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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 09-01-2011 and ending 08-31-2012

B Check if applicable
☐ Address change
☐ Name change
☐ Initial return
☐ Terminated
☐ Amended return
☐ Application pending

C Name of organization
Mississippi Baptist Medical Center

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
1225 North State Street

City or town, state or country, and ZIP + 4
Jackson, MS 39202

D Employer identification number
64-0881013

E Telephone number
(601) 968-3080

G Gross receipts $ 385,585,858

F Name and address of principal officer
Russell W York
1225 North State Street
Jackson, MS 39202

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) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J **Website:** ▶ www mbhs org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1996

M State of legal domicile MS

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
The organization was created to maintain and carry on the acute clinical services of Mississippi Baptist Health Systems, Inc The organization offers a comprehensive range of services for patients

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	8
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	3,067
6	Total number of volunteers (estimate if necessary)	6	97
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	8,375,499
b	Net unrelated business taxable income from Form 990-T, line 34	7b	

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	32,600	0
	9	Program service revenue (Part VIII, line 2g)	330,415,479	367,300,799
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	0
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	18,204,648	18,285,059
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	348,652,727	385,585,858
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	234,651	169,120
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	157,823,479	177,283,344
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	180,124,626	180,983,285
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	338,182,756	358,435,749
	19	Revenue less expenses Subtract line 18 from line 12	10,469,971	27,150,109

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	55,019,742	63,673,602
	21	Total liabilities (Part X, line 26)	12,503,150	15,375,460
	22	Net assets or fund balances Subtract line 21 from line 20	42,516,592	48,298,142

Part II Signature Block

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

Sign Here

****** 2013-07-15
Signature of officer Date

William Grete VP - General Counsel
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Penny Wood CPA | Date | Check if self-employed ▶ ☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ BKD LLP
190 E Capitol Street Ste 500
Jackson, MS 392012190

EIN ▶

Phone no ▶ (601) 948-6700

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

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III . . . . ☐

1 Briefly describe the organization's mission

THE MISSION OF MISSISSIPPI BAPTIST MEDICAL CENTER, INC IS TO SERVE THE COMMUNITY THROUGH CONTINUOUSLY IMPROVING QUALITY MEDICAL CARE AND EFFECTIVE USE OF EDUCATION AND TECHNOLOGY IN A PERSONAL AND COMPASSIONATE ENVIRONMENT

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☐ **Yes** ☑ **No**

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ **Yes** ☑ **No**

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 343,091,631 including grants of $ 169,120) (Revenue $ 367,300,799)

Mississippi Baptist Medical Center, Inc (MBMC) operates a 638 bed facility in Jackson, Mississippi MBMC focuses on the quality of healthcare including clinical quality of care, credentials, and patient satisfaction MBMC is among the top 10 percent in the nation for Vascular Surgery, Gastrointestinal Surgery and Gastrointestinal Care, according to a comprehensive annual study released by HealthGrades MBMC recorded 235,421 patient visits during its 2012 fiscal year This consisted of 20,454 inpatient admissions, 153,765 outpatient visits and 61,202 emergency room visits 7,257 inpatient surgeries and 6,322 outpatient surgeries were performed The principal medical services available are alcohol and chemical dependency, medical/surgical acute care, pediatric acute care, obstetrics, neonatal intensive care, well baby nursery, cardiac intensive care, medical/surgical intensive care, inpatient and outpatient surgery, inpatient and outpatient oncology services, emergency services, physical medicine and rehabilitation services, CT scanning, diagnostic x-ray, MR imaging, PET scanning, ultrasound, radiation therapy, cardiac catheterization, cardiovascular surgery, hemodialysis, geriatric services and occupational health MBMC is accredited by the Joint Commission on Accreditation of Healthcare Organizations MBMC provides quality medical care regardless of race, creed, sex, national origin, handicap, or age

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

Although equitable payment for services is essential to the organization's financial viability, MBMC recognizes that not all individuals possess the resources required to reimburse MBMC for all services provided Keeping its commitment to the community MBMC provides free care and subsidized care within existing resources where the need for such care exists During the fiscal year ending August 31, 2012, MBMC provided $23,692,000 in charity care and provided discounts of $18,191,000 to uninsured individuals receiving care All of the foregone charges mentioned above are netted against patient service revenue to arrive at net patient service revenue as reflected as program service revenue on Part VIII of Form 990 in order to be consistent with financial statement reporting and are not reported as functional expenses on the tax return

4c (Code) (Expenses $ 808,000 including grants of $) (Revenue $)

Mississippi Baptist Medical Center, Inc (MBMC) provides benefits to the broader community in the areas of education and research, charitable donations, volunteer hours, and pastoral care The cost of providing these services was approximately $808,000 in fiscal year 2012 Many community benefits are intangible in nature or otherwise not quantifiable

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶$ 343,899,631

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, 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 U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States 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 of grants and other assistance to individuals in the United States 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, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *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 line 25*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *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, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *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 sections 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	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V . . . . ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	0			
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**		
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**	3,067			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**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 or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ ________ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**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 line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**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 receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**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 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	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**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**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . .	1a 10			
b	Enter the number of voting members included in line 1a, above, who are independent . . .	1b 8			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . .		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders? . . .		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . .		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . .		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body? . . .		8a	Yes	
b	Each committee with authority to act on behalf of the governing body? . . .		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . .		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

RUSSELL YORK
1225 NORTH STATE STREET
Jackson, MS 39202
(601) 968-1132

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

Check if Schedule O contains a response to any question in this Part VII . . . . ☑

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

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

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

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) Harry M Walker Chairman	1 0	X								
(2) Alex Haick Director	1 0	X								
(3) James W Hood Director	1 0	X								
(4) H Douglas Hederman Director	1 0	X								
(5) Bill B Loveless Vice Chairman	1 0	X								
(6) Karlen Turbeville Director	1 0	X								
(7) W Everett Wells Jr Director	1 0	X								
(8) Van L Lackey Director	1 0	X								
(9) Joyce Wade-Hamme Director	1 0	X								
(10) Jonathan Lee Director	1 0	X								
(11) Eric A McVey Chief Medical Officer	22 0			X				0	437,826	89,300
(12) Kerry R Tirman President	30 0			X						
(13) Russell W York Corp VP/CFO	14 0			X				0	375,478	76,881
(14) Bobbie K Ware Chief Nursing Officer	22 0			X				0	290,393	54,389
(15) William B Grete Corp VP General Counsel	16 0			X				0	315,819	72,273
(16) Kurt W Metzner President Emeritus	15 0			X				0	787,993	21,548
(17) Michael K Stevens VP - Business Development	12 0				X			0	227,110	58,874

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(18) J Kemp Poole VP Ancillary & Support	32 0				X			0	218,578	41,896
(19) Jackie Fortenberry Clinicial Coordinator	40 0					X		51,477	146,909	8,727
(20) George P Ayers Chief Clinical Pharmacist	40 0					X		199,147	0	23,332
(21) Jeffery A Garrett Dir of Phys /Radiology Off	40 0					X		221,279	0	19,552
(22) Thomas L Kilgore Medical Coord-Card Rehab	40 0					X		170,942	0	18,628
(23) Michael Roberson Staff Anesthetist	40 0					X		43,842	126,092	8,277
(24) Mark Slyter Former Officer	0 0						X	0	492,617	107,583
(25) C Gerald Cotton Former Officer	0 0						X	0	288,975	13,420

		(D)	(E)	(F)
1b	**Sub-Total** ▶			
c	**Total from continuation sheets to Part VII, Section A** ▶			
d	**Total (add lines 1b and 1c)** ▶	686,687	3,707,790	614,680

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶81

			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	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *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 Report compensation for the calendar year ending with or within the organization's tax year

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

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶0

Part VIII **Statement of Revenue**

Section	Line	Description	Code / Ref	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . ▶		0			
Program Service Revenue			Business Code				
	2a	Net Patient Service Revenue	900099	367,300,799	367,300,799		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . ▶		367,300,799			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶		0			
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . ▶		0			
			(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					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss) . . . . ▶		0			
	8a	Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18 . . .	a				
	b	Less direct expenses . . .	b				
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a				
	b	Less direct expenses . . .	b				
	c	Net income or (loss) from gaming activities . . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances .	a				
	b	Less cost of goods sold . .	b				
	c	Net income or (loss) from sales of inventory . . ▶		0			
		Miscellaneous Revenue	Business Code				
	11a	LABORATORY REVENUE	621500	6,256,636		6,256,636	
	b	Cafeteria Revenue	722100	3,946,728			3,946,728
	c	REBATES	900099	1,574,391			1,574,391
	d	All other revenue		6,507,304		2,118,863	4,388,441
	e	**Total.** Add lines 11a–11d . . . . . . ▶		18,285,059			
	12	**Total revenue.** See Instructions . . . ▶		385,585,858	367,300,799	8,375,499	9,909,560

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)
Check if Schedule O contains a response to any question in this Part IX . . . .

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	169,120	169,120		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	155,249,596	141,359,699	13,889,897	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,876,706	1,864,091	12,615	
9 Other employee benefits	11,846,133	11,626,484	219,649	
10 Payroll taxes	8,310,909	8,176,526	134,383	
11 Fees for services (non-employees)				
a Management	0			
b Legal	28,063		28,063	
c Accounting	26,775		26,775	
d Lobbying	0			
e Professional fundraising *See Part IV, line 17* . .	0			
f Investment management fees	0			
g Other	0			
12 Advertising and promotion	0			
13 Office expenses	32,954,596	32,919,729	34,867	
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	1,261,861	1,261,861		
17 Travel	259,043	257,706	1,337	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	148,539	148,539		
20 Interest	54,445	54,445		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	18,460,598	18,460,598		
23 Insurance	4,095	4,095		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a MEDICAL SUPPLIES	56,134,483	56,134,483		
b Intercompany Allocations	44,835,546	44,835,546		
c Bad Debt Expense	18,373,282	18,373,282		
d Repairs and Maintenance	5,344,740	5,342,877	1,863	
e				
f All other expenses	3,097,219	2,910,550	186,669	
25 **Total functional expenses.** Add lines 1 through 24f	358,435,749	343,899,631	14,536,118	0
26 **Joint costs.** Check here ▶ if following SOP 98-2 (ASC 958-720) 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

Section	Line	Description			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			0	1	0
	2	Savings and temporary cash investments			0	2	0
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			40,930,487	4	45,995,880
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			0	5	0
	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			0	6	0
	7	Notes and loans receivable, net			0	7	0
	8	Inventories for sale or use			6,479,492	8	6,283,530
	9	Prepaid expenses and deferred charges			1,032,751	9	1,085,065
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a	2,930,342			
	b	Less accumulated depreciation	10b	268,155	0	10c	2,662,187
	11	Investments—publicly traded securities			0	11	0
	12	Investments—other securities See Part IV, line 11			379,882	12	359,914
	13	Investments—program-related See Part IV, line 11			4,007,130	13	3,985,026
	14	Intangible assets			0	14	0
	15	Other assets See Part IV, line 11			2,190,000	15	3,302,000
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)			55,019,742	16	63,673,602
Liabilities	17	Accounts payable and accrued expenses			11,579,150	17	12,808,132
	18	Grants payable			0	18	0
	19	Deferred revenue			0	19	0
	20	Tax-exempt bond liabilities			0	20	0
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			0	23	1,683,328
	24	Unsecured notes and loans payable to unrelated third parties			0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			924,000	25	884,000
	26	**Total liabilities.** Add lines 17 through 25			12,503,150	26	15,375,460
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			42,516,592	27	48,298,142
	28	Temporarily restricted net assets			0	28	0
	29	Permanently restricted net assets			0	29	0
		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			42,516,592	33	48,298,142
	34	Total liabilities and net assets/fund balances			55,019,742	34	63,673,602

Part XI **Reconcilliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	385,585,858
2	Total expenses (must equal Part IX, column (A), line 25)	2	358,435,749
3	Revenue less expenses Subtract line 2 from line 1	3	27,150,109
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	42,516,592
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-21,368,559
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	48,298,142

Part XII **Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other ____________ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
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? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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

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

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - 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 supported organization(s)

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section (see instructions))	**(iv)** Is the organization in col (i) listed in your governing document? Yes	No	**(v)** Did you notify the organization in col (i) of your support? Yes	No	**(vi)** Is the organization in col (i) organized in the U S ? Yes	No	**(vii)** Amount of support?
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 or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) | 14 |

