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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 09-01-2008 and ending 08-31-2009**

**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
Baptist Healthcare System Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 4007 Kresge Way | Room/suite

City or town, state or country, and ZIP + 4
Louisville, KY 402074604

**D Employer identification number**
61-0444707

**E Telephone number**
(502) 896-5000

**G Gross receipts** $ 5,633,587,489

**F** Name and address of Principal Officer
Carl G Herde
4007 Kresge Way
Louisville, KY 402074604

**H(a)** Is this a group return for affiliates? ☐ Yes ☑ No

**H(b)** Are all affiliates included? ☐ Yes ☐ No
(If "No," attach a list See instructions )

**H(c)** Group Exemption Number ▶

**I** Tax-exempt status ☑ 501(c) ( 3 ) ◀ (insert no ) ☐ 4947(a)(1) or ☐ 527

**J Web site:** ▶ www bhsi com

**K** Type of organization ☐ Corporation ☐ trust ☐ association ☑ other ▶

**L** Year of Formation 1918

**M** State of legal domicile KY

## Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provide quality healthcare servcies by enhancing the health of the people/communities we serve

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 | 21 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 17 |
| 5 | Total number of employees (Part V, line 2a) | 5 | 10,734 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 877 |
| 7a | Total gross unrelated business revenue from Part VIII, line 12, column (C) | 7a | 997,199 |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 233,797 |

| | | Prior Year | Current Year |
|---|---|---|---|
| 8 | Contributions and grants (Part VIII, line 1h) | 1,974,886 | 1,234,405 |
| 9 | Program service revenue (Part VIII, line 2g) | 1,045,137,546 | 1,127,780,079 |
| 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 28,178,595 | -6,626,265 |
| 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 15,087,433 | 18,161,380 |
| 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 1,090,378,460 | 1,140,549,599 |
| 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 871,196 | 1,058,889 |
| 14 | Benefits paid to or for members (Part IX, column (A), line 4) | | 0 |
| 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 496,585,021 | 517,381,366 |
| 16a | Professional fundraising fees (Part IX, column (A), line 11e) | | 0 |
| b | (Total fundraising expenses, Part IX, column (D), line 25 0 ) | | |
| 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) | 544,607,078 | 581,802,603 |
| 18 | Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A)) | 1,042,063,295 | 1,100,242,858 |
| 19 | Revenue less expenses Subtract line 18 from line 12 | 48,315,165 | 40,306,741 |

| | | Beginning of Year | End of Year |
|---|---|---|---|
| 20 | Total assets (Part X, line 16) | 1,606,300,910 | 1,737,783,792 |
| 21 | Total liabilities (Part X, line 26) | 569,262,740 | 704,856,686 |
| 22 | Net assets or fund balances Subtract line 21 from line 20 | 1,037,038,170 | 1,032,927,106 |

## 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

**Please Sign Here**

Signature of officer — Date: 2010-07-09

Carl G Herde CFO
Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature | Date | Check if self-empolyed ▶ ☐ | Preparer's PTIN (See Gen Inst )

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Deloitte Tax LLP
250 East Fifth Street Suite 1900
Cincinnati, OH 45202

EIN ▶

Phone no ▶ (513) 784-7100

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

## Part III Statement of Program Service Accomplishments (See the instructions.)

**1** Briefly describe the organization's mission

See Additional Data Table

**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 (4) organizations and 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 $ 998,350,468 including grants of $ 1,058,889 ) (Revenue $ 1,107,412,787 )

Baptist Healthcare System, Inc (Baptist) is dedicated to providing accessible, quality healthcare to all patients regardless of their ability to pay The hospitals owned and operated by Baptist include Baptist Hospital East, Baptist Regional Medical Center, Central Baptist Hospital & Western Baptist Hospital Baptist strives to continue its Christian heritage of service and to enhance the health of the people and the communities we serve Baptist is organized and operated exclusively for the benefit of each community and each hospital is considered a valuable community asset Quantifiable benefits provided to the community for FY09 include the following unreimbursed cost of charity care - $31,454,000, unreimbursed cost of Medicaid - $18,799,000, & benefits for the community - $14,042,000 See Sch O

**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 $ 998,350,468 *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 | Yes | |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | Section 501(c)(3) organizations Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II* | 4 | Yes | |
| 5 | Section 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 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | Yes | |
| 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 | Yes | |
| 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 | | No |
| 13 | Is the organization a school as described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the U S ? | 14a | | No |
| 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 | | No |
| 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 | | No |
| 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 | | No |
| 17 | Did the organization report more than $15,000 on Part IX, column (A), line 11e? *If "Yes," complete Schedule G, Part I* | 17 | | No |
| 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 | | No |
| 19 | Did the organization report more than $15,000 on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III* | 19 | | No |
| 20 | Did the organization operate one or more hospitals? *If "Yes," complete Schedule H* | 20 | Yes | |
| 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 | Yes | |
| 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 | | No |
| 23 | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? *If "Yes," complete Schedule J* | 23 | Yes | |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to question 25* | 24a | Yes | |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | No |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | No |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | No |
| 25a | Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | 25a | | No |
| b | 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 | | No |
| 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 | | No |
| 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 | | No |

**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** | Yes | |
| **b** | Have a family member who had a direct or indirect business relationship with the organization? *If "Yes," complete Schedule L, Part IV* | **28b** | Yes | |
| **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** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | No |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | **34** | Yes | |
| **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** | Yes | |
| **36** | 501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | **36** | | No |
| **37** | Did the organization conduct more than 5 percent of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | **37** | | No |

## 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 | 611 | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | 1c | | Yes | |
| 2a | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return | 2a | 10,734 | | |
| b | If at least one is reported in 2a, did the organization file all required federal employment tax returns? **Note:** *If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.* | 2b | | Yes | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return? | 3a | | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* | 3b | | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | 4a | | | No |
| b | If "Yes," enter the name of the foreign country _____ See 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 | | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | | | No |
| c | If "Yes," to 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 | | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 6b | | | |
| 7 | *Organizations that may receive deductible contributions under section 170(c).* | | | | |
| a | Did the organization provide goods or services in exchange for any quid pro quo contribution of $75 or more? | 7a | | | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | 7b | | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | 7c | | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year | 7d | | | |
| e | Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | 7e | | | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 7f | | | No |
| g | For all contributions of qualified intellectual property, did the organization file Form 8899 as required? | 7g | | Yes | |
| h | For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? | 7h | | Yes | |
| 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 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.* | | | |
| 1a | Enter the number of voting members of the governing body . . | 1a 21 | | |
| b | Enter the number of voting members that are independent . . | 1b 17 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | 2 | Yes | |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . | 3 | | No |
| 4 | Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . | 4 | | No |
| 5 | Did the organization become aware during the year of a material diversion of the organization's assets? . . | 5 | | No |
| 6 | Does the organization have members or stockholders? . . . . . | 6 | | No |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . . | 7a | | No |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . | 7b | | No |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | |
| a | the governing body? . . . . . | 8a | Yes | |
| b | each committee with authority to act on behalf of the governing body? . . . . . | 8b | Yes | |
| 9a | Does the organization have local chapters, branches, or affiliates? . . . . . | 9a | | No |
| 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 | Yes | |
| 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 | | No |

### Section B. Policies

| | | | Yes | No |
|---|---|---|---|---|
| 12a | Does the organization have a written conflict of interest policy? *If "No", go to line 13* . . | 12a | Yes | |
| b | Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . | 12b | Yes | |
| 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 | Yes | |
| 13 | Does the organization have a written whistleblower policy? . . . . . | 13 | Yes | |
| 14 | Does the organization have a written document retention and destruction policy? . . . . . | 14 | Yes | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision | | | |
| a | The organization's CEO, Executive Director, or top management official? . . . . . | 15a | Yes | |
| b | Other officers or key employees of the organization? . . . . . | 15b | Yes | |
| | Describe the process in Schedule O | | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . | 16a | Yes | |
| b | If "Yes," 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 | Yes | |

### Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you 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 See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

Carl G Herde
4007 Kresge Way
Louisville, KY 402074604
(502) 896-5000

## 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) and key employees 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, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations

* List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

☐ Check this box if 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-2/1099MISC) | **(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 | | | |
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**Part VII Continued**

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099MISC) | (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 | | | |
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| **1b Total** ▶ | | | | | | | | 6,844,780 | 0 | 818,325 |

**2** Total number of individuals (including those in 1a) who received more than $100,000 in reportable compensation from the organization ▶ 229

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| Central KY Anesthesia<br>1800 Nicholasville Rd Ste 104<br>Lexington, KY 40504 | Anesthesia services | 2,179,373 |
| PET CT Management LLC<br>7807 Shelbyville Rd Ste 201<br>Louisville, KY 40222 | Imaging services | 1,718,472 |
| Anesthesiology of Paducah<br>2507 Broadway<br>Paducah, KY 42001 | Anesthesia services | 1,615,044 |
| Engberg Anderson Design<br>611 North Broadway<br>Milwaukee, WI 53202 | Design services | 1,361,903 |
| Prescription Transcript<br>73 Candlewood Dr<br>Nicholasville, KY 40456 | Transcription services | 1,086,735 |

