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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 09-01-2012 , 2012, and ending 08-31-2013

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

C Name of organization
Baptist Healthcare System Inc

Doing Business As
Baptist Health

Number and street (or P O box if mail is not delivered to street address) Room/suite
2701 Eastpoint Parkway
Suite

City or town, state or country, and ZIP + 4
Louisville, KY 40223

D Employer identification number
61-0444707

E Telephone number
(502) 896-5000

G Gross receipts $ 4,394,679,305

F Name and address of principal officer
Stephen C Hanson
2701 EASTPOINT PARKWAY
Louisville, KY 40223

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 bhsi com

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

L Year of formation 1918 **M** State of legal domicile KY

Part I Summary

Activities & Governance

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	11,067
6	Total number of volunteers (estimate if necessary)	6	1,180
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,966,071
b	Net unrelated business taxable income from Form 990-T, line 34	7b	66,230

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	2,553,850	5,383,562
	9	Program service revenue (Part VIII, line 2g)	1,258,044,780	1,266,270,994
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10,250,514	36,615,310
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	19,547,173	10,655,893
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,290,396,317	1,318,925,759
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,737,842	2,055,274
	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)	597,648,595	605,065,250
	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)	600,782,063	615,741,482
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,200,168,500	1,222,862,006
	19	Revenue less expenses Subtract line 18 from line 12	90,227,817	96,063,753

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	2,235,043,484	2,367,833,857
	21	Total liabilities (Part X, line 26)	848,848,005	837,451,755
	22	Net assets or fund balances Subtract line 21 from line 20	1,386,195,479	1,530,382,102

Part II Signature Block

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

Sign Here

Signature of officer — Date 2014-07-07

Carl G Herde CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶ ERNST & YOUNG US LLP			Firm's EIN ▶	
Firm's address ▶ 1100 HUNTINGTON CTR 41 S HIGH ST COLUMBUS, OH 43215			Phone no (614) 224-5678	

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 BAPTIST HEALTHCARE SYSTEM (BHS) IS TO EXEMPLIFY OUR CHRISTIAN HERITAGE OF PROVIDING QUALITY HEALTHCARE SERVICES BY ENHANCING THE HEALTH OF THE PEOPLE AND THE COMMUNITIES WE SERVE THE VISION OF BHS IS TO BE NATIONALLY RECOGNIZED AS THE HEALTHCARE LEADER IN KENTUCKY BHS WILL LIVE OUT ITS CHRIST-CENTERED MISSION AND ACHIEVE ITS VISION GUIDED BY INTEGRITY, RESPECT, STEWARDSHIP, EXCELLENCE AND COLLABORATION

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 1,075,542,104 including grants of $ 2,055,274) (Revenue $ 1,268,220,153)

Since its inception in 1924, Baptist Healthcare System, Inc ("Baptist") is dedicated to providing accessible, quality healthcare to all patients regardless of their ability to pay The hospitals owned and operated by Baptist under tax identification number 61-0444707 include Hospital Location Baptist Health Louisville Louisville, Kentucky Baptist Health Corbin Corbin, Kentucky Baptist Health Lexington Lexington, Kentucky baptist Health Paducah Paducah, Kentucky VISION The vision of Baptist is to be the healthcare leader in Kentucky Having earned a reputation of providing high quality patient care and utilizing the latest in medical technology, patients seek out Baptist facilities for their care According to state statistics in 2013, Baptist is one of the largest healthcare providers in the state KENTUCKY 2013 HOSPITAL STATISTICS LICENSED BEDS 1,548 BEDS - SECOND LARGEST NUMBER OF BEDS OF ANY HEALTH SYSTEM IN KENTUCKY EMPLOYEES 10,073 EMPLOYEES AT END OF FISCAL YEAR - ONE OF THE TOP EMPLOYERS IN KENTUCKY INPATIENT CARE 66,637 ADMISSIONS/314,687 DAYS - LARGEST NUMBER OF ADMISSIONS IN KENTUCKY AT A SYSTEM-OWNED OR MANAGED HOSPITAL - ONE OUT OF EVERY EIGHT INPATIENTS RECEIVING CARE IN KENTUCKY RECEIVED CARE AT A SYSTEM-OWNED OR MANAGED HOSPITAL OBSTETRIC (DELIVERIES) 8,756 BABIES - LARGEST NUMBER OF BABIES DELIVERED IN KENTUCKY AT A SYSTEM-OWNED OR MANAGED HOSPITAL - ONE IN FIVE BABIES IN KENTUCKY WAS DELIVERED AT BAPTIST HOSPITALS AT A SYSTEM-OWNED OR MANAGED HOSPITAL CARDIOLOGY (OPEN HEART SURGERIES) 930 CASES - SECOND LARGEST NUMBER OF OPEN-HEART SURGERIES PERFORMED BY ANY SYSTEM-OWNED OR MANAGED HOSPITAL IN KENTUCKY - ONE IN SEVEN OPEN-HEART SURGERIES IN KENTUCKY WAS PERFORMED AT A SYSTEM-OWNED OR MANAGED HOSPITAL EMERGENCY VISITS 161,149 REGISTRATIONS - THE SECOND LARGEST NUMBER OF EMERGENCY VISITS IN KENTUCKY AT A SYSTEM-OWNED OR MANAGED HOSPITAL - ONE IN THIRTEEN ER PATIENTS WAS TREATED AT A SYSTEM-OWNED OR MANAGED HOSPITAL OUTPATIENT VISITS 765,759 HOSPITAL VISITS - ONE IN ELEVEN OUTPATIENTS IN KENTUCKY RECEIVING CARE IN AN ACUTE-CARE SETTING WAS SEEN AT A SYSTEM-OWNED OR MANAGED HOSPITAL MISSION AS INDICATED BY ITS MISSION STATEMENT, BAPTIST STRIVES TO CONTINUE ITS "CHRISTIAN HERITAGE OF SERVICE AND TO ENHANCE THE HEALTH OF THE PEOPLE AND THE COMMUNITIES WE SERVE " BAPTIST IS ORGANIZED AND OPERATED EXCLUSIVELY FOR THE BENEFIT OF EACH COMMUNITY AND EACH HOSPITAL IS CONSIDERED A VALUABLE COMMUNITY ASSET THE BAPTIST BOARDS OF DIRECTORS ARE COMPRISED OF LOCAL REPRESENTATIVES WHO, ALONG WITH THE HOSPITALS' MANAGEMENT AND EMPLOYEES, UNDERSTAND THAT THEY ARE RESPONSIBLE TO THE COMMUNITIES FOR PROVIDING HIGH QUALITY HEALTH CARE SERVICES OVER THE YEARS, BAPTIST HAS GAINED A REPUTATION FOR PROVIDING COMPASSIONATE, HIGH QUALITY, COST EFFICIENT, PATIENT FRIENDLY CARE RESPONSIVE TO COMMUNITY NEED OPERATING HEALTHCARE FACILITIES IN TODAY'S ENVIRONMENT REQUIRES A DELICATE BALANCE BETWEEN PRODUCING A SUFFICIENT MARGIN TO ALLOW FOR ADEQUATE STAFFING AND INVESTMENT IN NEW TECHNOLOGIES, WHILE ALSO PROVIDING ENOUGH RESOURCES TO ABSORB THE COST OF CARE FOR THOSE PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY FOR THE SERVICES IN 2013, BECAUSE OF ITS ABILITY TO PRODUCE A MODEST OPERATING MARGIN, BAPTIST WAS ABLE TO RE-INVEST OVER $149 MILLION INTO THE COMMUNITIES IN NEW TECHNOLOGY, CONSTRUCTION, RENOVATION AND SYSTEMS IMPROVEMENT BECAUSE OF THE NEED TO GENERATE A MODEST MARGIN WHILE CARING FOR ALL PATIENTS, BAPTIST STRIVES TO FULFILL ITS COMMUNITY RESPONSIBILITY OF COLLECTING APPROPRIATE REIMBURSEMENT FROM ALL PATIENTS WHO HAVE THE NECESSARY RESOURCES WHILE PROVIDING A GENEROUS, YET ACCOUNTABLE CHARITY CARE POLICY TO ASSIST THOSE PATIENTS WHO DO NOT HAVE THE MEANS TO PAY FOR THE SERVICES RENDERED (SEE "CHARITY CARE POLICY" ON THE NEXT PAGE FOR FURTHER DISCUSSION) FROM A BROAD PERSPECTIVE, BAPTIST HOSPITALS CONSISTENTLY PROVIDE A HIGH LEVEL OF QUALITY CARE TO EVERY PATIENT AND ENHANCE THE HEALTH OF THE PEOPLE IT SERVES THROUGH HEALTH PROMOTIONS, HEALTH SCREENINGS, MEDICAL RESEARCH, AND TRAINING OF HEALTH PROFESSIONALS OTHER COMMUNITY BENEFITS INCLUDE - MAINTAINING NECESSARY, BUT UNPROFITABLE SERVICES THAT MEET COMMUNITY NEEDS - HELPING TO RECRUIT PHYSICIANS TO UNDERSERVED AREAS - HELPING PATIENTS COORDINATE SERVICES WITH OTHER HEALTHCARE PROVIDERS - PROVIDING RESOURCES FOR SUPPORT GROUPS - PROMOTING AND PROVIDING PREVENTIVE CARE SERVICES - MONITORING CLINICAL OUTCOMES IN ORDER TO ENSURE QUALITY CARE - COMMITTING RESOURCES TO IMPROVING SAFETY AND PROCESSES OF CARE - PROVIDING SERVICES CONVENIENTLY ACCESSIBLE BY PATIENTS IN ADDITION, BAPTIST EMPLOYEES VOLUNTEER THOUSANDS OF HOURS IN COMMUNITY SERVICES AND LEADERSHIP BAPTIST'S SUPPORT FOR COMMUNITY ACTIVITIES UNDERSCORES ITS COMMITMENT TO IMPROVING THE LIVES OF THOSE SERVED BECAUSE BAPTIST AND ITS EMPLOYEES CONTRIBUTE SO MUCH OF THEIR TIME, TALENTS AND RESOURCES TO SERVE OTHERS, COMMUNITIES SERVED BY BAPTIST ARE BETTER PLACES TO LIVE AND WORK QUANTIFICATION OF MANY OF THE COMMUNITY BENEFITS IS DETAILED FURTHER IN "PART III - STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS" HOWEVER, WHAT THE STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS DOESN'T MEASURE IS THE ECONOMIC BENEFIT DERIVED BY EACH COMMUNITY FROM BAPTIST BEING ONE OF THE LARGEST EMPLOYERS IN THE STATE THE ECONOMIC IMPACT OF THE WAGES PAID TO BAPTIST EMPLOYEES IS SIGNIFICANT CONSIDERING THE DOLLARS THEY SPEND ON FOOD, HOUSING, SERVICES, AND OTHER PRODUCTS CHARITY CARE POLICY TO FURTHER THE MISSION OF ENHANCING THE HEALTH OF THE PEOPLE AND COMMUNITIES IT SERVES, BAPTIST PROVIDES MEDICALLY NECESSARY INPATIENT AND OUTPATIENT CARE TO PATIENTS REGARDLESS OF RACE, RELIGION, SEX, NATIONAL ORIGIN, DISABILITY, AGE OR THEIR ABILITY TO PAY RECOGNIZING THAT NOT ALL PATIENTS HAVE THE ABILITY TO PAY, BAPTIST HAS A CHARITY CARE POLICY TO ACCURATELY EVALUATE A PATIENT'S ABILITY TO PAY FOR SERVICES RECEIVED BAPTIST RELIES SOLELY ON THE PHYSICIAN ORDER TO DETERMINE WHETHER TREATMENT IS MEDICALLY NECESSARY AND WHETHER THE PATIENT IS TREATED ON AN INPATIENT OR OUTPATIENT BASIS NEITHER THE PATIENT'S FINANCIAL CONDITION NOR THEIR ABILITY TO PAY FOR SERVICES HAS ANY BEARING UPON WHETHER, OR HOW, THE PATIENT IS TREATED IN A BAPTIST FACILITY PATIENTS ARE TRANSFERRED ONLY WHEN BAPTIST DOES NOT PROVIDE THE SPECIALIZED SERVICE THAT IS REQUIRED, OR BY SPECIFIC REQUEST OF THE PATIENT BAPTIST HAS NOTICES POSTED THROUGHOUT THE HOSPITAL THAT CLEARLY COMMUNICATE BAPTIST'S CHARITY CARE POLICY BAPTIST EMPLOYEES ARE INSTRUCTED IN THE APPLICATION OF THE CHARITY CARE POLICY AND ARE TRAINED TO RECOGNIZE SITUATIONS THAT INDICATE THE FINANCIAL RESOURCES OF A PATIENT MAY BE INADEQUATE THESE EMPLOYEES FREELY AND WILLINGLY VOLUNTEER INFORMATION REGARDING THE CHARITY CARE POLICY TO ANY PATIENT WHO MAY EXPRESS A CONCERN REGARDING THE ABILITY TO PAY FOR SERVICES THE POLICY PROVIDES THAT 1 PATIENTS/GUARANTORS WITH RESOURCES OF LESS THAN 200% OF THE POVERTY GUIDELINE FOR THEIR FAMILY SIZE WILL RECEIVE FULL CHARITY 2 PATIENTS/GUARANTORS WITH RESOURCES OF 200% BUT LESS THAN 400% OF THE POVERTY GUIDELINE FOR THEIR FAMILY SIZE WILL QUALIFY FOR PARTIAL CHARITY THE RATIO OF RESOURCES UP TO 400% OF THE POVERTY GUIDELINE DETERMINES THE PERCENTAGE OF THE BILL THAT WILL BE THE RESPONSIBILITY OF THE APPLICANT HOWEVER, THE LIABILITY IS CAPPED AT 10% OF THE RESOURCES 3 PATIENTS/GUARANTORS WITH RESOURCES OF 400% OF THE POVERTY GUIDELINE FOR THEIR FAMILY SIZE BUT NO MORE THAN 1200% OF THE POVERTY GUIDELINE FOR THEIR FAMILY OF ONE WILL QUALIFY FOR PARTIAL CHARITY IF THE LIABILITY EXCEEDS 20% OF THEIR RESOURCES IN THESE SITUATIONS, THE PATIENT/GUARANTOR WILL BE RESPONSIBLE FOR AN AMOUNT NOT TO EXCEED 20% OF THEIR RESOURCES 4 IF ELIGIBLE FOR A CHARITY DISCOUNT, A PATIENT WILL RECEIVE THE DISCOUNT REGARDLESS OF WHETHER THEY PAY THE BALANCE ON THE BILL IF NECESSARY, PAYMENT ARRANGEMENTS MAY BE MADE ON THE BALANCE OF THE PATIENT'S BILL IN ACCORDANCE WITH HOSPITAL PROCEDURES AFTER REASONABLE EFFORTS HAVE BEEN MADE, IF CHARITY CARE ELIGIBILITY CANNOT BE DETERMINED, GOOD STEWARDSHIP REQUIRES THAT THE HOSPITAL INITIALLY BEGIN THE COLLECTION PROCESS HOWEVER, IMMEDIATELY UPON DETERMINING THAT THE GUARANTOR IS ELIGIBLE FOR CHARITY CARE, COLLECTION EFFORTS ON THE BALANCE ELIGIBLE FOR CHARITY WILL CEASE AND THE APPROPRIATE BALANCE WILL BE DESIGNATED AS CHARITY TAX-EXEMPT STATUS REQUIREMENTS THE INTERNAL REVENUE SERVICE REVENUE RULING 69-545 PROVIDES THAT A HOSPITAL CAN DEMONSTRATE IT HAS MET THE COMMUNITY BENEFIT STANDARD BY HAVING A FULL-TIME EMERGENCY ROOM OPEN TO THE PUBLIC REGARDLESS OF ABILITY TO PAY FOR SERVICES RECEIVED BAPTIST OPERATES EMERGENCY DEPARTMENTS THAT ARE OPEN 24 HOURS A DAY, 365 DAYS A YEAR AND TREATED 161,149 EMERGENCY PATIENTS DURING FISCAL YEAR 2013 BAPTIST FACILITIES AND EMERGENCY DEPARTMENTS POST POLICIES STATING THAT PATIENTS WILL BE TREATED REGARDLESS OF THEIR ABILITY TO PAY DEPENDING ON THE SEVERITY OF A PATIENT'S CONDITION, AS A SERVICE TO THE PATIENT BA

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

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

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

4e **Total program service expenses** ▶ 1,075,542,104

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	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *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 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *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	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *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 and XII*	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 and XII 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, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts 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 United States? *If "Yes," complete Schedule F, Parts 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 (see instructions)*	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 hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

		Line	Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization 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, line 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 lines 24b through 24d and complete Schedule K. If "No," go to line 25*	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	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, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *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	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *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	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b	Yes	
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 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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	826			
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	11,067			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			2b	Yes	
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, securities account, or other financial 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 as charitable contributions?			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.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the 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	18		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its 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		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
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		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
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 this 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 ▶KY

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

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

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

▶Carl G Herde 2701 Eastpoint Parkway Louisville, KY (502) 896-5011

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: 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

		(D)	(E)	(F)
1b	**Sub-Total** . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . ▶	8,439,525	0	941,206

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 ▶370

			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
Central Ky Anesthesia , 1800 Nicholasville Rd Ste 104 Lexington KY 40504	Anesthesia services	2,458,338
Anesthesiology of Paducah , 2507 Broadway Paducah KY 42001	Anesthesia services	2,331,659
Avonti Garrett et al , 505 W Ormsby Ave Louisville KY 40203	Legal services	2,329,277
Kentucky Anesthesia Group , 425 Lewis Hargette Circle Lexington KY 40503	Anesthesia services	1,818,485
Executive Health Resources , PO Box 822688 Philadelphia PA 19182	Clinical compliance	1,400,347

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 ▶114

Part VIII **Statement of Revenue**

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

Section	Line	Description		(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	0				
	d	Related organizations . . . 1d	2,841,883				
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	2,541,679				
	g	Noncash contributions included in lines 1a-1f $	0				
	h	**Total.** Add lines 1a-1f . . . . ▶		5,383,562			
Program Service Revenue			Business Code				
	2a	Insur & Pt Pmts	621300	657,120,424	656,323,922	796,502	0
	b	Medicare & Medicaid Pmts	621300	584,264,903	584,264,903	0	0
	c	Interco Int/MOB Rent	900099	12,102,638	12,102,638	0	0
	d	Other Program Svc Rev	900099	7,335,211	7,335,211	0	0
	e	Mgmt Fees-Exempt Rev		5,447,818	5,447,818	0	0
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . ▶		1,266,270,994			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . ▶		14,044,669			14,044,669
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . ▶		0			

Line	Description	(i) Real	(ii) Personal
6a	Gross rents		
b	Less rental expenses		
c	Rental income or (loss)	0	0

Line	Description	(A) Total revenue	(B)	(C)	(D)
6d	Net rental income or (loss) . . . . ▶	0			

Line	Description	(i) Securities	(ii) Other
7a	Gross amount from sales of assets other than inventory	3,098,129,117	195,070
b	Less cost or other basis and sales expenses	3,074,977,216	776,330
c	Gain or (loss)	23,151,901	-581,260