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 | 15 |

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2010.** 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—2011.** 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—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** 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.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493196008763

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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 for any other purpose conferring 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 a 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, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 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 **Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

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

b If "Yes," explain the arrangement in Part 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					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

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)		
(ii) related organizations	3a(ii)		
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 **Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		114,000		114,000
b Buildings		2,033,187	89,806	1,943,381
c Leasehold improvements				
d Equipment		783,155	178,349	604,806
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				2,662,187

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) KING'S DAUGHTERS HOSPITAL	3,999,003	C
(2) CONTINUUM RX OF CENTRAL MS LLC	-13,977	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	3,985,026	

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

(a) Description	(b) Book value
(1) DEFERRED TAX ASSET	1,742,000
(2) DUE FROM THIRD PARTY PAYOR	1,560,000
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	3,302,000

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
Due to Third Party Payors	884,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	884,000

2. Fin 48 (ASC 740) Footnote 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 (ASC740)

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

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	Other losses	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 IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Part X, Line 2		Management has evaluated the company's income tax positions under the guidance included in ASC 740 Based on their review, management has not identified any material uncertain tax positions to be recorded or disclosed in the financial statements

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ 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 during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other ______ %			
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other ______ %			
c	If the organization did 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	Did the organization's policy provide free or discounted care to the "medically indigent"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
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	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b		No
	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 Worksheet 1)			7,804,904	2,921,708	4,883,196	1 440 %
b Medicaid (from Worksheet 3, column a)			43,966,841	41,256,306	2,710,535	0 800 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			51,771,745	44,178,014	7,593,731	2 240 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			16,223		16,223	
f Health professions education (from Worksheet 5)			487,467	212,890	274,577	0 080 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			280,885		280,885	0 080 %
j **Total** Other Benefits			784,575	212,890	571,685	0 160 %
k **Total.** Add lines 7d and 7j			52,556,320	44,390,904	8,165,416	2 400 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(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			19,128		19,128	0 010 %
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**			19,128		19,128	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?			1		No
2	Enter the amount of the organization's bad debt expense	2	18,373,282			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	112,077			
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, and rationale for including a portion of bad debt amounts as community benefit					

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	124,062,622
6	Enter Medicare allowable costs of care relating to payments on line 5	6	132,810,032
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-8,747,410

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

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

			Yes	No
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? **1**

	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)
1	Mississippi Baptist Medical Center 1225 North State Street Jackson, MS 39202	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Mississippi Baptist Medical Center

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply) **a** ☐ A definition of the community served by the hospital facility **b** ☐ Demographics of the community **c** ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community **d** ☐ How data was obtained **e** ☐ The health needs of the community **f** ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups **g** ☐ The process for identifying and prioritizing community health needs and services to meet those needs **h** ☐ The process for consulting with persons representing the community's interests **i** ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs **j** ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) **a** ☐ Hospital facility's website **b** ☐ Available upon request from the hospital facility **c** ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) **a** ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community **b** ☐ Execution of the implementation strategy **c** ☐ Development of a community-wide community benefit plan for the facility **d** ☐ Participation in community-wide community benefit plan **e** ☐ Inclusion of a community benefit section in operational plans **f** ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA **g** ☐ Prioritization of health needs in the community **h** ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community **i** ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 % If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply) a [x] Income level b [ ] Asset level c [ ] Medical indigency d [x] Insurance status e [x] Uninsured discount f [x] Medicaid/Medicare g [ ] State regulation h [x] Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a [x] The policy was posted at all times on the hospital facility's web site b [x] The policy was attached to all billing invoices c [x] The policy was posted in the hospital facility's emergency rooms or waiting rooms d [x] The policy was posted in the hospital facility's admissions offices e [x] The policy was provided, in writing, to patients upon admission to the hospital facility f [x] The policy was available upon request g [x] Other (describe in Part VI)			

Billing and Collections

			Yes	No
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a [ ] Reporting to credit agency b [ ] Lawsuits c [ ] Liens on residences d [ ] Body attachments or arrests e [ ] Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged a [ ] Reporting to credit agency b [ ] Lawsuits c [ ] Liens on residences d [ ] Body attachments e [ ] Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a [x] Notified patients of the financial assistance policy upon admission b [ ] Notified patients of the financial assistance policy prior to discharge c [x] Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d [x] Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e [x] Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

		Yes	No
19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year?______________

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

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

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

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

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
Part I, Line 3c		Mississippi Baptist Medical Center, Inc (MBMC) uses the Federal Poverty Guidelines to determine eligibility for free or discounted care If the patient's income level is 0-200% of the federal poverty level, an adjustment of 100% of the hospital's stated charges will be made If the patient's income level is 201-400% of the federal poverty level, an adjustment of 75% will be made Finally, if a patient is uninsured and the patient's income level is above 400% of the federal poverty level, an adjustment of 50% will be made

Identifier	ReturnReference	Explanation
Part I, Line 4		The financial assistance and charity care policy of MBMC does not specifically provide for free or discounted care to the "medically indigent " However, the hospital reserves the right to provide additional assistance to any patient determined to be in financial need

Identifier	ReturnReference	Explanation
Part I, Line 6a		A description of the organization's programs and services that promote the health of the community served is included in the footnotes to the organization's audited financial statements MBMC is part of a consolidated financial statement, which includes the activities of its parent company, Mississippi Baptist Health Systems, and subsidiaries

Identifier	ReturnReference	Explanation
Part I, Line 7g		N/A

Identifier	ReturnReference	Explanation
Part I, Line 7, column (f)		Bad debt expense of $18,373,282 was included in total expense on Form 990, Part IX, Line 25, column (A) but was subtracted from total expense for purposes of calculating the percentage of total expense in column (f)

Identifier	ReturnReference	Explanation
Part I, Line 7		The Medicaid Cost Report was used to determine the amounts reported on Part I, Lines 7b & 7f The amounts reported on Part I, Line 7a were determined by using a cost to charge ratio, which was calculated using information from the Medicaid Cost Report as adjusted for amounts included elsewhere on Lines 7b & 7f

Identifier	ReturnReference	Explanation
Part II, Line 1		Mississippi Baptist Medical Center, Inc provides for its employees to participate on paid time in the construction of housing for underpriviledged residents of the community The amount reported in Part II, Line 1 reflects the cost of providing these volunteers

Identifier	ReturnReference	Explanation
Part III, Line 4		The amount reported in Part III, line 2 as bad debt expense matches the amount of bad debt expense reported on MBMC's audited financial statements To estimate the amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy for line 3, a collection agency report was used showing bad debts or accounts that had a credit score in the range used for charity consideration 61% of the accounts met this criteria However, bad debt amounts have not been included in community benefit MBMC's audited financial statements do not include a footnote specifically discussing bad debt expense, accounts receivable, or allowance for doubtful accounts However, MBMC reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others MBMC provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluations and specific circumstances of the account

Identifier	ReturnReference	Explanation
Part III, Line 8		The ratio of cost to charges used in the calculation of costs for Medicare was taken from the Medicare cost report Charity care arises from a deliberate policy by a health care organization to forego payment for certain services provided to low income patients Hospital participation in Medicare is voluntary Medicare shortfalls occur when the payments received by Medicare are less than the costs of providing care to Medicare patients Payment rates for Medicare are currently set below the cost of providing care resulting in underpayment The organization must bridge the gap created by government underpayments A majority of MBMC's patients are Medicare patients The organization feels that providing care for the elderly and poor is an essential part of the community benefit standard and as such, any Medicare underpayments represent the real cost of serving its community and should count as quantifiable community benefit for tax compliance purposes

Identifier	ReturnReference	Explanation
Part III, Line 9b		Patients may apply for financial assistance to cover all or part of their hospital bills MBMC does not pursue collection of amounts determined to qualify as charity care However, the collection policy is the same for all patients once the charity or financial discount has been applied

Identifier	ReturnReference	Explanation
Part V, line 11h		The hospital reserves the right to provide additional assistance to any patient determined to be in financial need

Identifier	ReturnReference	Explanation
Part V, line 13g		If at any time during the admission, discharge, billing, or collection process a patient informs the hospital representative that they are unable to pay their bill, then the patient will be referred to a payment coordinator who will inform them of the availability of financial assistance/charity care for those who qualify and offer the patient the opportunity to complete an application

Identifier	ReturnReference	Explanation
Part V, line 17e		Each self pay individual is interviewed by a financial counselor who verifies eligibility for financial assistance

Identifier	ReturnReference	Explanation
Part V, line 19d		An adjustment of 50% is made to stated charges for all uninsured patients other than those who qualify for charity care (those with income levels less than 200% of FPG) or those who qualify for a 75% discount (those with income levels 201%-400% of FPG)

Identifier	ReturnReference	Explanation
Part VI, Line 2	Needs Assessment	Mississippi Baptist Health Systems, Inc , the parent company of Mississippi Baptist Medical Center, assesses the health care needs of the community it serves primarily by performing consumer surveys each month The surveys are conducted on a random selection of consumers from the 17 counties in the Baptist Health Systems service area and measure Baptist Health Systems' performance against other major hospitals in the area, as well as provide information on utilization of health services, satisfaction with health care services, and public perception of Baptist Health Systems as a whole Baptist Health Systems engages New South Research to conduct the surveys via telephone and also conducts surveys of participants following community seminars and educational classes

Identifier	ReturnReference	Explanation
Part VI, Line 3	Patient Education of Eligibility for Assistance	MBMC has financial counselors on campus and utilizes a company called Healthcare Resource Services (HCR) to assist with obtaining payment for disability, Medicaid, Medicare, or Social Security They look at all uninsured and self-pay patients to determine if they qualify for charity or financial assistance Also, there are general customer service personnel available Additionally, information containing a financial assistance statement is given to each patient upon admission or during pre-admission, is posted at each registration booth, and is also available online If at any time during the admission, discharge, billing, or collection process a patient informs a hospital representative that they are unable to pay their bill and need financial assistance, then the patient is referred to a payment coordinator who informs the patient of the availability of financial assistance/charity care for those who qualify and offers the patient the opportunity to complete an application

Identifier	ReturnReference	Explanation
Part VI, Line 4	Community Information	MBMC's Primary Service Area consists of the Jackson Metropolitan area, which is located in the Central portion of Mississippi The Jackson Metropolitan Area is made up of Hinds, Madison, and Rankin counties and consists of approximately 485,000 people, with six other hospitals serving the area The Health Systems' Regional Market spans a ten-county region that reaches as far north as Winston County and as far south as Pike County and includes approximately 350,000 people The Regional market consists of areas in Mississippi that historically provide strong referral sources for acute care and specialty services at the Medical Center Age demographics for the area show that approximately 26% of the population is under 18 years of age, approximately 63% is between 18 and 64 years of age and that 11% is 65 or older The average median household income for 2007-2011 was $39,290 for Hinds County, which is slightly above the overall average for Mississippi and significantly less than the nationwide average Madison and Rankin Counties have average median household incomes for the same period of $59,730 and $56,160, respectively, which exceed the overall average for Mississippi as well as the nationwide average Insurance coverage is lacking for much of the population with between 16-20% estimated to be uninsured

Identifier	ReturnReference	Explanation
Part VI, Line 5	Promotion of Community Health	Mississippi Baptist Health Systems (MBHS) is the parent company of an affiliated healthcare group (Baptist) MBMC is part of that group Baptist is committed to involvement in the community and organizes various programs and activities which are offered to the public in order to promote community health Baptist offers a multitude of low or no cost screenings to the community including heart, lung, and mammogram screenings These low-cost screening packages help people determine if their health is headed in the right direction and provides the information necessary to make important lifestyle decisions at an affordable price In addition, MBHS operates Baptist Health Line, which offers physician referrals, hospital services referrals, scheduling of classes for hospital services, and the health information library Baptist Health Line professionals also offer Baptist's risk assessment tools, including the heart test, the health test, the women's health check, the diabetes test, and the cancer test A number of educational classes on a wide variety of health topics are also offered to the community at no cost In keeping with MBHS's foundation and tradition in the Christian healing ministry, Baptist offers pastoral care for patients and visitors Baptist has a team of chaplains, each assigned to a different area of the hospital, to minister and bring comfort and care to patients The Pastoral Care Department offers many services including patient visitation, chapel services, memorial services, counseling sessions, prayer, scripture reading, and answering emergency calls In addition to the programs and services offered, Baptist also supports its local community through financial donations MBHS operates the Carry the Mission program through a committee of employees of the hospital willing to volunteer their time to serve Carry the Mission is funded by employee donations, which are matched by Baptist at 50 cents for every dollar raised MBHS splits the funds raised through Carry the Mission to support different areas in the community 40% goes to local nonprofits and groups that meet the established criteria, 40% goes to Baptist employees experiencing unexpected financial difficulties, and 20% goes to support the Baptist Health Foundation Through this program, MBHS is able to support a wide range of groups in the community