**2** Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization ▶ 59

**Part VIII** **Statement of Revenue**

| | | | (A) Total Revenue | (B) Related or Exempt Function Revenue | (C) Unrelated Business Revenue | (D) Revenue Excluded from Tax under IRC 512, 513, or 514 |
|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a | Federated campaigns 1a | | | | |
| | b | Membership dues 1b | | | | |
| | c | Fundraising events 1c | | | | |
| | d | Related organizations 1d 331,322 | | | | |
| | e | Government grants (contributions) 1e | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above 1f 903,083 | | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | | | |
| | h | **Total (Add lines 1a-1f)** ▶ | 1,234,405 | | | |
| | | | Business Code | | | |
| Program Service Revenue | 2a | Ins & patient pmts | 621,300 | 624,690,015 | 624,125,388 | 564,627 |
| | b | Medicare/Medicaid pmts | 621,300 | 483,639,430 | 483,639,430 | |
| | c | Intercomp int /MOB re | 900,099 | 9,892,495 | 9,892,495 | |
| | d | Other program svc rev | 900,099 | 6,090,564 | 6,090,564 | |
| | e | Mgmt fees - exempt af | 561,000 | 3,467,575 | 3,467,575 | |
| | f | All other program service revenue | | | | |
| | g | **Total. Add lines 2a-2f** ▶ $ 1,127,780,079 | | | | |
| | 3 | Investment income (including dividends, interest other similar amounts) ▶ | 13,176,400 | | | 13,176,400 |
| | 4 | Income from investment of tax-exempt bond proceeds ▶ | | | | |
| | 5 | Royalties ▶ | | | | |
| | | | (i) Real | (ii) Personal | | |
| | 6a | Gross Rents | | | | |
| | b | Less rental expenses | | | | |
| | c | Rental income or (loss) | | | | |
| | d | Net rental income or (loss) ▶ | | | | |
| | | | (i) Securities | (ii) Other | | |
| | 7a | Gross amount from sales of assets other than inventory | 4,472,807,705 | 427,520 | | |
| | b | Less cost or other basis and sales expenses | 4,492,317,447 | 720,443 | | |
| | c | Gain or (loss) | -19,509,742 | -292,923 | | |
| | d | Net gain or (loss) ▶ | -19,802,665 | | | -19,802,665 |
| Other Revenue | 8a | Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18 *Attach Schedule G if total exceeds $15,000* a | | | | |
| | b | Less direct expenses b | | | | |
| | c | Net income or (loss) from fundraising events ▶ | | | | |
| | 9a | Gross income from gaming activities See part IV, line 19 *Complete Schedule G if total exceeds $15,000* a | | | | |
| | b | Less direct expenses b | | | | |
| | c | Net income or (loss) from gaming activities ▶ | | | | |
| | 10a | Gross sales of inventory, less returns and allowances a | | | | |
| | b | Less cost of goods sold b | | | | |
| | c | Net income or (loss) from sales of inventory ▶ | | | | |
| | | Miscellaneous Revenue | Business Code | | | |
| | 11a | Cafe & coffee shops | 900,099 | 5,967,018 | | 5,967,018 |
| | b | Purchasing ptrshp rev | 900,099 | 3,890,839 | | 3,890,839 |
| | c | Day care centers | 624,410 | 2,152,640 | | 2,152,640 |
| | d | All other revenue | | 6,150,883 | 432,572 | 5,718,311 |
| | e | **Total. Add lines 11a-11d** ▶ $ 18,161,380 | | | | |
| | 12 | **Total Revenue.** Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e ▶ | 1,140,549,599 | 1,127,215,452 | 997,199 | 11,102,543 |

## 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 | 1,058,889 | 1,058,889 | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 5,314,564 | | 5,314,564 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 406,266,910 | 371,883,625 | | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 20,137,105 | 18,194,840 | 1,942,265 | |
| 9 Other employee benefits | 57,172,042 | 50,749,860 | 6,422,182 | |
| 10 Payroll taxes | 28,490,745 | 25,742,755 | 2,747,990 | |
| 11 Fees for services (non-employees) | | | | |
| a Management | | | | |
| b Legal | 1,101,798 | 24,961 | 1,076,837 | |
| c Accounting | 109,182 | | 109,182 | |
| d Lobbying | | | | |
| e Professional fundraising *See Part IV, line 17* | | | | |
| f Investment management fees | | | | |
| g Other | 17,701,808 | 11,393,643 | 6,308,165 | |
| 12 Advertising and promotion | 6,210,563 | 493,764 | 5,716,799 | |
| 13 Office expenses | 40,800,427 | 36,452,673 | 4,347,754 | |
| 14 Information technology | 8,740,832 | | 8,740,832 | |
| 15 Royalties | | | | |
| 16 Occupancy | 18,802,479 | 18,078,392 | 724,087 | |
| 17 Travel | 2,420,322 | 1,592,521 | 827,801 | |
| 18 Payments of travel or entertainment expenses for any Federal, state or local public officials | | | | |
| 19 Conferences, conventions and meetings | 235,053 | 141,941 | 93,112 | |
| 20 Interest | 11,514,056 | 11,514,056 | | |
| 21 Payments to affiliates | 2,108,389 | 1,953,722 | 154,667 | |
| 22 Depreciation, depletion, and amortization | 81,966,060 | 65,974,512 | 15,991,548 | |
| 23 Insurance | 9,569,559 | 9,569,559 | | |
| 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 Medical supplies | 253,171,944 | 252,380,139 | 791,805 | 0 |
| b Bad debts | 67,939,881 | 67,939,881 | 0 | 0 |
| c Purchased service non-m | 22,629,684 | 21,018,099 | 1,611,585 | 0 |
| d Provider tax | 20,199,990 | 20,199,990 | 0 | 0 |
| e Administrative | 8,965,375 | 7,107,824 | 1,857,551 | 0 |
| f All other expenses | 7,615,201 | 4,884,822 | 2,730,379 | |
| 25 **Total functional expenses.** Add lines 1 through 24f | 1,100,242,858 | 998,350,468 | 101,892,390 | 0 |
| 26 **Joint Costs.** Check ☐ 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 | | 44,610 | 1 | 45,735 |
| | 2 | Savings and temporary cash investments | | 52,732,869 | 2 | 194,996,597 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 135,369,649 | 4 | 138,800,389 |
| | 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 | | | 7 | |
| | 8 | Inventories for sale or use | | 17,129,755 | 8 | 19,105,172 |
| | 9 | Prepaid expenses and deferred charges | | 6,886,409 | 9 | 7,152,252 |
| | 10a | Land, buildings, and equipment cost basis | 10a 1,445,280,629 | | | |
| | b | Less accumulated depreciation *Complete Part VI of Schedule D* | 10b 814,486,829 | 613,970,180 | 10c | 630,793,800 |
| | 11 | Investments—publicly traded securities | | 635,089,235 | 11 | 553,238,011 |
| | 12 | Investments—other securities See Part IV, line 11 *Complete Part VII of Schedule D* | | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 *Complete Part VIII of Schedule D* | | 47,233,034 | 13 | 58,891,888 |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 *Complete Part IX of Schedule D* | | 97,845,169 | 15 | 134,759,948 |
| | 16 | **Total assets.** *Add lines 1 through 15 (must equal line 34)* | | 1,606,300,910 | 16 | 1,737,783,792 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 123,166,539 | 17 | 129,022,753 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 115,250,000 | 20 | 501,859,082 |
| | 21 | Escrow account liability *Complete Part IV of Schedule D* | | | 21 | |
| | 22 | Payable 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 | | 262,550,090 | 23 | |
| | 24 | Unsecured notes and loans payable | | | 24 | |
| | 25 | Other liabilities *Complete Part X of Schedule D* | | 68,296,111 | 25 | 73,974,851 |
| | 26 | **Total liabilities.** *Add lines 17 through 25* | | 569,262,740 | 26 | 704,856,686 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | 1,033,650,546 | 27 | 1,030,152,359 |
| | 28 | Temporarily restricted net assets | | 3,387,624 | 28 | 2,774,747 |
| | 29 | Permanently restricted net assets | | | 29 | |
| | | **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 | | 1,037,038,170 | 33 | 1,032,927,106 |
| | 34 | Total liabilities and net assets/fund balances | | 1,606,300,910 | 34 | 1,737,783,792 |

## Part XI Financial Statements and Reporting

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Accounting method used to prepare the Form 990 ☐ cash ☑ accrual ☐ other | | | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? | 2a | | | No |
| b | Were the organization's financial statements audited by an independent accountant? | 2b | | | No |
| 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 | | | |
| 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 | | | No |
| b | If "Yes," did the organization undergo the required audit or audits? | 3b | | | |

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# SCHEDULE A (Form 990 or 990EZ)

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**
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

**Part I Reason for Public Charity Status** (to be completed by all organizations) (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 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **Section 509(a)(2).** (Complete Part III )

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

## 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 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 line 1-3 | | | | | | |
| 5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f) | | | | | | |
| 6 **Public Support** subtract line 5 from line 4 | | | | | | |

## 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 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 11 **Total Support** (Add lines 7 through 10) | | | | | | |

12 Gross receipts from related activities, etc (See instructions ) **12**

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

## Computation of Public Support Percentage

14 Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f **15**

16a **33 1/3% 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% Test - 2007.** If the organization did not check the 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 "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶

b **10% Facts and Circumstances Test - 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 the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶

## Part III Support Schedule for Organizations Described in IRC 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 Total of lines 7a and 7b | | | | | | |
| 8 **Public Support** (Substract line 7c from line 6) | | | | | | |

### 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 30 June, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 13 **Total Support** (Add lines 9, 10c, 11 and 12) | | | | | | |

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

### 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 for 2007 Schedule A, Part IV-A, line 27g | 16 |

### 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% 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% 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 information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide and any other additional information. (see instructions)

| Facts and Circumstances Test |
| --- |
| |

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**SCHEDULE C** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Political Campaign and Lobbying Activities

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

**To be completed by organizations described below. Attach to Form 990 or Form 990-EZ**

OMB No 1545-0047

**2008**

**Open to Public Inspection**

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

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

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

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

**If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax)**

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

| Name of the organization | Employer identification number |
|---|---|
| Baptist Healthcare System Inc | 61-0444707 |