Line	Description		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
7d	Net gain or (loss) . . . . ▶		22,570,641			22,570,641
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	0				
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	Cafe & Coffee Shops	722514	6,076,147	0	0	6,076,147
b	Purchasing Ptrshp Rev	900099	3,839,940	3,704,923	135,017	0
c	Day Care Center	624410	2,294,485		833,467	1,461,018
d	All other revenue		-1,554,679	-1,755,764	201,085	
e	**Total.** Add lines 11a–11d . . . . . . ▶		10,655,893			
12	**Total revenue.** See Instructions . . . . . ▶		1,318,925,759	1,267,423,651	1,966,071	44,152,475

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response 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	2,055,274	2,055,274		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	6,277,728	0	6,277,728	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)	998,648	89,657	908,991	0
7	Other salaries and wages	475,486,404	424,675,031	50,811,373	0
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	22,304,569	19,624,946	2,679,623	0
9	Other employee benefits	67,557,178	58,585,692	8,971,486	0
10	Payroll taxes	32,440,723	28,543,364	3,897,359	0
11	Fees for services (non-employees)				
a	Management	2,074,320	1,854,018	220,302	0
b	Legal	1,578,982	11,544	1,567,438	0
c	Accounting	167,559	0	167,559	0
d	Lobbying	177,943	0	177,943	0
e	Professional fundraising services See Part IV, line 17	0			0
f	Investment management fees	0	0	0	0
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	26,600,647	22,433,940	4,166,707	0
12	Advertising and promotion	8,793,208	25,226	8,767,982	0
13	Office expenses	56,582,675	47,721,370	8,861,305	0
14	Information technology	14,030,045	25,002	14,005,043	0
15	Royalties . .	0	0	0	0
16	Occupancy	22,184,190	20,900,777	1,283,413	0
17	Travel	3,345,758	2,063,926	1,281,832	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	408,597	201,946	206,651	0
20	Interest	11,887,290	11,887,290	0	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	87,780,309	67,224,330	20,555,979	0
23	Insurance	10,025,630	6,692,830	3,332,800	0
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a	Medical supplies	302,995,260	302,265,319	729,941	0
b	Purchased Svc Non-medical	30,918,561	28,504,666	2,413,895	0
c	Provider tax	20,199,151	20,199,151	0	0
d	Administrative	10,432,165	7,947,854	2,484,311	0
e	All other expenses	5,559,192	2,008,951	3,550,241	
25	**Total functional expenses.** Add lines 1 through 24e	1,222,862,006	1,075,542,104	147,319,902	0
26	**Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)	0			

Part X **Balance Sheet**

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		37,943	1	37,772
	2	Savings and temporary cash investments		152,179,118	2	126,984,548
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		166,776,381	4	174,081,503
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		24,619,744	8	25,366,319
	9	Prepaid expenses and deferred charges		13,968,232	9	12,742,583
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 1,822,726,589			
	b	Less accumulated depreciation	10b 1,069,810,021	693,833,090	10c	752,916,568
	11	Investments—publicly traded securities		703,565,221	11	759,723,635
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		201,101,568	13	275,726,608
	14	Intangible assets		13,371,904	14	13,721,574
	15	Other assets See Part IV, line 11		265,590,283	15	226,532,747
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		2,235,043,484	16	2,367,833,857
Liabilities	17	Accounts payable and accrued expenses		131,458,337	17	132,352,509
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		609,969,366	20	600,146,028
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	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		107,420,302	25	104,953,218
	26	**Total liabilities.** Add lines 17 through 25		848,848,005	26	837,451,755
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		1,383,316,027	27	1,528,008,016
	28	Temporarily restricted net assets		2,879,452	28	2,374,086
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,386,195,479	33	1,530,382,102
	34	Total liabilities and net assets/fund balances		2,235,043,484	34	2,367,833,857

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	1,318,925,759
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,222,862,006
3	Revenue less expenses Subtract line 2 from line 1	3	96,063,753
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,386,195,479
5	Net unrealized gains (losses) on investments	5	37,155,180
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	10,967,690
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,530,382,102

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
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
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		

Additional Data

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

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: 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
Robert Baker Director	1 0	X						3,000	0	0
William H Brigance Director (thru 12/31/12)	1 0	X						3,000	0	0
Tom Davis Director	1 0	X						3,000	0	0
Tommy Elliott Director	1 0	X						3,000	0	0
Diane Dalton Evans Director (eff 1/1/13)	1 0	X						0	0	0
Frances V Hamilton Director (thru 12/31/12)	1 0	X						3,000	0	0
Brenda Hammons Director	1 0	X						3,000	0	0
Jeff Holland Director (thru 12/31/12)	1 0	X						3,000	0	0
Robert L Hook Jr Director	1 0	X						3,000	0	0
Chris Hutson Director	1 0	X						3,000	0	0
Lindsey Ingram Jr Director	1 0	X						3,000	0	0
Glenn Leveridge Director	1 0	X						3,000	0	0
John Logan Director	1 0	X						3,000	0	0
Danny McMahan Director (thru 12/31/12)	1 0	X						3,000	0	0
Frank R Purdy III Director	1 0	X						3,000	0	0
Steven Reed Director	1 0	X						3,000	0	0
James D Rickard Director	1 0	X						3,000	0	0
Marcia Milby Ridings Director	1 0	X						3,000	0	0
Edmund C Roberts Jr Director	1 0	X						3,000	0	0
Allen Rudd Director (eff 1/1/13)	1 0	X						0	0	0
Judge Eugene Siler Jr Director	1 0	X						0	0	0
Don Walker Director (thru 12/31/12)	1 0	X						3,000	0	0
Thelma White Director (eff 1/1/13)	1 0	X						0	0	0
Tommy Smith President & CEO (thru 3/25/13)	40 0			X				1,399,819	0	168,538
Stephen Hanson President & CEO (eff 3/26/13)	40 0			X				0	0	0

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
William Sisson Vice President	40 0			X				970,218	0	113,787
Larry Barton Vice President	40 0			X				631,218	0	85,575
David Gray Vice President	40 0			X				583,412	0	56,863
Carl Herde Treasurer & CFO	40 0			X				702,992	0	97,207
Janet Norton Secretary	40 0			X				567,344	0	56,301
Mary Lou Tipgos Assistant Secretary	40 0			X				145,494	0	30,725
John R Barton Physician	40 0					X		544,342	0	56,989
DOUGLAS A MILLIGAN MD PHYSICIAN	40 0					X		533,010	0	46,251
Larry Gray Hospital President	40 0 0 0					X		509,414	0	55,009
Kelley Clark Physician	40 0 0 0					X		498,981	0	35,151
David Rhodes VP Human Resources	40 0 0 0					X		466,975	0	59,125
Susan Stout Tamme Vice President (thru 12/2011)	40 0						X	455,204	0	59,824
John Henson Vice President (thru 11/2011)	40 0						X	374,102	0	19,861

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

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

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

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) | 14 |

15 Public support percentage for 2011 Schedule A, Part II, line 14 | 15 |

16a **33 1/3% support test—2012.** 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—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** 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—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** 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—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493190001064

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions.

OMB No 1545-0047
2012
Open to Public Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then
- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then
- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then
- Section 501(c)(4), (5), or (6) organizations Complete Part III

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

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $

3 Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	**(a)** 2009	**(b)** 2010	**(c)** 2011	**(d)** 2012	**(e)** Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	0
d Mailings to members, legislators, or the public?		No	0
e Publications, or published or broadcast statements?		No	0
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		107,169
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	0
i Other activities?	Yes		70,774
j Total Add lines 1c through 1i			177,943
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Other activities for lobbying purposes	Part II-B Line 1i	Lobbying portion of Ky Hospital Assoc & American Hospital Assoc dues
Direct Contact	Part II-B line 1g	Fees paid for lobbyist and related expenses

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, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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 education)
☐ Preservation of an historically important land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 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, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) 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 acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

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

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

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

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

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

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

			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 XIII Check here if the explanation has been provided in Part XIII . . . . ☐

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

		(a) Current year	**(b)** Prior year	**b (c)** Two years back	**(d)** Three years back	**(e)** Four years back
1a	Beginning of year balance	706,444,672	648,747,137	596,233,194	556,012,808	638,807,978
b	Contributions	9,233,782	11,668,086	3,759,866	14,427,582	788,978
c	Net investment earnings, gains, and losses	72,369,664	58,290,845	69,420,829	40,798,181	-42,097,691
d	Grants or scholarships					
e	Other expenditures for facilities and programs	23,559,813	10,123,939	18,794,907	13,347,504	40,094,347
f	Administrative expenses	2,390,584	2,137,407	1,871,845	1,657,873	1,392,110
g	End of year balance	762,097,721	706,444,722	648,747,137	596,233,194	556,012,808

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

a Board designated or quasi-endowment ▶ 99 700 %

b Permanent endowment ▶

c Temporarily restricted endowment ▶ 0 300 %

The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

4 Describe in Part XIII 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		86,831,731		86,831,731
b Buildings		900,271,087	505,359,453	394,911,634
c Leasehold improvements				
d Equipment		735,334,122	564,450,568	170,883,554
e Other		100,289,649		100,289,649
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				752,916,568

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) must 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) Investment in BCHS	25,916,417	C
(2) Investment in BMA	79,403,078	C
(3) Investment in WBMV	31,626,465	C
(4) Investment in BPL	91,822,482	C
(5) Investment in AEIX	10,842,400	C
(6) Investment in BPS	24,856,341	C
(7) Other	11,259,425	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶	275,726,608	

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

(a) Description	(b) Book value
(1) Other Current Assets	4,260,771
(2) Due from Affiliates	93,154,658
(3) Trustee Funds-Malpractice	55,669,996
(4) Trustee Funds-Workers Comp	14,173,241
(5) Trustee Funds-Bond Indenture	46,176,513
(6) Investments in Joint Ventures	2,011,835
(7) Unamortized Issue Costs	4,072,653
(8) Third Party Receivable	7,013,080
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	226,532,747

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
MALPRACTICE LIABILITY	66,075,543
WORKERS COMP LIABILITY	14,823,097
ACCRUED POST RETIREMENT/MISC	24,054,578
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	104,953,218

2. Fin 48 (ASC 740) Footnote In Part XIII, 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 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

Part XI 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 XIII)	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 XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

Part XII 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 XIII)	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 XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Schedule D, Part V, Line 4	Intended use of endowment funds	The endowment funds are used to support & enhance patient care at the hospitals, finance capital improvements, and provide educational & financial assistance to hospital employees

Additional Data

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

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
(1) Other Current Assets	4,260,771
(2) Due from Affiliates	93,154,658
(3) Trustee Funds-Malpractice	55,669,996
(4) Trustee Funds-Workers Comp	14,173,241
(5) Trustee Funds-Bond Indenture	46,176,513
(6) Investments in Joint Ventures	2,011,835
(7) Unamortized Issue Costs	4,072,653
(8) Third Party Receivable	7,013,080

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493190001064

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

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other ______ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other ______ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
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 financial assistance 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 report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)		57,918	51,823,141	6,779,253	45,043,888	3 680 %
b Medicaid (from Worksheet 3, column a)		14,812	107,259,032	85,347,359	21,911,673	1 790 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		72,730	159,082,173	92,126,612	66,955,561	5 470 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		567,671	2,266,002	46,701	2,219,301	0 180 %
f Health professions education (from Worksheet 5)		346	905,815		905,815	0 070 %
g Subsidized health services (from Worksheet 6)		44,251	92,995,719	79,142,484	13,853,235	1 130 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		37,208	1,469,490		1,469,490	0 120 %
j **Total.** Other Benefits		649,476	97,637,026	79,189,185	18,447,841	1 500 %
k **Total.** Add lines 7d and 7j		722,206	256,719,199	171,315,797	85,403,402	6 970 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			38,217		38,217	0 010 %
3 Community support			3,799		3,799	
4 Environmental improvements						
5 Leadership development and training for community members			8,869		8,869	
6 Coalition building			466		466	
7 Community health improvement advocacy			19,248		19,248	
8 Workforce development						
9 Other						
10 **Total**			70,599		70,599	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	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 14,519,173			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 4,038,871			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	371,201,882
6	Enter Medicare allowable costs of care relating to payments on line 5	6	411,674,203
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-40,472,321

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 (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? **4**

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Baptist Health Louisville 4000 Kresge Way Louisville, KY 40207 www baptisteast com	X	X					X			1
2	Baptist Health Lexington 1740 Nicholasville Rd Lexington, KY 40503 www centralbap com	X	X					X			1
3	Baptist Health Paducah 2501 Kentucky Ave Paducah, KY 42003 www westernbaptist com	X	X					X			1
4	Baptist Health Corbin 1 Trillium Way Corbin, KY 40701 www baptistregional com	X	X					X			1

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group 1

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

			Yes	No
	Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report 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 the community health 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 CHNA 20 11			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report 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 CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide 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 its 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	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			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	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			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply) **a** ☑ Income level **b** ☑ Asset level **c** ☑ Medical indigency **d** ☑ Insurance status **e** ☑ Uninsured discount **f** ☑ Medicaid/Medicare **g** ☑ State regulation **h** ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply) **a** ☑ The policy was posted on the hospital facility's website **b** ☑ The policy was attached to billing invoices **c** ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms **d** ☑ The policy was posted in the hospital facility's admissions offices **e** ☐ The policy was provided, in writing, to patients on admission to the hospital facility **f** ☑ The policy was available upon request **g** ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP **a** ☐ Reporting to credit agency **b** ☐ Lawsuits **c** ☐ Liens on residences **d** ☐ Body attachments **e** ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		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)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

a ☑ Notified individuals of the financial assistance policy on admission

b ☐ Notified individuals of the financial assistance policy prior to discharge

c ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills

d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy

e ☑ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	Yes	

If "No," indicate why

a ☐ The hospital facility did not provide care for any emergency medical conditions

b ☐ The hospital facility's policy was not in writing

c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)

d ☐ Other (describe in Part VI)

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

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

a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged

b ☑ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged

c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged

d ☐ Other (describe in Part VI)

		Yes	No
21 During the tax year, did the hospital facility charge any FAP-eligible individuals 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?	21		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	22		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
Schedule H, Part I, Line 6a		Each hospital within Baptist Healthcare System ("BHS") (61-0444707) prepares a community benefits report In addition, a summary community benefits report is prepared on a consolidated basis for all entities within BHS
Schedule H, Part I, Line 7g		No physician clinic costs are included in the costs of subsidized health services

Identifier	ReturnReference	Explanation
Schedule H, Part I, Line 7		BHS utilizes a sophisticated cost accounting system that identifies the cost of delivering care at the individual procedure and item (supply) level for direct costs and a detailed step-down methodology to allocate overhead costs as accurately as possible Costs are determined for each patient based upon the specific procedures performed and items used for each patient Patients are also categorized by 1 patient type (inpatient and outpatient), 2 payer plan (42 unique categories of payer plans Charity, State-sponsored charity and the Uninsured are among the uniquely identified payer plans), and 3 clinical service (53 unique clinical services) The cost of care for uninsured patients who qualify for "full" charity care (under a State-sponsored or BHS sponsored charity program) is determined by calculating the cost of each uninsured charity patient (at the procedure and item level) and accumulating the cost of each patient For insured patients who also qualify for partial charity under the BHS sponsored charity program, costs are allocated to each portion (insurance, partial charity, patient payments and bad debt) using the patient's payer plan cost-to-charge ratio (CCR) For example, this CCR is multiplied by the charges covered by insurance to determine the cost of insurance, multiplied by charges covered by partial charity to determine the cost of partial charity, multiplied by patient payments to determine the cost of paid services and multiplied by unpaid charges to determine the cost of bad debt The cost of care for uninsured patients who do NOT qualify for charity care (full or partial bad debt accounts) are allocated to each portion (patient paid portion and unpaid portion) using the patient's uninsured payer plan CCR For example, this CCR is multiplied by patient payments to determine the cost of paid services and multiplied by unpaid charges to determine the cost of bad debt Much care is taken to ensure that costs used for community benefit reporting are directly related to exempt-purpose patient care (excluding physician-related costs) and that costs are reported accurately For example, the cost of charity and Medicaid are removed from the calculation of the loss on subsidized services
Schedule H, Part III, Line 4		A separate footnote for bad debt expense is not included in the audited financial statements However, beginning in 2012 BHS reported the provision for uncollectible accounts related to patient service revenue as a deduction from patient service revenue Costing methodology of bad debt is outlined in Schedule H, Part VI, line 1 The estimated amount of bad debt expense attributable to patients eligible under the organization's FAP was determined using a historical percent to total of net amounts written off as bad debt for those patients with a low propensity to pay or low income to total net amounts written off as bad debt

Identifier	ReturnReference	Explanation
Schedule H, Part III, Line 8		Medicare revenues and allowable costs were taken from the "as filed" Medicare cost report Much care is taken to ensure that all adjustments to remove non-allowable costs are taken Due to the fact that Medicare rates are non-negotiable and are established by the government, all of the shortfall for Medicare should be included as a community benefit
Schedule H, Part III, line 9b		Patients and guarantors who qualify for a "full" charity discount will not be billed once the charity determination is made Patients and guarantors who qualify for a "partial" charity discount will be billed only for the non-discounted portion of their account Guarantors who have an ability to pay for services will be billed based on the following guidelines - Patients or guarantors may be asked to pay an estimated patient liability at point of service - BHS facilities will accept and file claims for all insurances assigned to the organization with adequate proof of coverage This assignment does not relieve the guarantor of responsibility for payment if the insurer fails to pay as prescribed by regulation, statute or patient-insurance contract Deductibles, co-payments and non-covered services will be the responsibility of guarantors - Statements will be sent to guarantors once patient liability is determined for insured or uninsured patients and necessary billing follow-up calls will be made by BHS Patient Financial Services and/or a designated external early out vendor over a period of time averaging from 90 to 120 days All statements will contain information regarding the availability of financial assistance If applicable, effort will be made to assist uninsured patients to secure coverage through any governmental or other assistance programs - Patients requesting detailed charge information will be provided with an itemized bill - BHS Patient Financial Services will provide all patients the same information concerning services and charges - Patient accounts not resolved at the end of this cycle will be considered for placement with external collection agencies Collection agencies will continue to pursue patient balances while maintaining compliance with the Fair Debt Collection Practices Act and the ACA International's Code of Ethics and Professional Responsibility Schedule H, Part V, Section B, Line 3 - Baptist Health Louisville (BHLOU) Contacts were made with the Health Departments responsible for the counties in the service area There are four health departments responsible for the counties BHLou serves Louisville Metro Public Health & Wellness (Jefferson County), the Bullitt County Health Department, the Oldham County Public Health Department, and the North Central District Health Department, which serves both Shelby and Spencer Counties Through these contacts, the public meetings that were held, and public surveys conducted in Jefferson and Oldham Counties, BHE solicited primary feedback on the health issues confronting its service area Schedule H, Part V, Section B, Line 3 - Baptist Health Lexington Community input was provided through 1)The Matrix Group was retained to conduct a perception study within our community This was completed in 2011 2) Fayette County Health Department 3) From the larger community stakeholders group, an eight(8) member CHIP Advisory Council was formed Schedule H, Part V, Section B, Line 3 - Baptist Health Paducah Primary data was collected from a survey and a focus group Primary data was collected through the survey of McCracken County residents, including the hospital employee base Our committee hosted a community leader focus group Feb 17, 2012, including 16 key informants representing broad interests of the community Schedule H, Part V, Section B, Line 3 - Baptist Health Corbin Primary data was obtained by Baptist Health Corbin through surveys targeting the community considered in the assessment The survey data was obtained over a four month time period Surveys were also conducted through the Whitley County Health Department and Laurel County Health Department/St Joseph Hospital of London Meetings were conducted with representatives from the local hospitals and health departments from Knox, Laurel and Whitley Schedule H, Part V, Section B, Line 7 - Baptist Health Lexington Baptist Health Lexington works collaboratively with other community resources to provide, support and serve as a referral source to address the additional identified health needs that fall below the significant prevalence level for our service area It is not within the scope of Baptist Health Lexingtons services, expertise or resources to be able to address all of the risk factors that have been identified as influencers of our communitys health status But it is through networking and partnerships with other community stakeholder organizations and agencies that these issues are being addressed Impact issues such as unemployment and uninsured populations are being dealt with by economic development groups, Commerce Lexington, Kentucky Chamber of Commerce, Lexington Fayette Urban County Government, and county health departments Safe neighborhoods/safe community issues are being examined by Lexington Fayette County Police Department, Department of Parks and Recreation, Safe Kids Coalition, and Kentucky Department of Transportation Schedule H, Part V, Section B, Line 7 - Baptist Health Paducah The use of illicit drugs or the abuse of prescription or over-the-counter medications for purposes other than those for which they are indicated or in a manner or in quantities other than directed is a growing problem in McCracken County This particular issue presents a need that cannot be met by Baptist Health Paducah, but is better met by services already in the community including those at Four Rivers Behavioral Health Schedule H, Part V, Section B, Line 7 - Baptist Health Corbin Community needs were identified and prioritized for the primary counties that we serve including Whitley, Knox and Laurel Baptist Health Corbin can address and impact several of these needs by implementing programs, education and preventative screenings Baptist Health Corbin will not be able to address all of the identified needs (i e teen births) of our community and may have to partner with other sources that are positioned better to address the remaining needs of our community SCHEDULE H, PART V, SECTION B, LINE 18 BILLING AND COLLECTIONS Prior to referring INDIVIDUALS to a collection agency, BHS processes all self-pay accounts through an external scoring application to determine additional eligibility for financial assistance