Identifier	ReturnReference	Explanation
Part VI, Line 6	Affiliated Health Care System	Mississippi Baptist Medical Center (MBMC) is part of an affiliated health care system Mississippi Baptist Health Systems (MBHS) is the holding company for several nonprofit entities to which it provides various management and support services In addition to MBMC, MBHS is the parent company to Mississippi Hospital for Restorative Care, a 25 bed long term acute care hospital, Baptist Medical Center-Leake, a 25 bed critical access hospital and a 44 bed skilled nursing home, and the Medical Foundation of Central Mississippi, a network of primary care and specialty physicians Through various partnership relationships, MBHS also provides home health care and adult day care services

Identifier	ReturnReference	Explanation
Part VI, Line 7	State filing of Community Benefit Report	Mississippi Baptist Medical Center, Inc does not file a community benefit report with the state of Mississippi as there is no requirement to do so

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

Part I General Information on Grants and Assistance

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

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

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

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

(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
(1) Lantern Medical Clinic PO Box 13561 Jackson, MS 39236	26-2621541	501(c)(3)		7,948	FMV	Med Supplies	See Part IV
(2) Hope House of HospitalityPO Box 5094 Jackson, MS 39296	64-0622022	501(c)(3)		17,841	FMV	Med Supplies	See Part IV
(3) Mission FirstPO Box 250 Jackson, MS 39205	64-0797107	501(c)(3)		20,570	FMV	Med Supplies	See Part IV
(4) The Volunteers of Gleaner's237 Briarwood Drive Jackson, MS 39286	64-0728104	501(c)(3)		26,060	FMV	Med Supplies	See Part IV
(5) St Jude Children's Research Hospital501 St Jude Place Memphis, TN 38105	62-0646012	501(c)(3)		53,580	FMV	Med Supplies	See Part IV

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 5

3 Enter total number of other organizations listed in the line 1 table . . . . ▶ 0

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

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

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

Identifier	Return Reference	Explanation
Part I, Line 2		Mississippi Baptist Medical Center, Inc donates medical supplies to charitable organizations involved in public health These donations are based on the needs of the organization
Part II, Column (h)		Mississippi Baptist Medical Center, Inc makes donations of medical supplies to charitable organizations involved in public health The donations made to each of the organizations listed in Schedule I, Part II were given to fund and help further each organization's work in the community

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

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2011

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
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**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☐ Written employment contract ☑ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
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			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**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
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Eric A McVey	(i)	0	0	0	0	0	0	
	(ii)	317,094	120,732	0	56,630	32,670	527,126	49,281
(2) Russell W York	(i)	0	0	0	0	0	0	
	(ii)	272,625	85,431	17,422	50,680	26,201	452,359	28,959
(3) Bobbie K Ware	(i)	0	0	0	0	0	0	
	(ii)	222,547	67,650	196	39,270	15,119	344,782	16,487
(4) William B Grete	(i)	0	0	0	0	0	0	
	(ii)	214,324	84,725	16,770	41,913	30,360	388,092	26,239
(5) Jackie Fortenberry	(i)	50,465	0	1,012	0	2,563	54,040	
	(ii)	139,909	7,000	0	0	6,164	153,073	
(6) George P Ayers	(i)	177,585	8,156	13,406	0	23,332	222,479	
	(ii)	0	0	0	0	0	0	
(7) Mark Slyter	(i)	0	0	0	0	0	0	
	(ii)	327,268	88,887	76,462	80,400	27,183	600,200	
(8) Jeffery A Garrett	(i)	197,713	19,524	4,042	0	19,552	240,831	
	(ii)	0	0	0	0	0	0	
(9) Thomas L Kilgore	(i)	170,792	0	150	0	18,628	189,570	
	(ii)	0	0	0	0	0	0	
(10) Michael Roberson	(i)	42,977	0	865	0	2,433	46,275	
	(ii)	126,092	0	0	0	5,844	131,936	
(11) Kurt W Metzner	(i)	0	0	0	0	0	0	
	(ii)	523,779	148,320	115,894	0	21,548	809,541	
(12) C Gerald Cotton	(i)	0	0	0	0	0	0	
	(ii)	94,272	0	194,703	0	13,420	302,395	
(13) Michael K Stevens	(i)	0	0	0	0	0	0	
	(ii)	176,216	50,748	146	27,690	31,184	285,984	6,998
(14) J Kemp Poole	(i)	0	0	0	0	0	0	
	(ii)	176,889	41,689	0	27,000	14,896	260,474	

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 4a		Gerald Cotton, former Chief Operating Officer, received $194,703 in severance payments during calendar year 2011
Part I, Line 4b		Participants Russell W York $50,680 Eric McVey $56,630 Mark Slyter $80,400 Bobbie Ware $39,270 William Grete $41,913 Terms and Conditions Baptist Health Systems, Inc established the Baptist Health Systems, Inc Supplemental Executive Retirement Plan, a nonqualified, unfunded deferred compensation plan effective July 1, 2010, for the benefit of certain management or highly-compensated employees of Baptist Health Systems, Inc Participants are chosen by the Chairman's Council of the Board (the Council) of Baptist Health Systems, Inc The purpose of the plan is to enhance the ability of Baptist Health Systems, Inc to attract and retain qualified management personnel with a market-competitive supplemental retirement benefit for a select group of management or highly compensated employees on a tax-deferred basis Baptist Health Systems, Inc will contribute to each participant's plan an annual amount equal to a percentage of the participant's base salary commencing in 2010 and continuing each year thereafter until the year in which the participant separates from employment An applicable percentage of either 17 5% or 15% of base salary will be contributed to each participant's plan (or such other percentage as the Council determines) The vested accrued balance or employer contribution (plus earnings or losses) will be paid for any event requiring such payment other than death, as soon as administratively feasible but no later than the last day of the calendar year in which the event occurs If the event that results in the payment of the benefit is death, the balance will be paid as soon as the Board obtains satisfactory proof of death, but no later than the 15th day of the third month following the end of the calendar year in which the Participant dies Certain participants who remain in continuous employment have a non-forfeitable right to receive the employer contribution made in a plan year as of the first day of the plan year that is five years from the first day of the Plan year in which such contribution was made However, if such participant has attained a specified age, the participant shall have a non-forfeitable right to receive any future employer contributions along with earnings or losses that have not vested and an immediate non-forfeitable right to receive any future employer contributions as of the date such contributions are made New participants other than those specifically identified in the Plan have a non-forfeitable right to receive their accrued balance based on a vesting schedule as described in the Plan document Otherwise, a participant shall have a non-forfeitable right to receive his accrued balance upon his separation from service on account of death, disability, or upon involuntary separation from service without cause if such separation occurs prior to the completion of the five year period described above, prior to attaining the age specified above, or prior to the applicable vesting schedule described above

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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2011

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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

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

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

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.

Complete if the organization 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?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization 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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
(1) Trustmark National Bank	See Part V	100,446	Interest Payments		No
(2) Medical Practice Solutions	See Part V	208,542	A/R Mgmt/BIlling/Cash Posting		No
(3) Healthcare Financial Services Inc	See Part V	1,985,674	Bad Debt Collection/court cost		No
(4) Hederman Brothers Printing	See Part V	106,863	Printing Services		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation
Part IV, Column (b)		Trustmark National Bank - Entity which director Harry Walker serves as an officer Medical Practice Solutions - related entity which officer Russell York also serves as an officer Healthcare Financial Services, Inc - related entity which officer Russell York also serves as an officer Hederman Brothers Printing- Entity more than 35% owned by board member H Douglas Hederman

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

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2011

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

Identifier	Return Reference	Explanation
Form 990, Page 6, Part VI, Section A, Line 6		Mississippi Baptist Medical Center, Inc is a not-for-profit, nonstock, membership corporation of which Mississippi Baptist Health Systems, Inc is the sole member and has sole voting control
Form 990, Page 6, Part VI, Section A, Line 7a		The Board of Mississippi Baptist Medical Center, Inc is appointed by Mississippi Baptist Health Systems, Inc
Form 990, Page 6, Part VI, Section A, Line 7b		The Board of Mississippi Baptist Health Systems approves all major capital expenditures
Form 990, Page 6, Part VI, Section B, Line 11b		An electronic copy of the Form 990 is distributed through the Director's Desk, a web based document distribution service All outside board members/directors have the opportunity to review the form prior to filing with the IRS
Form 990, Page 6, Part VI, Section B, Line 12c		The Compliance Committee of the governing body meets quarterly to review all compliance issues Any persons with conflicts of interest are prohibited from participating in the Board's deliberations and decisions in the transaction in which the conflict exists
Form 990, Page 6, Part VI, Section B, Line 15 a&b		An independent compensation consulting firm, The Hay Group, conducts annual surveys to help establish the compensation of the organization's top management officials, officers and key employees The Chairman's Council functions as the compensation committee of the Board The Hay Group presents their findings and recommendations to the Council for their consideration and action The Council approves the salaries and benefit package for all senior management The Hay Group maintains minutes of the Chairman's Council meetings where compensation and benefits are discussed and approvals made
Form 990, Page 6, Part VI, Section C, Line 19		The organization's governing documents, conflict of interest policy and financial statements are available to the public upon request
Form 990, Page 12, Part XI, Line 5		Transfer to Mississippi Baptist Health Systems, Inc <21,081,555> Mississippi Homecare of Jackson II, LLC Book/Tax Difference <287,004> Total other changes in net assets or fund balance = <21,368,559>
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Eric A McVey TITLE Chief Medical Officer HOURS 18
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Kerry R Tirman TITLE President HOURS 10
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Russell W York TITLE Corp VP/CFO HOURS 26
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Bobbie K Ware TITLE Chief Nursing Officer HOURS 18
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME William B Grete TITLE Corp VP General Counsel HOURS 24
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Kurt W Metzner TITLE President Emeritus HOURS 25
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Michael K Stevens TITLE VP - Business Development HOURS 28
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME J Kemp Poole TITLE VP Ancillary & Support HOURS 8
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mark Slyter TITLE Former Officer HOURS 40
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME C Gerald Cotton TITLE Former Officer HOURS 40

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II **Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization Yes	No
(1) MS Hospital for Restorative Care Inc 1225 North State Street Jackson, MS 39202 64-0833383	Hospital	MS	501(c)(3)	3	N/A		No
(2) Medical Foundation of Central MS 1225 North State Street Jackson, MS 39202 75-3068151	Clinics	MS	501(c)(3)	3	N/A		No
(3) MS Baptist Health Systems Inc 1225 North State Street Jackson, MS 39202 64-0306253	Holding Co	MS	501(c)(3)	IIB-II	N/A		No
(4) Baptist Medical Center- Leake Inc 1225 North Sate Street Jackson, MS 39202 45-2896080	Hospital	MS	501(c)(3)	3	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Baptist Outpatient Imaging LLC 1225 North State Street Jackson, MS 39202 45-2968057	Medical Services	MS	NA									

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) MS Baptist Medical Enterprises Inc 1225 North State Street Jackson, MS 39202 64-0776164	Investments	MS	NA	C Corp			
(2) Medical Practice Solutions 1225 North State Street Jackson, MS 39202 64-0833731	Med Consulting	MS	NA	C Corp			
(3) MS Real Estate Enterprises Inc 1225 North State Street Jackson, MS 39202 64-0746856	Investments	MS	NA	C Corp			
(4) Healthcare Financial Services Inc 1225 North State Street Jackson, MS 39202 64-0847789	Financial Svcs	MS	NA	C Corp			