## Part I-A To be completed by all organizations exempt under section 501(c) and section 527 organizations. (See the instructions for Schedule C for details.)

| | | |
|---|---|---|
| 1 | Provide a description of the organization's direct and indirect political campaign activities in Part IV | |
| 2 | Political expenditures | $ |
| 3 | Volunteer hours | |

## Part I-B To be completed by all organizations exempt under section 501(c)(3). (See the instructions for Schedule C for details.)

| | | |
|---|---|---|
| 1 | Enter the amount of any excise tax incurred by the organization under section 4955 | $ |
| 2 | Enter the amount of any excise tax incurred by organization managers under section 4955 | $ |
| 3 | If the organization incurred in a section 4955 tax, did it file Form 4720 for this year? | ☐ Yes ☐ No |
| 4a | Was a correction made? | ☐ Yes ☐ No |
| b | If "Yes," describe in Part IV | |

## Part I-C To be completed by all organizations exempt under section 501(c), except section 501(c)(3). (See the instructions for Schedule C for details.)

| | | |
|---|---|---|
| 1 | Enter the amount directly expended by the filing organization for section 527 exempt function activities | $ |
| 2 | Enter the amount of the filing organization's internal funds contributed to other organizations for section 527 exempt funtion activities | $ |
| 3 | Total of direct and indirect exempt function expenditures Add lines 1 and 2 and enter here and on Form 1120-POL, line 17b | $ |
| 4 | Did the filing organization file **Form 1120-POL** for this year? | ☐ Yes ☐ No |

5 State the names, addresses and Employer Identification Number (EIN) of all section 527 political organizations to which payments were made Enter the amount paid and indicate if the amount was paid from the filing organization's own internal funds or were political contributions received and promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

| **(a)** Name | **(b)** Address | **(c)** EIN | **(d)** Amount paid from filing organization's internal funds If none, enter -0- | **(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0- |
|---|---|---|---|---|
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**Part II-A** **To be completed by organizations exempt under section 501(c)(3) that filed Form 5768 (election under section 501(h)).** (See the instructions for Schedule C for details.)

**A** Check ☐ if the filing organization belongs to an affiliated group
**B** Check ☐ if the filing organization checked box A and "limited control" provisions apply

| Limits on Lobbying Expenditures— (The term "expenditures" means amounts paid or incurred.) | | (a) Filing Organization's Totals | (b) Affiliated Group Totals |
|---|---|---|---|
| **1a** | Total lobbying expenditures to influence public opinion (grass roots lobbying) | | |
| **b** | Total lobbying expenditures to influence a legislative body (direct lobbying) | | |
| **c** | Total lobbying expenditures (add lines 1a and 1b) | | |
| **d** | Other exempt purpose expenditures | | |
| **e** | Total exempt purpose expenditures (add lines 1c and 1d) | | |
| **f** | Lobbying nontaxable amount Enter the amount from the following table in both columns— | | |

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

| | | | |
|---|---|---|---|
| **g** | Grassroots nontaxable amount (enter 25% of line 1f) | | |
| **h** | Subtract line 1g from line 1a Enter -0- if line g is more than line a | | |
| **i** | Subtract line 1f from line 1c Enter -0- if line f is more than line c | | |

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

## 4-Year Averaging Period Under Section 501(h)
**(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 1a through 1f of the instructions.)**

### Lobbying Expenditures During 4-Year Averaging Period

| Calendar year (or fiscal year beginning in) | | (a) 2005 | (b) 2006 | (c) 2007 | (d) 2008 | (e) Total |
|---|---|---|---|---|---|---|
| **2a** | Lobbying non-taxable amount | | | | | |
| **b** | Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| **c** | Total lobbying expenditures | | | | | |
| **d** | Grassroots non-taxable amount | | | | | |
| **e** | Grassroots ceiling amount (150% of line d, column (e)) | | | | | |
| **f** | Grassroots lobbying expenditures | | | | | |

**Part II-B** **To be completed by organizations exempt under section 501(c)(3) that have NOT filed Form 5768 (election under section 501(h)).** (See the instructions for Schedule C for details.)

| | | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines c through i)? | Yes | | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | Yes | | 98,490 |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 80,750 |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means? | | No | |
| i | Other activities If "Yes," describe in Part IV | | No | |
| j | Total lines 1c through 1i | | | 179,240 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes" enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes" enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

**Part III-A** **To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).** (See the instructions for Schedule C for details.)

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

**Part III-B** **To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, questions 1 and 2 are answered "No" OR if Part III-A, question 3 is answered "Yes."** (See the instructions for Schedule C for details.)

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

**Part IV** **Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i Also, complete this part for any additional information

| Identifier | Return Reference | Explanation |
|---|---|---|
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## Part IV Supplemental Information

| Identifier | Return Reference | Explanation |
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**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**
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

## 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) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of certified historic structure
☐ Preservation of open space

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 the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

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

b If "Yes," explain why 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 the 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 | 638,807,978 | | | | |
| b | Contributions | 788,978 | | | | |
| c | Investment earnings or losses | -42,097,691 | | | | |
| d | Grants or scholarships | | | | | |
| e | Other expenditures for facilities and programs | 40,094,397 | | | | |
| f | Administrative expenses | 1,392,110 | | | | |
| g | End of year balance | 556,012,758 | | | | |

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

- a Board designated or quasi-endowment ▶ 99 000 %
- b Permanent endowment ▶ 1 000 %
- c Term endowment ▶

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) | | No |
| (ii) related organizations | 3a(ii) | | No |

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 | | 51,748,535 | | 51,748,535 |
| b Buildings | | 678,091,922 | 339,016,158 | 339,075,764 |
| c Leasehold improvements | | | | |
| d Equipment | | 681,227,260 | 475,470,671 | 205,756,589 |
| e Other | | 34,212,912 | | 34,212,912 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 630,793,800 |

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

| (a) Description of security or cateory (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 | | |
| | | |
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| | | |
| **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 |
|---|---|---|
| | | |
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| **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 |
|---|---|
| Other current assets | 24,098,468 |
| Due from affiliates | 63,706,455 |
| Trustee funds - bond indenture | 2,652,403 |
| Trustee funds - Malpractice agrmts | 25,936,780 |
| Trustee funds - Work comp agrmts | 10,618,368 |
| Unamortized issue costs | 3,856,322 |
| Investments in joint ventures | 3,891,152 |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 134,759,948 |

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

| (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | |
| Malpractice liability | 40,514,788 |
| Workers comp liability | 13,276,174 |
| Accrued post retirement/misc | 20,183,889 |
| | |
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| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 73,974,851 |

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 | 1,140,549,599 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 1,100,242,858 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 40,306,741 |
| 4 | Net unrealized gains (losses) on investments | 4 | -40,767,470 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | -3,650,335 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | -44,417,805 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | -4,111,064 |

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

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

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

## 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 XIV, 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

| Identifier | Return Reference | Explanation |
|---|---|---|
| Part V, Line 4 | Description of Intended Use of Endowment Funds | The endowment funds are used to support & enhance patient care at the hospitals, finance capital improvements and provide educational & financial assistance to hospital employees |
| Part X | Description of Uncertain Tax Positions Under FIN 48 | Baptist adopted FIN 48 on September 1, 2008 The adoption of FIN 48 did not result in an adjustment to the consolidated financial statements |
| Part XI, Line 8 - Other Adjustments | | Net assets released from restriction -1401853 Capital distribution - Baptist Comm Health Svcs 1270000 Capital distribution - PET/CT Management LLC 178500 Capital distribution - Paducah MRI 75000 Funding for strategic and capital needs 852851 Post retirement change -4624833 |
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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

▶ To be completed by organizations that answer "Yes" to Form 990, Part IV, line 20.
▶ Attach to Form 990.

OMB No 1545-0047

**2008**

**Open to Public Inspection**

Name of the organization
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

## Part I Charity Care and Certain Other Community Benefits at Cost *(Optional for 2008)*

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

**7** Charity Care and Certain Other Community Benefits at Cost

| Charity Care and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Charity care at cost (from *worksheets 1 and 2)* | | | | | | |
| b Unreimbursed Medicaid (from *worksheet 3, column a)* | | | | | | |
| c Unreimbursed costs—other means-tested government programs (from *Worksheet 3, column b)* | | | | | | |
| d **Total** Charity Care and Means-Tested Government Programs | | | | | | |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (worksheet 4) | | | | | | |
| f Health professions education (from worksheet 5) | | | | | | |
| g Subsidized health services (from worksheet 6) | | | | | | |
| h Research (from worksheet 7) | | | | | | |
| i Cash and in-kind contributions to community groups (from worksheet 8) | | | | | | |
| j **Total** Other Benefits | | | | | | |
| k **Total** (line 7d and 7j) | | | | | | |

## Part II Community Building Activities (Complete this table if the organization conducted any community building activities) *(Optional for 2008)*

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

## Part III Bad Debt, Medicare, and Collection Practices *(Optional for 2008)*

**Section A—Bad Debt Expense**

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | 1 | | |
| 2 | Enter the amount of the organization's bad debt expense (at cost) 2 | | | |
| 3 | Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy 3 | | | |
| 4 | Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, or rationale for including other bad debt amounts in community benefit | | | |

**Section B—Medicare**

| | | | |
|---|---|---|---|
| 5 | Enter total revenue received from Medicare (including DSH and IME) 5 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 6 | | |
| 7 | Enter line 5 less line 6—surplus or (shortfall) 7 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit, and the costing methodology or source used to determine the amount reported on line 6 and indicate which of the following methods was used | | |

☐ Cost accounting system ☐ Cost to charge ratio ☐ Other

**Section C—Collection Practices**

| | | | | |
|---|---|---|---|---|
| 9a | Does the organization have a written debt collection policy? | 9a | | |
| 9b | If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI | 9b | | |

