE ORGANIZATION. THESE INDIVIDUALS INCLUDE THE ORGANIZATION'S OFFICERS, GOVERNING BODY, MANAGEMENT, PHYSICIANS WITH ADMINISTRATIVE SERVICES AGREEMENTS AND OTHER KEY PERSONNEL WHO INTERACT WITH OUTSIDE ORGANIZATIONS OR BUSINESSES ON BEHALF OF THE ORGANIZATION. THE BAYLOR HEALTH CARE SYSTEM ("BHCS") BOARD OF TRUSTEES AUDIT AND COMPLIANCE COMMITTEE AND THE BHCS CORPORATE COMPLIANCE COMMITTEE REVIEW ALL RELEVANT DISCLOSURES SUBMITTED BY THESE INDIVIDUALS TO DETERMINE WHETHER A CONFLICT OF INTEREST EXISTS AND TO DETERMINE AN APPROPRIATE RESOLUTION, IF NECESSARY. ANY INDIVIDUAL WITH A PERCEIVED OR POTENTIAL CONFLICT IS PROHIBITED FROM VOTING OR PARTICIPATING IN THE DECISION MAKING PROCESS REGARDING SUCH TRANSACTION WITH THAT INDIVIDUAL.

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

FORM 990, PART VI, QUESTIONS 15A & 15B

PROCESS FOR DETERMINING COMPENSATION

THE ORGANIZATION, A CONTROLLED AFFILIATE OF BAYLOR HEALTH CARE SYSTEM ("BHCS"), RECOGNIZES THAT THOSE CHOSEN TO LEAD THE ORGANIZATION ARE VITAL TO ITS ONGOING SUCCESS AND GROWTH. THUS, IT MUST ATTRACT, RETAIN AND ENGAGE THE HIGHEST QUALITY OFFICERS AND KEY EMPLOYEES TO LEAD THE ORGANIZATION AND HELP BHCS MAINTAIN ITS NATIONAL REPUTATION FOR HITTING HIGH TARGETS FOR MEDICAL QUALITY, PATIENT SAFETY, AND PATIENT SATISFACTION. A SIGNIFICANT PORTION OF THE ORGANIZATION'S OFFICERS' AND KEY EMPLOYEES' TOTAL COMPENSATION IS BASED ON SIGNIFICANT PERFORMANCE ACHIEVEMENTS. THIS STRATEGY, KNOWN AS THE PERFORMANCE AWARD PROGRAM, WORKS TO PUT A GREATER EMPHASIS ON THE IMPORTANCE OF THE ORGANIZATION ACHIEVING TARGETED IMPROVEMENTS IN THE AREAS OF PEOPLE, QUALITY, PATIENT SATISFACTION AND FINANCIAL STEWARDSHIP, ANNUALLY.

TOTAL EXECUTIVE COMPENSATION IS PART OF AN INTEGRATED TALENT MANAGEMENT STRATEGY DEVELOPED BY THE BHCS BOARD OF TRUSTEES AND ITS COMPENSATION AND GOVERNANCE COMMITTEE (COMMITTEE) TO ATTRACT, MOTIVATE, AND RETAIN THE BEST LEADERSHIP RESOURCES FOR THE ORGANIZATION. EXECUTIVE COMPENSATION IS DETERMINED PURSUANT TO GUIDELINES OUTLINED IN THE INTERMEDIATE SANCTION RULES UNDER IRC SECTION 4985 INCLUDING TAKING STEPS TO MEET THE REBUTTABLE PRESUMPTION STANDARD OF REASONABLENESS UNDER TREASURY REGULATION 53.4598-6, AS SUMMARIZED BELOW.

WHEN MAKING COMPENSATION DECISIONS, THE ORGANIZATION COMPARES ITSELF TO SIMILAR-SIZED, AND STRUCTURED BUSINESSES INCLUDING SIMILAR ENTITIES IN

Name of the organization: BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number: 75-1606705

OTHER INTEGRATED HEALTH CARE SERVICE SYSTEMS AND OTHER SIMILAR SIZED ORGANIZATIONS BOTH LOCALLY AND NATIONALLY. THE BHCS BOARD OF TRUSTEES AND COMMITTEE, ON BEHALF OF THE ORGANIZATION, WORKS DIRECTLY WITH AN INDEPENDENT COMPENSATION EXPERT TO IDENTIFY REASONABLE AND COMPETITIVE MARKET RATES AS WELL AS PROVIDE AN ANNUAL REVIEW OF THE TOTAL COMPENSATION OF THE ORGANIZATION'S TOP MANAGEMENT OFFICIALS AND KEY EMPLOYEES.