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

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

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

	(a) Name of other organization	**(b)** Transaction type(a-r)	**(c)** Amount involved	**(d)** Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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)** Predominant income(related, unrelated, excluded from tax under sections 512-514)	**(e)** Are all partners section 501(c)(3) organizations?		**(f)** Share of total income	**(g)** Share of end-of-year assets	**(h)** Disproprtionate allocations?		**(i)** Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	**(j)** General or managing partner?		**(k)** Percentage ownership
				Yes	**No**			**Yes**	**No**		**Yes**	**No**	

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

KPMG

**MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES**

Combined Financial Statements and Schedules

August 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Trustees
Mississippi Baptist Health Systems, Inc

We have audited the accompanying combined balance sheets of Mississippi Baptist Health Systems, Inc and subsidiaries (the System) as of August 31, 2012 and 2011, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended These combined financial statements are the responsibility of the System's management Our responsibility is to express an opinion on these combined financial statements based on our audits

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Mississippi Baptist Health Systems, Inc and subsidiaries as of August 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the combined financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the 2012 combined financial statements taken as a whole

KPMG LLP

November 7, 2012

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Balance Sheets

August 31, 2012 and 2011

Assets		2012	2011
Current assets			
Cash and cash equivalents	$	3,263,535	13,161,146
Assets limited as to use – required for current liabilities		374,663	302,843
Patient accounts receivable, less allowance for uncollectible accounts of $21,211,000 and $20,126,000 in 2012 and 2011, respectively		51,671,112	44,354,125
Due from third-party payors		2,006,000	—
Other receivables		2,708,456	3,759,869
Inventories		6,435,682	6,479,492
Deferred tax asset – current		499,000	1,096,000
Prepaid expenses		5,145,257	5,755,342
Total current assets		72,103,705	74,908,817
Assets limited as to use		283,223,143	267,406,686
Property and equipment, net		263,804,646	251,441,352
Other assets		19,896,514	13,941,679
Total assets	$	639,028,008	607,698,534
Liabilities and Net Assets			
Current liabilities			
Current installments of long-term debt	$	5,279,899	4,862,997
Accounts payable		10,486,776	8,877,314
Accrued payroll costs and withholdings		15,580,174	13,947,320
Due to third-party payors		1,290,000	1,330,000
Other accrued expenses		14,845,848	12,743,717
Total current liabilities		47,482,697	41,761,348
Long-term debt, excluding current installments		203,893,316	205,077,975
Estimated professional and general liability costs		8,200,000	8,000,000
Other noncurrent liabilities		29,524,017	19,994,525
Total liabilities		289,100,030	274,833,848
Net assets			
Unrestricted		333,348,231	319,555,815
Temporarily restricted		14,267,703	11,006,827
Permanently restricted		2,312,044	2,302,044
Total net assets		349,927,978	332,864,686
Commitments and contingencies			
Total liabilities and net assets	$	639,028,008	607,698,534

See accompanying notes to combined financial statements

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Statements of Operations

Years ended August 31, 2012 and 2011

		2012	2011
Unrestricted revenue and other support			
Net patient service revenue	$	423,085,213	375,021,567
Other revenue		15,063,834	11,446,858
Net assets released from restrictions used for operations		677,829	211,003
Total unrestricted revenue and other support		438,826,876	386,679,428
Expenses			
Salaries, wages, and fees		217,114,526	188,650,199
Employee benefits		31,255,440	27,396,492
Supplies and other		131,469,293	125,669,197
Interest		9,502,799	10,192,391
Depreciation and amortization		22,977,332	22,793,046
Provision for uncollectible accounts		21,935,436	18,588,191
Total expenses		434,254,826	393,289,516
Income (loss) from operations		4,572,050	(6,610,088)
Nonoperating gains (losses)			
Investment income, net		14,325,392	16,980,129
Change in fair value of interest rate swap		(8,721,656)	3,192,642
Interest in net assets of equity investee		2,253,272	—
Equity in net income of equity investees		2,409,276	3,232,163
Income tax expense		(145,000)	(1,151,000)
Other, net		(989,149)	(709,527)
Total nonoperating gains, net		9,132,135	21,544,407
Revenue, gains, and other support in excess of expenses and losses		13,704,185	14,934,319
Net assets released from restrictions and used for purchase of property and equipment		88,231	420,079
Increase in unrestricted net assets	$	13,792,416	15,354,398

See accompanying notes to combined financial statements

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Statements of Changes in Net Assets

Years ended August 31, 2012 and 2011

		2012	2011
Unrestricted net assets			
Revenue, gains, and other support in excess of expenses and losses	$	13,704,185	14,934,319
Net assets released from restrictions and used for purchase of property and equipment		88,231	420,079
Increase in unrestricted net assets		13,792,416	15,354,398
Temporarily restricted net assets			
Investment income, net		515,629	716,298
Temporarily restricted contributions		3,521,307	1,572,343
Net assets released from restrictions		(776,060)	(731,412)
Reclassification due to change in donor restriction		—	1,476,460
Increase in temporarily restricted net assets		3,260,876	3,033,689
Permanently restricted net assets			
Endowment contributions		10,000	—
Reclassification due to change in donor restriction		—	(1,476,460)
Other		—	(256,392)
Increase (decrease) in permanently restricted net assets		10,000	(1,732,852)
Increase in net assets		17,063,292	16,655,235
Net assets, beginning of year		332,864,686	316,209,451
Net assets, end of year	$	349,927,978	332,864,686

See accompanying notes to combined financial statements

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Statements of Cash Flows

Years ended August 31, 2012 and 2011

		2012	2011
Cash flows from operating activities			
Increase in net assets	$	17,063,292	16,655,235
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Depreciation and amortization		28,401,491	28,004,707
Loss on sale of property and equipment		195,677	108,415
Realized and unrealized gains on trading securities, net		(9,554,538)	(12,179,413)
Change in fair value of interest rate swap		8,721,656	(3,192,642)
Interest in net assets of equity investee		(2,253,272)	—
Equity in net income of equity investees		(2,409,276)	(3,232,163)
Distributions from equity investees		2,748,872	2,991,297
Deferred income taxes		139,000	1,133,000
Restricted contributions and investment income received		(1,829,253)	(304,361)
Changes in operating assets and liabilities			
Patient and other accounts receivable, net		(6,265,574)	386,903
Inventories and prepaid expenses		653,895	(1,287,164)
Accounts payable and accrued expenses		5,275,627	4,018,866
Third-party payors		(2,046,000)	(443,000)
Estimated professional and general liability costs, and other noncurrent liabilities		1,007,836	(391,873)
Net cash provided by operating activities		39,849,433	32,267,807
Cash flows from investing activities			
Capital expenditures		(39,900,618)	(33,691,985)
(Increase) decrease in assets limited as to use, net		(6,333,739)	12,919,763
Proceeds from sale of property and equipment		31,055	3,245
Investment in equity investees		(573,899)	(262,500)
Other assets		(2,712,064)	(72,422)
Net cash used in investing activities		(49,489,265)	(21,103,899)
Cash flows from financing activities			
Proceeds from issuance of long-term debt		311,456	—
Line of credit, net		2,490,000	—
Repayment of long-term debt		(4,888,488)	(4,549,941)
Restricted contributions and investment income received		1,829,253	304,361
Net cash used in financing activities		(257,779)	(4,245,580)
Net (decrease) increase in cash and cash equivalents		(9,897,611)	6,918,328
Cash and cash equivalents, beginning of year		13,161,146	6,242,818
Cash and cash equivalents, end of year	$	3,263,535	13,161,146

See accompanying notes to combined financial statements

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Business

Mississippi Baptist Health Systems, Inc and subsidiaries (the System) is a multidimensional provider of healthcare services headquartered in Jackson, Mississippi The System is comprised of its Jackson-based hospital complex, Mississippi Baptist Medical Center (MBMC), a long-term acute care facility, a 25 bed critical access hospital and 44 bed extended care facility located in Carthage, Mississippi (since November 1, 2011), medical office buildings, and other operations related to the provision of healthcare in a comprehensive system The significant accounting policies used by the System in preparing and presenting the combined financial statements follow

(b) Principles of Combination

The combined financial statements include the accounts of the System and its controlled subsidiaries All material intercompany accounts and transactions are eliminated in combination

(c) Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenue, and expenses, as well as disclosure of contingent assets and liabilities Actual results could differ from those estimates

Significant items subject to such estimates and assumptions include the determination of the valuation of certain alternative investment vehicles, the useful lives of property and equipment, the allowances for uncollectible accounts and contractual adjustments, reserves for professional and general liability claims, reserves for workers' compensation claims, reserves for employee healthcare claims, the valuation of derivatives, deferred tax assets, estimated third-party payor settlements and other contingencies In addition, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term The current economic environment has increased the degree of uncertainty inherent in the estimates and assumptions

(d) Cash Equivalents

The System considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents

(e) Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or replacement market

(f) ***Assets Limited As To Use***

Assets limited as to use primarily include assets held by trustees under indenture agreements, assets held by trustees for self-insurance funding, designated assets set aside by the System's board of trustees for future capital improvements, and amounts restricted by donors Amounts required to satisfy current requirements for related liabilities have been classified as current assets in the combined balance sheets

(g) ***Investments and Investment Income***

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the combined balance sheets Investments in alternative investment vehicles structured as limited liability corporations or partnerships, are recorded at net asset value as a practical expedient to fair value The estimated fair value of these alternative investment vehicles is based on the most recent valuations provided by external investment managers The System reviews and evaluates the values provided by the managers and agrees with the valuation methods and assumptions used to determine those values Therefore, the System believes the carrying amount of these financial instruments is a reasonable estimate of the fair value Because these assets are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed

Realized and unrealized gains and losses on investments recorded at fair value and net asset value are included in the combined statements of operations as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law Dividend, interest, and other investment income are recorded as increases in unrestricted net assets unless the use is restricted by donor Donated investments are recorded at fair value at the date of receipt Investment income from assets held by trustees is reported as other revenue

The System accounts for investments organized as limited partnerships using the equity method, which generally approximates fair value The change in carrying amount is included in revenue, gains, and other support in excess of expenses and losses in the accompanying combined statements of operations

(h) ***Long-lived Assets***

Property and equipment are stated at cost Depreciation is provided over the estimated useful life of each class of depreciable asset using the straight-line method

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from revenue, gains, and other support in excess of expenses and losses, unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service

(Continued)

Contributions restricted to the purchase of property and equipment with restrictions that are met within the same year as received are reported as increases in unrestricted net assets in the accompanying combined financial statements

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value Assets to be disposed of are separately presented in the combined balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated The assets and liabilities of a disposal group classified as held for sale are presented separately in the asset and liability sections of the combined balance sheet

(i) Guarantees

The System applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 860, *Guarantees*, ("Topic 860") which clarifies the accounting and disclosure requirements relating to a guarantor's issuance of certain types of guarantees Topic 860 requires entities to disclose additional information about certain guarantees, or groups of similar guarantees, even if the likelihood of the guarantor's having to make any payments under the guarantee is remote For certain guarantees, the interpretation also requires that guarantors recognize a liability equal to the fair value of the guarantee upon its issuance The System has complied with the additional disclosure requirements of Topic 860 in these accompanying combined financial statements

(j) Other Assets

The System has entered into agreements with a variety of healthcare professionals specifically to benefit the System's community service area These agreements include loans, scholarships, and other advances, all of which are generally conditioned upon a service commitment to the community Amounts paid under income guarantee arrangements are generally expensed as incurred, unless repayment is expected under the terms of the related agreements Loans are generally due within two to five years Advances under some agreements are forgiven upon fulfillment of the professional's contractual service commitment, but are due in full if such commitment is not fulfilled Advances under such arrangements are amortized to expense using the straight-line method over the related commitment period Amounts expected to be amortized in the ensuing fiscal year are classified as a current asset in the accompanying combined balance sheets

The System has ownership interests in the following joint ventures, all of which are accounted for by the equity method (see note 4)

- Madison Radiological Group, LLC (50% interest),
- Mississippi Health Partners, Inc (25% interest),

- Main Street Medical, LLC (33% interest),
- Senior Care Centers of Mississippi, LLC (50% interest),
- PhysiciansPlus Baptist and St Dominic, Inc (50% interest),
- Mississippi HomeCare of Jackson II (33% interest),
- Continuum RX of Central Mississippi, LLC (49% interest), and
- Baptist Outpatient Imaging, LLC (51% noncontrolling interest – fiscal 2012 only) (note 4)