## Part IV Management Companies and Joint Ventures *(Optional for 2008)*

| | (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors trustees, or key employees' profit % or stock ownership% | (e) Physicians' profit % or stock ownership % |
|---|---|---|---|---|---|
| 1 | | | | | |
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**Part V Facility Information** *(Required for 2008)*

| Name and address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|
| Baptist Hospital East<br>4000 Kresge Way<br>Louisville, KY 402074604 | X | X | | | | | X | | |
| Baptist Regional Medical Center<br>1 Trillium Way<br>Corbin, KY 407018420 | X | X | | | | | X | | |
| Central Baptist Hospital<br>1740 Nicolasville Rd<br>Lexington, KY 405031431 | X | X | | | | | X | | |
| Western Baptist Hospital<br>2501 Kentucky Ave<br>Paducah, KY 420033813 | X | X | | | | | X | | |
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## Part VI Supplemental Information *(Optional for 2008)*

Complete this part to provide the following information

**1** Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions

**2** **Needs Assessment.** Describe how the organization assesses the health care needs of the communities it serves

**3** **Patient Education of Eligibility for Assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy

**4** **Community Information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

**5** **Community Building Activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

**6** Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )

**7** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communites served

**8** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

# Grants and Other Assistance to Organizations, Governments and Individuals in the 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
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

## Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" 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 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 |
|---|---|---|---|---|---|---|---|
| See Additional Data Table | | | | | | | |
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2 Enter total number of section 501(c)(3) and government organizations . . . . ▶ 27

3 Enter total number of other organizations . . . . ▶ 4

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

See Additional Data Table

| Identifier | Return Reference | Explanation |
|---|---|---|
| Procedure for Monitoring Grants in the U S | Part I, Line 2 | Schedule I, Part I, Line 2 Baptist Healthcare System provides only direct charitable contributions, therefore, no monitoring of charitable contributions is performed |
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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

**▶ 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**
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

## Part I Questions Regarding Compensation

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items<br>☐ First class or charter travel ☐ Housing allowance or residence for personal use<br>☐ Travel for companions ☐ Payments for business use of personal residence<br>☑ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees<br>☐ 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 the expenses described above? If "No," complete Part III to explain | **1b** | Yes | |
| **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** | Yes | |
| **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<br>☑ Compensation committee ☑ Written employment contract<br>☑ Independent compensation consultant ☑ Compensation survey or study<br>☑ 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** | | No |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | | No |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | **4c** | | No |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | | |
| | **501(c)(3) and 501(c)(4) organizations only 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** | | No |
| **b** | Any related organization? | **5b** | | No |
| | If "Yes," to line 5a or 5b, describe in Part III | | | |
| **6** | For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of | | | |
| **a** | The organization? | **6a** | | No |
| **b** | Any related organization? | **6b** | | No |
| | If "Yes," to line 6a or 6b, describe in Part III | | | |
| **7** | For persons listed in form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | **7** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III | **8** | | No |

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space 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 compensation | | | | |
| Tommy J Smith | (i) (ii) | 818,956 | 235,146 | 31,960 | 105,662 | 31,942 | 1,223,666 | |
| Susan Stout Tamme | (i) (ii) | 451,954 | 90,394 | 54,748 | 57,270 | 17,941 | 672,307 | |
| Larry Barton | (i) (ii) | 458,680 | 89,533 | 75,988 | 54,742 | 26,210 | 705,153 | |
| William Sisson | (i) (ii) | 444,665 | 92,546 | 75,478 | 56,778 | 20,541 | 690,008 | 31,135 |
| John Henson | (i) (ii) | 323,781 | 63,738 | 31,135 | 39,697 | 22,090 | 480,441 | |
| Janet M Norton | (i) (ii) | 297,877 | 78,504 | 33,563 | 22,446 | 27,988 | 460,378 | |
| Carl G Herde | (i) (ii) | 439,744 | 87,715 | 34,913 | 54,531 | 27,740 | 644,643 | |
| Mary Lou Tipgos | (i) (ii) | 99,809 | 25,000 | 1,180 | 10,325 | 15,423 | 151,737 | |
| John R Barton | (i) (ii) | 531,354 | | | 22,090 | 30,905 | 584,349 | |
| John M O'Brien | (i) (ii) | 520,941 | | | 20,480 | 27,691 | 569,112 | |
| Douglas A Milligan | (i) (ii) | 512,218 | | | 18,870 | 28,973 | 560,061 | |
| Bernard Tamme | (i) (ii) | 321,985 | 77,412 | 13,391 | 25,666 | 15,214 | 453,668 | |
| Preston Nunelley | (i) (ii) | 323,980 | 34,463 | 9,029 | 19,226 | 17,884 | 404,582 | |
| | (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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Part I, Line 1a | Seven officers received gross-up payments which were included in taxable compensation |
| | | |
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**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information on Tax Exempt Bonds

**To be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a.**
**Provide descriptions, explanations, and any additional information in Schedule O.**

OMB No 1545-0047

**2008**

**Open to Public Inspection**

Name of the organization
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

## Part I Bond Issues *(Required for 2008)*

| | (a) Issuer Name | (b) Issuer EIN | (c) CUSIP # | (d) Date Issued | (e) Issue Price | (f) Description of Purpose | (g) Defeased | | (h) On Behalf of Issuer | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Yes | No | Yes | No |
| A | Ky Economic Development Finance Authority | 61-0600439 | 49126KFM8 | 02-19-2009 | 217,792,848 | Redeem series 1999A bonds and costs of acquiring & constructing hospital fac | | X | | X |
| B | Ky Economic Development Finance Authority | 61-0600439 | 49126KFQ9 | 02-19-2009 | 66,065,000 | Payment of issue costs & refinance bank loans | | X | | X |
| C | Ky Economic Development Finance Authority | 61-0600439 | 49126KFR7 | 02-19-2009 | 65,660,000 | Payment of issue costs & refinance bank loans | | X | | X |
| D | Ky Economic Development Finance Authority | 61-0600439 | 49126KFS5 | 02-19-2009 | 76,555,000 | Payment of issue costs & refinance bank loans | | X | | X |
| E | Ky Economic Development Finance Authority | 61-0600439 | 49126KFT3 | 02-19-2009 | 76,155,000 | Payment of issue costs & refinance bank loans | | X | | X |

## Part II Proceeds *(Optional for 2008)*

| | | A | B | C | D | E |
|---|---|---|---|---|---|---|
| 1 | Total Proceeds of Issue | | | | | |
| 2 | Gross Proceeds in Reserve Funds | | | | | |
| 3 | Proceeds in Refunding or Defeasance Escrows | | | | | |
| 4 | Other Unspent Proceeds | | | | | |
| 5 | Issuance Costs from Proceeds | | | | | |
| 6 | Working Capital Expenditures from Proceeds | | | | | |
| 7 | Capital Expenditures from Proceeds | | | | | |
| 8 | Year of Substantial Completion | | | | | |

| | | A | | B | | C | | D | | E | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 9 | Were the bonds issued as part of a current refunding issue? | | | | | | | | | | |
| 10 | Were the bonds issued as part of an advance refunding issue? | | | | | | | | | | |
| 11 | Has the final allocation of proceeds been made? | | | | | | | | | | |
| 12 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | | | | | | | | | | |

## Part III Private Business Use *(Optional for 2008)*

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

**Part III Private Business Use** *(Continued)*

| | | A | | B | | C | | D | | E | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts with respect to the financed property which may result in private business use? | | | | | | | | | | |
| 3b | Are there any research agreements with respect to the financed property which may result in private business use? | | | | | | | | | | |
| 3c | Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property? | | | | | | | | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a 501(c)(3) organization or a state or local government | | | | | | | | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another 501(c)(3) organization, or a state or local government | | | | | | | | | | |
| 6 | Total of lines 4 and 5 | | | | | | | | | | |
| 7 | Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? | | | | | | | | | | |

**Part IV Arbitrage** *(Optional for 2008)*

| | | A | | B | | C | | D | | E | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Has a Form 8038-T been filed wth respect to the bond issue? | | | | | | | | | | |
| 2 | Is the bond issue a variable rate issue? | | | | | | | | | | |
| 3a | Has the organization or the government issuer identified a hedge with respect to the bond issue on its books and records? | | | | | | | | | | |
| b | Name of provider | | | | | | | | | | |
| c | Term of hedge | | | | | | | | | | |
| 4a | Were gross proceeds invested in a GIC? | | | | | | | | | | |
| b | Name of provider | | | | | | | | | | |
| c | Term of GIC | | | | | | | | | | |
| d | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? | | | | | | | | | | |
| 5 | Were any gross proceeds invested beyond an available temporary period? | | | | | | | | | | |
| 6 | Did the bond issue qualify for an exception to rebate? | | | | | | | | | | |

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**Schedule L** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

▶ Attach to Form 990 or Form 990-EZ.
▶ To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38b or 40b.