Identifier	ReturnReference	Explanation
Schedule H, Part VI, line 2		BHS conducts a tri-annual planning process that is driven by the strategic vision to be the health care leader in Kentucky Key industry and community issues (such as prominent health conditions present within each community, underserved areas and underprovided clinical services) are considered and analyzed for their impact on BHS and the four hospitals Frequently, outside experts reaffirm the assessment and assist in the development of plans to address the community need A course of action, including key strategies and goals, are shared with and approved by the BHS Board and the Hospital's administrative Boards
Schedule H, Part VI, line 3		Following is a list of various methods/processes used to inform/educate patients on the availability of financial assistance - financial counselors advise and/or screen uninsured patients before or during hospital services, - a third party vendor advises and/or screens uninsured patients during hospital services, - financial counselors provide follow-up contact for patients missed during services, - the State-sponsored DSH form is provided to all ER uninsured patients, - telephone calls and in-person visits are handled by staff trained to discuss financial assistance, - information regarding financial assistance is included in patient statements - The BHS sponsored charity care program policy is posted in key areas of each hospital - The BHS sponsored charity care program policy is posted on the website of each hospital and the System

Identifier	ReturnReference	Explanation
Schedule H, Part VI, line 4		BHS is comprised of four regional hospitals Each one serves a unique and separate geographic area within Kentucky Baptist Health Louisville (BHLou) opened in 1975 and is located in St Matthews, approximately five miles east of downtown Louisville area BHLou is strategically located near Interstate 64, a main access to downtown, and Interstate 264, a main beltway around Louisville The primary geographic service area for BHLou consists of Jefferson, Oldham and Bullitt Kentucky counties BHLou serves as a general acute care facility, specializing in services such as cardiovascular services, cancer care and comprehensive rehabilitation services that are much needed in the area In addition, BHLou operates one of the busiest emergency rooms in the State of Kentucky Approximately 13 4% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 8 8%, as compared to the national average of 8 2% Approximately 5% of the patients seeking care at BHELou are Medicaid and approximately 3% are uninsured Baptist Health Corbin (BHCor) opened in 1986 in Corbin, Kentucky It is located one-half mile off of Interstate 75, approximately three miles from downtown Corbin and near U S Highway 25, which is a main access to several of the surrounding communities The primary geographic service area for BHCor consists of the counties of Knox, Laurel and Whitley in Kentucky BHCor serves as a general acute care facility, specializing in services such as psychiatric, substance abuse, comprehensive rehabilitation and emergency care services The psychiatric program at BHCor has grown over the past several years and BHCor has plans to continue its growth Approximately 48% of the psychiatric program serves the Medicaid and uninsured populations Overall, approximately 28% and 12% of the patients seeking care at BHCor are Medicaid and uninsured, respectively Approximately 13 5% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 9 8%, as compared to the national average of 8 2% Baptist Health Lexington (BHLex) opened in 1954 in Lexington, the second largest city in Kentucky It is located approximately five miles from Interstate 75 and Interstate 64 which provide access for the immediate Lexington metro area patients as well as patients from other areas of central and eastern Kentucky which the hospital serves The primary geographic service area for BHLex consists of the Kentucky counties of Bourbon, Clark, Fayette, Franklin, Jessamine, Madison, Scott and Woodford In addition, BHLex serves as a regional referral center with approximately 38% of its discharges coming from Kentucky counties outside of the primary service area As such, BHLex provides tertiary care services not offered by many hospitals in the surrounding areas including specialty cardiovascular, orthopedic and intensive care services Approximately 15% and 4% of the patients seeking care at BHLex are Medicaid and uninsured, respectively Approximately 10 8% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 6 7%, as compared to the national average of 8 2% Baptist Health Paducah (BHPad) was opened in 1953 in Paducah, Kentucky, the largest city in BHPad's service area The hospital is located approximately one and one-half miles from Interstate 24 BHPad is one of only two hospitals located in Paducah The primary geographic service area for BHPad consists of Ballard, Carlisle, Graves, Livingston, Lyon, Marshall and McCracken Counties in Kentucky and Massac County in Illinois BHPad draws nearly 83% of its discharges from the primary service area BHPad serves as a general acute care facility, specializing in services such as cardiovascular services, cancer care and skilled nursing that are much needed in the area Approximately 12% and 6% of the patients seeking care at BHPad are Medicaid and uninsured, respectively Approximately 16 6% of the population of the local area surrounding the hospital is over 65 and the unemployment rate is 8 0%, as compared to the national average of 8 2%
Schedule H, Part VI, line 5		The BHS Board of Directors is comprised of local representatives who, along with the hospital's management and employees, understand that they are responsible to provide high quality health care services to the communities they serve Operating healthcare facilities in today's environment requires a delicate balance between producing a sufficient margin to allow for adequate staffing and investment in new technologies, while also providing enough resources to absorb the cost of care for those patients who do not have the ability to pay for the services In 2012, because of its ability to produce a modest operating margin, BHS was able to re-invest nearly $149 million into the communities in new technology, construction, renovation and systems improvement BHS hospitals reach out to the community in many ways through - Conducting health fairs for local schools, businesses and churches - Participating in fund-raising and other events to help local agencies such as the American Heart Association, Metro United Way, American Cancer Society, Big Brothers and Big Sisters and the American Red Cross - Donating hospital space for community group meetings - Participating on community health assessment teams that are dedicated to identifying and addressing local health needs in each of the counties we serve - Hosting educational programs, including our pre-natal classes, and Safe Sitter program - Maintaining necessary, but unprofitable services that meet community needs - Helping to recruit physicians to underserved areas - Helping patients coordinate services with other healthcare providers - Providing resources for support groups, such as cancer recovery groups - Promoting and providing preventive care services - Monitoring clinical outcomes in order to ensure quality care - Committing resources to improving safety and processes of care - Providing services conveniently accessible by patients In addition, BHS employees volunteer thousands of hours in community services and leadership BHS's support for community activities underscores its commitment to improving the lives of those served Because BHS and its employees contribute so much of their time, talents and resources to serve others, communities served by BHS are better places to live and work Quantification of many of the community benefits is detailed elsewhere in this schedule However, what the quantifiable amount doesn't measure is the economic benefit derived by the community from BHS being one of the major employers in the area The economic impact of the wages paid to BHS employees is significant considering the dollars they spend on food, housing, services, and other products The Internal Revenue Service Revenue Ruling 69-545 provides that a hospital can demonstrate it has met the community benefit standard by having a full-time emergency room open to the public regardless of ability to pay for services received BHS hospitals operate an Emergency Department that is open 24 hours a day, 365 days a year and treated over 161,000 emergency patients during fiscal year 2013 BHS and its emergency department posts policies stating that patients will be treated regardless of their ability to pay Depending on the severity of a patient's condition, as a service to the patient BHS may verify insurance prior to rendering services in the emergency department Under no circumstances is emergency care delayed by discussions regarding insurance coverage or ability to pay for services In addition, BHS does not convey or intimate in any way to any emergency medical transportation service an unwillingness to treat any particular patient in need of medical attention

Identifier	ReturnReference	Explanation
Schedule H, Part VI, line 6		BHS is a nonprofit, tax-exempt organization that owns and operates four hospitals Baptist Healthcare Affiliates, Inc is a nonprofit, tax-exempt affiliate that owns and operates an additional hospital Baptist Health Richmond, Inc is a nonprofit, tax-exempt affiliate that owns and operates a hospital in Richmond, KY Baptist Health Madisonville, Inc is a nonprofit, tax-exempt affiliate that owns and operates a hospital in Madisonville, KY Baptist Community Health Services, Inc is a nonprofit, tax-exempt affiliate that owns and operates rehabilitation centers, urgent care centers, and occupational and physical therapy clinics within the regions surrounding the hospitals Baptist Medical Associates, Inc , Baptist Physicians Lexington, Inc , Baptist Physicians Southeast, Inc and Western Baptist Medical Ventures, Inc are nonprofit, tax-exempt affiliates that own and operate physician practices Baptist Healthcare Foundation, Inc , Baptist Hospital Foundation of Greater Louisville, Inc , Central Baptist Hospital Foundation, Inc , Lexington Cardiac Research Foundation, Inc , and Western Baptist Hospital Foundation, Inc are nonprofit, tax-exempt affiliate corporations Bluegrass Family Health, Inc (BFH) is a nonprofit, taxable affiliate health maintenance organization Baptist Ventures, Inc is a for-profit, affiliate corporation Baptist Physicians' Surgery Center is a for-profit limited liability corporation, of which Baptist Community Health Services, Inc owns 54% PET/CT Management, LLC is a for-profit limited liability corporation, of which Baptist Healthcare System, Inc owns 83% Corbin Long Term Acute Care, LLC is a limited liability corporation of which Baptist Community Health Services, Inc is the sole member Baptist Eastpoint Surgery Center, LLC is a limited liability company which as of August 31, 2012 Baptist Community Health Services, Inc owns 80% Baptist Health Employer Solutions, Inc (BHES), formed in 2010, is a non-profit corporation in which BHS is the sole member BHES is a network of healthcare providers, hospitals and physicians BHES's activities and purposes serve to support the charitable activities and operations of BHS Purchase Health Quality Collaborative, LLC ("PHQC"), formed in 2011, is a non-profit limited liability company whose sole member is BHS PHQC was formed to support a physician/hospital network established by PHP, working with BH Pad to engage in clinical integration activities St Matthews Surgery Center, LLC is a limited liability company formed in October 2011 which as of August 31, 2012 Baptist Community Health Services, Inc owns 51% Mercy Regional Emergency Medical System, LLC ("MREMS"), formed in 1996, is a non-profit taxable corporation, which owns and operates an ambulance service in McCracken County, Kentucky in the service area of Western BHS owns a 50% interest in MREMS and the remaining 50% interest is owned by Mercy Health System, Inc d b a Lourdes Hospital All entities are located in the Commonwealth of Kentucky All entities described in Schedule H, Part VI, line 6 contributed a combined community benefit amount as follows Charity care at cost $56,653,000 Unreimbursed Medicaid 41,350,000 Community health improvement 3,242,000 Health professions education 4,750,000 Subsidized health services 15,797,000 Research 42,000 Cash and in-kind contributions 2,591,000 ----------- Total community benefit $124,425,000 Community building activities 71,000 Other items that also contribute to the benefit of the community Bad debt at cost $33,057,000 Unreimbursed Medicare $94,457,000

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

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated 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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 27

3 Enter total number of other organizations listed in the line 1 table . . . . ▶ 5

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. Part III can be duplicated 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, Part III, column (b), and any other additional information

Identifier	**Return Reference**	**Explanation**
Description of Organization's Procedures for Monitoring the Use of Grants	Form 990, Schedule I, Part I, Line 2	Baptist Healthcare System provides only direct contributions and other general support, therefore, no monitoring of charitable contributions is performed

Additional Data

Return to Form

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
REFUGE MINISTRIES INC PO Box 25007 Lexington, KY 40524	37-1547506	501(c)(3)	250,000				General support
HEALTHFIRST BLUEGRASS 650 Newtown Pike Lexington, KY 40508	45-2710251	501(c)(3)	145,833				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
KENTUCKY CANCER FOUNDATIONPO BOX 21741 Lexington, KY 405221741	99-9999999	501(c)(3)	100,000				General support
PADUCAH JUNIOR COLLEGEPO Box 7380 Paducah, KY 42002	61-6001156	501(c)(3)	100,000				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BAPTIST HEALTH FOUNDATION PADUCAH 2501 Kentucky Ave Paducah, KY 42003	26-4057759	501(c)(3)	79,748				General support
HOPE CENTERPO Box 6 Lexington, KY 40588	61-1107296	501(c)(3)	72,500				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
COALITION TO PROTECT AMERICAS HEALTHCARE PO BOX 30211 BETHESDA, MD 208240211	52-2253225	501(c)(4)	62,000				General support
ST NICHOLAS FAMILY CLINIC1733 Broadway Paducah, KY 42001	61-1260945	501(c)(3)	49,000				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN HEART ASSOC 240 Whittington Pkwy Louisville, KY 40222	13-5613797	501(c)(3)	44,500				General support
GREATER PADUCAH ECONOMIC DVLPMNT COUNCILPO Box 1155 Paducah, KY 420021155	61-1181577	501(c)(6)	37,500				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
KENTUCKY BAPTIST CONVENTION13420 Eastpoint Ctr Dr Louisville,KY 40223	61-0549873	501(c)(3)	35,001				Conference
MARCH OF DIMES196 W Lowry Lane Lexington,KY 40503	13-1846366	501(c)(3)	27,750				General support

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN CANCER SOCIETY1504 College Way Lexington, KY 40502	64-0329009	501(c)(3)	27,400				General support
Kentucky Chamber of Commerce464 CHENAULT RD FRANKFORT, KY 406019620	61-0405718	501(c)(6)	26,325				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
KENTUCKIANS FOR PROGRESS 6060 DUTCHMANS LNSTE 110 Louisville, KY 40205	27-4218549	501(c)(4)	25,000				General support
KENTUCKY NONPROFIT NETWORKPO BOX 22511 Lexington, KY 40522	46-0963142	501(c)(3)	25,000				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LEXINGTON STRIDES AHEAD COMMERCE LEXINGTON INC330 E Main St Ste 205 Lexington, KY 40507	61-1322448	501(c)(6)	25,000				General support
METRO UNITED WAY334 E Broadway Louisville, KY 40202	61-0444680	501(c)(3)	17,000				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
PROJECT FIT AMERICAPO BOX 308 BOYS HOT SPRNGS,CA 95416	36-3730823	501(c)(3)	16,350				General support
FUND FOR THE ARTS623 W Main St Louisville,KY 40202	61-0479626	501(c)(3)	16,000				General support

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
University of Louisville900 HOSPITAL DR MADISONVILLE,KY 42431	23-7078461	501(c)(3)	16,000				Scholarships
FINE ARTS ASSOCIATION OF SOUTHERN KY INC320 PINE ST WILLIAMSBURG,KY 40769	31-0884971	501(c)(3)	15,000				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
PADUCAH SYMPHONY2101 Broadway Paducah,KY 42001	61-0965156	501(c)(3)	12,000				General support
JCTC FOUNDATION109 East Broadway Louisville,KY 40202	23-7035648	501(c)(3)	11,500				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOMES FOR OUR TROOPS6 Main St Taunton, MA 02780	54-2143612	501(c)(3)	10,000				Swings for Soldiers
LEADERSHIP LOUISVILLE FOUNDATION732 W MAIN ST Louisville, KY 40202	31-0958491	501(c)(3)	10,000				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LEXINGTON CANCER FOUNDATION1504 College Way Lexington, KY 40502	56-2472701	501(c)(3)	10,000				General support
ARTHRITIS FOUNDATION 2908 Brownsboro Rd Louisville, KY 40206	58-1341679	501(c)(3)	7,500				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LEUKEMIA AND LYMPHOMA SOCIETY301 E MAIN ST Louisville,KY 40202	13-5644916	501(c)(3)	7,500				General support
LINCOLN HERITAGE COUNCIL BSAPO BOX 36273 Louisville,KY 40233	61-0445839	501(c)(3)	6,250				General support

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
WEST UNION BAPTIST ASSOC2541 OLIVET CHURCH RD Paducah,KY 42001	54-2143612	501(c)(3)	6,000				General support
BAPTIST HLTH FNDTN OF GRTR LOUISVILLE4000 Kresge Way Louisville,KY 40207	20-0292291	501(c)(3)	506,760				General support

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Travel for companions ☑ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☑ Compensation committee ☑ Independent compensation consultant ☑ Form 990 of other organizations ☑ Written employment contract ☑ Compensation survey or study ☑ 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? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	**4c**		No
	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? If "Yes," to line 5a or 5b, describe in Part III	**5b**		No
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? If "Yes," to line 6a or 6b, describe in Part III	**6b**		No
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 Regulations 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 duplicate copies if additional space is needed.