(k) Costs of Borrowing

Bond issue costs and bond premiums are amortized using the effective interest method over the term of the related bond issue Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets, net of related investment income Approximately $412,000 and $361,000 of net interest cost was capitalized in fiscal 2012 and 2011, respectively

(l) Estimated Professional and General Liability Costs

The provision for estimated professional and general liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported

(m) Derivative Financial Instruments

The System includes the accrued differential payable or receivable on its derivative financial instruments in income (loss) from operations Estimated gains or losses arising from fair value changes in derivatives are included as nonoperating items in determination of revenue, gains, and other support in excess of expenses and losses The System does not apply hedge accounting with respect to any of its derivatives

(n) Asset Retirement Obligations

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made When the liability is initially recorded, the System capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset Over time, the liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the combined statement of operations

(o) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those which use by the System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity *(p) Donor-restricted Gifts*

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received Conditional promises to give are reported at fair value at the date the gift is received Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated asset When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions To the extent that restricted resources from multiple donors are available for the same purpose, the System expends such gifts on a "first-in, first-out" basis Donor-restricted contributions which restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying combined financial statements

(q) Combined Statement of Operations

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenue and expenses Peripheral or incidental transactions are reported as nonoperating gains and losses Net assets released from restrictions and used for purchase of property and equipment are reported after revenue, gains, and other support in excess of expenses and losses

(r) Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments (if necessary) due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations

(s) Electronic Health Record Incentive Program

The Centers for Medicare & Medicaid Services (CMS) have implemented provisions of the American Recovery and Reinvestment Act of 2009 that provide incentive payments for the meaningful use of certified electronic health record (EHR) technology CMS has defined meaningful use as meeting certain objectives and clinical quality measures based on current and updated technology capabilities over predetermined reporting periods as established by CMS The Medicare EHR incentive program provides annual incentive payments to eligible professionals, eligible hospitals, and critical access hospitals, as defined, that are meaningful users of certified EHR technology The Medicaid EHR incentive program provides annual incentive payments to eligible professionals and hospitals for efforts to adopt, implement, and meaningfully use certified EHR technology The System utilizes a grant accounting model to recognize EHR incentive revenues The System records EHR incentive revenue ratably throughout the incentive reporting period when it is reasonably assured that it will meet the meaningful use objectives for the required reporting period and that the grants will be received The EHR reporting period for hospitals is based on the federal fiscal year, which runs from October 1 through September 30 In fiscal 2012, the System recorded

EHR incentive revenues of $1,884,000 comprised of $324,000 of Medicare revenues and $1,560,000 of Medicaid revenues EHR incentive revenues are included in other revenue in the accompanying 2012 combined statement of operations EHR incentive receivables from Medicare and Medicaid, which are included in due from third-party payors in the accompanying 2012 combined balance sheet, were $324,000 and $1,560,000, respectively

(t) ***Charity Care***

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

(u) ***Functional Expense Classification***

All expenses in the accompanying combined statements of operations were incurred for or related to the provision of healthcare services by the System

(v) ***Income Taxes***

The System is recognized as an organization exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), whereby only unrelated income is taxable One of the System's subsidiaries is subject to Federal and state income taxes, provision for which has been made in the accompanying combined financial statements The amount of such provision is reported in nonoperating gains and losses in the combined statements of operations

Deferred tax assets and liabilities, when significant, are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date

The System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized Changes in recognition or measurement are reflected in the period in which the change in judgment occurs

(w) ***Current Economic Environment***

The U S economy appears to be slowly recovering from the downturn of the past several years System management monitors economic conditions closely, both with respect to potential impacts on the healthcare provider industry and from a more general business perspective While the System was able to achieve certain objectives of importance in the current economic environment, management recognizes that economic conditions may continue to impact the System in a number of ways, including (but not limited to) uncertainties associated with U S financial system reform and rising self-pay patient volumes and corresponding increases in uncompensated care

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the impacts of the federal healthcare reform legislation which was passed in the spring of 2010 Potential impacts of ongoing healthcare industry transformation include, but are not limited to

- Significant (and potentially unprecedented) capital investment in healthcare information technology (HCIT),
- Continuing volatility in the state and federal government reimbursement programs,
- Lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding exchange reimbursement levels, changes in combined state/federal disproportionate share payments, and impact on the healthcare "demand curve" as the previously uninsured enter the insurance system,
- Effective management of multiple major regulatory mandates, including achievement of meaningful use of HCIT and the transition to ICD-10,
- Significant potential business model changes throughout the healthcare ecosystem, including within the healthcare commercial payor industry

The business of healthcare in the current economic, legislative and regulatory environment is volatile Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on System's financial position and operating results

(x) *Fair Value Measurements*

The System applies ASC Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes an enhanced framework for measuring fair value and expands disclosures about fair value measurements, including those required for certain investments in funds that do not have readily determinable fair values including private equity investments, hedge funds, real estate, and other funds ASC Topic 820 permits, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent Net asset value in many instances may not equal fair value that would be calculated pursuant to ASC Topic 820

The System also follows FASB Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*, which amended Topic 820 ASU 2010-06 requires that the System provide additional enhanced disclosures related to its fair value measurements

The System's valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible The System determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels

- Level 1 inputs Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date
- Level 2 inputs Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 inputs Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date

(y) Endowment Accounting

The System follows the provisions of ASC Topic 958, *Classification of Donor-Restricted Endowment Funds, Subject to UPMIFA* ("Topic 958") Topic 958 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the UPMIFA and also requires disclosures about endowment funds (both donor-restricted and board-designated)

(z) New Accounting Pronouncements

Recently Adopted

The FASB issued ASU 2010-23, *Health Care Entities (Topic 954) Measuring Charity Care for Disclosure* in August 2010 ASU 2010-23 amends ASC Subtopic 954-605, *Health Care Entities – Revenue Recognition* to require that cost be used as the measurement basis for charity care disclosure purposes The method used to estimate such costs as well as any funds received to offset or subsidize charity services provided should also be disclosed The System adopted the provisions of this standard on September 1, 2011 and retrospectively applied the provisions to all periods presented The adoption had no impact on the combined financial statements

The FASB issued ASU 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* August 2010 ASU 2010 – 24 amends ASC Subtopic 954-450, *Health Care Entities – Contingencies*, to clarify that a health care entity should not net insurance recoveries against a related liability and the claim liability should be determined without consideration of insurance recoveries The System adopted the provisions of this standard on September 1, 2011 The adoption had no impact on the combined financial statements

Recently Issued

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. This ASU will change the System's presentation of provision for uncollectible accounts in the combined statements of operations from operating expenses to a deduction from net patient service revenue. It also expands disclosures regarding policies for recognizing revenue, assessing contra revenue line items, and activity in the allowance for uncollectible accounts. This ASU is effective for the System's fiscal year 2013.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The new standard does not extend the use of fair value but, rather, provides guidance about how fair value should be applied where it already is required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. A nonpublic entity is required to apply the ASU prospectively for annual periods beginning after December 15, 2011. The System expects that the adoption of ASU 2011-04 in fiscal 2013 will not have a material impact on its combined financial statements.

In late 2010, the FASB issued for comment *Proposed Accounting Standards Update – Leases (Topic 840)*. After receiving and considering significant feedback, the FASB is planning to issue an revised exposure draft ASU in the fourth quarter of 2012 and a final ASU in 2013. This new guidance is expected to require the System to recognize virtually all of its leases on the combined balance sheet. Assuming an ASU is in fact issued, adoption will cause considerable changes in the presentation of the System's debt and interest expense in its combined financial statements (among other things). Management is reviewing the implications of the proposed ASU for the System, including potential implications for many complex agreements and arrangements which might be impacted by this potential major accounting change. While that work is ongoing, management is optimistic that there will not be material issues associated with important related matters, such as overall System credit ratings or future debt covenant compliance.

(2) Assets Limited As To Use

The composition of assets limited as to use follows

		2012	2011
Designated by the board for capital improvements			
Cash and cash equivalents	$	4,225,260	1,620,336
Bond mutual funds		63,192,854	54,667,429
Equity mutual funds		106,791,827	113,246,450
Equity securities		6,420,658	—
Alternative investment vehicles		52,833,354	56,945,444
Accrued interest receivable		4,050	36
		233,468,003	226,479,695
Held by trustee under indenture agreements			
Cash and cash equivalents		8,247,247	8,259,033
Fixed income investments, principally obligations of the U S Government and its agencies		4,351,519	1,216,370
		12,598,766	9,475,403
Held by trustee for self-insurance funding			
Cash and cash equivalents		30,078	29,543
Bond mutual funds		14,743,379	13,969,754
Alternative investment vehicles		3,555,749	3,417,800
		18,329,206	17,417,097
By donors			
Cash and cash equivalents		1,392,541	1,186,134
Bond mutual funds		3,409,278	3,287,558
Equity mutual funds		4,814,097	3,654,748
Equity securities		1,564,312	1,439,906
Corporate debt securities		385,923	352,488
Fixed income investments, principally obligations of the U S Government and its agencies		4,130,856	1,849,505
Alternative investment vehicles		597,345	1,108,974
Real estate		2,226,000	690,000
Other investments		681,479	768,021
		19,201,831	14,337,334
Total assets limited as to use		283,597,806	267,709,529
Less amounts classified as current assets		374,663	302,843
Noncurrent assets limited as to use	$	283,223,143	267,406,686

When available, the System generally uses quoted market prices to determine fair value, and classifies such items as Level 1. The System's Level 2 securities are bonds whose fair values are determined by independent vendors, or nontraded funds whose underlying securities would otherwise be considered Level 1. The vendors compile prices from various sources and may apply matrix pricing for similar bonds on loans where no price is observable in an actively traded market. If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued.

The System's Level 3 securities are comprised of alternative investments and bonds that have less liquidity, a stale quoted price, or varying prices from independent sources. The Level 3 bonds are priced using cash flow models, remittance data, and the investment manager's best estimate based on the likelihood of any cash flows. The System's Level 3 alternative investments' prices are obtained from the fund manager. For the System's fund of funds, the manager receives account statements directly from independent administrators or the underlying hedge funds managers, who are responsible for the pricing of these funds. Before reliance on these valuations, the managers evaluate the investee fund's fair value estimation processes and control environment, the investee fund's policies and procedures for estimating fair value of underlying investments, the investee fund's use of independent third party valuation experts, the portion of the underlying securities traded on active markets, and the professional reputation and standing of the investee fund's auditor.