THE COMMITTEE IS MADE UP OF MEMBERS OF THE BHCS BOARD OF TRUSTEES, WHO ARE INDEPENDENT, COMMUNITY VOLUNTEERS. GUIDED BY THE INFORMATION PROVIDED BY THE INDEPENDENT COMPENSATION EXPERT, THE COMMITTEE APPROVES AND RECOMMENDS TO THE BHCS BOARD OF TRUSTEES SALARY INCREASES, EARNED INCENTIVES, AND BENEFIT OFFERINGS FOR THE ORGANIZATION'S PRESIDENT, OTHER OFFICERS AND/OR KEY EMPLOYEES TO BE COMPARABLE TO SIMILAR ORGANIZATIONS FOR SIMILAR SERVICES AND/OR POSITIONS. FURTHERMORE, THE COMMITTEE IS CHARGED WITH THE RESPONSIBILITY OF REVIEWING ANNUALLY THE MAJOR ELEMENTS OF THE EXECUTIVE COMPENSATION PROGRAM TO ASSURE DESIGNS REMAIN CONSISTENT WITH THE BUSINESS NEEDS, MARKET PRACTICES, AND COMPENSATION PHILOSOPHY.

AS PART OF THE DECISION MAKING PROCESS, THE COMMITTEE WILL OFTEN MEET IN EXECUTIVE SESSION TO DISCUSS AND REVIEW RECOMMENDATIONS MADE BY THE INDEPENDENT COMPENSATION EXPERT. DURING THE EXECUTIVE SESSION NO OFFICER OR KEY EMPLOYEE WHOSE COMPENSATION IS BEING REVIEWED IS PRESENT DURING THESE DISCUSSIONS. ALL DECISIONS ARE CONTEMPORANEOUSLY DOCUMENTED IN THE COMMITTEE MINUTES WHICH ARE TIMELY REVIEWED AND APPROVED BY THE COMMITTEE.

Name of the organization	Employer identification number
BAYLOR HEALTH CARE SYSTEM FOUNDATION	75-1606705

FORM 990, PART VI, QUESTION 19

PROCESS FOR MAKING GOVERNMENT DOCUMENTS, CONFLICT OF INTEREST POLICY, & FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC

THE ORGANIZATION'S ARTICLES OF INCORPORATION AND AMENDMENTS THERETO ARE MADE AVAILABLE TO THE PUBLIC BY THE FILING OF THOSE DOCUMENTS WITH THE TEXAS SECRETARY OF STATE. ALSO, THE ORGANIZATION IS INCLUDED WITHIN THE COMBINED FINANCIAL STATEMENTS OF BAYLOR HEALTH CARE SYSTEM THAT ARE MADE AVAILABLE TO THE PUBLIC BY THE POSTING OF THOSE DOCUMENTS THROUGH DAC BOND. THE ORGANIZATION'S OTHER GOVERNING DOCUMENTS AND CONFLICTS OF INTEREST POLICY ARE NOT MADE AVAILABLE TO THE PUBLIC. INTEREST POLICY ARE NOT MADE AVAILABLE TO THE PUBLIC.

Name of the organization	Employer identification number
BAYLOR HEALTH CARE SYSTEM FOUNDATION	75-1606705

FORM 990, PART VII

HOURS DEVOTED TO RELATED ORGANIZATIONS

ROWLAND ROBINSON SERVES AS A VOLUNTARY MEMBER OF THE GOVERNING BODY OF A RELATED ORGANIZATION. HE DEVOTED ONE HOUR PER WEEK TO THE RELATED ORGANIZATION.

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ See separate instructions.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization

BAYLOR HEALTH CARE SYSTEM FOUNDATION

Employer identification number

75-1606705

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations

(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
SEE SCHEDULE R-1					

Part III Identification of Related Organizations Taxable as a Partnership

(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, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproportionate allocations? Yes	(H) No	(I) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(J) General or managing partner? Yes	(J) No
SEE SCHEDULE R-1											

Part IV Identification of Related Organizations Taxable as a Corporation or Trust