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

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

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

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
Supplemental Compensation Information	Schedule J, Part I, Line 4a	John Henson's compensation reported on line 10, column (Biii) is severance pay He is no longer an officer of BHS Schedule J, Part I, Line 4b During calendar year 2012, five officers of BHS received a payout from a Supplemental Executive Retirement Plan, a nonqualified deferred compensation plan The Plan is offered to a select group of management as determined by the BHS Executive Benefits Committee The amounts paid during 2012 were previously reported as compensation on the 990 and were included in W-2 wages in 2012, reported in Schedule J, Part II, column (F) and is a portion of the amount reported in column B (iii) The following individuals received a payout from a Supplemental Executive Retirement Plan, a nonqualified deferred compensation plan Larry Barton 31,086 William Sisson 37,523 Susan Stout Tamme 18,110 Tommy Smith 92,217 In addition, five officers who participate in the Supplemental Executive Retirement Plan accrued amounts for 2013 which is a portion of the amount reported as deferred compensation in Schedule J, column C Other retirement and deferred compensation reported in Schedule J, column C include amounts for the Retirement Accumulation Plan and Thrift Plan The following individuals participated in and accrued amounts from the Supplemental Executive Retirement Plan Tommy Smith 103,049 William Sisson 52,043 Susan Stout Tamme 17,677 Larry Barton 33,617 Carl Herde 43,491 Schedule J, Part II Susan Stout Tamme is no longer an officer of BHS she is now in a new role, but she is still employed by BHS The current year compensation reported on Schedule J, Part II is for her new role Her tenure as officer ended in December 2011

Additional Data

Return to Form

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation	(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
John R Barton	(i)	544,342	0	0	23,438	33,551	601,331	0
	(ii)	0	0	0	0	0	0	0
Tommy Smith	(i)	993,370	275,085	131,364	129,362	39,176	1,568,357	92,217
	(ii)	0	0	0	0	0	0	0
William Sisson	(i)	595,012	159,000	216,206	78,356	35,431	1,084,005	37,523
	(ii)	0	0	0	0	0	0	0
Larry Barton	(i)	460,370	114,000	56,848	56,930	28,645	716,793	31,086
	(ii)	0	0	0	0	0	0	0
David Gray	(i)	482,075	63,820	37,517	21,813	35,050	640,275	0
	(ii)	0	0	0	0	0	0	0
Susan Stout Tamme	(i)	352,151	70,000	33,053	43,990	15,834	515,028	18,110
	(ii)	0	0	0	0	0	0	0
John Henson	(i)	0	0	374,102	0	19,861	393,963	0
	(ii)	0	0	0	0	0	0	0
Carl Herde	(i)	550,360	103,374	49,258	68,304	28,903	800,199	0
	(ii)	0	0	0	0	0	0	0
Janet Norton	(i)	399,334	96,755	71,255	23,313	32,988	623,645	0
	(ii)	0	0	0	0	0	0	0
Mary Lou Tipgos	(i)	110,720	27,500	7,274	12,516	18,209	176,219	0
	(ii)	0	0	0	0	0	0	0
DOUGLAS A MILLIGAN MD	(i)	533,010	0	0	20,438	25,813	579,261	0
	(ii)	0	0	0	0	0	0	0
Larry Gray	(i)	329,563	74,750	105,101	26,313	28,696	564,423	0
	(ii)	0	0	0	0	0	0	0
Kelley Clark	(i)	498,981	0	0	17,592	17,559	534,132	0
	(ii)	0	0	0	0	0	0	0
David Rhodes	(i)	353,390	79,148	34,437	26,313	32,812	526,100	0
	(ii)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pool financing Yes	(i) Pool financing No
A	KY Economic Development Finance Authority	61-0600439	49126kfm8	02-19-2009	502,227,848	See Part VI		X		X		X
B	KY Economic Development Finance Authority	61-0600439	49126khr5	12-14-2011	136,101,238	See Part VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	35,970,000	0		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	502,247,678	136,686,905		
4	Gross proceeds in reserve funds	0	0		
5	Capitalized interest from proceeds	0	10,919,825		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	4,753,545	1,458,951		
8	Credit enhancement from proceeds	661,234	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	99,994,925	78,130,000		
11	Other spent proceeds	396,837,974	1,617		
12	Other unspent proceeds	0	46,176,512		
13	Year of substantial completion	2010			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?	X			X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X			X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0%		0 00000%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 00000%		0 00000%		%		%	
6	Total of lines 4 and 5	0%		0 00000%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X				
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X					

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
See Additional Data Table		

Additional Data

Return to Form

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

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part I, Lıne A	0	Descrıptıon of Purpose Series 2009A and 2009B Revenue Bonds were ıssued to redeem the 1/99 , 1/05 & 12/05 Bonds and for the costs of acquırıng and constructıng hospıtal facılıtıes a nd equipment Schedule K, Part II, Lıne 3, Column A The dıference between Part I, Column (e) and Part II, Lıne 3 ıs due to ınvestment earnıngs of $19,830

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part I, Line B	0	Description of Purpose Series 2011 Fixed Rate Hospital Revenue Bonds were issued for the c osts of certain hospital projects, including a portion of the costs of constructing and eq uipping a new medical structure connected to the existing hospital building at Baptist Hea lth Lexington (fka Central Baptist Hospital) Schedule K, Part II, Line 3, Column B The di ference between Part I, Column (e) and Part II, Line 3 is due to investment earnings of $5 85,667

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part II, Col A, Line 7-8	0	

Form 990 Schedule K, Part VI - Supplemental Information

Identifier	Return Reference	Explanation
Schedule K, Part II, Col B, Line 7-8	0	

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, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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

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) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) 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 assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
(1) Juanita Baker	Family member of director	50,848	Wages		No
(2) Nicole Jackson-Gary	Family member of director	38,809	Wages		No
(3) PETCT Management	Board member	1,061,896	Equipment services		No
(4) BBT Insurance Services	Director is officer	344,654	Insurance brokering services		No
(5) Baptist Physicians Surgery Center	Board member	1,044,979	Lease agreement		No
(6) Baptist Eastpoint Surgery Center	Board member	805,486	Mgmt fees & lease agreement		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
SCHEDULE L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS		ALL TRANSACTIONS REPORTED ON PART IV ARE REPORTED AS ARMS-LENGTH FOR FAIR MARKET VALUE (A) NAME OF PERSON JUANITA BAKER (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION ROBERT BAKER, DIRECTOR OF BHS HAS A FAMILY MEMBER EMPLOYED BY BHS (A) NAME OF PERSON NICOLE JACKSON-GARY (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION FRANCES HAMILTON, DIRECTOR OF BHS HAS A FAMILY MEMBER EMPLOYED BY BHS (A) NAME OF PERSON PET/CT MANAGEMENT (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION SUE STOUT TAMME AND DAVID GRAY, Former officer and current OFFICER OF BHS, ARE BOARD MEMBERS OF PET/CT MANAGEMENT, A FOR-PROFIT LIMITED LIABILITY CORPORATION (A) NAME OF PERSON BB&T INSURANCE SERVICES (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION DANNY MCMAHAN, DIRECTOR OF BHS IS AN OFFICER OF BB&T INSURANCE SERVICES (A) NAME OF PERSON BAPTIST PHYSICIANS SURGERY CENTER (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION WILLIAM SISSON, OFFICER OF BHS IS A BOARD MEMBER OF BAPTIST PHYSICIANS SURGERY CENTER, A FOR-PROFIT LIMITED LIABILITY CORPORATION (A) NAME OF PERSON BAPTIST EASTPOINT SURGERY CENTER, LLC (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION SUE STOUT TAMME, former OFFICER OF BHS, IS A BOARD MEMBER OF BAPTIST EASTPOINT SURGERY CENTER, LLC

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.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

Identifier	Return Reference	Explanation
Description of Relationships	Form 990, Part VI, Sect A, line 2	
DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	Form 990, Part VI, Sect B, line 11b	A copy of the 990 is provided to the board of directors prior to the filing of the return Any questions or comments are addressed by explanation or a change to the form
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	Form 990, Part VI, Sect B, line 12c	Annually the secretary of BHS sends out a conflict of interest questionnaire to each of th e directors and officers serving on the board of BHS After completion, they are returned to the secretary and reviewed by the Board or the Governance Effectiveness Committee for a ny potential conflicts A conflict of interest is any circumstance, relationship (financia l or otherwise), activity or decision (made in the course of governance, management or pro fessional responsibilities or otherwise) that adversely influences or appears to adversely influence the ability of a Covered Person to 1) make objective decisions on behalf of BH S and/or 2) act in the best interests of BHS in a manner consistent with the tax-exempt pu rposes of BHS The Board or Committee will determine by a majority vote of disinterested d irectors whether the disclosed Financial or Special Interest may result in a Conflict of I nterest
COMPENSATION DETERMINATION PROCESS	Form 990, Part VI, Sect B, line 15a & 15b	Annually in September, the BHS Compensation Committee reviews the compensation, including base compensation and incentive compensation for the CEO and all officers and key employee s of BHS except for the Secretary and Assistant Secretary Compensation for these employee s is reviewed and approved by the CEO of BHS The BHS Compensation Committee is comprised of independent Board Members The Committee retains a Compensation Consultant to advise th e Committee and who provides data as to comparable compensation for similarly qualified pe rsons in functionally comparable positions at similarly situated healthcare organizations The Committee reviews this information in approving annual base and incentive compensatio n and other items of reportable compensation described on Schedule J of the IRS Form 990 The decisions of the Committee regarding compensation are contemporaneously documented in the minutes of the Committee Annually, the Committee Chairperson and the Compensation Con sultant provide a report on executive compensation to the full Board of Directors of BHS
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	Form 990, Part VI, Sect C, line 19	In adherence to the Master Trust Indenture among BHS, Baptist Healthcare Affiliates, Inc and U S Bank National Association, as Master Trustee, Dated as of February 1, 2009, BHS r eports its financial results on a quarterly basis to the Master Trustee who in turn makes them available through Electronic Municipal Market Access Additionally, the organization will provide any documents open to public inspection upon request
HOURS WORKED FOR RELATED ORGANIZATION	Form 990, Part VII	Officers for BHS provide services to BHS and its subsidiaries Hours worked are not tracke d on an entity by entity basis Therefore, all officers' hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Emp loyees, and Independent Contractors represent aggregate hours worked per week for all enti ties
Other Changes in Net Assets	Form 990, Part XI, line 9	DISTRIBUTION - BCHS 1,250,000 DISTRIBUTION - PET/CT 331,680 FUNDING FOR STRATEGIC & CAPITA L NEEDS (2,210,985) POST RETIREMENT CHANGE 11,596,995 ------------- TOTAL 10,967,690

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

2012

Open to Public Inspection

Name of the organization
Baptist Healthcare System Inc

Employer identification number
61-0444707

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Purchase Health Quality Collaborative 2501 Kentucky Avenue Paducah, KY 42001 45-4290974	Phys Ntwrk	KY	596,887	0	BHSI

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
See Additional Data Table							

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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) Muhlenberg Medical Center 200 Clinic Dr Madisonville, KY 42431 20-0108053	Rental	KY	BMMSI	UNRELATED				No			No	19 350 %
(2) Baptist Physicians' Surgery Center LLC 1720 Nicholasville Rd 101 Lexington, KY 40503 04-3665929	AMBULATORY SRGRY	KY	BCHS	RELATED				No			No	
(3) Baptist Eastpoint Surgery Center LLC 2400 Eastpoint Parkway Louisville, KY 40223 26-0834852	AMBULATORY SRGRY	KY	BCHS	RELATED				No			No	
(4) Medical Associates of Middletown LLC 4000 Kresge Way Louisville, KY 40207 20-0399400	MDCL OFFICE BLDG	KY	BHSI	RELATED				No			No	
(5) PETCT Management LLC 7807 Shelbyville Rd Ste 201 Louisville, KY 40222 20-0154982	MGMT AND EQPMNT	KY	BHSI	RELATED				No			No	
(6) St Matthews Surgery Center LLC 4130 Dutchmans Lane Ste 200 Louisville, KY 40207 45-3714318	AMBULATORY SRGRY	KY	BCHS	RELATED				No			No	
(7) Baptist EastMilestone LLC 750 Cypress Station Dr LOUISVILLE, KY 40207 61-1355065	FITNESS CENTER	KY	BAPT VNTRS INC	EXCLUDED				No			No	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) Mutual Credit Services Inc PO Box 149 Madisonville, KY 42431 61-0660705	Collection agency	KY	BHSI	C Corp					No
(2) Baptist Medical Management Services Inc 900 Hospital Drive Madisonville, KY 42431 37-1519513	HC MSO	KY	BHSI	C Corp					No
(3) Bluegrass Family Health Inc 651 Perimeter Park Ste 300 Lexington, KY 40517 61-1241101	Insurance	KY	BHSI	C CORP					No
(4) Baptist Ventures Inc 2701 Eastpoint Parkway LOUISVILLE, KY 40223 61-1217018	MANAGEMENT	KY	BHSI	C CORP			100 000 %		No
(5) Baptist Health Network Inc 4000 Kresge Way LOUISVILLEK, KY 40207 27-2939694	ACO		BHSI	C CORP			100 000 %		No
(6) Regional Surgical Alliance LLC 900 Hospital Drive MADISONVILLE, KY 42431	HEALTHCARE SVCS	KY	BHSI	C CORP			100 000 %		No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the 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 or **(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	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

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

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

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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 section 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	

Additional Data Return to Form

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, 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 on Box 20 of K-1	(j) General or Managing Partner? Yes	(j) No	(k) Percentage ownership
Muhlenberg Medical Center 200 Clinic Dr Madisonville, KY 42431 20-0108053	Rental	KY	BMMSI	UNRELATED				No			No	19 350 %
Baptist Physicians' Surgery Center LLC 1720 Nicholasville Rd 101 Lexington, KY 40503 04-3665929	AMBULATORY SRGRY	KY	BCHS	RELATED				No			No	
Baptist Eastpoint Surgery Center LLC 2400 Eastpoint Parkway Louisville, KY 40223 26-0834852	AMBULATORY SRGRY	KY	BCHS	RELATED				No			No	
Medical Associates of Middletown LLC 4000 Kresge Way Louisville, KY 40207 20-0399400	MDCL OFFICE BLDG	KY	BHSI	RELATED				No			No	
PETCT Management LLC 7807 Shelbyville Rd Ste 201 Louisville, KY 40222 20-0154982	MGMT AND EQPMNT	KY	BHSI	RELATED				No			No	
St Matthews Surgery Center LLC 4130 Dutchmans Lane Ste 200 Louisville, KY 40207 45-3714318	AMBULATORY SRGRY	KY	BCHS	RELATED				No			No	
Baptist EastMilestone LLC 750 Cypress Station Dr LOUISVILLE, KY 40207 61-1355065	FITNESS CENTER	KY	BAPT VNTRS INC	EXCLUDED				No			No	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Baptist Ventures Inc	a	52,911	Cost
Baptist Health Foundation of Greater Louisvil	b	506,760	Cost
Baptist Health Foundation Paducah	c	149,235	cost
Baptist Health Foundation of Greater Louisvil	c	2,692,648	cost
Baptist Ventures Inc	d	97,388	cost
Baptist Community Health Services Inc	j	2,631,276	cost
Baptist Physicians Lexington Inc	j	1,163,674	cost
Baptist Medical Associates Inc	j	2,043,933	cost
PETCT Management LLC	p	1,061,896	cost
Baptist Medical Associates Inc	p	7,862,663	cost
Baptist Healthcare Affiliates Inc	k	137,467	cost
Baptist Community Health Services Inc	q	2,720,577	cost
Baptist Physicians Lexington Inc	q	3,997,744	cost
Western Baptist Medical Ventures Inc	q	182,906	cost
Baptist Healthcare Affiliates Inc	q	6,691,225	cost
Baptist Health Network	r	1,015,880	cost
Baptist Community Health Services Inc	r	15,264,133	cost
Western Baptist Medical Ventures Inc	r	15,459,558	cost
Baptist Medical Associates Inc	r	17,683,267	cost
Baptist Physicians Lexington Inc	r	29,918,242	cost
Baptist Physicians Southeast Inc	r	10,887,580	cost
Baptist Healthcare Affiliates Inc	s	1,958,829	cost
Baptist Community Health Services Inc	s	1,250,000	cost
Baptist Health Foundation of Greater Louisvil	s	50,378	cost
Baptist Ventures Inc	s	78,828	cost

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

(a) Name of other organization	**(b)** Transaction type(a-s)	**(c)** Amount Involved	**(d)** Method of determining amount involved
PETCT Management LLC	s	331,680	cost
Baptist Health Foundation Paducah	b	79,428	cost
Baptist Physicians Lexington Inc	q	296,561	cost
Baptist Health Richmond Inc	q	567,872	cost
Baptist Healthcare Affiliates Inc	r	1,167,013	cost
Baptist Health Foundation Lexington	r	703,289	cost
Purchase Health Quality Collaborative	r	1,096,887	cost
Baptist Health Madisonville	r	250,090	cost
Baptist Health Richmond Inc	r	24,715,829	cost
Lexington Cardiac Research Foundation	s	133,297	cost

Baptist Healthcare System, Inc. and Affiliates

Independent Auditor's Report and
Consolidated Financial Statements
and Supplementary Information
August 31, 2013 and 2012

BKD LLP
CPAs & Advisors

Baptist Healthcare System, Inc. and Affiliates

August 31, 2013 and 2012

Contents

Independent Auditor's Report

Board of Directors, Audit Committee & Management
Baptist Healthcare System, Inc and Affiliates
Louisville, Kentucky

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Baptist Healthcare System, Inc and Affiliates (Baptist), which comprise the consolidated balance sheets as of August 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Our 2013 audit was also conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Baptist as of August 31, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, including the schedule of expenditures of federal awards required by OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and supplementary consolidating information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The cross reference of Baptist Health entity names listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2014, on our consideration of Baptist's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baptist's internal control over financial reporting and compliance.

BKD, LLP

Louisville, Kentucky
January 22, 2014

Baptist Healthcare System, Inc. and Affiliates

Consolidated Balance Sheets

August 31, 2013 and 2012

Assets	2013	2012
	(In Thousands)	
Current assets		
Cash and cash equivalents	$ 110,012	$ 110,537
Investments	148,095	121,605
Assets limited as to use – required for current obligations	10,690	9,000
Patient accounts receivable, net of allowance for uncollectible accounts, 2013 – $71,056, 2012 – $56,585	231,101	189,351
Inventories	33,934	26,681
Estimated third-party receivable	4,140	12,199
Other	30,745	47,163
Total current assets	568,717	516,536
Assets limited as to use		
Designated by board for capital improvements	814,635	710,553
Designated by board for endowment	2,210	-
Held by trustee		
Under bond indenture	46,177	92,750
Under medical malpractice self-insurance	61,287	48,857
Under workers' compensation self-insurance	14,173	13,121
In perpetual trust	17,608	-
Total assets limited as to use	956,090	865,281
Less amount required to meet current obligations	10,690	9,000
Assets limited as to use – noncurrent portion	945,400	856,281
Property and equipment, net	898,890	736,728
Other assets	55,685	64,970
Total assets	$ 2,468,692	$ 2,174,515

Liabilities and Net Assets

Current liabilities		
Accounts payable	$ 78,390	$ 71,730
Accrued expenses	96,853	86,673
Accrued interest payable	826	752
Current installments of long-term debt	11,988	9,630
Current portion of liability for medical malpractice	10,690	9,000
Other	30,500	23,097
Total current liabilities	229,247	200,882
Long-term debt	611,199	600,339
Other liabilities	117,689	98,506
Net assets		
Unrestricted net assets attributable to Baptist	1,479,768	1,263,029
Unrestricted net assets attributable to noncontrolling interest	1,446	1,654
Total unrestricted net assets	1,481,214	1,264,683
Temporarily restricted	11,735	10,105
Permanently restricted	17,608	-
Total net assets	1,510,557	1,274,788
Total liabilities and net assets	$ 2,468,692	$ 2,174,515

See Notes to Consolidated Financial Statements

Baptist Healthcare System, Inc. and Affiliates
Consolidated Statements of Operations
Years Ended August 31, 2013 and 2012

	2013	2012
	(In Thousands)	
Unrestricted revenues, gains and other support		
Patient service revenue (net of contractual discounts and allowances)	$ 1,732,580	$ 1,466,772
Less provision for uncollectible accounts	75,569	59,676
Net patient service revenue	1,657,011	1,407,096
Premium revenue	154,614	173,030
Other	74,647	65,724
Net assets released from restrictions used for operations	5,466	1,337
Total revenues, gains and other support	1,891,738	1,647,187
Expenses		
Health care services	1,207,490	1,032,154
General and administrative	557,478	466,068
Depreciation and amortization	110,898	91,559
Interest	13,488	13,469
Provider tax	24,540	21,260
Total expenses	1,913,894	1,624,510
Operating income (loss)	(22,156)	22,677
Other gains (losses)		
Investment return	77,982	63,092
Other	(1,146)	(2,580)
Contribution received in donation of Pattie A. Clay	5,112	-
Contribution received in donation of Trover Health System	142,485	-
Total other gains	224,433	60,512
Excess of revenues, gains and other support over expenses before provision (benefit) for income tax	202,277	83,189
Provision (benefit) for income tax	837	(12,891)
Excess of revenues, gains and other support over expenses	$ 201,440	$ 96,080