The fair value hierarchy of assets limited as to use at August 31, 2012 and 2011 follows

	2012			
	Level 1	Level 2	Level 3	Total
Designated by board for capital improvements				
Cash and cash equivalents	$ 4,225,260	—	—	4,225,260
Bond mutual funds	63,192,854	—	—	63,192,854
Equity mutual funds	106,791,827	—	—	106,791,827
Equity securities				
Consumer goods	1,090,854	—	—	1,090,854
Financial services	1,735,446	—	—	1,735,446
Healthcare	398,585	—	—	398,585
Services	1,222,793	—	—	1,222,793
Technology	1,008,520	—	—	1,008,520
Materials	825,560	—	—	825,560
Other	138,900	—	—	138,900
Alternative investment vehicles	1,475,321	23,826,128	27,531,905	52,833,354
Accrued interest receivable	4,050	—	—	4,050
	182,109,970	23,826,128	27,531,905	233,468,003
Held by trustee under indenture agreements				
Cash and cash equivalents	8,247,247	—	—	8,247,247
Fixed income investments, principally obligations of the U S government its agencies	—	4,351,519	—	4,351,519
	8,247,247	4,351,519	—	12,598,766
Held by trustee for self-insurance funding				
Cash and cash equivalents	30,078	—	—	30,078
Bond mutual funds	14,743,379	—	—	14,743,379
Alternative investment vehicles	—	2,780,951	774,798	3,555,749
	14,773,457	2,780,951	774,798	18,329,206

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
By donors				
Cash and cash equivalents	$ 1,392,541	—	—	1,392,541
Bond mutual funds	3,409,278	—	—	3,409,278
Equity mutual funds	4,814,097	—	—	4,814,097
Equity securities				
Oil and gas	151,191	—	—	151,191
Consumer goods	170,141	—	—	170,141
Financial services	236,881	—	—	236,881
Healthcare	206,068	—	—	206,068
Industrial goods	74,415	—	—	74,415
Services	274,724	—	—	274,724
Technology	339,005	—	—	339,005
Agricultural and chemicals	21,778	—	—	21,778
Utilities	22,429	—	—	22,429
Other	67,680	—	—	67,680
Corporate debt securities				
Oil and gas	—	33,581	—	33,581
Consumer goods	—	33,966	—	33,966
Financial services	—	143,852	—	143,852
Healthcare	—	8,317	—	8,317
Industrial goods	—	16,997	—	16,997
Services	—	50,485	—	50,485
Technology	—	90,567	—	90,567
Other	—	8,158	—	8,158
Fixed income investments, principally obligations of the U.S. government and its agencies	—	4,130,856	—	4,130,856
Alternative investment vehicles	—	467,184	130,161	597,345
Real estate	—	—	2,226,000	2,226,000
Other investments	681,479	—	—	681,479
	11,861,707	4,983,963	2,356,161	19,201,831
Total	$ 216,992,381	35,942,561	30,662,864	283,597,806

(Continued)

	2011			
	Level 1	Level 2	Level 3	Total
Designated by board for capital improvements				
Cash and cash equivalents	$ 1,620,336	—	—	1,620,336
Bond mutual funds	54,667,429	—	—	54,667,429
Equity mutual funds	113,246,450	—	—	113,246,450
Alternative investment vehicles	14,171,852	13,941,855	28,831,737	56,945,444
Accrued interest receivable	36	—	—	36
	183,706,103	13,941,855	28,831,737	226,479,695
Held by trustee under indenture agreements				
Cash and cash equivalents	8,259,033	—	—	8,259,033
Fixed income investments, principally obligations of the U.S. government its agencies	—	1,216,370	—	1,216,370
	8,259,033	1,216,370	—	9,475,403
Held by trustee for self-insurance funding				
Cash and cash equivalents	29,543	—	—	29,543
Bond mutual funds	13,969,754	—	—	13,969,754
Alternative investment vehicles	—	2,417,068	1,000,732	3,417,800
	13,999,297	2,417,068	1,000,732	17,417,097
By donors				
Cash and cash equivalents	1,186,134	—	—	1,186,134
Bond mutual funds	3,287,558	—	—	3,287,558
Equity mutual funds	3,654,748	—	—	3,654,748
Equity securities				
Oil and gas	152,444	—	—	152,444
Consumer goods	127,336	—	—	127,336
Financial services	184,316	—	—	184,316
Healthcare	192,764	—	—	192,764
Industrial goods	82,738	—	—	82,738
Services	300,313	—	—	300,313
Technology	294,388	—	—	294,388
Materials	17,233	—	—	17,233
Utilities	26,519	—	—	26,519
Other	61,855	—	—	61,855

(Continued)

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Corporate debt securities				
Oil and gas	—	34,040	—	34,040
Consumer goods	—	18,132	—	18,132
Financial services	—	134,494	—	134,494
Healthcare	—	8,918	—	8,918
Industrial goods	—	26,766	—	26,766
Services	—	53,548	—	53,548
Technology	—	52,258	—	52,258
Other	—	24,332	—	24,332
Fixed income investments, principally obligations of the U.S. government and its agencies	—	1,849,505	—	1,849,505
Alternative investment vehicles	529,349	411,508	168,117	1,108,974
Real estate	—	—	690,000	690,000
Other investments	768,021	—	—	768,021
	10,865,716	2,613,501	858,117	14,337,334
Total	$ 216,830,149	20,188,794	30,690,586	267,709,529

The rollforward of Level 3 investments follows:

	2012	2011
Beginning of year	$ 30,690,586	18,392,818
Net unrealized gains (losses), net	(106,660)	2,129,742
Purchases and additions	1,536,800	11,316,917
Withdrawals	(1,163,131)	(1,878,685)
Net income (loss)	(220,620)	648,334
Realized gains (losses)	(74,111)	81,460
End of year	$ 30,662,864	30,690,586

There were no significant transfers into or out of Level 1, Level 2 and Level 3 investments during fiscal 2012 and 2011.

Investment income is comprised of the following

		Unrestricted	Temporarily Restricted	Total
2012				
Interest and dividend income	$	5,264,868	21,615	5,286,483
Realized and unrealized gains on trading securities, net		9,060,524	494,014	9,554,538
	$	14,325,392	515,629	14,841,021

		Unrestricted	Temporarily Restricted	Total
2011				
Interest and dividend income	$	5,405,651	111,363	5,517,014
Realized and unrealized gains on trading securities, net		11,574,478	604,935	12,179,413
	$	16,980,129	716,298	17,696,427

(3) Property and Equipment

A summary of property and equipment follows

		2012	2011
Land, buildings, and building improvements	$	367,260,169	354,582,940
Equipment		188,089,648	184,958,791
Construction in progress		25,673,903	12,963,362
		581,023,720	552,505,093
Less accumulated depreciation		317,219,074	301,063,741
	$	263,804,646	251,441,352

Construction in progress at August 31, 2012 principally consists of expenditures related to various hospital renovations on the main campus and Yazoo County These projects are planned for completion at various dates through December 2015, with the most significant portion anticipated to be placed in service in fiscal 2012 The estimated total remaining cost to complete these projects is approximately $80,000,000

On November 1, 2011, the System executed an asset purchase agreement (agreement) with Leake County, Mississippi (the County) for the purchase of the operating assets (principally real property and equipment) of Leake County Hospital and Extended Care Facility (Leake facility) for approximately $1,200,000 million in cash and a promissory note of approximately $1,629,000 (which is net of a $520,000 discount) As part of the agreement, the System has agreed to build a new hospital facility in the County or renovate the existing Leake facility by November 1, 2016 If substantial progress has not been made in terms of constructing a new facility or renovation of the existing facility based on a final feasibility study within five years of closing, the System will be required to make a $500,000 payment to the County on November 1, 2016

Depreciation expense of $5,424,159 for fiscal 2012 and $5,211,661 for fiscal 2011 is included in other nonoperating gains (losses) in the System's combined statements of operations

(4) Other Assets

The composition of other assets follows

	2012	2011
Notes receivable	$ 2,027,164	1,381,104
Investments in equity investees	9,067,942	6,128,087
Other investees	1,687,672	1,321,643
Bond issue costs, net	1,012,422	1,164,504
Investments supporting deferred compensation agreements (note 12)	3,764,536	2,849,341
Prepaid land lease	784,778	—
Deferred tax assets, net of current portion	1,552,000	1,097,000
	$ 19,896,514	13,941,679

The following is an unaudited combined summary of the balance sheets of the System's equity investees

	2012	2011
Current assets	$ 33,315,804	29,817,061
Property and equipment	7,595,373	4,684,272
Other assets	5,575,202	2,716,916
Current liabilities	(4,058,938)	(4,048,790)
Long-term debt	(1,429,009)	(362,055)
Equity	$ 40,998,432	32,807,404

The System's equity in the combined net income of these equity investees was $2,409,276 and $3,232,163 for the years ended August 31, 2012 and 2011, respectively, and is included in other nonoperating gains (losses) in the combined statements of operations

On October 1, 2009 the System executed an agreement with King's Daughters Hospital of Yazoo City (the Hospital) The major provisions of the agreement are

- The System acquired a 51% reversionary interest in the net assets of the Hospital (approximately $3,000,000 at October 1, 2009)

- The System entered into a management agreement with the Hospital in which the System provides management services for the day-to-day operations of the Hospital consistent with the directives dictated by the Hospital's board of trustees The initial term of the management agreement is for twenty years and can be terminated by mutual agreement of the System and the Hospital's board of trustees Management fees from the agreement were $500,000 in both fiscal 2012 and 2011 and are included in other operating revenue in the combined statements of operations for the years ended August 31, 2012 and 2011

- The System has the right to appoint four of the nine trustees of the board of trustees of the Hospital The Hospital's board of trustees will continue to exercise ultimate authority for the supervision, direction, and control over the business, policies, and assets of the Hospital

The 51% reversionary interest in the net assets of the Hospital, which is accounted for by the equity method, is $4,000,000 and $3,800,000 at August 31, 2012 and 2011, respectively

On September 1, 2011, the System executed certain agreements with a physician group for the development of a joint venture, Baptist Outpatient Imaging, LLC (BOI) The System contributed certain diagnostic equipment with a book value totaling approximately $453,000 for a 51% noncontrolling interest in BOI totaling approximately $2,706,000 The System's net interest in BOI of approximately $2,253,000 at inception is included in nonoperating gains (losses) in the combined statement of operations for the year ended August 31, 2012 The System's noncontrolling interest in BOI of approximately $2,500,000 at August 31, 2012 is accounted for by the equity method

Under the agreements executed as part of the BOI joint venture, the System leases employees and medical office building space and provides supplies to BOI The cost of these agreements provided to BOI by the System totaled approximately $1,476,000 for the year ended August 31, 2012 BOI provides certain diagnostic services to the System The cost of these services provided to the System by BOI totaled approximately $5,935,000 for the year ended August 31, 2012

(5) Other Accrued Expenses

The composition of other accrued expenses follows

		2012	2011
Routine operating accruals	$	3,865,525	2,821,845
Employee health costs		2,000,000	1,800,000
Estimated workers' compensation costs		2,000,000	2,200,000
Ad valorem taxes		1,399,320	1,376,320
Interest		505,616	574,199
Accrued termination costs (note 12)		1,109,692	1,505,701
Other		3,965,695	2,465,652
	$	14,845,848	12,743,717

(6) Long-term Debt

A summary of long-term debt follows

		2012	2011
Mississippi Hospital Equipment and Facilities Authority Revenue Bonds, Series 2007A	$	101,755,000	106,165,000
Unamortized bond premium		2,736,832	3,100,885
		104,491,832	109,265,885
Mississippi Hospital Equipment and Facilities Authority Revenue and Refunding Bond, Series 2009		79,985,000	80,000,000
Mississippi Hospital Equipment and Facilities Authority Variable Demand Rate Revenue Bonds, Series 2006		14,400,000	14,400,000
Note payable to bank, at variable interest rate adjusted monthly through October 2005 and every five years thereafter (3 02% at August 31, 2012 and 2011), with monthly principal and interest payments through October 2020, secured by real estate		1,284,509	1,441,796
Note payable to bank, at variable interest rate adjusted monthly through April 2005 and every five years thereafter (4 3% at August 31, 2012 and 2011), with monthly principal and interest payments through April 2020, secured by real estate		1,255,864	1,419,672
Note payable to Leake County, net of discount of $466,308 and discounted to yield 4%, with semi-annual payments through December 2022		1,683,328	—
Line of credit to bank, at variable interest payable and adjusted monthly (2 5% at August 31, 2012), due November 2013		2,490,000	
Other		3,582,682	3,413,619
		209,173,215	209,940,972
Less current installments		5,279,899	4,862,997
	$	203,893,316	205,077,975

In March 2007, the System issued $200,905,000 in Mississippi Hospital Equipment and Facilities Authority (MHEFA) Series 2007A (fixed rate) and 2007B (variable rate) revenue bonds (the Series 2007 Bonds) The proceeds of the Series 2007 Bonds were used to (1) extinguish the remaining MHEFA Series 1995 and 1990B revenue bonds, (2) establish a project fund to finance the costs of various System capital projects, primarily the West Tower expansion, (3) establish various debt service and reserve funds required by the related indenture, and (4) pay certain costs of issuance

The System synthetically converted the $80 million (the notional amount) Series 2007B Bonds from variable rate to fixed rate obligations through an interest rate swap agreement with a financial institution counterparty. In general, this swap obligates the System to periodically pay interest on the notional amount at a fixed rate of approximately 3.58% and receive interest at 67% of LIBOR. The notional amount amortizes in the same fashion, and the swap matures at the same date, as the related Series 2007B Bonds (August 15, 2036). Under certain circumstances typical of such agreements, the swap is subject to termination prior to the scheduled termination date. In such case, either the System or the counterparty may owe a termination payment to each other depending on the prevailing market conditions at any such early termination date. The fair value of the swap of approximately $24,616,000 and $15,894,000 at August 31, 2012 and 2011, respectively, is included in other noncurrent liabilities in the accompanying combined balance sheets. The net interest settlement under the swap, which is recognized as interest expense in the combined statements of operations, for the years ended August 31, 2012 and 2011 totaled approximately $2,730,000 and $2,739,000, respectively.