(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
SEE SCHEDULE R-1							

Part V Transactions With Related Organizations

			Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV.				
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 (iv) rent from a controlled entity	1a		X
b	Gift, grant, or capital contribution to other organization(s)	1b	X	
c	Gift, grant, or capital contribution from other organization(s)	1c	X	
d	Loans or loan guarantees to or for other organization(s)	1d		X
e	Loans or loan guarantees by other organization(s)	1e		X
f	Sale of assets to other organization(s)	1f		X
g	Purchase of assets from other organization(s)	1g		X
h	Exchange of assets	1h		X
i	Lease of facilities, equipment, or other assets to other organization(s)	1i		X
j	Lease of facilities, equipment, or other assets from other organization(s)	1j		X
k	Performance of services or membership or fundraising solicitations for other organization(s)	1k		X
l	Performance of services or membership or fundraising solicitations by other organization(s)	1l	X	
m	Sharing of facilities, equipment, mailing lists, or other assets	1m		X
n	Sharing of paid employees	1n		X
o	Reimbursement paid to other organization for expenses	1o	X	
p	Reimbursement paid by other organization for expenses	1p		X
q	Other transfer of cash or property to other organization(s)	1q		X
r	Other transfer of cash or property from other organization(s)	1r		X

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 other organization(s)	(B) Transaction type (a–r)	(C) Amount involved
(1) SEE SCHEDULE R-1		
(2)		
(3)		
(4)		
(5)		
(6)		

Part VI Unrelated Organizations Taxable as a Partnership

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

(A) Name, address, and EIN of entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Are all partners section 501(c)(3) organizations?		(E) Share of end-of-year assets	(F) Disproportionate allocations?		(G) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(H) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(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
BAYLOR HEALTH CARE SYSTEM (BHCS) 75-1812652 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	MGMT SVCS	TX	501(C)(3)	11,TYPE III	N/A
BAYLOR UNIVERSITY MEDICAL CENTER (BUMC) 75-1837454 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
BAYLOR MEDICAL CENTER AT GARLAND 75-1037591 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
BAYLOR MEDICAL CENTER AT IRVING 75-2586857 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
BAYLOR MEDICAL CENTER AT WAXAHACHIE 75-1844139 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
BAYLOR REGIONAL MEDICAL CENTER AT PLANO 82-0551704 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
BAYLOR REGIONAL MEDICAL CTR AT GRAPEVINE 75-1777119 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
BIR AT GASTON EPISCOPAL HOSPITAL 75-1037226 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	REHAB HOSP	TX	501(C)(3)	3	BHCS
BAYLOR SPECIALTY HEALTH CENTERS 75-1765385 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	LT CARE HOSP	TX	501(C)(3)	3	BHCS
BAYLOR ALL SAINTS MEDICAL CENTER (BASMC) 75-1008430 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
ALL SAINTS HEALTH FOUNDATION 75-1947007 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	FUNDRAISING	TX	501(C)(3)	7	BASMC
HEALTHTEXAS PROVIDER NETWORK 75-2536818 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	PHYS PRACT	TX	501(C)(3)	3	BHCS
BAYLOR HEALTH SERVICES 75-1917311 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ASC/SSH	TX	501(C)(3)	3	BHCS
BAYLOR RESEARCH INSTITUTE 75-1921898 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	RESEARCH	TX	501(C)(3)	4	BHCS
SOUTHERN SECTOR HEALTH INITIATIVE 26-3087442 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	DIABETIC HLT	TX	501(C)(3)	11, TYPE I	BUMC

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(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
BAYLOR MEDICAL CENTER AT MCKINNEY 26-3604064 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	ACUTE CARE	TX	501(C)(3)	3	BHCS
BHCS EMPLOYEE BENEFIT TRUST 75-1848557 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	VEBA	TX	501(C)(9)		BHCS

Part III Continuation of Identification of Related Organizations Taxable as a Partnership