Baptist Healthcare System, Inc. and Affiliates

Consolidated Statements of Changes in Net Assets

Years Ended August 31, 2013 and 2012

	2013	2012
	(In Thousands)	
Unrestricted net assets		
Excess of revenues, gains and other support over expenses	$ 201,440	$ 96,080
Change in defined benefit pension plan gains, prior service costs or credits and transition of assets or obligations	3,701	-
Post-retirement benefit plan		
Plan amendment	9,989	-
Net gain (loss) arising during period	280	(3,973)
Amortization of prior service cost, transition obligation and loss included in net periodic pension cost	1,328	558
Change in post-retirement benefit plan	11,597	(3,415)
Increase in unrestricted net assets attributable to Baptist	216,738	92,665
Unrestricted net assets attributable to noncontrolling interest		
Excess of revenues over expenses	982	1,372
Contributions from noncontrolling interest	-	465
Distributions to noncontrolling interest	(1,189)	(1,324)
Increase (decrease) in unrestricted net assets attributable to noncontrolling interest	(207)	513
Increase in unrestricted net assets	216,531	93,178
Temporarily restricted net assets		
Contributions, interest income and other	4,698	2,823
Contribution received in donation of Pattie A. Clay	2,239	-
Contribution received in donation of Trover Health System	159	-
Net assets released from restrictions used for operations	(5,466)	(1,337)
Increase in temporarily restricted net assets	1,630	1,486
Permanently restricted net assets		
Contribution received in donation of Pattie A. Clay	15,342	-
Change in beneficial interest in perpetual trust	2,266	-
Increase in permanently restricted net assets	17,608	-
Change in net assets	235,769	94,664
Net assets – beginning of year	1,274,788	1,180,124
Net assets – end of year	$ 1,510,557	$ 1,274,788

Baptist Healthcare System, Inc. and Affiliates

Consolidated Statements of Cash Flows

Years Ended August 31, 2013 and 2012

	2013	2012
	(In Thousands)	
Operating activities		
Change in net assets	$ 235,769	$ 94,664
Change in net assets attributable to noncontrolling interest	207	(513)
Change in net assets attributable to Baptist	235,976	94,151
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	110,898	91,559
Net realized and unrealized gains on investments and assets limited as to use	(61,867)	(48,973)
Equity in the net earnings of joint ventures	(4,482)	(4,862)
Loss on sale or disposition of property and equipment	1,619	28
Contribution of net assets received from Pattie A. Clay	(22,693)	-
Contribution of net assets received from Trover Health System	(142,645)	-
Changes in		
Noncontrolling interest	982	1,372
Patient accounts receivable, net	(15,641)	(18,450)
Inventories and other current assets	18,619	(17,252)
Other assets	16,100	(20,626)
Accounts payable, accrued expenses and accrued interest payable	(1,284)	2,128
Estimated third-party payer settlements	1,713	(26,250)
Other current liabilities	4,663	(3,898)
Other liabilities	(4,879)	11,269
Net cash provided by operating activities	137,079	60,196
Investing activities		
Purchases of investments	(3,151,779)	(6,913,402)
Proceeds from disposition of investments	3,162,808	6,803,270
Purchases of property and equipment	(167,555)	(126,684)
Proceeds from sale of property and equipment	218	821
Contributions of cash received from Pattie A. Clay	3,088	-
Contributions of cash received from Trover Health System	37,441	-
Contributions from noncontrolling interest	-	465
Investment in joint ventures	-	(60)
Distributions to noncontrolling interest	(1,189)	(1,324)
Distributions from joint ventures	5,135	4,493
Net cash used in investing activities	(111,833)	(232,421)
Financing activities		
Proceeds from issuance of bonds	-	140,000
Net cost of issuance of bonds	-	(1,483)
Original issue discount	-	(3,899)
Principal payments on long-term debt	(11,014)	(9,145)
Redemption of promissory note of Pattie A. Clay	(14,757)	-
Net cash provided by (used in) financing activities	(25,771)	125,473
Decrease in cash and cash equivalents	(525)	(46,752)
Cash and cash equivalents, beginning of year	110,537	157,289
Cash and cash equivalents, end of year	$ 110,012	$ 110,537
Supplemental cash flow information		
Interest paid (net of capitalized amount of $6,555 in 2013 and $4,789 in 2012)	$ 13,414	$ 13,194
Income taxes paid	$ 699	$ 327
Property and equipment acquired through noncash contributions	$ 107,111	$ -
Purchases of property and equipment in accounts payable (not reflected above)	$ 2,725	$ 11,082

See Notes to Consolidated Financial Statements

Note 1: Description of Organization and Summary of Significant Accounting Policies

Organization

Baptist Healthcare System, Inc. (Baptist) is a nonprofit, tax-exempt organization that owns and operates seven hospitals in the Commonwealth of Kentucky. During the current fiscal year, Baptist changed the trade names of its wholly owned entities, and also the legal names of select entities in order to better communicate its focus on unity and integration. The new brand, ***"Baptist Health"*** is present in all new entity names, indicating that Baptist is much more than a group of hospitals, but a broad variety of health care services and facilities known for high quality experienced care using the latest medical innovations who are working together to deliver exceptional care across the Commonwealth. See *Other Information* for a cross-reference of previous name to new name for all Baptist Health entities.

Baptist Healthcare Affiliates, Inc. is a nonprofit, tax-exempt affiliate that owns and operates an acute care hospital and also manages and operates the Oldham County ambulance service for the Oldham County Ambulance Tax District (OCATD) under a management contract.

Baptist Health Richmond, Inc. is a nonprofit, tax-exempt organization that was formed on September 1, 2012, when Baptist acquired the net assets of Pattie A. Clay Infirmary Association and Pattie A. Clay Foundation (collectively Pattie A. Clay renamed to Baptist Health Richmond). There was no consideration paid by Baptist as part of the acquisition. See Note 17 for additional information related to the acquisition.

Baptist Health Madisonville, Inc. is a nonprofit, tax-exempt organization that was formed on November 1, 2012, when Baptist acquired the net assets of The Trover Foundation (d/b/a Trover Health System and its affiliates). There was no consideration paid by Baptist as part of the acquisition. See Note 17 for additional information related to the acquisition.

Baptist Community Health Services, Inc. is a nonprofit, tax-exempt affiliate that owns and operates rehabilitation centers, urgent care centers, and occupational and physical therapy clinics within the regions surrounding the hospitals. Baptist Community Health Services, Inc. also owns Oak Tree Hospital at Baptist Health Corbin, an accredited long-term care hospital, owns 54% of Baptist Physicians' Surgery Center, a for-profit limited liability corporation, owns 80% of Baptist Eastpoint Surgery Center, LLC and owns 51% of St. Matthews Surgery Center, LLC.

Bluegrass Family Health, Inc. (BFH) is a nonprofit, taxable affiliate health maintenance organization.

Baptist Medical Associates, Inc., Baptist Physicians Lexington, Inc., Baptist Physicians Southeast and Western Baptist Medical Ventures, Inc. are nonprofit, tax-exempt affiliates that own and operate physician practices.

Baptist Health Foundation, Kentucky, Baptist Health Foundation of Greater Louisville, Inc , Baptist Health Foundation Corbin, Baptist Health Foundation Lexington, Inc , Baptist Health Foundation Paducah, Inc , and Baptist Health Cardiac Research Foundation, Inc are nonprofit, tax-exempt affiliate corporations

Baptist Ventures, Inc is a Kentucky for-profit corporation that manages, operates, maintains, leases, or enters into joint ventures with hospitals, medical facilities, or other entities which provide health care services

PET/CT Management, LLC is a Kentucky limited liability company that leases positron emission tomography equipment and provides supplies and management services to Louisville to operate a freestanding PET/CT service

Baptist Health Employer Solutions, Inc is a Kentucky nonprofit corporation that organizes, promotes and develops care delivery systems such as accountable care organizations which utilize evidence-based clinical care guidelines, integrate clinical care to improve community health, collaborate among health providers to improve service and care delivery, develop chronic disease management programs, participate in pay for performance programs and to perform such activities in a manner consistent with the overall charitable purpose of Baptist

Purchase Health Quality Collaborative, LLC is a Kentucky limited liability company that supports hospital/physician clinical integration in the Western region of Kentucky

All entities are located in the Commonwealth of Kentucky

Basis of Presentation

The accompanying consolidated financial statements represent the consolidated operations of Baptist Healthcare System, Inc , the affiliates in which it has sole ownership or membership and the entities in which it has greater than 50% equity interest with commensurate control (collectively, Baptist) All significant intercompany accounts and transactions are eliminated in consolidation

Mission and Vision Statement

Baptist's mission is to continue the Christian heritage of service and to enhance the health of the people and communities it serves Baptist is guided by the vision to be the health care leader in Kentucky Baptist will live out its Christ-centered mission and achieve its vision guided by Integrity, Respect, Stewardship, Excellence and Collaboration

Cash Equivalents

Baptist considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents At August 31, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers, certificates of deposit and repurchase agreements

Investments and Investment Return

Investments in equity securities with readily determinable fair values and in all debt securities are considered available-for-sale securities and are carried at fair value in the consolidated balance sheets Investments in an equity investee are reported on the equity method of accounting Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value

Investment income or loss (including realized gains and losses on investments, dividends, interest and unrealized gains and losses on available-for-sale investments) is included in the excess of revenues, gains and other support over expenses unless donor or law restricts the income or loss

Patient Accounts Receivable

Baptist reports patient accounts receivable for services rendered at net realizable amounts from third-party payers and patients In evaluating the ability to collect accounts receivable, Baptist analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate provisions and allowances Management regularly reviews data regarding these major payer sources of revenue in evaluating the sufficiency of the allowances

Inventories

Inventories are stated at the lower of cost or market on a first-in, first-out basis

Assets Limited as to Use

Assets limited as to use are recorded at fair value and include (1) assets set aside by the board for capital improvements over which the board retains control and may, at its discretion, subsequently use for other purposes, (2) assets set aside by the board for endowment, (3) assets held by trustee under bond indenture, (4) assets held by trustee for the medical malpractice and workers' compensation self-insurance funding arrangements and (5) assets held by trustee in perpetual trust Amounts required to meet current liabilities are reported as current assets in the consolidated balance sheets

Baptist invests in various securities including money market funds, U S Government securities, corporate debt instruments, corporate stocks and mutual funds, which are classified as available-for-sale The unrealized gains and losses of these securities are recognized as net investment return in the consolidated statements of operations Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and consolidated statements of operations

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

The estimated useful lives for each major depreciable classification of property and equipment are as follows

Buildings and improvements	15–40 years
Leasehold improvements	5–10 years
Equipment	3– 0 years

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets, unless the donor restricts use of the assets Monetary gifts that must be used to acquire property and equipment are reported as donor-restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

Baptist capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing for the project, net of interest earned on investments acquired with the proceeds of the borrowing or based on the weighted-average rates paid for long-term borrowing Total interest capitalized and incurred was

	2013	2012
	(In Thousands)	
Interest expense capitalized on borrowings for project	$ 7,100	$ 5,114
Interest income capitalized from investment of proceeds on borrowings for project	(545)	(325)
Net interest capitalized	$ 6,555	$ 4,789

	2013	2012
	(In Thousands)	
Net interest capitalized	$ 6,555	$ 4,789
Interest charged to expense	13,488	13,469
Total interest incurred	$ 20,043	$ 18,258

Long-Lived Asset Impairment

Baptist evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate of future cash flows is expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended August 31, 2013 and 2012.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt and are amortized over the term of the respective debt using the effective-interest method. Deferred financing costs are reported in the consolidated balance sheets in other assets.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by Baptist has been limited by donors to a specific time period or purpose. Investment income from restricted funds is included in temporarily restricted net assets when earned.

Permanently Restricted Net Assets

Permanently restricted net assets are those that have been restricted by donors to be maintained in perpetuity. Permanently restricted net assets represent Baptist's beneficial interest in perpetual trusts. Investment income from restricted funds is included in permanently restricted net assets when earned.

Charity Care

Baptist provides care to patients who meet certain criteria under its charity care policy, without charge or at amounts less than its established rates. Baptist also provides discounts from established rates to all uninsured patients. Because Baptist does not pursue collection of charity or uninsured discounts, such amounts are not reported as revenue. Total unreimbursed costs of charity and discounts to the uninsured were approximately $76,245,000 and $60,764,000 for the years ended August 31, 2013 and 2012, respectively.

Net Patient Service Revenue

Baptist has agreements with third-party payers that may provide for payments at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients and third-party payers for services rendered and include estimated retroactive adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods, as final settlements are determined.

Premium Revenue

Baptist, through BFH, enters into membership contracts with employer groups. The contracts contain varying terms subject to cancellation by the employer group or BFH upon 60 days' written notice. Premiums are due at the beginning of each month and are recognized as revenue during the period in which BFH is obligated to provide services to members.

Premiums billed and collected in advance recorded as unearned premiums are included in the consolidated balance sheets in other current liabilities.

Estimated medical claims incurred but not reported are included in the consolidated balance sheets in accounts payable.

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined by using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Donor-restricted stipulations that limit the use of contributions are initially reported as temporarily or permanently restricted net assets. 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 in the consolidated statements of changes in net assets as net assets released from restriction.

Estimated Malpractice Costs

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and is reported in the consolidated statements of operations as a general and administrative expense. The liability for self-insured malpractice claims includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported and are reported in the consolidated balance sheets in other liabilities.

Income Taxes

The Baptist nonprofit, tax exempt entities are recognized as exempt from income taxes under Section 501 of the Internal Revenue Code (Code). However, these entities are subject to federal income tax on income earned through unrelated business activities. In addition, the Baptist nonprofit, taxable and for-profit entities are subject to federal and state income taxes. The net tax liability is recorded in the consolidated balance sheets in other current liabilities.

On October 15, 2012, BFH received a $16,163,747 Federal income tax refund for years 2003 – 2007. On June 9, 2008, the Internal Revenue Service (IRS) issued a determination letter classifying BFH as an organization described in Section 501(c)(4) of the Code and therefore, exempt from Federal income tax under Section 501(a). The IRS National Office revoked that determination letter effective December 31, 2008, but agreed that BFH was not subject to U.S. Federal income tax examinations by tax authorities prior to fiscal year 2009 and all Federal income taxes plus interest were to be refunded to BFH for tax years 2003 – 2007. In addition, BFH wrote off $1,578,081 in Federal income tax receivable previously recognized for overpayments and potential carrybacks related to the tax years covered by the refund. The net amount of $15,317,569 was recorded in the consolidated statement of operations in the provision (benefit) for income tax.

The following table indicates the components of the amount recorded:

	2012
Federal income tax refund for years 2003 – 2007	$ 16,163,747
Interest income	1,381,179
Refunded interest paid	5,611
Refunded penalties paid	2,909
Fees	(2,235,877)
Benefit for income tax	15,317,569
Adjustment for previously recognized tax receivable	(1,578,075)
Provision for income tax for fiscal year 2012	(848,993)
Total benefit for income tax	$ 12,890,501

Use of Estimates

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include net patient service revenue, malpractice, workers' compensation, litigation matters, post-retirement benefits and medical service claims incurred but not yet reported.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Litigation

During the normal course of business, Baptist may be subject to allegations that result in litigation. Some of these allegations are in areas not covered by Baptist's self-insurance program or by commercial insurance. Based on the advice and assistance from professional and legal counsel, Baptist assesses the probable outcome of unresolved litigation and records an estimate of the ultimate expected loss. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Patient Service Revenue

Patient service revenues are derived from services provided to patients who are directly responsible for payment or are covered by various insurance programs including the Medicare and Medicaid programs. Baptist has agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to Baptist under these agreements includes prospectively determined rates per discharge and/or per day, discounts from established charges, fee schedules and other methods.

Baptist recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. These payment arrangements include:

Medicare. Substantially all inpatient and outpatient services are paid at prospectively determined rates. These rates vary according to the patient classification system that is based on clinical, diagnostic, acuity and other factors. Certain defined medical education costs are paid based on a cost reimbursement methodology. Baptist is also reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by Baptist and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient services are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for other services. Baptist is reimbursed for cost reimbursable services, a portion of which are paid using tentative rates with final settlement determined after submission of annual cost reports by Baptist and audits thereof by the Medicaid administrative contractor.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

Other third-party payers Baptist has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations The basis for payment to Baptist under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates

Patient liability Baptist recognizes patient deductible and co-payment revenue for patients who have third-party insurance A provision for uncollectible accounts is recorded in the period of service on the basis of its past experience, which indicates that some patients are unwilling to pay the portion of their bill for which they are financially responsible Baptist offers financial assistance programs to patients who are unable to pay the portion of their bill for which they are financially responsible and records a provision for charity in the period of service on the basis of its past experience

Baptist recognizes patient service revenue associated with services provided to patients who do not have third-party payer coverage as follows

Uninsured patients Baptist provides a significant discount from standard charges to all uninsured patients who receive medically necessary care An uninsured discount provision is recorded in the period of service The amount for which the patient is responsible is recognized as patient service revenue Baptist offers financial assistance programs to patients who are unable to pay the portion of their bill for which they are financially responsible and records a provision for charity in the period of service on the basis of its past experience A provision for uncollectible accounts is recorded in the period of service on the basis of past experience for patients who are unwilling to pay the portion of their bill for which they are financially responsible

In 2012, the Department of Health and Human Services reached a $700 million settlement to compensate approximately 500 hospitals for past underpayments related to an error in Medicare's rural floor budget neutrality adjustment for fiscal years 1999 through 2011 The Centers for Medicare and Medicaid Services has agreed to settle related lawsuits involving approximately 2,000 hospitals due to the fact they incorrectly applied an adjustment from 1999 to 2006 in a way that was not budget neutral and progressively reduced Medicare payments for inpatient hospital services over time In 2012, Baptist received approximately $14 7 million for its portion of the settlement, which is recorded in patient service revenue in the accompanying consolidated financial statements Legal fees related to the settlement were approximately $3 7 million, which is recorded in general and administrative expenses in the consolidated statements of operations

The following table indicates patient service revenue by payer, net of contractual allowances, uninsured discounts and charity (but before the provision from uncollectible accounts) for the years ended August 31

Patient service revenue		**2013**		**2012**
		(In thousands)		
Medicare	$	627,295	$	520,876
Medicaid		109,488		84,914
Other third-party payers		696,415		557,706
Total third-party payers		1,433,198		1,163,496
Patient liability (a)		299,382		303,276
Patient service revenue	$	1,732,580	$	1,466,772

(a) Patient liability represents revenue due from both insured patients for co-payments, patient deductibles and other services for which the patient's insurance has deemed the responsibility of the patient and from uninsured patients after the uninsured discount and applicable financial assistance Patient liability is reported in this table prior to the provision for uncollectible accounts

The provision for uninsured discounts, charity care and uncollectible accounts were as follows

		Years Ended August 31,				
Provision for		**2013**		**2012**		**Change**
			(In Thousands)			
Uninsured discounts	$	60,805	$	52,906	$	7,899
Charity		124,602		93,821		30,781
Uncollectible accounts		75,569		59,676		15,893
Total	$	260,976	$	206,403	$	54,573

Note 3: Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program (EHRIP), enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology Payments under the Medicare program are generally made for up to four years based on a statutory formula Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services Payments under both programs are contingent upon hospitals and physicians continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period The final amount for any payment year is determined based upon an audit by the fiscal intermediary Events could occur that would cause the final amounts to differ materially from the initial payments under the program

Baptist recognizes EHRIP revenue under the grant method and the contingency method, depending on the specific circumstances at each entity regarding the likelihood of meeting the requirements necessary to demonstrate meaningful use Under the grant method, Baptist recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period. Under the contingency method, Baptist recognizes revenue when the hospital has received confirmation of meeting the meaningful use requirements.