OMB No 1545-0047

**2008**

**Open to Public Inspection**

**Name of the organization**
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

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

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

| 1 | (a) Name of disqualified person | (b) Description of transaction | (c) Corrected? Yes | (c) Corrected? No |
|---|---|---|---|---|
| | | | | |
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2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

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

## Part II Loans to and/or From Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

| (a) Name of interested person and purpose | (b) Loan to or from the organization? To | (b) From | (c) Original principal amount | (d) Balance due | (e) In default? Yes | (e) No | (f) Approved by board or committee? Yes | (f) No | (g) Written agreement? Yes | (g) No |
|---|---|---|---|---|---|---|---|---|---|---|
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| Total . . . . . ▶ $ | | | | | | | | | | |

## Part III Grants or Assistance Benefitting Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of grant or type of assistance |
|---|---|---|
| | | |
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## Part IV Business Transactions Involving Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? Yes | (e) No |
|---|---|---|---|---|---|
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# SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

## Supplemental Information to Form 990

▶ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No 1545-0047

**2008**

Open to Public Inspection

**Name of the organization**
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part VI, Section A, line 2 | | The Board of Directors is made up of executives from related organizations The following individuals have a business relationship in that they serve on the Board of Directors of the organization and are officers and/or directors of a related organization Tommy Smith, Larry Barton, John Henson, William Sisson, Susan Stout Tamme, Carl Herde, Janet Norton, Robert Baker, Ned Buchanan, Tom Davis, Robert Hook Jr, Lindsey Ingram Jr, Danny McMahan, Frank Purdy III, Eugene Siler Jr, Don VanCleve, and Don Walker |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part VI, Section A, line 10 | | A copy of the 990 is provided to the board of directors prior to the filing of the return Any questions or comments are addressed by explanation or a change to the form |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part VI, Section B, line 12c | | Annually the secretary of Baptist Healthcare System, Inc (BHS) sends out a conflict of interest questionnaire to each of the directors serving on the board of BHS After completion, they are returned to the secretary and reviewed by her and the Board or a Board committee for any potential conflicts |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part VI, Section B, line 15 | | Annually, the Baptist Healthcare System, Inc Compensation Committee reviews the compensation, including base compensation and incentive compensation for the CEO and all officers and key employees of Baptist Healthcare System, Inc except for the Secretary and Assistant Secretary Compensation for these employees is reviewed and approved by the CEO of Baptist Healthcare System, Inc The Baptist Healthcare System, Inc Compensation Committee is comprised of independent Board Members The Committee retains a Compensation Consultant to advise the Committee and who provides data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated healthcare organizations The Committee reviews this information in approving annual base and incentive compensation and other items of reportable compensation described on Schedule J of the IRS Form 990 The decisions of the Committee regarding compensation are contemporaneously documented in the minutes of the Committee Annually, the Committee Chairperson and the Compensation Consultant provide a report on executive compensation to the full Board of Directors of Baptist Healthcare System, Inc |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part VI, Section C, line 19 | | In adherence to the Master Trust Indenture among Baptist Healthcare System, Inc , Baptist Healthcare Affiliates, Inc and U S Bank National Association, as Master Trustee, Dated as of February 1, 2009, Baptist Healthcare System, Inc reports its financial results on a quarterly basis to the Master Trustee who in turn makes them available through Electronic Municipal Market Access Additionally, the organization will provide any documents open to public inspection upon request |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part III | | Since its opening in 1924, Baptist Healthcare System, Inc ("Baptist") is dedicated to providing accessible, quality healthcare to all patients regardless of their ability to pay The hospitals owned and operated by Baptist under tax identification number 61-0444707 include -Hospital - Location -Baptist Hospital East - Louisville, Kentucky -Baptist Regional Medical Center - Corbin, Kentucky -Central Baptist Hospital - Lexington, Kentucky -Western Baptist Hospital - Paducah, Kentucky VISION The vision of Baptist is to be the healthcare leader in Kentucky Having earned a reputation of providing high quality patient care and utilizing the latest in medical technology, patients seek out Baptist facilities for their care According to state statistics in 2009, Baptist is one of the largest healthcare providers in the state Kentucky 2009 Hospital Statistics Licensed Beds - 1,536 Beds -Second largest number of beds of any health system in Kentucky Employees - 9,526 Employees -One of the top employers in Kentucky Inpatient Care - 72,422 Admissions/304,207 Days -Largest number of admissions in Kentucky at a system-owned or managed hospital -One out of every seven inpatients receiving care in Kentucky received care at a system-owned or managed hospital Obstetric (Deliveries) - 9,155 Babies -Largest number of babies delivered in Kentucky at a system-owned or managed hospital -One in five babies in Kentucky was delivered at Baptist hospitals at a system-owned or managed hospital Cardiology (Open heart surgeries) - 1,004 Cases -Second largest number of open-heart surgeries performed by any system-owned or managed hospital in Kentucky -One in six open-heart surgeries in Kentucky was performed at a system-owned or managed hospital Emergency Visits - 173,937 Registrations -The largest number of emergency visits in Kentucky at a system-owned or managed hospital -One in ten ER patients was treated at a system-owned or managed hospital Outpatient Visits - 644,491 Hospital Visits -One in ten outpatients in Kentucky receiving care in an acute-care setting was seen at a system-owned or managed hospital MISSION As indicated by its mission statement, Baptist strives to continue its "Christian heritage of service and to enhance the health of the people and the communities we serve " Baptist is organized and operated exclusively for the benefit of each community and each hospital is considered a valuable community asset The Baptist Boards of Directors are comprised of local representatives who, along with the hospitals' management and employees, understand that they are responsible to the communities for providing high quality health care services Over the years, Baptist has gained a reputation for providing compassionate, high quality, cost efficient, patient friendly care RESPONSIVE TO COMMUNITY NEED Operating healthcare facilities in today's environment requires a delicate balance between producing a sufficient margin to allow for adequate staffing and investment in new technologies, while also providing enough resources to absorb the cost of care for those patients who do not have the ability to pay for the services In 2009, because of its ability to produce a modest operating margin, Baptist was able to re-invest over $100 million into the communities in new technology, construction, renovation and systems improvement Because of the need to generate a modest margin while caring for all patients, Baptist strives to fulfill its community responsibility of collecting appropriate reimbursement from all patients who have the necessary resources while providing a generous, yet accountable charity care policy to assist those patients who do not have the means to pay for the services rendered From a broad perspective, Baptist hospitals consistently provide a high level of quality care to every patient and enhance the health of the people it serves through health promotions, health screenings, medical research, and training of health professionals |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part III | | Other community benefits include -Maintaining necessary, but unprofitable services that meet community needs -Helping to recruit physicians to underserved areas -Helping patients coordinate services with other healthcare providers -Providing resources for support groups -Promoting and providing preventive care services -Monitoring clinical outcomes in order to ensure quality care -Committing resources to improving safety and processes of care -Providing services conveniently accessible by patients In addition, Baptist employees volunteer thousands of hours in community services and leadership Baptist's support for community activities underscores its commitment to improving the lives of those served Because Baptist and its employees contribute so much of their time, talents and resources to serve others, communities served by Baptist are better places to live and work Quantification of many of the community benefits is detailed further in Statement 8 Part III Statement of Program Service Accomplishments However, what the Statement of Program Service Accomplishments doesn't measure is the economic benefit derived by each community from Baptist being one of the largest employers in the state The economic impact of the wages paid to Baptist employees is significant considering the dollars they spend on food, housing, services, and other products CHARITY CARE POLICY To further the mission of enhancing the health of the people and communities it serves, Baptist provides medically necessary inpatient and outpatient care to patients regardless of race, religion, sex, national origin, disability, age or their ability to pay Recognizing that not all patients have the ability to pay, Baptist has a charity care policy to accurately evaluate a patient's ability to pay for services received Baptist relies solely on the physician order to determine whether treatment is medically necessary and whether the patient is treated on an inpatient or outpatient basis Neither the patients financial condition nor their ability to pay for services has any bearing upon whether, or how, the patient is treated in a Baptist facility Patients are transferred only when Baptist does not provide the specialized service that is required, or by specific request of the patient Baptist has notices posted throughout the hospital that clearly communicate Baptist's charity care policy Baptist employees are instructed in the application of the charity care policy and are trained to recognize situations that indicate the financial resources of a patient may be inadequate These employees freely and willingly volunteer information regarding the charity care policy to any patient who may express a concern regarding the ability to pay for services The policy provides that 1 Patients/guarantors with resources of less than 200% of the Poverty Guideline for their family size will receive full charity 2 Patients/guarantors with resources of 200% but less than 400% of the Poverty Guideline for their family size will qualify for partial charity The ratio of resources up to 400% of the Poverty Guideline determines the percentage of the bill that will be the responsibility of the applicant However, the liability is capped at 10% of the resources 3 Patients/guarantors with resources of 400% of the Poverty Guideline for their family size but no more than 1200% of the Poverty Guideline for their family of one will qualify for partial charity if the liability exceeds 20% of their resources In these situations, the patient/guarantor will be responsible for an amount not to exceed 20% of their resources 4 If eligible for a charity discount, a patient will receive the discount regardless of whether they pay the balance on the bill If necessary, payment arrangements may be made on the balance of the patient's bill in accordance with hospital procedures If charity care eligibility cannot be determined, good stewardship requires that the hospital initially begin the collection process However, immediately upon determining that the guarantor is eligible for charity care, collection efforts on the balance eligible for charity will cease and the appropriate balance will be designated as charity TAX-EXEMPT STATUS REQUIREMENTS The Internal Revenue Service Revenue Ruling 69-545 provides that a hospital can demonstrate it has met the community benefit standard by having a full-time emergency room open to the public regardless of ability to pay for services received Baptist operates Emergency Departments that are open 24 hours a day, 365 days a year and treated 173,937 emergency patients during fiscal year 2009 Baptist facilities and emergency departments post policies stating that patients will be treated regardless of their ability to pay In addition, Baptist does not convey or intimate in any way to any emergency medical transportation service an unwillingness to treat any particular patient in need of medical attention |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part III | | ACCOUNTABILITY TO THE BROADER COMMUNITY As previously noted, the Baptist Board of Directors embraces its responsibility to represent the broader community in guiding Baptist in its provision of healthcare services The Board meets periodically to provide oversight as to how best to continue to serve each community Regularly scheduled meetings of the full Board and its Committees are described below Board of Directors - Quarterly Audit Committee - Quarterly Executive Committee - Monthly Executive Compensation Sub-Committee - As needed Finance Committee - Monthly Governance Effectiveness Committee - Quarterly Hospital Administrative Boards - Monthly Legal Affairs Committee - Quarterly Quality and Mission Effectiveness Committee - Quarterly Physician Transaction Review Committee - As needed One of the key functions of the Board is to ensure Baptist not only utilizes sound financial management, but also embraces a culture of compliance that permeates throughout the healthcare system This is best demonstrated by Baptist's commitment of resources for compliance activities including the designation of a Compliance Officer The compliance function reports to the Audit Committee (established in 1994) which is comprised of three independent members of the Board who are not members of either the Executive or Finance Committees Additionally, at least one member has the expertise to be considered a financial expert in the public sector Another key function of the Board is to ensure that compensation paid to executives is reasonable and meets the guidelines set forth by the Internal Revenue Service Through the Executive Compensation Sub-committee (ECS), the Board ensures that 1) members of the ECS do not have any conflicts of interest, i e , they are not employed or receive compensation subject to approval by the executives, 2) the compensation is approved in advance by the ECS, 3) the ECS obtains and relies upon appropriate comparability data in making decisions, 4) every form of compensation and benefit is included in the comparisons, 5) the ECS documents the basis for its decision concurrently with making the decision, and 6) based upon the data, the compensation is reasonable The following is a summary of Baptist's community service for the year ended August 31, 2009, in terms of services to the poor and indigent and the benefits provided to the communities it serves Quantifiable Community Benefit Baptist is fully committed to its responsibility as a charitable organization and commits extensive resources to fulfill that obligation to the community To the extent possible, Baptist has quantified the benefits provided to the communities it serves Description -Amount Benefits for the Poor and Indigent Unreimbursed Cost of Charity Care - $31,454,000 Unreimbursed Cost of Medicaid - 18,799,000 Total Benefits for the Poor and Indigent - 50,253,000 Benefits for the Broader Community Net Loss on Subsidized Health Services - 10,802,000 Community Health Improvement Services* - 1,771,000 Community Building Activities - 55,000 Financial & In-Kind Contributions - 856,000 Community Benefit Operations - 566,000 Total Benefits for the Community - 14,042,000 Total Quantifiable Community Benefit - $64,295,000 * Represents nearly 5,000 hours of donated service by BHS employees who served nearly 206,000 members of the community Glossary of Community Benefit Terms Benefits for the Poor and Indigent Describes services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured This includes those patients that qualify for Charity, Medicaid, Kentucky's Children Health Insurance Program (KCHIP), Kentucky Hospital Care Program (KHCP) and other citizens whose income is inadequate (based on each patient's individual circumstances) 1 Unreimbursed cost of charity care describes the services provided to persons who cannot afford to pay It also includes the Health Care Provider Tax (Kentucky Revised Statutes 142 303) that is assessed on all hospital patient revenues received for the purpose of funding state Medicaid, KHCP and KCHIP programs The amounts reflect the net cost of these services after reducing the costs for contributions and other revenues received by Baptist as direct assistance for the provision of care 2 Unreimbursed cost of Medicaid reflects costs of treating Medicaid beneficiaries not reimbursed by government programs Benefits for the Broader Community Describes services provided to other needy populations that may not qualify as indigent but that need special services and support The benefits include the cost of health promotion and education, health clinics and screenings, and medical research that benefits the community 1 Net loss on subsidized health services reflects the loss from services that would be discontinued if the decision were based on profit motives only 2 Other community benefit includes costs incurred by Baptist in providing support and coordination of health education and awareness events as well as the cost of employees paid time to attend, staff, and coordinate these activities 3 Baptist makes cash and in-kind donations on behalf of the poor and needy to community agencies and to special funds used for charitable purposes |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | ACCOUNTABILITY TO THE BROADER COMMUNITY As previously noted, the Baptist Board of Directors embraces its responsibility to represent the broader community in guiding Baptist in its provision of healthcare services The Board meets periodically to provide oversight as to how best to continue to serve each community Regularly scheduled meetings of the full Board and its Committees are described below Board of Directors - Quarterly Audit Committee - Quarterly Executive Committee - Monthly Executive Compensation Sub-Committee - As needed Finance Committee - Monthly Governance Effectiveness Committee - Quarterly Hospital Administrative Boards - Monthly Legal Affairs Committee - Quarterly Quality and Mission Effectiveness Committee - Quarterly Physician Transaction Review Committee - As needed One of the key functions of the Board is to ensure Baptist not only utilizes sound financial management, but also embraces a culture of compliance that permeates throughout the healthcare system This is best demonstrated by Baptist's commitment of resources for compliance activities including the designation of a Compliance Officer The compliance function reports to the Audit Committee (established in 1994) which is comprised of three independent members of the Board who are not members of either the Executive or Finance Committees Additionally, at least one member has the expertise to be considered a financial expert in the public sector Another key function of the Board is to ensure that compensation paid to executives is reasonable and meets the guidelines set forth by the Internal Revenue Service Through the Executive Compensation Sub-committee (ECS), the Board ensures that 1) members of the ECS do not have any conflicts of interest, i e , they are not employed or receive compensation subject to approval by the executives, 2) the compensation is approved in advance by the ECS, 3) the ECS obtains and relies upon appropriate comparability data in making decisions, 4) every form of compensation and benefit is included in the comparisons, 5) the ECS documents the basis for its decision concurrently with making the decision, and 6) based upon the data, the compensation is reasonable The following is a summary of Baptist's community service for the year ended August 31, 2009, in terms of services to the poor and indigent and the benefits provided to the communities it serves Quantifiable Community Benefit Baptist is fully committed to its responsibility as a charitable organization and commits extensive resources to fulfill that obligation to the community To the extent possible, Baptist has quantified the benefits provided to the communities it serves Description -Amount Benefits for the Poor and Indigent Unreimbursed Cost of Charity Care - 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efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493190007100