(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, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproportionate allocations? Yes	(H) No	(I) Code V-UBI amount on box 20 of K-1	(J) General or managing partner? Yes	(J) No
MEDCO CONSTRUCTION, LLC DALLAS, TX 75201	CONSTRUCTION	TX	N/A	N/A							
BAYLOR AFFILIATED SERVICES LLC DALLAS, TX 75201	BENEFIT PLANS	TX	N/A	N/A							
BAYLOR HEART & VASCULAR CENTER DALLAS, TX 75201	SPECIALTY HOSP	TX	N/A	N/A							
TEXAS HEART HOSPITAL OF SW LLP DALLAS, TX 75201	SPECIALTY HOSP	TX	N/A	N/A							
HTPN-GASTROENTEROLOGY SVCS LLP DALLAS, TX 75201	SPECIALTY HOSP	TX	N/A	N/A							
TRINITY MC, LLC DALLAS, TX 75201	ACUTE CARE HOSP	TX	N/A	N/A							
TEXAS HEALTH VENTURE GROUP LLC DALLAS, TX 75201	INTEREST-ASC/SSH	TX	N/A	N/A							
DALLAS SURGICAL PARTNERS, LLP ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
VALLEY VIEW SURGICARE PARTNERS ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
DENTON SURGICARE PARTNERS, LTD ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
BELLAIRE OUTPATIENT SURG CTR ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
GRAPEVINE SURGICARE PARTNERS ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
LEWISVILLE SURGICARE PARTNERS ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
NORTH GARLAND SURGERY CENTER ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
GARLAND SURGICARE PARTNERS LTD ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
ARLINGTON SURGICARE PARTNERS ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
ROCKWALL AMBULATORY SURG CTR ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							

Part III Continuation of Identification of Related Organizations Taxable as a Partnership

(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, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproportionate allocations? Yes	(H) No	(I) Code V-UBI amount on box 20 of K-1	(J) General or managing partner? Yes	(J) No
METROPLEX SURGICARE PARTNERS ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
BAYLOR SURGICARE AT PLANO, LLC ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
ROCKWALL/HEATH SURGERY CENTER ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
IRVING COPPELL SURGICAL HOSP ADDISON, TX 75001	SHORT STAY HOSP	TX	N/A	N/A							
NORTH CENTRAL SURGICAL CENTER ADDISON, TX 75001	SHORT STAY HOSP	TX	N/A	N/A							
TROPHY CLUB MEDICAL CENTER ADDISON, TX 75001	SHORT STAY HOSP	TX	N/A	N/A							
FT. WORTH SURGICARE PARTNERS ADDISON, TX 75001	SHORT STAY HOSP	TX	N/A	N/A							
FRISCO MEDICAL CENTER, LLP ADDISON, TX 75001	SHORT STAY HOSP	TX	N/A	N/A							
MSH PARTNERS LLP ADDISON, TX 75001	SHORT STAY HOSP	TX	N/A	N/A							
ARLINGTON ORTHO & SPINE HOSP ADDISON, TX 75001	SHORT STAY HOSP	TX	N/A	N/A							
UNIV. SURG PARTNERS OF DALLAS ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							
BAYLOR SURGICARE AT GRANBURY ADDISON, TX 75001	AMBUL SURGERY CTR	TX	N/A	N/A							

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(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
BAYLOR HEALTH ENTERPRISES 75-1997378 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	FITNESS, PHARMACY	TX	N/A	C-CORP			
BAYLOR HEALTH NETWORK, INC. 75-2463251 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	BILLING/COLLECT.	TX	N/A	C-CORP			
BMP, INC. 75-1436779 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	POST OFFICE	TX	N/A	C-CORP			
CHURCH UNIVERSITY INSURANCE 98-0352108 41 CEDAR AVENUE HAMILTON,	INVESTMENTS	BD	N/A	C-CORP			
HEALTH CARE INSURANCE CO 98-0403182 P.O. BOX GT, 720 W. BAY ROAD GRAND CAYMAN,	INVESTMENTS	CJ	N/A	C-CORP			
BMC AT GRAPEVINE CONDO OWNER 75-2747555 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	CONDO ASSOCIATION	TX	N/A	C-CORP			
BUMC/ROBERTS CONDO OWNERS 75-2897806 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	CONDO ASSOCIATION	TX	N/A	C-CORP			
BASMC AT FT WORTH CONDO OWNE 26-1661900 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	CONDO ASSOCIATION	TX	N/A	C-CORP			
ODC THERAPY, INC. 20-0749021 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	RESEARCH	DE	N/A	C-CORP			

Part V **Continuation of Transactions With Related Organizations** (Schedule R (Form 990), Part V, line 2)

(A) Name of other organization	(B) Transaction type (a-r)	(C) Amount involved
(7) BAYLOR HEALTH CARE SYSTEM	B	60,905.
(8) BAYLOR HEALTH CARE SYSTEM	C	8,000,000.
(9) BAYLOR HEALTH CARE SYSTEM	L	1,014,165.
(10) BAYLOR INSTITUTE FOR REHABILITATION	B	80,814.
(11) BAYLOR MEDICAL CENTER AT WAXAHACHIE	B	448,938.
(12) BAYLOR RESEARCH INSTITUTE	B	8,378,558.
(13) BAYLOR UNIVERSITY MEDICAL CENTER	B	10,141,592.
(14)		
(15)		
(16)		
(17)		
(18)		
(19)		
(20)		
(21)		
(22)		
(23)		
(24)		

FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

TO FOSTER AND SUPPORT THE ACTIVIES AND PURPOSES OF BAYLOR HEALTH CARE SYSTEM TO ENCOURAGE BROAD-BASED PUBLIC SUPPORT OF THE HEALTH CARE SYSTEM AND ITS AFFILIATED INSTITUTIONS, AND TO ADVANCE THE MEDICAL OBJECTIVES, INCLUDING SPONSORSHIP OF SPECIFIC PROJECTS AND PROGRAMS, AS RECOMMENDED BY THE HEALTH CARE SYSTEM AND ITS AFFILIATE INSTITUTIONS, TO PROMOTE PATIENT CARE, RESEARCH AND EDUCATIONAL AND TRAINING PROGRAMS.

FORM 990, PART III - PROGRAM SERVICES

4A PROGRAM SERVICE

BAYLOR HEALTH CARE SYSTEM FOUNDATION ("FOUNDATION") PROVIDES PHILANTHROPIC SERVICES TO HELP ITS SOLE MEMBER, BAYLOR HEALTH CARE SYSTEM, AND ITS RELATED NON-PROFIT ENTITIES ACHIEVE THEIR MISSION OF SERVING ALL PEOPLE THROUGH EXEMPLARY HEALTH CARE, EDUCATION, RESEARCH, AND COMMUNITY SERVICE. WITH THE SUPPORT OF THE COMMUNITY, BAYLOR HEALTH CARE SYSTEM CONTINUES TO ACHIEVE NEW LEVELS OF EXCELLENCE TO DRAMATICALLY IMPROVE THE LIVES OF PATIENTS AND THE WELL-BEING OF OUR COMMUNITY FOR GENERATIONS TO COME. SINCE 1978, THE FOUNDATION HAS RAISED MONEY THROUGH A VARIETY OF CAMPAIGNS AND FUNDRAISING EVENTS, ALL GEARED TOWARD CERTAIN AREAS OF NEED SUCH AS CANCER CARE, HEART AND VASCULAR, MEDICAL EDUCATION, PALLIATIVE CARE, NURSING, NEUROSCIENCE AND OTHER AREAS. EACH EVENT IS DESIGNED TO REACH OUT TO THE COMMUNITY, EDUCATING CITIZENS ON VARIOUS HEALTH ISSUES, THE BAYLOR HEALTH CARE SYSTEM MISSION, AND ACTIONS THAT ARE ESSENTIAL FOR PROVIDING QUALITY HEALTHCARE FOR THE NORTH TEXAS AREA. THROUGH A WIDE RANGE OF FUNDRAISING EVENTS AND OPPORTUNITIES, DONORS ARE UNITED BY A SINGLE, SIMPLE PASSION: TO SERVE, CARE FOR AND IMPROVE THE HEALTH AND LIVES OF THE PEOPLE IN OUR COMMUNITIES.

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
BAYLOR HEALTH CARE SYSTEM 2001 BRYAN STREET, SUITE 2200 DALLAS, TX 75201	MANAGEMENT SERVICES	1,009,602.
RICHARDS BROCK MILLER MITCHELL 7007 TWIN HILLS STE 200 DALLAS, TX 75231-5184	DESIGN/MKTG/PRINTING	170,364.
J CULLEY IMAGING 7520 GLENSHANNON CIRCLE DALLAS, TX 75225-2052	PRINTING SERVICES	137,278.
BLACK LAB CREATIVE LLC 25 HIGHLAND PARK VILLAGE, #100-245 DALLAS, TX 75205	PRINTING SERVICES	137,215.
GAIL DAVIS & ASSOCIATES INC. 2319 HALL JOHNSON RD, STE C COLLEYVILLE, TX 76034	PROF. SPEAKERS	109,000.
	TOTAL COMPENSATION	1,563,459.

SCHEDULE M, PART I - OTHER NONCASH CONTRIBUTIONS

DESCRIPTION	(A) CHECK	(B) NUMBER OF CONTRIBUTIONS	(C) REVENUES REPORTED	(D) METHOD OF DETERMINING
DONATIONS FOR EVENTS	X	61	81,365.	FAIR MARKET VALUE
OFFICE EQUIPMENT & SUPPLIES	X	5	11,292.	FAIR MARKET VALUE
TOTALS		66.	92,657.	