Baptist met the requirements for both Medicare and Medicaid EHRIP payments and recorded revenue in 2013 and 2012 of approximately $14.3 million and $15.4 million, respectively. EHRIP revenue is included in other revenue within other operating revenues in the consolidated statements of operations.

Note 4: Concentration of Credit Risk

Accounts Receivable

The portion of accounts receivable due from patients (patient liability portion) is reduced by various allowances.

For receivables associated with uninsured patients who are receiving medically necessary care, Baptist provides a significant discount from standard charges and records a provision and allowance for uninsured discounts.

For receivables associated with patients who qualify for a government or Baptist sponsored financial assistance charity program, which includes both the portion of accounts due from uninsured patients after the Baptist uninsured discount and the portion due from insured patients which the patients third-party insurance did not cover (deductible and co-payment balances), Baptist records a provision and allowance for charity care.

For receivables associated with patients who do not qualify for a government or Baptist sponsored financial assistance charity program, Baptist records a provision and allowance for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unwilling to pay the portion of their bill for which they are financially responsible. The difference between the total amount due from the patient and the amount actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

Baptist's total allowances for uninsured discounts, charity and uncollectible accounts was 75% and 72% of the total patient liability portion of accounts receivable at August 31, 2013 and 2012, respectively.

The percentages of receivables from patients and third-party payers at August 31 were as follows

Net patient accounts receivable	**2013**	**2012**
Medicare	32 7%	29 1%
Medicaid	8 1	9 3
Other third-party payers	41 6	43 4
Total third-party payers	82 4	81 8
Patient liability (a)	17 6	18 2
Patient accounts receivable, net of allowance for uncollectible accounts	100 0%	100 0%

(a) Patient liability represents the portion due from both insured patients for co-payments, patient deductibles and other services for which the patient's insurance has deemed the responsibility of the patient and from uninsured patients after the uninsured discount and applicable financial assistance

Bank Balances

Baptist considers all liquid investments with original maturities of three months or less to be cash equivalents At August 31, 2013 and 2012, cash equivalents consisted primarily of money market accounts with brokers, certificates of deposit and repurchase agreements

At August 31, 2013, Baptist's interest-bearing cash, cash equivalents and certificates of deposit accounts exceeded federally insured limits by approximately $148,133,000 Baptist also has repurchase agreements of approximately $34,256,000 that are not covered under Federal Deposit Insurance Corporation (FDIC) insurance included in cash and cash equivalents

Note 5: Investments, Assets Limited as to Use and Investment Return

Investments

	2013	**2012**
	(In Thousands)	
Cash	$ 16,475	$ 1,337
Money market funds	363	1,163
Mutual funds	37,434	37,375
U S Treasury and agency obligations	18,059	34,057
U S and foreign common and preferred stocks	1,499	196
U S and foreign corporate bonds	74,265	47,477
Investments	$ 148,095	$ 121,605

Assets Limited as to Use

	2013	2012
	(In Thousands)	
Designated by board for capital improvements		
Cash	$ (4,097)	$ 2,669
Money market funds	13,235	8,841
Mutual funds	293,018	266,255
U.S. Treasury and agency obligations	144,800	106,033
U.S. common and preferred stocks	166,721	145,417
Foreign common and preferred stocks	10,913	11,508
U.S. corporate bonds	160,734	140,962
Foreign corporate bonds	29,311	28,868
Total designated by board for capital improvements	814,635	710,553
Designated by board for endowment – (a)	2,210	-
Held by trustee		
Under bond indenture agreements – certificate of deposit and other cash equivalents	46,177	92,750
Under medical malpractice self-insurance funding arrangement – mutual funds	61,287	48,857
Under workers' compensation self-insurance funding arrangement – (b)	14,173	13,121
In perpetual trust	17,608	-
Total held by trustee	139,245	154,728
Total assets limited as to use	$ 956,090	$ 865,281

(a) Assets designated by board for endowment are invested in securities in the same proportion as assets designated by board for capital improvements.

(b) Assets under workers' compensation self-insurance funding arrangement are invested in securities in the same proportion as assets designated by board for capital improvements.

Investment Return

Total investment return for assets whose use is limited and investments are reflected in the consolidated statements of operations and are comprised of the following for the years ended August 31

	2013	2012
	(In Thousands)	
Excess of revenues, gains and other support over expenses		
Interest and dividend income	$ 16,115	$ 14,120
Realized gains (losses) on sale of securities	23,402	(3,937)
Change in net unrealized gains on available-for-sale securities	38,465	52,909
Total investment income	$ 77,982	$ 63,092

Certain investments in debt and marketable equity securities are reported in the consolidated financial statements at an amount less than their historical cost Total fair value of these investments at August 31, 2013 and 2012, was $298,658,795 and $125,393,366, which is approximately 27% and 13%, respectively, of the investment portfolio

Baptist's investments are exposed to various risks, such as interest rate, market and credit Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in these risks in the near term could materially affect the amounts reported in the consolidated balance sheets and consolidated statements of operations

Note 6: Beneficial Interest in Perpetual Trusts

Baptist is an income beneficiary of several perpetual trusts controlled by unrelated third-party trustees The beneficial interests in the assets of these trusts are included in Baptist's consolidated financial statements as permanently restricted net assets Income is distributed in accordance with the individual trust documents and is included in investment return The estimated value of the expected future cash flows at August 31, 2013, is $17,608,000, which represents the fair value of the trust assets at August 31, 2013

Note 7: Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Fair value measurements must maximize the use of observable inputs

There is a hierarchy of three levels of inputs that may be used to measure fair value

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2013

August 31, 2013

Investments

	Investments Subject to ASC Topic 820			
	Level 1	Level 2	Level 3	Fair Value
	(In Thousands)			
Money market funds	$ 363	$ -	$ -	$ 363
Mutual funds	37,434	-	-	37,434
U S Treasury and agency obligations	-	18,059	-	18,059
U S and foreign common and preferred stocks	1,499	-	-	1,499
U S and foreign corporate bonds	-	74,265	-	74,265
Investments	$ 39,296	$ 92,324	$ -	$ 131,620

Assets Limited As To Use

	Investments Subject to ASC Topic 820			
	Level 1	Level 2	Level 3	Fair Value
	(In Thousands)			
Money market funds	$ 31,134	$ -	$ -	$ 31,134
Mutual funds	70,299	228,372	-	298,671
U S Treasury and agency obligations	-	148,817	-	148,817
U S common and preferred stocks	186,294	-	-	186,294
Foreign common and preferred stocks	11,124	-	-	11,124
U S corporate bonds	-	190,616	-	190,616
Foreign corporate bonds	-	29,825	-	29,825
In perpetual trust	-	17,608	-	17,608
Assets limited as to use	$ 298,851	$ 615,238	$ -	$ 914,089

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2012

August 31, 2012

Investments

	Investments Subject to ASC Topic 820			
	Level 1	Level 2	Level 3	Fair Value
		(In Thousands)		
Mutual funds	$ 37,375	$ -	$ -	$ 37,375
U S Treasury and agency obligations	-	34,057	-	34,057
U S and foreign common and preferred stocks	196	-	-	196
U S and foreign corporate bonds	-	47,477	-	47,477
Investments	$ 37,571	$ 81,534	$ -	$ 119,105

Assets Limited as to Use

	Investments Subject to ASC Topic 820			
	Level 1	Level 2	Level 3	Fair Value
		(In Thousands)		
Money market funds	$ 58,419	$ -	$ -	$ 58,419
Mutual funds	60,910	210,046	-	270,956
U S Treasury and agency obligations	-	107,908	-	107,908
U S common and preferred stocks	147,986	-	-	147,986
Foreign common and preferred stocks	11,711	-	-	11,711
U S corporate bonds	-	143,455	-	143,455
Foreign corporate bonds	-	29,379	-	29,379
Assets limited as to use	$ 279,026	$ 490,788	$ -	$ 769,814

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy There have been no significant changes in the valuation techniques during the year ended August 31, 2013

Investments and Assets Limited as to Use

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy Level 1 securities include money market funds, common stocks, preferred stocks and mutual funds

Where quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified within Level 2 of the valuation hierarchy Level 2 securities include U S Treasury obligations, municipal bonds, corporate bonds, corporate short-term obligations and mutual funds

For these Level 2 securities, the inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference to data market research publications. For the index mutual fund, included in Level 2, that has sufficient activity or liquidity within the fund, fair value is determined using the net asset value (or its equivalent) provided by the fund.

For beneficial interest in perpetual trust, fair value is estimated at the present values of future distributions expected to be recovered over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the valuation hierarchy. Baptist does not hold Level 3 securities.

Fair Value of Financial Instruments

The following table presents estimated fair values of Baptist's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2013.

		Fair Value Measurements Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In Thousands)		
Financial assets				
Cash and cash equivalents	$ 110,012	$ 110,012	$ -	$ -
Investments				
Cash	16,475	16,475	-	-
Money market funds	363	363	-	-
Mutual funds	37,434	37,434	-	-
U.S. Treasury and agency obligations	18,059	-	18,059	-
U.S. and foreign common and preferred stocks	1,499	1,499	-	-
U.S. and foreign corporate bonds	74,265	-	74,265	-
Total investments	$ 148,095	$ 55,771	$ 92,324	$ -

	Carrying Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Limited as to use				
Cash	$ 42,001	$ 42,001	$ -	$ -
Money market funds	31,134	31,134	-	-
Mutual funds	298,671	70,299	228,372	-
U.S. Treasury and agency obligations	148,817	-	148,817	-
U.S. common and preferred stocks	186,294	186,294	-	-
Foreign common and preferred stocks	11,124	11,124	-	-
U.S. corporate bonds	190,616	-	190,616	-
Foreign corporate bonds	29,825	-	29,825	-
Perpetual trust	17,608	-	17,608	-
Total assets limited as to use	$ 956,090	$ 340,852	$ 615,238	$ -
Financial liabilities				
Revenue bonds, Series 2009A	$ 180,060	$ -	$ 195,471	$ -
Revenue bonds, Series 2009B	$ 284,435	$ -	$ 284,435	$ -
Revenue bonds, Series 2010	$ 23,041	$ -	$ 23,041	$ -
Revenue bonds, Series 2011	$ 140,000	$ -	$ 133,376	$ -

The following table presents estimated fair values of Baptist's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2012

	Carrying Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In Thousands)		
Financial assets				
Cash and cash equivalents	$ 110,537	$ 110,537	$ -	$ -
Investments				
Cash	1,337	1,337	-	-
Money market funds	1,163	1,163	-	-
Mutual funds	37,375	37,375	-	-
U S Treasury and agency obligations	34,057	-	34,057	-
U S and foreign common and preferred stocks	196	196	-	-
U S and foreign corporate bonds	47,477	-	47,477	-
Total investments	$ 121,605	$ 40,071	$ 81,534	$ -
Assets Limited as to Use				
Cash	$ 95,467	$ 95,467	$	$ -
Money market funds	58,419	58,419	-	-
Mutual funds	270,956	60,910	210,046	-
U S Treasury and agency obligations	107,908	-	107,908	-
U S common and preferred stocks	147,986	147,986	-	-
Foreign common and preferred stocks	11,711	11,711	-	-
U S corporate bonds	143,455	-	143,455	-
Foreign corporate bonds	29,379	-	29,379	
Total assets limited as to use	$ 865,281	$ 374,493	$ 490,788	$ -
Financial liabilities				
Revenue bonds, Series 2009A	$ 189,690	$ -	$ 214,782	$ -
Revenue bonds, Series 2009B	$ 284,435	$ -	$ 284,435	$ -
Revenue bonds, Series 2011	$ 140,000	$ -	$ 153,193	$ -

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value

Cash and Cash Equivalents

The carrying amount approximates fair value

Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to Baptist for bank loans with similar terms and maturities

Note 8: Property and Equipment, Net

	2013	2012
	(In Thousands)	
Land	$ 98,279	$ 88,165
Land and leasehold improvements	35,180	33,433
Buildings	759,702	569,924
Building services equipment	223,323	202,473
Fixed equipment	99,974	98,154
Major moveable equipment	973,988	744,793
Construction in progress	103,732	68,930
Total	2,294,178	1,805,872
Less accumulated depreciation	1,395,288	1,069,144
Property and equipment, net	$ 898,890	$ 736,728

As of August 31, 2013, Baptist has entered into contractual agreements for the purchase of equipment and the construction of hospital facilities for approximately $10,113,000.

Included in the consolidated balance sheets in accounts payable are purchases of property and equipment of $2,725,000 and $11,082,000 at August 31, 2013 and 2012, respectively.

Note 9: Medical Malpractice Claims

Baptist, (excluding Baptist Health Richmond), is self-insured with respect to medical malpractice risks and has established an irrevocable trust fund for the payment of medical malpractice claim settlements. Professional insurance consultants have been retained to assist Baptist in determining liability amounts to be recognized, as well as amounts to be deposited into the trust fund.

Baptist is self-insured for the first $6,000,000 per occurrence and not to exceed $20,000,000 in the aggregate for all Baptist hospitals combined (excluding Baptist Health Madisonville and Baptist Health Richmond). Baptist participates in the American Excess Insurance Exchange (AEIX), Risk Retention Group, a Vermont-chartered "captive" insurance company organized as a reciprocal for coverage above the self-insurance limits. Baptist currently has a 9.14% ownership in AEIX, the value of which is reported using the equity method of accounting.

Baptist Health Madisonville is self-insured for the first $1,500,000 per occurrence through January 1, 2008, and $2,000,000 per occurrence thereafter and not to exceed $14,000,000 in aggregate. Baptist Health Madisonville purchases commercial insurance coverage on a claims-made basis over the self-insurance limits and has established an irrevocable trust fund for the payment of medical malpractice claim settlements. Losses from asserted and unasserted claims are accrued based on estimates that incorporate past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Professional insurance consultants have been retained to assist Baptist in determining liability amounts to be recognized, as well as amounts to be deposited into the trust fund.

Baptist Health Richmond is insured for medical malpractice claims through claims-made policies. This provides protection from liability in amounts not to exceed $1,000,000 per claim and $3,000,000 in the aggregate. In addition, Baptist Health Richmond has purchased a $10,000,000 umbrella policy. Liabilities for incurred but not reported losses at August 31, 2013 and 2012, if any, will not have a material effect on the Baptist Health Richmond's financial position and its malpractice and general liability insurance is adequate to cover losses, if any. Should the claims-made policies not be renewed or replaced with appropriate insurance coverage, claims based upon occurrences during these terms, but reported subsequently, will be uninsured. Baptist Health Richmond intends to continue carrying such insurance.

The total current liability for medical malpractice claims reported and claims incurred but not reported was approximately $10,690,000 and $9,000,000 at August 31, 2013 and 2012, respectively. The total long-term liability for medical malpractice claims reported and claims incurred but not reported was approximately $65,805,000 and $56,473,000 at August 31, 2013 and 2012, respectively. Net malpractice expense recognized was approximately $13,760,000 and $11,311,000 for the years ended August 31, 2013 and 2012, respectively. Earnings on investments of the malpractice self-insurance trust funds amounted to approximately $1,064,000 and $573,000 for the years ended August 31, 2013 and 2012, respectively.

Note 10: Workers' Compensation

Baptist is self-insured with respect to workers' compensation risks and has established an irrevocable trust fund for the payment of workers' compensation claim settlements. Professional insurance consultants have been retained to assist Baptist in determining liability amounts to be recognized, as well as amounts to be deposited into the trust fund.

The total accrued liability for incurred and incurred but not reported workers' compensation claims and related costs of settlement was approximately $15,998,000 and $13,092,000 at August 31, 2013 and 2012, respectively, and is included in long-term liabilities in the consolidated financial statements. Net workers' compensation expense recognized was approximately $5,611,000 and $2,979,000 for the years ended August 31, 2013 and 2012, respectively.

Note 11: Long-Term Debt

The bonds are collateralized by a pledge of revenues. The agreements also contain several covenants, the most significant of which places limitations on additional indebtedness and required levels of unrestricted cash. Baptist was in compliance with all debt covenants at August 31, 2013.

		2013		2012
		(In Thousands)		
Revenue Bonds, Series 2009A (A)	$	180,060	$	189,690
Revenue Bonds, Series 2009B (B)		284,435		284,435
Revenue Bonds, Series 2010 (C)		23,041		-
Revenue Bonds, Series 2011 (D)		140,000		140,000
Total debt		627,536		614,125
Less: current installments of long-term debt		11,988		9,630
Less: unamortized discount		4,349		4,156
Total long-term debt	$	611,199	$	600,339

(A) The Series 2009A Revenue Bonds were issued on February 19, 2009, to redeem the Series 1999A Bonds and to deposit $99,287,000 into the project fund used to reimburse Baptist for the costs of acquiring and constructing hospital facilities and equipment. Interest on the bonds is fixed and is payable semi-annually on each February 15 and August 15, commencing August 15, 2009. Interest rates range from 3.000% to 5.625%. Principal payments began August 2011 with a maturity date of August 2027.

(B) The Series 2009B Variable Rate Demand Hospital Revenue Bonds were issued on February 19, 2009. Principal payments begin August 2027 through August 2038. The 2009B Bonds are secured by direct letters of credit issued by Branch Banking and Trust Company for $154,906,515 and JP Morgan Chase Bank, N.A. for $133,619,675, which expire February 19, 2016, and December 31, 2015, respectively. If the 2009B Bonds fail to remarket and Baptist draws on the letters of credit, JP Morgan Chase Bank, N.A. requires Baptist to repay principal and interest over 12 equal quarterly installments commencing 367 days after the liquidity drawing and Branch Banking and Trust Co. requires monthly interest payments and after 367 days, principal and interest in 24 equal monthly installments. Interest for the 2009B-1 and 2009B-2 Bonds ($131,725,000) which are re-priced daily was 0.05% and 0.04% at August 31, 2013. Interest for the 2009B-3 and 2009B-4 Bonds ($152,710,000) which are re-priced weekly was 0.06% and 0.05% at August 31, 2013.

(C) The Series 2010 Variable Rate Demand Hospital Revenue Bonds were issued by Baptist Health Madisonville on December 15, 2010 in the amount of $25,780,000 to extinguish the remaining Series 2006 Bonds, finance the construction, rehabilitation and equipping of certain facilities and pay costs related to the issuance of the Series 2010 Bonds. The Series 2010 Bonds are variable rate demand bonds which were issued as bank qualified tax-exempt obligations. Interest on the bonds is at a fixed rate of 2.49 percent and is payable quarterly through December 15, 2015, at which time the fixed rate is reset in accordance with the provisions of the trust indenture and is subject to a mandatory tender if elected. The Series 2010 Bonds are subject to retirement in varying annual principal payments of $452,000 to $633,250 from March 2012 through 2023. The Series 2010 Bonds are secured by gross receipts and certain property and equipment.