# 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 answerd "Yes" to Form 990, Part IV, lines 33, 34, 35, 36, or 37.
▶ See separate instructions.

OMB No 1545-0047

**2008**

**Open to Public Inspection**

**Name of the organization**
Baptist Healthcare System Inc

**Employer identification number**
61-0444707

## 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 |
|---|---|---|---|---|---|
| | | | | | |
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## 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 Additional Data Table | | | | | |
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## 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) Disproprtionate allocations? Yes | (H) No | (I) Code V—UBI amount on Box 20 of K-1 | (J) General or managing partner? Yes | (J) No |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Northeast Joint Venture LLC<br>1025 New Moody Lane<br>LaGrange, KY400310559<br>20-4822765 | Manage facility | KY | N/A | | | | | | | | |
| Baptist EastMilestone LLC<br>750 Cypress Station Dr<br>Louisville, KY40207<br>61-1355065 | Fitness center | KY | N/A | | | | | | | | |
| Baptist Physicians' Surgery Center LLC<br>1720 Nicholasville Rd 101<br>Lexington, KY405031404<br>04-3665929 | Ambulatory surgery center | KY | N/A | | | | | | | | |
| Baptist Eastpoint Surgery Center LLC<br>4000 Kresge Way<br>Louisville, KY40207<br>26-0834852 | Ambulatory surgery center | KY | N/A | | | | | | | | |
| Medical Associates of Middletown LLC<br>4000 Kresge Way<br>Louisville, KY40207<br>20-0399400 | Medical office building | KY | Baptist Healthcare System Inc | Related | 24,195 | 1,305,468 | | No | | | No |
| PETCT Management LLC<br>7807 Shelbyville Rd Ste 201<br>Louisville, KY40222<br>20-0154982 | Mgmt & equipment Services | KY | Baptist Healthcare System Inc | Related | 365,596 | 585,963 | | No | | | No |
| | | | | | | | | | | | |

## 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 |
|---|---|---|---|---|---|---|---|
| Baptist Ventures Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>61-1217018 | Management company | KY | Baptist Healthcare System Inc | C | 305,834 | 3,602,588 | 100 000 % |
| Baptist East Medical Pavilion Association Inc<br>4000 Kresge Way<br>Louisville, KY402074604<br>61-1423391 | Condo mgmt association | KY | Baptist Healthcare System Inc | C | | | |
| BRMC Condominium Association Inc<br>1 Trillium Way<br>Corbin, KY40701<br>61-1364766 | Condo mgmt association | KY | Baptist Healthcare System Inc | C | -4,662 | | |
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## Part V Transactions with Related Organizations

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

| | | Yes | No |
|---|---|---|---|
| **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 | Yes | |
| **b** Gift, grant, or capital contribution to other organization(s) | 1b | Yes | |
| **c** Gift, grant, or capital contribution from other organization(s) | 1c | Yes | |
| **d** Loans or loan guarantees to or for other organization(s) | 1d | Yes | |
| **e** Loans or loan guarantees by other organization(s) | 1e | | No |
| **f** Sale of assets to other organization(s) | 1f | | No |
| **g** Purchase of assets from other organization(s) | 1g | | No |
| **h** Exchange of assets | 1h | | No |
| **i** Lease of facilities, equipment, or other assets to other organization(s) | 1i | Yes | |
| **j** Lease of facilities, equipment, or other assets from other organization(s) | 1j | Yes | |
| **k** Performance of services or membership or fundraising solicitations for other organization(s) | 1k | | No |
| **l** Performance of services or membership or fundraising solicitations by other organization(s) | 1l | | No |
| **m** Sharing of facilities, equipment, mailing lists, or other assets | 1m | | No |
| **n** Sharing of paid employees | 1n | | No |
| **o** Reimbursement paid to other organization for expenses | 1o | | No |
| **p** Reimbursement paid by other organization for expenses | 1p | Yes | |
| **q** Other transfer of cash or property to other organization(s) | 1q | Yes | |
| **r** Other transfer of cash or property from other organization(s) | 1r | Yes | |