In accordance with U.S. generally accepted accounting principles the System has categorized the interest rate swap as a Level II in the fair value hierarchy. The interest rate swap that has been entered into by the System is executed over the counter and is valued using the net present value of cash flow streams as no quoted market prices exist for such an instrument. The System also employs an independent third party to perform a mark to market valuation assessment on the swap to assess the valuations otherwise received by the System.

The Obligated Group (as defined) guarantees payment of all Series 2007 Bonds to MHEFA in the form of a Master Note Agreement, which terms require the System's payment of principal and interest on the Series 2007 Bonds as issued. As security for the obligation of the Obligated Group under the Master Note, the Obligated Group has granted a security interest in its gross revenue (as defined) and agreed to certain financial and other covenants typical of such agreements. Additionally, the Series 2007 Bonds are covered under the terms of a municipal bond insurance policy, which under certain conditions also covers to an extent the potential swap termination payments discussed above.

The Series 2007A Bonds pay a fixed rate of interest of 5% through final maturity.

Under the terms of the Master Trust indenture, the System is required to maintain certain deposits with a trustee. Such deposits are included in assets limited as to use.

During fiscal 2008 the System experienced so-called "failed auctions" in remarketing the Series 2007B Bonds. After a review of current market conditions with its financial advisors, the System concluded that a refinancing of the Series 2007B Bonds was the most prudent course of action. Therefore, in April 2008 the System consummated a transaction with a bank, whereby an $80,000,000 line of credit was made available for the extinguishment of the Series 2007B Bonds.

During fiscal 2009 the System issued $80,000,000 MHEFA Series 2009 variable rate revenue and refunding bond to payoff the line of credit executed in fiscal 2008 described above. The Series 2009 bond bears interest at a variable rate based on 67% of LIBOR plus a spread as defined in the loan agreement. Interest (2.8% at August 31, 2012 and 2.83% at August 31, 2011) is payable monthly and the principal balance is due May 19, 2016 During fiscal 2012 $15,000 was paid on the Series 2009 bond obligation The loan agreement contains certain financial and other covenants typical of such agreements

In May 2006, the System was approved by the State of Mississippi to obtain special tax exempt financing related to a medical office building under construction in Madison County The special funding (GOZone) was made available through the Federal government in response to Hurricane Katrina The GOZone financing, totaling $17,000,000, bears interest at LIBOR minus 1% and matures in 2031 A supporting letter of credit was obtained from a commercial bank at an annual fee of 25 basis points of the outstanding amount Annual payments are interest only with a balloon payment due at the end of the term

On September 24, 2009, the System redeemed and paid $2,600,000 of the Series 2006 bonds (GOZone financing) described above On October 29, 2009, the System converted the remaining GOZone financing of $14,400,000 from a variable instrument backed by a letter of credit from a commercial bank to a variable debt instrument held by the commercial bank The interest on the remaining debt instrument is a variable rate at the "Bank Loan Rate Mode" (based on LIBOR plus a spread as defined in the supplemental trust indenture dated October 1, 2009) until October 31, 2013 (2 83% at August 31, 2012 and 2 77% at August 31, 2011) The transaction will allow the System to maintain the tax exempt status of the bonds and re-enter the market in the future when the variable rate markets are more stable

The System has two unsecured line of credits ($7,500,000 and $500,000) with a bank (LIBOR plus 2%) that expire on March 31, 2013 There are no outstanding balances on these lines of credit at August 31, 2012 or 2011 The System also executed on November 1, 2011 an unsecured line of credit ($4,000,200) with a bank (LIBOR plus 2 25%) that expires November 1, 2013 The amount outstanding at August 31, 2012 was $2,490,000

Scheduled future maturities of long-term debt (excluding bond premium and note discount) follow

Year ending August 31		
2013	$	5,279,899
2014		8,655,914
2015		5,630,086
2016		85,835,331
2017		6,367,960
Thereafter		95,133,501
	$	206,902,691

The System paid interest of approximately $10,431,000 in 2012 and $11,132,000 in 2011

(7) Other Noncurrent Liabilities

The composition of other noncurrent liabilities follows

	2012	2011
Interest rate swap	$ 24,615,606	15,893,950
Asset retirement obligations	1,143,875	1,251,234
Liabilities under deferred compensation agreements	3,764,536	2,849,341
	$ 29,524,017	19,994,525

(8) Asset Retirement Obligations

The following table presents the activity for both the asset retirement obligations (which are included in other noncurrent liabilities in the accompanying combined balance sheets) and the related additional cost basis included in property and equipment for the years ended August 31, 2012 and 2011

	2012	2011
Balance at the beginning of the year	$ 1,251,234	1,194,310
Accretion	54,771	56,924
Retirements	(162,130)	—
Balance at the end of the year	$ 1,143,875	1,251,234

	2012	2011
Additional cost basis	$ 373,043	415,010
Accumulated depreciation	(263,044)	(282,275)
	$ 109,999	132,735

(9) Net Patient Service Revenue

The System has agreements with governmental and other third-party payors that provide for reimbursement to the System at amounts different from its established rates Contractual adjustments under third-party reimbursement programs represent the difference between the System's billings at established rates for services and amounts reimbursed by third-party payors A summary of the basis of reimbursement with major third-party payors follows

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based upon cost reimbursement or other retroactive-determination methodologies Payments for cost reimbursable items are made at tentative rates, with final settlement determined after submission of annual cost reports by the System and audits by the Medicare fiscal intermediary. The System's cost reports have been audited and settled for all fiscal years through 2008. Revenue from the Medicare program accounted for approximately 42% and 41% of the System's net patient service revenue for the years ended August 31, 2012 and 2011, respectively.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are generally paid based upon prospective reimbursement methodologies established by the State of Mississippi. Revenue from the Medicaid program accounted for approximately 11% of the System's net patient service revenue for both of the years ended August 31, 2012 and 2011.

Effective April 2001, the State of Mississippi implemented the Medicare Upper Payment Limit (UPL) program for providers participating in the state Medicaid program. The System's net benefit from the UPL program in fiscal 2012 and 2011 was approximately $10,725,000 and $7,021,000, respectively. The gross amounts from the program for fiscal 2012 and 2011 of $21,454,000 and $15,707,000, respectively, are recognized as a reduction in related contractual adjustments in the combined statements of operations. The associated fundings to the program for fiscal 2012 and 2011 of $10,729,000 and $8,686,000, respectively, are recognized as fees expense in the combined statements of operations.

There can be no assurance that the System will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

Blue Cross – All acute care services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates. Revenue from Blue Cross accounted for approximately 21% of the System's net patient service revenue for both of the years ended August 31, 2012 and 2011.

The System has also entered into other reimbursement arrangements providing for payment methodologies which include prospectively determined rates per discharge, per diem amounts, and discounts from established charges.

A summary of amounts comprising net patient service revenue follows:

	2012	2011
Gross patient service revenue	$ 1,213,319,087	1,029,141,078
Less provisions for contractual and other adjustments	790,233,874	654,119,511
Net patient service revenue	$ 423,085,213	375,021,567

Changes in estimates related to prior cost reporting periods resulted in an increase of approximately $1,330,000 and $780,000 in net patient service revenue for the years ended August 31, 2012 and 2011, respectively.

Included in provisions for contractual and other adjustments are amounts related to beneficiaries of public programs, principally Medicare, Medicaid, and Champus, of approximately $538,000,000 and $455,000,000 for the years ended August 31, 2012 and 2011, respectively.

In the spring of 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the Health Care Acts) were signed into law by President Obama The impact of the Health Care Acts is complicated and difficult to predict, but the System anticipates its reimbursement in the future will be affected by major elements of the Health Care Acts designed to (1) increase insurance coverage, (2) change provider and payor behavior, and (3) encourage alternative delivery models Many healthcare reform variables remain unknown and are, among other things, dependent on implementation by federal and state governments and reactions by providers, payors, employers, and individuals The System continues to monitor developments in healthcare reform and participates actively in contemplating and designing new programs that are encouraged and/or required by the Health Care Acts

(10) Community Benefit Measurements

The following outlines certain financial measurements of the System's service commitment to the broader community

		2012	2011
Benefits to the underserved (as measured by established charges)			
Traditional charity care charges foregone	$	23,821,000	27,270,000
Discounts provided to uninsured patients		18,183,000	12,792,000
Amounts due from patients, ultimately determined to be uncollectible		21,935,000	18,588,000
		63,939,000	58,650,000
Benefits for the broader community (as measured by recorded System costs and other records)			
Teleservices		482,000	461,000
Education and research		161,000	180,000
Charitable donations		731,000	699,000
Volunteer hours		131,000	142,000
Pastoral care		351,000	313,000
		1,856,000	1,795,000
	$	65,795,000	60,445,000

The amounts presented above relate only to certain measurable benefits that the System provides to its service area This presentation is not intended to measure all such community benefits, many of which are intangible in nature or otherwise not quantifiable

The cost of charity care provided in fiscal 2012 and 2011 approximated $6,854,000 and $7,850,000 respectively The System estimated these costs by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients

(11) Leases

Rental expense, including short-term rentals, was approximately $7,610,000 and $7,426,000 in fiscal 2012 and 2011, respectively.

The following is a schedule by year of future minimum lease payments due under noncancelable operating leases that have initial or remaining lease terms in excess of one year:

Year ending August 31:		
2013	$	2,463,257
2014		1,681,189
2015		1,491,056
2016		887,928
2017		228,948
Thereafter		1,935,864
	$	8,688,242

(12) Employee Benefit Plans

The System sponsors a contributory retirement income plan providing regular full-time employees retirement benefits normally commencing at age 65. Effective January 1, 2012, the plan provides 2% of each participants base salary plus 50% up to the next 4% an employee contributes and the gradual vesting period was increased from seven years to three years. Prior to January 1, 2012, the plan provided 2% of each participating employee's base salary. Expense related to this plan for the years ended August 31, 2012 and 2011 totaled approximately $2,439,000 and $1,305,000, respectively.

The System is self-insured with regard to group hospitalization, workers compensation and unemployment compensation claims.

The System maintains an employee performance bonus for managers and employees. The employee performance bonus is based on the achievement of excelling in job-related competencies and active participation in the core strategic objectives. The System maintains a director performance bonus that is based on the achievement of defined strategic, financial, and operational goals. The provisions for year ended August 31, 2012 were $900,000 for the employee performance bonus and $340,000 for the director performance bonus. The System recorded approximately $900,000 for the employee performance bonus and $360,000 for the director performance bonus as provision for the plan for the year ended August 31, 2011. These provisions are included in salaries, wages, and fees in the accompanying combined statements of operations for the years ended August 31, 2012 and 2011.

The System also maintains a benefit plan to provide supplemental retirement benefits for certain key employees.

The System and certain employees have entered into a deferred compensation agreement whereby employees may defer all or a portion of their compensation. The System, directed by the employee, invests the deferred compensation amounts in various types of investments. These investments are reported at fair value in the accompanying combined balance sheets. Also, the System may make discretionary contributions to the accounts under the plan described in the preceding paragraph. The System expensed approximately $380,000 and $322,000 for the years ended August 31, 2012 and 2011, respectively, which is included in employee benefits expense in the accompanying combined statements of operations. Investments of deferred compensation amounts are included in other assets and the related liability is included in other noncurrent liabilities in the accompanying combined balance sheets.

In August 2011, the System approved the merger of their cardiology physicians with a local cardiology group. The System approved severance packages for physicians and employees of the cardiology clinic. Accordingly, the System recorded at August 31, 2011 a provision for this benefit arrangement of $1,506,000 which is included in salaries, wages and fees in the 2011 combined statement of operations and other accrued expenses in the combined balance sheet at August 31, 2011.