(D) The Series 2011 Fixed Rate Hospital Revenue Bonds were issued on December 15, 2011, in the amount of $140,000,000 to pay or reimburse Baptist for the costs of certain hospital projects, including a portion of the costs of constructing and equipping a new seven-story, approximately 400,000 square foot medical structure connected to the existing hospital building at Central Baptist Hospital. Principal payments for the 2042 term bond in the amount of $63,060,000 will begin August 15, 2039, with a maturity date of August 15, 2042. The 2042 term bonds will bear an interest rate of 5.00%. Principal payments for 2046 term bond in the amount of $76,940,000 will begin August 15, 2043, with a maturity date of August 15, 2046. The 2046 bonds will bear an interest rate of 5.25%. Interest on the bonds is fixed and is payable semi-annually on each February 15 and August 15.

The aggregate amount at August 31, 2013, of required funding for principal payments of long-term debt is as follows:

	Series 2009A	Series 2009B	Series 2010	Series 2011	Total
2014	$ 10,095	$ -	$ 1,893	$ -	$ 11,988
2015	10,600	-	1,951	-	12,551
2016	11,115	-	2,008	-	13,123
2017	11,680	-	2,073	-	13,753
2018	12,250	-	2,138	-	14,388
Thereafter	124,320	284,435	12,978	140,000	561,733
Total	$ 180,060	$ 284,435	$ 23,041	$ 140,000	$ 627,536

Note 12: Operating Leases

Baptist has certain equipment that is leased under noncancelable operating leases with terms greater than one year. Rental expense under operating leases was $15,494,000 and $15,080,000 for the years ended August 31, 2013 and 2012, respectively.

As of August 31, 2013, future minimum rental payments are as follows:

Year Ending August 31		Amount (In Thousands)
2014	$	10,962
2015		8,221
2016		5,449
2017		3,268
2018		1,811
Thereafter		2,486
Total	$	32,197

Note 13: Employee Benefit Plans

Baptist employees who meet eligibility requirements are covered by a Retirement Accumulation Plan (RAP), which includes a defined contribution plan funded entirely by Baptist and a 401(k) plan to which the employees of BFH are the only participants permitted to make 401(k) deferrals. The finance committee of the board of directors of Baptist controls and manages the operation of the RAP. Participants are immediately fully vested in participant contributions and related earnings and are fully vested in Baptist contributions after five years of service, or after reaching age 65, whichever occurs first. Contributions by Baptist to the RAP were approximately $19,087,000 and $17,861,000 for the years ended August 31, 2013 and 2012, respectively.

Baptist offers a Thrift 403(b) Plan to which employees may defer up to 10% of their earnings on a pre-tax basis. Baptist matches $.50 on each dollar for the first 4% of the employees' contributions and $.25 on each dollar for contributions of 5 – 6% of the employees' contributions. Employees are immediately vested in their contributions and related earnings. Employee vesting in employer contributions is graduated with full vesting after five years.

Baptist provides an Executive Severance and Deferred Compensation Plan, a nonqualified plan designed to provide severance benefits for select management or highly compensated employees of Baptist and to provide deferred compensation for those adversely affected by the required compensation limits of qualified retirement plans or Section 403(b) plans. The total accrued liability was $200,000 and $394,000 at August 31, 2013 and 2012, respectively.

Baptist Health Madisonville has a defined contribution pension plan covering substantially all employees. Under terms of the plan, Baptist Health Madisonville contributes 4.6 percent of eligible compensation up to $150,000 for eligible employees with two years of service. Pension expense associated with the plan was approximately $2,280,000 for the period from November 1, 2012, through August 31, 2013.

Baptist Health Richmond employees hired January 1, 2005 or later are eligible to participate in a defined contribution pension plan. Baptist Health Richmond matches a portion of the employees' basic voluntary contributions, as determined by the provisions of the plan. Total expenses related to the defined contribution plan for the year ended August 31, 2013, was $516,000.

Note 14: Defined Benefit Pension Plan

Baptist Health Richmond has a noncontributory defined benefit pension plan covering substantially all of its employees employed prior to 2005. Baptist Health Richmond's funding policy is to make the minimum annual contribution that is required by applicable regulations. Effective December 31, 2004, the defined benefit pension plan was frozen and does not allow any new participants. Effective December 31, 2007, Baptist Health Richmond resolved to freeze the accrued benefits of the defined benefit plan as part of its plan to restructure employee benefits of its employees.

Baptist Health Richmond uses an August 31 measurement date for the plans. Information about the plan's funded status follows:

Change in Accumulated Benefit Obligation

	2013
	(In Thousands)
Accumulated benefit obligation – beginning of year	$ 20,704
Interest cost	758
Benefits paid	(621)
Actuarial (gain) loss	(3,288)
Accumulated benefit obligation – end of year	$ 17,553

Changes in Plan Assets

	2013
	(In Thousands)
Fair value – beginning of year	$ 12,055
Actual return on plan assets	1,149
Employer contributions	155
Benefits paid	(621)
Fair value – end of year	$ 12,738

Pension Plan Obligations and Funded Status

		2013
Benefit obligation	$	(17,553)
Fair value of plan assets		12,738
Funded status	$	(4,815)

Assets and Liabilities Recognized in the Consolidated Balance Sheets

		2013
Noncurrent liabilities	$	4,815

Amounts Not Yet Recognized as Components of Net Periodic Benefit Cost Consist of

		2013
Net gain	$	3,701
Prior service cost (credit)		-
	$	3,701

The accumulated benefit obligation for the defined benefit pension plan was $17,553,459 at August 31, 2013

The estimated net gain, prior service cost and transition obligation for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year are $245,971, $0 and $0, respectively

Significant assumptions include

	2013
Weighted-average assumptions	
Discount rate	5 09%
Rate of compensation increase	-
Assumptions to determine net cost	
Discount rate	3 73%
Expected return on plan assets	6 25%
Rate of compensation increase	-

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include an immediate participation guarantee contract. The plan does not hold Level 3 assets.

The fair values of Baptist Health Richmond's pension plan assets at August 31, 2013, by asset class are as follows:

		August 31, 2013		
		Fair Value Measurements Using		
Asset Class	**Total Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Immediate participation guarantee contract	$ 8,352	$ -	$ 8,352	$ -
Mutual funds (A)	4,386	4,386	-	-
Total	$ 12,738	$ 4,386	$ 8,352	$ -

(A) 92% of mutual funds invest in common stock and 8% of the mutual funds invest fixed income.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of August 31:

	Amount
2014	$ 744,383
2015	$ 802,639
2016	$ 852,475
2017	$ 885,904
2018	$ 931,362
2019-2023	$ 5,368,141

Note 15: Post-Retirement Benefit Plan

Baptist has a post-retirement benefit plan covering all employees who meet the eligibility requirements. The plan provides for a continuation of medical benefits at the division from which the employee retires until the retiree reaches the age of 65 and for death benefits that vary with retirement date and position.

The post-retirement medical benefits plan is contributory, with retiree contributions adjusted annually. Funding by Baptist is on a cash basis as benefits are paid. Baptist contributed approximately $1,186,000 and $1,026,000 for the years ended August 31, 2013 and 2012, respectively. Baptist expects to contribute approximately $1,192,000 to the plan in 2014.

Baptist amended the post-retirement benefit plan that becomes effective beginning on January 1, 2014. The amendment increases employee responsibility for plan funding and restricts retiree medical benefits to existing participants and to employees who will become eligible to participate before January 1, 2019. As a result of the amendment, Baptist recognized a reduction in the accumulated benefit obligation of $9,989,000 as of August 31, 2013.

Baptist uses an August 31 measurement date for the plan. Information about the plan's funded status follows:

Change in Accumulated Benefit Obligation

	2013	2012
	(In Thousands)	
Accumulated benefit obligation – beginning of year	$ 29,931	$ 24,899
Changes recognized in operating income		
Service cost	1,367	911
Interest cost	1,267	1,174
Amortization of transitional obligation	113	113
Amortization of prior service cost	139	139
Amortization of loss	1,076	306
Net periodic benefit cost	3,962	2,643
Employer contributions	(1,186)	(1,026)
Net plan expense	2,776	1,617
Changes recognized in unrestricted net assets		
Amortization of transitional obligation	(113)	(113)
Amortization of prior service cost	(139)	(139)
Amortization of loss	(1,076)	(306)
Plan amendment	(9,989)	-
Net loss arising during the period	(280)	3,973
Change in unrestricted net assets	(11,597)	3,415
Accumulated benefit obligation – end of year	$ 21,110	$ 29,931

Fair Value of Plan Assets and Funded Status

	2013	2012
	(In Thousands)	
Fair value – beginning of year	$ -	$ -
Employer contributions	(1,186)	(1,026)
Benefits paid, net	1,186	1,026
Fair value – end of year	$ -	$ -
Funded status at year end	$ (21,110)	$ (29,931)

Liabilities Recognized in the Consolidated Balance Sheets

	2013	2012
	(In Thousands)	
Accrued expenses – current	$ 1,192	$ 1,076
Other liabilities – noncurrent	19,918	28,855
Total liabilities	$ 21,110	$ 29,931

Amounts Recognized in Unrestricted Net Assets

	2013	2012
	(In Thousands)	
Transition obligation	$ -	$ (113)
Prior service credit (cost)	9,245	(884)
Accumulated loss	(9,494)	(10,849)
Total	$ (249)	$ (11,846)

There is no estimated transition obligation to be amortized over the next fiscal year. The estimated prior service credit and accumulated loss that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are approximately $3,191,000 and ($663,000), respectively.

Significant Assumptions Include

	2013	2012
Weighted-average discount rate to determine benefit obligation	5.03%	3.62%
Weighted-average assumptions used to determine benefit costs	3.62%	5.02%

For measurement purposes, a 7.2 and 7.4% annual rate of increase in the per capita cost of covered health care benefits was assumed for each of the years ended August 31, 2013 and 2012, respectively. The rate was assumed to decrease gradually to 4.5% by the year 2028 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the post-retirement plan costs and benefit obligation. A one-percentage-point increase in assumed health care cost trend rates would have the following effects:

	2013	2012
	(In Thousands)	
Effect on total of service cost and interest cost	$ 228	$ 184
Effect on post-retirement benefit obligation	$ 541	$ 2,146

As of August 31, 2013, the following future benefit payments are expected to be paid:

Years Ending August 31	Amount
	(In Thousands)
2014	$ 1,192
2015	1,198
2016	1,301
2017	1,379
2018	1,461
2019-2023	7,445
Total	$ 13,976

Note 16: Temporarily and Permanently Restricted Net Assets

	2013	2012
Temporarily restricted	*(In Thousands)*	
Health care services		
Capital purchases	$ 7,396	$ 6,050
Indigent care	658	618
Health research and education	2,130	2,037
Other	1,551	1,400
Total	$ 11,735	$ 10,105

In 2006, Baptist Health Richmond received capital assets in the amount of $6,398,049 from the Chemical Stockpile Emergency Preparedness Program (CSEPP). As a part of the acquisition of Baptist Health Richmond on September 1, 2012, the fair value of those assets was $2,239,436. CSEPP is conducting a chemical stockpile disposal project at the nearby Blue Grass Army Depot. The chemical stockpile disposal project is expected to last approximately 15 years. In the event of any chemical leak or airborne contamination, Baptist Health Richmond will be used as a first response center. At the end of the disposal project, Baptist Health Richmond has the option to retain any or all of the capital assets contributed as part of the project or have CSEPP remove them from the facility. Currently, Baptist Health Richmond intends to retain all of the capital assets until after the completion of the disposal project, the assets are temporarily restricted due to the passage of time. These assets are being depreciated over their estimated useful lives and each year's depreciation expense on these assets will be recorded as released from restrictions in the consolidated statement of operations. Depreciation expense on restricted capital assets for the year ended August 31, 2013, was $275,132.

Permanently restricted net assets represent Baptist's interest in perpetual trusts.

Note 17: Acquisitions

Pattie A. Clay

On September 1, 2012, Baptist acquired the net assets of Pattie A. Clay Infirmary Association and Pattie A. Clay Foundation (collectively Pattie A. Clay and renamed to Baptist Health Richmond) a not-for-profit hospital that provides a continuum of health care services such as orthopedics, pediatrics, obstetrics, gynecology, cardiology and internal medicine, sports medicine and a full array of outpatient, diagnostic and emergency services. Baptist Health Richmond is located in Richmond, Kentucky approximately two miles off Interstate 75, adjacent to Eastern Kentucky University. It's located approximately 25 miles south of downtown Lexington, Kentucky and 28 miles from Baptist Health Lexington.

As a result of the acquisition, Baptist will expand its primary service area to include Estill, Madison and Jackson counties which are adjacent to counties Baptist currently serves. Baptist also expects the acquisition will allow it to provide more comprehensive health care services to these counties through integrating clinically with current Baptist providers in the Lexington area. Baptist also believes the acquisition will provide the ability to achieve cost savings, both clinically and through the elimination of duplicative administrative support functions.

The acquisition was accomplished by Baptist becoming the sole member of Baptist Health Richmond, and no consideration was or will be transferred for the acquisition. However, in connection with the acquisition, Baptist agreed to fund at least $50,000,000 of capital improvements benefiting Baptist Health Richmond within five years from the date of the acquisition and provide $3,000,000 of funds to the foundation at Baptist Health Richmond. In addition, immediately prior to the acquisition, all outstanding debt in the amount of $14,757,110 was redeemed by Baptist on behalf of Pattie A. Clay Infirmary Association, and a note payable between Baptist and Pattie A. Clay Infirmary Association was established.

Baptist incurred approximately $371,000 of third-party acquisition-related costs in connection with this acquisition. These costs are included in general and administrative costs in the consolidated statement of operations.

The following table summarizes the amounts of the assets acquired and liabilities assumed, recognized at the acquisition date.

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed

Assets		
Current assets	$	17,473,732
Assets limited as to use		15,341,836
Property, plant and equipment		22,673,021
Identifiable intangible assets (indefinite life)		1,000,000
Liabilities		
Current liabilities		(6,980,258)
Long term debt to Baptist		(14,757,110)
Other liabilities (primarily pension and capital lease obligations)		(12,058,102)
Total identifiable net assets (contribution received)	$	22,693,119
Contribution received		
Unrestricted net assets	$	5,111,847
Temporarily restricted net assets		2,239,436
Permanently restricted net assets		15,341,836
Total identifiable net assets (contribution received)	$	22,693,119

The acquisition resulted in an inherent contribution received of $22,693,119, which represents the net recognized amount in the identifiable assets acquired over the liabilities assumed. Of this amount, $5,111,847 has been included in unrestricted net assets – contribution received in donation of Pattie A. Clay in the consolidated statement of operations, $2,239,436 has been included in temporarily restricted net assets – contribution received in donation of Pattie A. Clay, and $15,341,836 has been included in permanently restricted net assets – contribution received in donation of Pattie A. Clay.

Baptist Health Richmond contributed the following amounts to Baptist for the period from September 1, 2012 (the acquisition date) through August 31, 2013:

Excess of revenues over expenses	$	5,014,654
Excess of revenues over expenses (before contribution received)	$	(97,193)
Changes in unrestricted net assets	$	10,715,634
Changes in temporarily restricted net assets	$	1,964,304
Changes in permanently restricted net assets	$	17,608,317

Trover Health System

On November 1, 2012, Baptist acquired the net assets of Trover Clinic Foundation, Mutual Credit Services and Western Kentucky Medical Management Services (collectively Trover Health System and renamed to Baptist Health Madisonville), a not-for-profit system that provides over 50 clinical services such as orthopedics, obstetrics, gynecology, general surgery, cardiology, acute rehab, internal medicine and a full array of outpatient, diagnostic and emergency services on and off their main campus.

Baptist Health Madisonville is the major medical center within its seven county primary service area. As a result of the acquisition, Baptist will expand its primary service area to include the counties of Hopkins, Mclean, Muhlenberg, Christian, Caldwell, Crittenden and Webster. Several of these counties are adjacent to the primary service area of Baptist Health Paducah, located approximately 80 miles from Baptist Health Madisonville.

Baptist also expects the acquisition will allow it to provide more comprehensive health care services to these counties through integrating clinically with both Baptist Health Paducah and Baptist Health Louisville. In doing so, many of the patients currently leaving the area for care will be able to receive care closer to home. In addition, the acquisition will provide the ability to achieve cost savings, both clinically and through the elimination of duplicative administrative support functions.

The acquisition was accomplished by Baptist becoming the sole member of Baptist Health Madisonville, and no consideration was or will be transferred for the acquisition. Baptist incurred approximately $675,000 of third-party acquisition-related costs in connection with this acquisition. These costs are included in general and administrative costs in the consolidated statement of operations.

The following table summarizes the amounts of the assets acquired and liabilities assumed, recognized at the acquisition date.

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed

Assets	
Current assets	$ 63,434,657
Assets limited as to use	46,297,867
Property, plant and equipment	84,438,011
Other assets	3,249,899
Identifiable intangible assets (indefinite life)	3,637,500
Liabilities	
Current liabilities	(21,985,899)
Long term debt	(24,424,000)
Other liabilities (primarily for malpractice and workers compensation)	(12,003,168)
Total identifiable net assets (contribution received)	$ 142,644,867

Contribution received		
Unrestricted net assets	$	142,485,463
Temporarily restricted net assets		159,404
Total identifiable net assets (contribution received)	$	142,644,867

The acquisition resulted in an inherent contribution received of $142,644,867, which represents the net recognized amount in the identifiable assets acquired over the liabilities assumed. Of this amount, $142,485,463 has been included in unrestricted net assets – contribution received in donation of Trover Health System in the consolidated statement of operations and $159,404 has been included in temporarily restricted net assets – contribution received in donation of Trover Health System.

Baptist Health Madisonville contributed the following amounts to Baptist for the period from November 1, 2012 (the acquisition date) through August 31, 2013:

Excess of revenues over expenses	$	133,509,483
Deficiency of revenues over expenses – excluding contribution from Trover Health System	$	(8,975,980)
Changes in unrestricted net assets	$	133,509,483
Changes in temporarily restricted net assets	$	165,540

The following unaudited pro-forma summary presents consolidated information for Baptist as if the acquisitions of Baptist Health Madisonville and Baptist Health Richmond had occurred on September 1, 2011:

		Pro Forma Year Ended August 31, 2013		Pro Forma Year Ended August 31, 2012
Total revenue, gains and other support	$	1,923,810,458	$	1,888,588,421
Excess of revenues over expenses	$	51,631,009	$	241,683,861
Change in				
Unrestricted net assets	$	66,928,984	$	235,271,201
Temporarily restricted net assets	$	(766,185)	$	3,788,517
Permanently restricted net assets	$	2,266,481	$	15,341,836

Pro-forma adjustments above include a consolidated inherent contribution received of $165,337,986 (2012) and to record depreciation expense based on the estimated fair values assigned to property, plant and equipment, included in both years. Those pro-forma results are not necessarily indicative of the actual results of operations.

Note 18: Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products.

Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, may be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Kentucky has currently indicated it will participate in the Medicaid expansion program.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is possible it will have a negative impact on Baptist's net patient service revenue. In addition, it is possible Baptist will experience payment delays and other operational challenges during PPACA's implementation.

Note 19: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were issued.