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

| (A) Name of other organization(s) | (B) Transaction type(a-r) | (C) Amount Involved |
|---|---|---|
| **(1)** **See Additional Data Table** | | |
| **(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) Disproprtionate allocations? | | (G) Code V—UBI amount on Box 20 of K-1 | (H) General or managing partner? | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Yes | No | | Yes | No | | Yes | No |
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## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 61-0444707
**Name:** Baptist Healthcare System Inc

### Form 990, Part VII - Section Aaa

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099MISC) | (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 | | | |
| Tommy J Smith , President (Sch O ) | 40 00 | X | | X | | | | 1,086,062 | 0 | 137,604 |
| Susan Stout Tamme , Vice President (Sch O ) | 40 00 | X | | X | | | | 597,096 | 0 | 75,211 |
| Larry Barton , Vice President (Sch O ) | 40 00 | X | | X | | | | 624,201 | 0 | 80,952 |
| William Sisson , Vice President (Sch O ) | 40 00 | X | | X | | | | 612,689 | 0 | 77,319 |
| John Henson , Vice President | 40 00 | X | | X | | | | 418,654 | 0 | 61,787 |
| Janet M Norton , Secretary (Sch O ) | 40 00 | X | | X | | | | 409,944 | 0 | 50,434 |
| Carl G Herde , Treasurer (Sch O ) | 40 00 | X | | X | | | | 562,372 | 0 | 82,271 |
| Mary Lou Tipgos , Asst Secretary | 40 00 | X | | X | | | | 125,989 | 0 | 25,748 |
| Bob Baker , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Harry Brigance , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Ned Buchanan , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Victoria Buster , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| William T Daniel II MD , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Tom O Davis , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| W Jeffrey Foxx MD , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Frances V Hamilton , Director | 1 00 | X | | | | | | 0 | 0 | 0 |
| Robert L Hook Jr , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Lindsey Ingram Jr , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Danny McMahan , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Frank R Purdy III , Director | 1 00 | X | | | | | | 0 | 0 | 0 |
| Steven S Reed , Director | 1 00 | X | | | | | | 0 | 0 | 0 |
| James D Rickard , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Marcia Milby Ridings , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Edmund C Roberts Jr , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Judge Eugene E Siler Jr , Director | 1 00 | X | | | | | | 0 | 0 | 0 |
| Don VanCleve , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Donald L Walker , Director | 1 00 | X | | | | | | 0 | 0 | 0 |
| Dr Thelma White , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Nolen C Allen , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Clyde F Ensor Sr , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |

## Form 990, Part VII - Section Aaa

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099MISC) | (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 | | | |
| Kerry Harvey , Director | 1 00 | X | | | | | | 0 | 0 | 0 |
| Jeff Holland , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Sidney F Hopkins MD , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| Dr Terry T Lester , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| John D Logan , Director | 1 00 | X | | | | | | 3,000 | 0 | 0 |
| John R Barton , Physician | 40 00 | | | | | X | | 531,354 | 0 | 52,995 |
| John M O'Brien , Physician | 40 00 | | | | | X | | 520,941 | 0 | 48,171 |
| Douglas A Milligan , Physician | 40 00 | | | | | X | | 512,218 | 0 | 47,843 |
| Bernard Tamme , VP Managed Care | 40 00 | | | | | X | | 412,788 | 0 | 40,880 |
| Preston Nunelley , VP-Chief Medical Officer | 40 00 | | | | | X | | 367,472 | 0 | 37,110 |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 61-0444707
**Name:** Baptist Healthcare System Inc

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

| **(a)** Name and address of organization or government | **(b)** EIN | **(c)** IRC Code section if applicable | **(d)** Amount of cash grant | **(e)** Amount of non-cash assistance | **(f)** Method of valuation (book, FMV, appraisal, other) | **(g)** Description of non-cash assistance | **(h)** Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| Baptist Hospital Foundation Of Greater Louisville4000 Kresge Way Louisville, KY 40207 | 20-0292291 | 501(c)(3) | 150,754 | | | | General support |
| Children's Charity Fund Of The Bluegrass Inc2724 Martinique Ln Lexington, KY 40509 | 31-1078176 | 501(c)(3) | 114,255 | | | | General support |
| West Ky Community & Tech College4810 Alben Barkley Dr Paducah, KY 42002 | 61-1320380 | 501(c)(3) | 75,000 | | | | General support |
| Hope CenterPO Box 6 Lexington, KY 40588 | 61-1107296 | 501(c)(3) | 50,000 | | | | General support |
| Kentucky Blood Center3121 Beaumonth Ctr Cir Lexington, KY 40513 | 61-6058138 | 501(c)(3) | 50,000 | | | | General support |
| St Nicholas Family Clinic 1733 Broadway Paducah, KY 42001 | 61-1260945 | 501(c)(3) | 49,000 | | | | General support |
| Kentucky Baptist Convention 13420 Eastpoint Ctr Dr Louisville, KY 40223 | 61-0549873 | 501(c)(3) | 45,700 | | | | Conference co-sponsor |
| WBH Foundation Fund2501 Kentucky Ave Paducah, KY 42003 | 26-4057759 | 501(c)(3) | 39,261 | | | | General support |
| Greater Paducah Economic Development CouncilPO Box 1155 Paducah, KY 420021155 | 61-1181577 | | 37,500 | | | | General support |
| American Heart Assoc240 Whittington Pkwy Louisville, KY 40222 | 13-5613797 | 501(c)(3) | 33,000 | | | | General support |

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

| **(a)** Name and address of organization or government | **(b)** EIN | **(c)** IRC Code section if applicable | **(d)** Amount of cash grant | **(e)** Amount of non-cash assistance | **(f)** Method of valuation (book, FMV, appraisal, other) | **(g)** Description of non-cash assistance | **(h)** Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| American Cancer Society 1504 College Way Lexington, KY 40502 | 64-0329009 | 501(c)(3) | 22,162 | | | | General support |
| Lexington Strides Ahead Commerce Lexington Inc 330 E Main St Ste 205 Lexington, KY 40507 | 61-1322448 | 501(c)(6) | 20,000 | | | | General support |
| Lexington Affiliate Of Susan Komen For The CurePO Box 998 Lexington, KY 40588 | 75-2854969 | 501(c)(3) | 20,000 | | | | General support |
| Project Fit AmericaPO Box 308 Boyes Hot Springs, CA 95416 | 36-3730823 | 501(c)(3) | 16,050 | | | | General support |
| American Diabetes Assoc PO Box 21903 Lexington, KY 405221903 | 13-1623888 | 501(c)(3) | 15,500 | | | | General support |
| Four Rivers Center For The Performing ArtsPO Box 2194 Paducah, KY 420022194 | 61-1293428 | 501(c)(3) | 15,146 | | | | General support |
| Cancer Inst Cookbook 1740 Nicholasville Rd Lexington, KY 40503 | 61-0444707 | 501(c)(3) | 15,000 | | | | General support |
| Fund For The Arts623 W Main St Louisville, KY 40202 | 61-0479626 | 501(c)(3) | 13,000 | | | | General support |
| March Of Dimes196 W Lowry Lane Lexington, KY 40503 | 13-1846366 | 501(c)(3) | 12,000 | | | | General support |
| Metro United Way334 E Broadway Louisville, KY 40202 | 61-0444680 | 501(c)(3) | 12,000 | | | | General support |

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

| **(a)** Name and address of organization or government | **(b)** EIN | **(c)** IRC Code section if applicable | **(d)** Amount of cash grant | **(e)** Amount of non-cash assistance | **(f)** Method of valuation (book, FMV, appraisal, other) | **(g)** Description of non-cash assistance | **(h)** Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| Ky Hospital Research & Education FoundationPO Box 436629 Louisville, KY 402536629 | 61-6052378 | 501(c)(3) | 11,028 | | | | General support |
| Mission Lexington1321 Trent Blvd Lexington, KY 40517 | 20-2824933 | 501(c)(3) | 10,500 | | | | General support |
| Gildas Club LouisvillePO Box 4061 Louisville, KY 402044061 | 20-1635170 | 501(c)(3) | 10,000 | | | | General support |
| Greater Louisville Inc614 W Main St Ste 600 Louisville, KY 40202 | 23-7084835 | 501(c)(4) | 10,000 | | | | General support |
| Lexington Cancer Foundation1504 College Way Lexington, KY 40502 | 56-2472701 | 501(c)(3) | 10,000 | | | | General support |
| Christian Counseling Center2840 Jefferson Paducah, KY 42001 | 61-0607547 | 501(c)(3) | 9,368 | | | | General support |
| Kentucky Chamber Of Commerce464 Chenault Rd Frankfort, KY 406019620 | 61-0405718 | 501(c)(6) | 32,525 | | | | General support |
| Leukemia And Lymphoma Society600 E Main St Ste 102 Louisville, KY 402021077 | 13-5644916 | 501(c)(3) | 7,500 | | | | General support |
| Junior Achievement1401 W Muhammad Ali Blvd Louisville, KY 40203 | 61-0476694 | 501(c)(3) | 7,050 | | | | General support |
| Sunrise Childrens Svs300 Hope St Mt Washington, KY 400471429 | 61-0597273 | 501(c)(3) | 7,000 | | | | General support |

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

| **(a)** Name and address of organization or government | **(b)** EIN | **(c)** IRC Code section if applicable | **(d)** Amount of cash grant | **(e)** Amount of non-cash assistance | **(f)** Method of valuation (book, FMV, appraisal, other) | **(g)** Description of non-cash assistance | **(h)** Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| Boy Scouts Lincoln Heritage CouncilPO Box 36273 Louisville,KY 40233 | 61-0445839 | 501(c)(3) | 5,500 | | | | General support |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 61-0444707
**Name:** Baptist Healthcare System Inc