(13) Business and Credit Concentrations

The System grants credit without collateral to its patients, most of whom are local residents. The System generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, preferred provider arrangements, and commercial insurance policies). The mix of receivables from patients and third-party payors follows:

	2012	2011
Medicare	36%	25%
Patients	26	31
Other third-party payors	26	27
Blue Cross	8	13
Medicaid	4	4
	100%	100%

(14) Liability Coverages

The System is self-insured with respect to professional liability risks in underlying $1 million/$6 million (effective October 1, 2002), $2 million/$8 million (effective April 1, 2003), $2 million/$12 million (effective October 1, 2003), $4 million/$16 million (effective October 1, 2005), $4 million/$10 million (effective October 1, 2008) and $5 million/$12 million (effective October 1, 2011) layers of coverage. The System is also self-insured for general liability risks in underlying $1 million/$6 million (effective October 1, 2002), $3 million/$12 million (effective October 1, 2003), $4 million/$16 million (effective October 1, 2005), $4 million/$10 million (effective October 1, 2008) and $5 million/$12 million (effective October 1, 2011) layers of coverage. Claims reported but not settled prior to November 1, 2002 are generally covered under the terms of certain prior claims-made policies.

The System also maintains substantial liability coverages in excess of self-insurance limits under the terms of certain claims-made insurance policies, which currently expire in October 2013. To the extent that any claims-made coverage is not renewed or replaced with equivalent insurance, claims based on occurrences during the term of such coverage, but reported subsequently, would be uninsured. In any event, management anticipates that the claims-made policies in place will be renewed or replaced with equivalent insurance as the term of such coverage expires.

Incurred losses identified through the System's incident reporting system and incurred but unreported losses are accrued based on estimates that incorporate the System's current inventory of reported claims and historical experience, as well as other considerations such as the nature of each claim or incident, relevant trend factors and other advice from consulting actuaries. The System has established a self-insurance trust fund for payment of liability claims and makes deposits to the fund in amounts recommended by consulting actuaries.

(15) Fair Values of Financial Instruments

The carrying amounts of all applicable asset and liability financial instruments, except long-term debt, approximate their fair values. The fair value of the System's long-term debt has been estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of the System's long-term debt was approximately $212,158,000 and $199,975,000 at August 31, 2012 and 2011, respectively.

(16) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

		2012	2011
Davenport-Spiva Charitable Educational Trust	$	4,133,520	3,858,222
Patient programs		3,456,389	2,566,687
Cancer services		1,590,076	1,527,769
Cancer center		433,138	433,138
Women's services		844,398	852,664
Health education		691,834	489,007
Heart services		509,647	411,957
Purchase of property and equipment		1,859,273	304,077
Other		749,428	563,306
	$	14,267,703	11,006,827

Permanently restricted net assets are to be held in perpetuity, the income from which is expendable to provide healthcare services to indigent and cancer patients, to purchase property and equipment, and to fund training, research and chaplaincy support.

The System has historically and to-date received a limited amount of donor-restricted endowment funds, and does not maintain any Board-designated endowments. The System's Board requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. In all material respects, income from the System's donor-restricted endowment funds is itself restricted to specific donor-directed purposes, and is therefore accounted for within temporarily restricted net assets until expended in accordance with the donor's wishes The System oversees individual donor-restricted endowment funds to ensure that the fair value of the original gift is preserved

(17) Income Taxes

During fiscal 2012, the System's tax exempt organizations recognized current tax expense of $5,000 and a deferred tax expense of $449,000 for unrelated income that is taxable and will offset operating loss carryforwards available to the tax-exempt organizations During fiscal 2011, the System's tax-exempt organizations recognized current tax expense of $11,000 and a deferred tax expense of $1,158,000 for unrelated income that is taxable and will offset operating loss carryforwards available to the tax-exempt organizations At August 31, 2012, the deferred tax assets for the System's tax-exempt organizations for operating loss carryforwards totaled approximately $1,742,000 ($480,000 included in deferred tax asset-current and $1,262,000 in other assets in the accompanying 2012 combined balance sheet) At August 31, 2011, the deferred tax assets for the System's tax-exempt organizations for operating loss carryforwards totaled approximately $2,190,000 ($1,096,000 included in deferred tax asset-current and $1,094,000 in other assets in the accompanying 2011 combined balance sheet)

The System's tax-exempt organizations had approximately $5,061,000 of federal operating loss carryforwards and $424,000 of state operating loss carryforwards at August 31, 2012 related to unrelated business income

The System's for-profit subsidiary (the Subsidiary) had an income tax benefit of $309,000 for the year ended August 31, 2012 and an income tax benefit of $18,000 for the year ended August 31, 2011

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and the net operating loss carryforwards can be utilized Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment Management believes that all deferred tax assets will be realized

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes Deferred income taxes for the taxable Subsidiary as of August 31, 2012 and 2011 principally are related to net operating loss and contribution carryforwards These amounts are included in

	2012	2011
Other assets	$ 290,000	3,000
Deferred tax asset - current	19,000	—
Other accrued expenses	—	3,000

At August 31, 2012, the taxable Subsidiary had Federal and state contribution carryforwards of approximately $374,000 The contribution carryforwards begin to expire in 2013 The federal and state net operating loss carryforwards are approximately $1,140,000

Income taxes paid, net of refunds, were approximately $15,000 in fiscal 2012 and $9,000 in fiscal 2011

(18) Subsequent Events

The System has evaluated subsequent events through November 7, 2012, the date the financial statements were issued

On September 10, 2012, the System executed a 3% fixed rate Series 2012 revenue bond for $20,000,000 through the Mississippi Business Finance Corporation The proceeds of the bond are to be used to finance the construction of a parking garage, skywalk and other related construction on the System's main campus Interest on the bond is payable monthly with scheduled principal payments due each March and September with a final balloon payment of approximately $12,480,000 in August 2022

Schedule 1

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC. AND SUBSIDIARIES

Combining Schedule – Balance Sheet Information

August 31, 2012

	Mississippi Baptist Health Systems, Inc.	Mississippi Baptist Medical Center, Inc.	Mississippi Hospital for Restorative Care, Inc.	Baptist Medical Center - Leake, Inc.	Mississippi Baptist Medical Enterprises, Inc. and subsidiaries	Medical Foundation of Central Mississippi, Inc.	Eliminations	Combined
Current assets								
Cash and cash equivalents	$ 1,759,893	—	—	130,412	1,245,491	127,739	—	3,263,535
Assets limited as to use – required for current liabilities	374,663	—	—	—	—	—	—	374,663
Patient accounts receivable, less allowance for uncollectible accounts	—	45,176,802	2,766,660	1,613,280	—	2,114,370	—	51,671,112
Due from third-party payors	—	1,560,000		122,000	—	324,000	—	2,006,000
Other receivables	1,258,516	819,078	—	41	682,871	—	(52,050)	2,708,456
Inventories	—	6,283,530	—	152,152	—	—	—	6,435,682
Deferred tax asset – current	—	480,000	—	—	19,000	—	—	499,000
Prepaid expenses	3,469,701	1,085,065	4,583	73,466	69,150	443,292	—	5,145,257
Total current assets	6,862,773	55,404,475	2,771,243	2,091,351	2,016,512	3,009,401	(52,050)	72,103,705
Assets limited as to use	282,528,543	—	—	—	694,600	—	—	283,223,143
Property and equipment, net	256,289,475	2,662,187	—	403,729	4,449,255	—	—	263,804,646
Other assets	66,437,785	5,606,940	—	—	796,798	784,777	(53,729,786)	19,896,514
Total assets	$ 612,118,576	63,673,602	2,771,243	2,495,080	7,957,165	3,794,178	(53,781,836)	639,028,008
Current liabilities								
Current installments of long-term debt	$ 4,971,095	—	—	—	1,268,804	—	(960,000)	5,279,899
Accounts payable	8,390,206	598,751	—	386,560	1,163,309	—	(52,050)	10,486,776
Accrued payroll costs and withholdings	3,359,995	9,604,064	292,289	221,143	482,721	1,619,962	—	15,580,174
Due to third-party payors	—	884,000	406,000	—	—	—	—	1,290,000
Other accrued expenses	11,348,831	2,605,317		112,444	92,578	686,678	—	14,845,848
Total current liabilities	28,070,127	13,692,132	698,289	720,147	3,007,412	2,306,640	(1,012,050)	47,482,697
Long-term debt, excluding current installments	196,446,110	1,683,328	—	2,490,000	3,273,878	—	—	203,893,316
Estimated professional and general liability costs	8,200,000	—	—	—	—	—	—	8,200,000
Other noncurrent liabilities	29,474,361	—	—	—	49,656	—	—	29,524,017
Total liabilities	262,190,598	15,375,460	698,289	3,210,147	6,330,946	2,306,640	(1,012,050)	289,100,030
Net assets								
Unrestricted	333,348,231	48,298,142	2,072,954	(715,067)	1,626,219	1,487,538	(52,769,786)	333,348,231
Temporarily restricted	14,267,703	—	—	—	—	—	—	14,267,703
Permanently restricted	2,312,044	—	—	—	—	—	—	2,312,044
Total net assets	349,927,978	48,298,142	2,072,954	(715,067)	1,626,219	1,487,538	(52,769,786)	349,927,978
Total liabilities and net assets	$ 612,118,576	63,673,602	2,771,243	2,495,080	7,957,165	3,794,178	(53,781,836)	639,028,008

See accompanying independent auditors' report

Schedule 2

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combining Schedule – Statement of Operations Information

Year ended August 31, 2012

	Mississippi Baptist Health Systems, Inc.	Mississippi Baptist Medical Center, Inc.	Mississippi Hospital for Restorative Care, Inc.	Baptist Medical Center - Leake, Inc.	Mississippi Baptist Medical Enterprises, Inc. and subsidiaries	Medical Foundation of Central Mississippi, Inc.	Eliminations	Combined
Unrestricted revenue and other support								
Net patient service revenue	$ —	373,557,435	11,089,253	12,326,139	—	26,112,386	—	423,085,213
Other revenue	20,742,616	8,713,158	189,832	225,531	9,479,760	687,351	(24,974,414)	15,063,834
Net assets released from restrictions used for operations	677,829	—	—	—	—	—	—	677,829
Total unrestricted revenue and other support	21,420,445	382,270,593	11,279,085	12,551,670	9,479,760	26,799,737	(24,974,414)	438,826,876
Expenses								
Salaries, wages, and fees	19,890,227	155,249,596	4,296,773	7,564,740	5,088,405	29,553,326	(4,528,541)	217,114,526
Employee benefits	3,768,111	22,033,748	595,451	886,673	988,164	2,983,293	—	31,255,440
Supplies and other	22,973,709	97,405,143	1,915,952	2,477,489	3,581,415	4,813,798	(1,698,213)	131,469,293
Interest	9,205,372	54,445	—	37,272	240,310	—	(34,600)	9,502,799
Depreciation and amortization	22,312,811	18,460,598	158,242	37,449	369,077	386,815	(18,747,660)	22,977,332
Provision for uncollectible accounts	—	18,373,282	233	2,263,935	12,717	1,285,269	—	21,935,436
Intercompany allocations	(50,436,000)	44,835,546	5,600,454	—	—	—	—	—
Total expenses	27,714,230	356,412,358	12,567,105	13,267,558	10,280,088	39,022,501	(25,009,014)	434,254,826
Income (loss) from operations	(6,293,785)	25,858,235	(1,288,020)	(715,888)	(800,328)	(12,222,764)	34,600	4,572,050
Nonoperating gains (losses)								
Investment income, net	14,359,170	—	—	822	—	—	(34,600)	14,325,392
Change in fair value of interest rate swap	(8,721,656)	—	—	—	—	—	—	(8,721,656)
Interest in net assets of equity investee	2,253,272	—	—	—	—	—	—	2,253,272
Equity in net income of equity investees	12,634,163	1,453,870	—	—	397,041	—	(12,075,798)	2,409,276
Income tax benefit (expense)	(5,000)	(449,000)	—	—	309,000	—	—	(145,000)
Other, net	(521,979)	—	—	—	(467,170)	—	—	(989,149)
Total nonoperating gains, net	19,997,970	1,004,870	—	822	238,871	—	(12,110,398)	9,132,135
Revenue, gains, and other support in excess of (less than) expenses and losses	13,704,185	26,863,105	(1,288,020)	(715,066)	(561,457)	(12,222,764)	(12,075,798)	13,704,185
Net assets released from restrictions and used for purchase of property and equipment	88,231	—	—	—	—	—	—	88,231
Increase (decrease) in unrestricted net assets	$ 13,792,416	26,863,105	(1,288,020)	(715,066)	(561,457)	(12,222,764)	(12,075,798)	13,792,416

See accompanying independent auditors' report