Baptist Healthcare System, Inc. and Affiliates
Other Information
Cross Reference of Baptist Health Entity Names
August 31, 2013 and 2012

Previous Entity Name	*New Entity Name Included in This Report*	*Legal Name*
Obligated Group		
Baptist Hospital East (East)	Baptist Health Louisville (BH LOU)	Baptist Healthcare System, Inc
Baptist Regional Medical Center (Regional)	Baptist Health Corbin (BH COR)	Baptist Healthcare System, Inc
Central Baptist Hospital (Central)	Baptist Health Lexington (BH LEX)	Baptist Healthcare System, Inc
Western Baptist Hospital (Western)	Baptist Health Paducah (BH PAD)	Baptist Healthcare System, Inc
Baptist Hospital Northeast (Northeast)	Baptist Health LaGrange (BH LAG)	Baptist Healthcare Affiliates, Inc
Acquisitions (Nonobligated Affiliates)		
Pattie A Clay	Baptist Health Richmond (BH RIC)	Baptist Health Richmond, Inc
Trover Health System	Baptist Health Madisonville (BH MAD)	Baptist Health Madisonville, Inc
Other Nonobligated Affiliates		
Baptist Community Health Services (BCHS)	Baptist Health Community Services (CH LOU)	Baptist Community Health Services, Inc
Baptist Physicians Surgery Center (BPSC)	Baptist Physicians Surgery Center (BPSC)	Baptist Community Health Services, Inc
Baptist Eastpoint Surgery Center (BESC)	Baptist Eastpoint Surgery Center (BESC)	Baptist Community Health Services, Inc
St Matthews Surgery Center (SMSC)	St Matthews Surgery Center (SMSC)	Baptist Community Health Services, Inc
Oak Tree Hospital at Regional	Baptist Health Continuing Care Hospital Corbin (OT COR)	Baptist Community Health Services, Inc
Baptist Medical Associates, Inc (BMA)	Baptist Health Medical Associates Louisville (MD LOU)	Baptist Medical Associates, Inc
Baptist Physicians Lexington, Inc (BPL)	Baptist Health Medical Associates Lexington (MD LEX)	Baptist Physicians Lexington, Inc
Baptist Physicians Southeast, Inc (BPS)	Baptist Health Medical Associates Corbin (MD COR)	Baptist Physicians Southeast, Inc
Western Baptist Medical Ventures, Inc (WBMV)	Baptist Health Medical Associates Paducah (MD PAD)	Western Baptist Medical Ventures, Inc
Baptist Ventures, Inc (BVI)	Baptist Health Ventures (BHV)	Baptist Ventures, Inc
PET CT Management, LLC (PET MGT)	Baptist Health Bodyscan Louisville (BS LOU)	PET CT Management, LLC
Baptist Health Network, Inc (BHNET)	Baptist Health Employer Solutions (ES LOU)	Baptist Health Employer Solutions, Inc
Purchase Health Quality Collaborative, LLC (PHQC)	Purchase Health Quality Collaborative (PHQ PAD)	Purchase Health Quality Collaborative, LLC
Baptist Hospital Foundation of Greater Louisville	Baptist Health Foundation Greater Louisville, Inc (FND LOU)	Baptist Health Foundation Greater Louisville, Inc
Baptist Healthcare Foundation, Inc	Baptist Health Foundation, Kentucky (FND KY)	Baptist Health Foundation, Inc
Baptist Regional Medical Center re Foundation, Inc	Baptist Health Foundation, Corbin (FND COR)	Baptist Health Foundation, Inc
Central Baptist Hospital Foundation	Baptist Health Foundation Lexington, Inc (FND LEX)	Baptist Health Foundation Lexington, Inc
Western Baptist Hospital Foundation	Baptist Health Foundation Paducah, Inc (FND PAD)	Baptist Health Foundation Paducah, Inc
Lexington Cardiac Research Foundation	Baptist Health Foundation Cardiac Research, Inc (FND CRF)	Baptist Health Foundation Cardiac Research, Inc

Baptist Healthcare System, Inc. and Affiliates

Schedule of Expenditures of Federal Awards
Year Ended August 31, 2013

Program	Federal Agency/ Pass-Through Entity	CFDA Number	Grant or Identifying Number	Amount
Delta State Rural Development Network Grant	U S Department of Health and Human Services	93 912	D60RH08553	$ 458,523
Area Health Education Center (AHEC) Model State Supported Grant	U S Department of Health and Human Services/University of Louisville	93 107	U77HP03023	48,764
NSABP Foundation, Inc	National Cancer Institute	93 399	TFED266	15,965
New England Research Institute	National Heart, Lung and Blood Institute	93 000	HHSN268200425207C	850
American Association of Diabetes Educators	Center of Disease Control/American Association of Diabetes Educators	93 739	1U58DP004519-1	10,681
				$ 534,783

Notes to Schedule

1 This schedule includes the federal awards activity of Baptist and is presented on the accrual basis of accounting The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements

2 Baptist provided no federal awards to subrecipients during the period September 1, 2012 through August 31, 2013

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Consolidated Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors, Audit Committee & Management
Baptist Healthcare System, Inc and Affiliates
Louisville, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic consolidated financial statements of Baptist Healthcare System, Inc and Affiliates (Baptist), which comprise the consolidated balance sheet as of August 31, 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended and the related notes to the consolidated financial statements and have issued our report thereon dated January 22, 2014

Internal Control Over Financial Reporting

Management of Baptist is responsible for establishing and maintaining effective internal control over financial reporting (internal control) In planning and performing our audit, we considered Baptist's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baptist's internal control Accordingly, we do not express an opinion on the effectiveness of Baptist's internal control

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Baptist's consolidated financial statements will not be prevented or detected and corrected on a timely basis A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above However, material weaknesses may exist that have not been identified

Compliance

As part of obtaining reasonable assurance about whether Baptist's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Matters

We noted certain matters that we reported to Baptist's management in a separate letter dated January 22, 2014.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Baptist's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baptist's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Louisville, Kentucky
January 22, 2014

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors, Audit Committee & Management
Baptist Healthcare System, Inc and Affiliates
Louisville, Kentucky

Report on Compliance for the Major Federal Program

We have audited the compliance of Baptist Healthcare System, Inc and Affiliates (Baptist) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended August 31, 2013 Baptist's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Baptist's management

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Baptist's major federal program based on our audit of the types of compliance requirements referred to above

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred An audit includes examining, on a test basis, evidence about Baptist's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program Our audit does not provide a legal determination on Baptist's compliance with those requirements

Opinion on Major Federal Program

In our opinion, Baptist complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2013

Report on Internal Control Over Compliance

The management of Baptist is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above In planning and performing our audit of compliance, we considered Baptist's internal control over compliance with the requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance Accordingly, we do not express an opinion on the effectiveness of Baptist's internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses However, material weaknesses may exist that have not been identified

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 Accordingly, this report is not suitable for any other purpose

BKD, LLP

Louisville, Kentucky
January 22, 2014

Baptist Healthcare System, Inc. and Affiliates

Schedule of Findings and Questioned Costs
Year Ended August 31, 2013

Summary of Auditor's Results

1. The opinion(s) expressed in the independent auditor's report was (were)
   (Check each description that applies)

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

3. Noncompliance considered material to the consolidated financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on major federal awards programs disclosed

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

5. The opinion expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on major federal awards was

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by OMB Circular A-133? ☐ Yes ☒ No

7. Baptist's major program was

Program	CFDA Number
Delta State Rural Development Network Grant Program	93 912

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was $300,000

9. Baptist qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

Baptist Healthcare System, Inc. and Affiliates

Schedule of Findings and Questioned Costs
Year Ended August 31, 2013

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
	No matters are reportable	

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
	No matters are reportable	

Baptist Healthcare System, Inc. and Affiliates

Summary Schedule of Prior Audit Findings
Year Ended August 31, 2013

Reference Number	Summary of Finding	Status
	No matters are reportable	

Baptist Healthcare System, Inc. and Affiliates

Consolidating Schedule of Assets, Liabilities and Net Assets Information

August 31, 2013

(In Thousands)	Baptist Health Louisville	Baptist Health LaGrange	Baptist Health Corbin	Baptist Health Lexington	Baptist Health Paducah	Support Services	Eliminations and Reclassifications	Total Obligated Group	Baptist Health Madisonville	Baptist Health Richmond	Other Affiliates	Eliminations	Total
Assets													
Current assets													
Cash and cash equivalents	$ 8 934	$ 1 055	$ 1 148	$ 1 327	$ 4 808	$ 60 526	$ -	$ 77 798	$ 20 008	$ 2 495	$ 9 711	$ -	$ 110 012
Investments	-	-	-	-	-	50 279	-	50 279	-	4 064	93 752	-	148 095
Assets limited as to use – required for current obligations	-	-	-	-	-	9 000	-	9 000	1 690	-	-	-	10 690
Patient accounts receivable – net	65 791	7 213	16 785	56 474	35 031	-	-	181 294	20 755	7 693	21 359	-	231 101
Inventories	8 437	1 670	2 215	8 395	6 320	-	-	27 037	2 908	2 830	1 159	-	33 934
Estimated third party receivable	99	720	591	2 701	3 622	-	-	7 733	(3 914)	114	207	-	4 140
Other	1 837	374	1 515	2 211	1 571	10 229	-	17 737	3 273	2 324	7 411	-	30 745
Total current assets	85 098	11 032	22 254	71 108	51 352	130 034	-	370 878	44 720	19 520	133 597	-	568 715
Assets limited as to use													
Designated by board for capital improvements	7 964	-	-	-	6	751 754	-	759 724	47 856	-	7 055	-	814 635
Designated by board for endowment	-	-	-	-	-	-	-	-	-	2 210	-	-	2 210
Held by trustee													
Under bond indenture	-	-	-	-	-	46 177	-	46 177	-	-	-	-	46 177
Under medical malpractice self-insurance	-	-	-	-	-	55 670	-	55 670	5 617	-	-	-	61 287
Under workers' compensation self-insurance	-	-	-	-	-	14 173	-	14 173	-	-	-	-	14 173
In perpetual trust	-	-	-	-	-		-	-	-	17 608	-	-	17 608
Total assets limited as to use	7 964	-	-	-	6	867 774	-	875 744	53 473	19 818	7 055	-	956 090
Less amount required to meet current obligations						9 000		9 000	1 690		-	-	10 690
Assets limited as to use – noncurrent portion	7 964	-	-	-	6	858 774	-	866 744	51 783	19 818	7 055	-	945 400
Intercompany accounts	15 398	823	239	7 347	(2 014)	181 996	(169 009)	34 780	-	4	542	(35 326)	-
Property and equipment, net	203 056	19 294	42 397	270 162	136 845	100 457	7 900	780 111	81 485	22 641	14 653	-	898 890
Other assets	116 117	6 530	25 307	90 833	40 548	30 777	(7 900)	302 212	7 624	2 775	10 691	(267 617)	55 685
Total assets	$ 427 633	$ 37 679	$ 90 197	$ 439 450	$ 226 737	$ 1 302 038	$ (169 009)	$ 2 354 725	$ 185 612	$ 64 758	$ 166 540	$ (302 943)	$ 2 468 692
Liabilities and Net Assets													
Current liabilities													
Current installments of long-term debt	$ -	$ -	$ -	$ -	$	10 095	$ -	$ 10 095	$ 1 893	$ -	$ -	$ -	$ 11 988
Accounts payable	13 642	1 081	3 523	16 327	5 709	5 610	-	45 892	6 358	3 257	22 883	-	78 390
Accrued expenses	19 375	2 283	6 682	13 437	9 486	20 372	-	71 635	7 097	2 285	15 836	-	96 853
Accrued interest payable	-	-	-	-	-	707	-	707	119	-	-	-	826
Current portion of liability for medical malpractice	-	-	-	-	-	9 000	-	9 000	1 690	-	-	-	10 690
Other	2 133	211	4 101	4 694	1 607	4 948	-	17 694	1 086	590	11 130	-	30 500
Total current liabilities	35 150	3 575	14 306	34 458	16 802	50 732	-	155 023	18 243	6 132	49 849	-	229 247
Long term debt	-	-	-	-	-	590 051	-	590 051	21 148	-	-	-	611 199
Intercompany accounts	5 307	28 841	78 280	25 710	24 632	6 371	(169 009)	132	250	20 955	13 989	(35 326)	-
Other liabilities	-	-	-	-	-	95 954	-	95 954	12 296	7 381	2 058	-	117 689
Net assets													
Unrestricted net assets attributable to Baptist	387 045	5 070	(2 615)	378 137	184 462	558 900	-	1 510 999	133 509	10 718	92 159	(267 617)	1 479 768
Unrestricted net assets attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	1 446	-	1 446
Temporarily restricted	131	193	226	1 145	841	30	-	2 566	166	1 964	7 039	-	11 735
Permanently restricted	-	-	-	-	-	-	-	-	-	17 608	-	-	17 608
Total net assets	387 176	5 263	(2 389)	379 282	185 303	558 930	-	1 513 565	133 675	30 290	100 644	(267 617)	1 510 557
Total liabilities and net assets	$ 427 633	$ 37 679	$ 90 197	$ 439 450	$ 226 737	$ 1 302 038	$ (169 009)	$ 2 354 725	$ 185 612	$ 64 758	$ 166 540	$ (302 943)	$ 2 468 692

Baptist Healthcare System, Inc. and Affiliates

Consolidating Schedule of Statement of Operations and Changes in Net Assets Information
Year Ended August 31, 2013

(In Thousands)	Baptist Health Louisville	Baptist Health LaGrange	Baptist Health Corbin	Baptist Health Lexington	Baptist Health Paducah	Support Services	Eliminations and Reclassifications	Total Obligated Group	Baptist Health Madisonville	Baptist Health Richmond	Other Affiliates	Eliminations	Total
Unrestricted revenues, gains and other support													
Patient service revenue (net of contractual discounts and allowances)	$ 478 341	$ 50 459	$ 133 791	$ 426 607	$ 227 727	$ -	$	$ 1 316 925	$ 158 325	$ 72 519	$ 184 811	$ -	$ 1 732 580
Less provision for uncollectible accounts	10 999	3 509	8 925	6 750	6 283	-	-	36 466	16 034	10 771	12 298	-	75 569
Net patient service revenue	467 342	46 950	124 866	419 857	221 444	-	-	1 280 459	142 291	61 748	172 513	-	1 657 011
Premium revenue	-	-	-	-	-	-	-	-	-	-	154 614	-	154 614
Other	16 384	1 929	10 572	12 372	6 800	121 754	(117 466)	52 345	9 682	3 479	36 914	(27 773)	74 647
Net assets released from restrictions used for operations	184	23	51	2 174	34	2	-	2 468	-	276	2 722	-	5 466
Total revenues, gains and other support	483 910	48 902	135 489	434 403	228 278	121 756	(117 466)	1 335 272	151 973	65 503	366 763	(27 773)	1 891 738
Expenses													
Health care services	282 552	25 230	64 740	224 410	122 766	-	-	719 698	98 041	38 230	375 266	(23 745)	1 207 490
General and administrative	133 089	17 754	55 897	129 987	77 094	118 178	(111 465)	420 534	47 586	23 530	69 235	(3 407)	557 478
Depreciation and amortization	29 972	3 196	7 879	28 163	20 494	1 685	-	91 389	12 078	3 382	4 049	-	110 898
Interest	265	557	3 395	720	1 064	12 338	(6 001)	12 338	706	695	370	(621)	13 488
Provider tax	7 297	841	2 086	6 624	4 193	-	-	21 041	2 127	1 163	209	-	24 540
Total expenses	453 175	47 578	133 997	389 904	225 611	132 201	(117 466)	1 265 000	160 538	67 000	449 129	(27 773)	1 913 894
Operating income (loss)	30 735	1 324	1 492	44 499	2 667	(10 445)	-	70 272	(8 565)	(1 497)	(82 366)	-	(22 156)
Other gains (losses)													
Investment return	534	1	79	129	151	73 459	-	74 353	(549)	1 417	2 761	-	77 982
Other	(76)	(43)	(9 658)	(291)	(434)	(2)	-	(10 504)	166	(17)	9 209	-	(1 146)
Contribution received in donation of Pattie A. Clay	-	-	-	-	-	-	-	-	-	5 112	-	-	5 112
Contribution received in donation of Trover Health System	-	-	-	-	-	-	-	-	142 485	-	-	-	142 485
Total other gains (losses)	458	(42)	(9 579)	(162)	(283)	73 457	-	63 849	142 102	6 512	11 970	-	224 433
Excess of revenues, gains and other support over expenses before provision (benefit) for income tax	31 193	1 282	(8 087)	44 337	2 384	63 012	-	134 121	133 537	5 015	(70 396)	-	202 277
Provision for income tax	-	-	-	-	-	61	-	61	28	-	748	-	837
Excess of revenues, gains and other support over expenses	31 193	1 282	(8 087)	44 337	2 384	62 951	-	134 060	133 509	5 015	(71 144)	-	201 440
Defined Benefit Pension Plans	-	-	-	-	-	-	-	-	-	3 701	-	-	3 701
Post retirement Benefit Pension Plan													
Plan amendmentt	-	-	-	-	-	9 989	-	9 989	-	-	-	-	9 989
Net gain arising during period	-	-	-	-	-	280	-	280	-	-	-	-	280
Amortization of prior service cost, included in net periodic pension cost	-	-	-	-	-	1 328	-	1 328	-	-	-	-	1 328
Change in defined benefit pension plans	-	-	-	-	-	11 597	-	11 597	-	-	-	-	11 597
Net asset transfers	1 020	768	140	10 586	480	(13 490)	-	(496)	-	2 000	82 693	(84 197)	-
Increase (decrease) in unrestricted net assets	32 213	2 050	(7 947)	54 923	2 864	61 058	-	145 161	133 509	10 716	11 549	(84 197)	216 738
Unrestricted net assets attributable to noncontolling interest													
Excess of revenues over expenses	-	-	-	-	-	-	-	-	-	-	982	-	982
Contributions from noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	(1 189)	-	(1 189)
Increase (decrease) in unrestricted net assets attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	(207)	-	(207)
Temporarily restricted net assets													
Net assets transferred	-	-	-	(644)	-	-	-	(644)	-	-	644	-	-
Contributions, income and other	157	25	40	2 252	128	4	-	2 606	7	-	2 085	-	4 698
Contribution received in donation of Pattie A. Clay	-	-	-	-	-	-	-	-	-	2 239	-	-	2 239
Contribution received in donation of Trover Health System	-	-	-	-	-	-	-	-	159	-	-	-	159
Net assets released from restrictions used for operations	(184)	(23)	(51)	(2 174)	(36)	(2)	-	(2 470)	-	(273)	(2 723)	-	(5 466)
Increase (decrease) in temporarily restricted net assets	(27)	2	(11)	(566)	92	2	-	(508)	166	1 966	6	-	1 630
Permanently restricted net assets													
Contribution received in donation of Pattie A. Clay	-	-	-	-	-	-	-	-	-	15 342	-	-	15 342
Change in beneficial interest in perpetual trust	-	-	-	-	-	-	-	-	-	2 266	-	-	2 266
Increase (decrease) in temporarily restricted net assets	-	-	-	-	-	-	-	-	-	17 608	-	-	17 608
Change in net assets	32 186	2 052	(7 958)	54 357	2 956	61 060	-	144 653	133 675	30 290	11 348	(84 197)	235 769
Net assets – beginning of year	354 990	3 211	5 569	324 925	182 347	497 870	-	1 368 912	-	-	89 296	(183 420)	1 274 788
Net assets – end of year	$ 387 176	$ 5 263	$ (2 389)	$ 379 282	$ 185 303	$ 558 930	$ -	$ 1 513 565	$ 133 675	$ 30 290	$ 100 644	$ (267 617)	$ 1 510 557