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base Compensation | (ii) Bonus & incentive compensation | (iii) Other compensation | | | | |
| Tommy J Smith | (I)<br>(II) | 818,956 | 235,146 | 31,960 | 105,662 | 31,942 | 1,223,666 | |
| Susan Stout Tamme | (I)<br>(II) | 451,954 | 90,394 | 54,748 | 57,270 | 17,941 | 672,307 | |
| Larry Barton | (I)<br>(II) | 458,680 | 89,533 | 75,988 | 54,742 | 26,210 | 705,153 | |
| William Sisson | (I)<br>(II) | 444,665 | 92,546 | 75,478 | 56,778 | 20,541 | 690,008 | 31,135 |
| John Henson | (I)<br>(II) | 323,781 | 63,738 | 31,135 | 39,697 | 22,090 | 480,441 | |
| Janet M Norton | (I)<br>(II) | 297,877 | 78,504 | 33,563 | 22,446 | 27,988 | 460,378 | |
| Carl G Herde | (I)<br>(II) | 439,744 | 87,715 | 34,913 | 54,531 | 27,740 | 644,643 | |
| Mary Lou Tipgos | (I)<br>(II) | 99,809 | 25,000 | 1,180 | 10,325 | 15,423 | 151,737 | |
| John R Barton | (I)<br>(II) | 531,354 | | | 22,090 | 30,905 | 584,349 | |
| John M O'Brien | (I)<br>(II) | 520,941 | | | 20,480 | 27,691 | 569,112 | |
| Douglas A Milligan | (I)<br>(II) | 512,218 | | | 18,870 | 28,973 | 560,061 | |
| Bernard Tamme | (I)<br>(II) | 321,985 | 77,412 | 13,391 | 25,666 | 15,214 | 453,668 | |
| Preston Nunelley | (I)<br>(II) | 323,980 | 34,463 | 9,029 | 19,226 | 17,884 | 404,582 | |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 61-0444707
**Name:** Baptist Healthcare System Inc

### Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

| **(a)** Name of interested person | **(b)** Relationship between interested person and the organization | **(c)** Amount of transaction $ | **(d)** Description of transaction | **(e)** Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | **Yes** | **No** |
| Juanita Baker | A Director of BHS has a family member employed by BHS (Bob Baker) | 20,194 | Wages | | No |
| Nicole Jackson-Gary | A Director of BHS has a family member employed by BHS (Frances Hamilton) | 36,124 | Wages | | No |
| Family Practice Properties | A Director of BHS is an owner of Family Practice Properties (Jeffrey Foxx) | 687,366 | Lease agreement | | No |
| BB&T Insurance Services | A Director of BHS is an officer of BB&T Insurance Services (Danny McMahan) | 263,039 | Insurance brokering services | | No |
| Baptist Physicians Surgery Center | A Director of BHS is a board member of Baptist Phys Surg Ctr (W Sisson) | 1,063,870 | Lease agreement | | No |
| PETCT Management | A Director of BHS is a board member of PET/CT Management (S Tamme) | 1,480,405 | Equip svc | | No |
| Baptist Eastpoint Surgery Center LLC | A Director of BHS is a board member of Baptist Eastpoint Surg Ctr(S Tamme) | 668,640 | Management fees & lease agreement | | No |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 61-0444707
**Name:** Baptist Healthcare System Inc

**Form 990, Schedule R, 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 501(c)(3)) | (F) Direct Controlling Entity |
|---|---|---|---|---|---|
| Baptist Healthcare System Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>61-0444707 | Hospital | KY | Section 501(c)(3) | Schedule A, Line 3 | N/A |
| Baptist Healthcare Affiliates Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>61-1226399 | Hospital | KY | Section 501(c)(3) | Schedule A, Line 3 | Baptist Healthcare System Inc |
| Baptist Community Health Services Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>61-1141242 | Medical services | KY | Section 501(c)(3) | Scehdule A, Line 11a | Baptist Healthcare System Inc |
| Baptist Medical Associates Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>20-5497203 | Physician services | KY | Section 501(c)(3) | Schedule A, Line 3 | Baptist Healthcare System Inc |
| Baptist Physicians Lexington Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>20-5494939 | Physician services | KY | Section 501(c)(3) | Schedule A, Line 3 | Baptist Healthcare System Inc |
| Baptist Physicians Southeast Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>26-0766344 | Physician services | KY | Section 501(c)(3) | Schedule A, Line 3 | Baptist Healthcare System Inc |
| Western Baptist Medical Ventures Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>61-1194899 | Physician services | KY | Section 501(c)(3) | Schedule A, Line 3 | Baptist Healthcare System Inc |
| Baptist Healthcare Foundation Inc<br>4007 Kresge Way<br>Louisville, KY402074604<br>31-1122867 | Fundraising | KY | Section 501(c)(3) | Scehdule A, Line 11a | Baptist Healthcare System Inc |
| Baptist Hospital Foundation of Greater Louisville Inc<br>4000 Kresge Way<br>Louisville, KY402074604<br>20-0292291 | Fundraising | KY | Section 501(c)(3) | Scehdule A, Line 11a | Baptist Healthcare System Inc |
| Central Baptist Hospital Foundation Inc<br>1740 Nicholasville Rd<br>Lexington, KY40503<br>61-1480774 | Fundraising | KY | Section 501(c)(3) | Scehdule A, Line 11a | Baptist Healthcare System Inc |
| Lexington Cardiac Research Foundation Inc<br>1740 Nicholasville Rd<br>Lexington, KY40503<br>20-4242792 | Medical research | KY | Section 501(c)(3) | Schedule A, Line 4 | Baptist Healthcare System Inc |
| Western Baptist Hospital Foundation Inc<br>2501 Kentucky Ave<br>Paducah, KY42003<br>26-4057759 | Fundraising | KY | Section 501(c)(3) | Scehdule A, Line 11a | Baptist Healthcare System Inc |
| Bluegrass Family Health Inc<br>651 Perimeter Park Ste 300<br>Lexington, KY40517<br>61-1241101 | Insurance | KY | Section 501(c)(4) | | Baptist Healthcare System Inc |
| Mercy Regional Emergency Medical System LLC<br>126 Lone Oak Rd<br>Paducah, KY42001<br>61-1310466 | Ambulance Services | KY | Section 501(c)(3) | Scehdule A, Line 11a | Baptist Healthcare System Inc |

## Form 990, Schedule R, Part V - Transactions with Related Organizations

| | (A) Name of other organization | (B) Transaction type(a-r) | (C) Amount Involved ($) |
|---|---|---|---|
| (1) | Baptist Hospital Foundation of Greater Louisville Inc | B | 152,203 |
| (2) | Baptist Community Health Services Inc | Q | 6,827,735 |
| (3) | Western Baptist Medical Ventures | Q | 2,490,549 |
| (4) | Baptist Medical Associates Inc | Q | 3,136,247 |
| (5) | Baptist Physicians Lexington Inc | Q | 4,238,150 |
| (6) | Baptist Physicians Southeast Inc | Q | 679,886 |
| (7) | Lexington Cardiac Research Foundation Inc | Q | 53,233 |
| (8) | Baptist Ventures Inc | A | 77,375 |
| (9) | Baptist Hospital Foundation of Greater Louisville Inc | C | 231,732 |
| (10) | Baptist Ventures Inc | D | 72,924 |
| (11) | Baptist Community Health Services Inc | I | 1,448,408 |
| (12) | Baptist Healthcare Affiliates Inc | P | 4,627,977 |
| (13) | Baptist Community Health Services Inc | P | 3,978,315 |
| (14) | Baptist Physicians Lexington Inc | P | 174,835 |
| (15) | Western Baptist Medical Ventures | P | 62,696 |
| (16) | Baptist Healthcare Affiliates Inc | R | 1,125,574 |
| (17) | Baptist Community Health Services Inc | R | 1,270,000 |
| (18) | Baptist Ventures Inc | R | 62,947 |
| (19) | PETCT Management LLC | R | 178,500 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part XI, Line 2b | Description of why the financial statements were not audited | The financial statements of Baptist Healthcare System were audited on a consolidated basis An Audit Committee has been delegated the responsibility to oversee the Audited Financial Statements and the selection of the independent Accountants that audited the Financial Statements |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Part VII | | Officers for Baptist Healthcare System, Inc provide services to Baptist Healthcare System, Inc and its subsidiaries Hours worked are not tracked on an entity by entity basis Therefore, all officers hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors represent aggregate hours worked per week for all entities |

**Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -**

| | Business Code | (A) Total Revenue | (B) Related or Exempt Function Revenue | (C) Unrelated Business Revenue | (D) Revenue Excluded from Tax under IRC 512, 513, or 514 |
|---|---|---|---|---|---|
| **a** Ins & patient pmts | 621,300 | 624,690,015 | 624,125,388 | 564,627 | |
| **b** Medicare/Medicaid pmts | 621,300 | 483,639,430 | 483,639,430 | | |
| **c** Intercomp int /MOB re | 900,099 | 9,892,495 | 9,892,495 | | |
| **d** Other program svc rev | 900,099 | 6,090,564 | 6,090,564 | | |
| **e** Mgmt fees - exempt af | 561,000 | 3,467,575 | 3,467,575 | | |

**Form 990, Part III, Line 1 - Briefly describe the organization's mission:**

The mission of Baptist Healthcare System is to exemplify our Christian heritage of providing quality healthcare services by enhancing the health of the people and the communities we serve. The vision of Baptist Healthcare System is to be nationally recognized as the healthcare leader in Kentucky. Baptist Healthcare System will live out its Christ-centered mission and achieve its vision guided by: Integrity, Respect, Stewardship, Excellence and Collaboration.