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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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 09-01-2013 , 2013, and ending 08-31-2014

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

C Name of organization
Mississippi Baptist Medical Center

Doing Business As

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

City or town, state or province, country, and ZIP or foreign postal code
Jackson, MS 39202

D Employer identification number
64-0881013

E Telephone number
(601) 968-3080

G Gross receipts $ 399,913,338

F Name and address of principal officer
Chris Anderson
1225 North State Street
Jackson, MS 39202

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

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ www mbhs org

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

L Year of formation 1996

M State of legal domicile MS

Part I Summary

1 Briefly describe the organization's mission or most significant activities
The organization maintains and carries on the acute clinical services of MS Baptist Health Systems, Inc The organization offers a comprehensive range of services for patients

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	3,149
6	Total number of volunteers (estimate if necessary)	**6**	521
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	7,165,755
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-1,288,408

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	0	0
	9 Program service revenue (Part VIII, line 2g)	360,961,870	377,859,637
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	1,068,348
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	19,226,087	17,421,778
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	380,187,957	396,349,763
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	85,153	84,558
	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)	186,056,410	194,027,446
	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)	192,265,342	202,320,482
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	378,406,905	396,432,486
	19 Revenue less expenses Subtract line 18 from line 12	1,781,052	-82,723

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	68,638,696	73,968,933
	21 Total liabilities (Part X, line 26)	21,438,346	24,882,516
	22 Net assets or fund balances Subtract line 21 from line 20	47,200,350	49,086,417

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

****** | 2015-07-15
Signature of officer | Date

WILLIAM F THOMPSON 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
Penny Wood CPA		2015-07-15		P00328157

Firm's name ▶ BKD LLP | Firm's EIN ▶

Firm's address ▶ 190 E Capitol Street Ste 500
Jackson, MS 392012190 | Phone no (601) 968-3080

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 or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 379,972,278 including grants of $) (Revenue $ 377,859,637)

Mississippi Baptist Medical Center, Inc (MBMC) operates a 638 bed facility in Jackson, Mississippi MBMC focuses on the quality of healthcare including clinical quality of care, credentials, and patient satisfaction MBMC is among the top 10 percent in the nation for Vascular Surgery, Gastrointestinal Surgery and Gastrointestinal Care, according to a comprehensive annual study released by HealthGrades MBMC recorded 241,670 patient visits during its 2014 fiscal year This consisted of 20,720 inpatient admissions, 159,999 outpatient visits and 60,951 emergency room visits 7,286 inpatient surgeries and 8,349 outpatient surgeries were performed The principal medical services available are alcohol and chemical dependency, medical/surgical acute care, pediatric acute care, obstetrics, neonatal intensive care, well baby nursery, cardiac intensive care, medical/surgical intensive care, inpatient and outpatient surgery, inpatient and outpatient oncology services, emergency services, physical medicine and rehabilitation services, CT scanning, diagnostic x-ray, MR imaging, PET scanning, ultrasound, radiation therapy, cardiac catheterization, cardiovascular surgery, hemodialysis, geriatric services and occupational health MBMC is accredited by the Joint Commission on Accreditation of Healthcare Organizations MBMC provides quality medical care regardless of race, creed, sex, national origin, handicap, or age

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

Although equitable payment for services is essential to the organization's financial viability MBMC recognizes that not all individuals possess the resources required to reimburse MBMC for all services provided Keeping its commitment to the community MBMC provides free care and subsidized care within existing resources where the need for such care exists During the fiscal year ending August 31, 2014, MBMC provided $18,829,000 in charity care and provided discounts of $27,586,000 to uninsured individuals receiving care All of the foregone charges mentioned above are netted against patient service revenue to arrive at net patient service revenue as reflected as program service revenue on Part VIII of Form 990 in order to be consistent with financial statement reporting and are not reported as functional expenses on the tax return

4c (Code) (Expenses $ 688,000 including grants of $ 84,558) (Revenue $)

Mississippi Baptist Medical Center, Inc (MBMC) provides benefits to the broader community in the areas of education and research, charitable donations, volunteer hours, and pastoral care The cost of providing these services was approximately $688,000 in fiscal year 2014 Many community benefits are intangible in nature or otherwise not quantifiable

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 380,660,278

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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		No
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		No
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 other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *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)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government 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 or 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 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, 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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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**		No
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**		No
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**		
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 or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	0		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,149		
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" to line 3b, 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 or note to any line 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**	13		
	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**	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review 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 ▶

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

▶WILLIAM F THOMPSON 1225 NORTH STATE STREET
Jackson, MS 39202 (601) 968-1132

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

Check if Schedule O contains a response or note to any line 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)						(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			

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 (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			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								995,500	3,290,533	528,850

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 ▶ 96

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

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

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

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	0			
Program Service Revenue		Business Code				
	2a	Net Patient Service Revenue 900099	377,859,637	377,859,637		
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	377,859,637			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶	0			
	4	Income from investment of tax-exempt bond proceeds . . ▶	0			
	5	Royalties . . . . . ▶	0			
		(i) Real / (ii) Personal				
	6a	Gross rents 1,577,321				
	b	Less rental expenses 1,256,890				
	c	Rental income or (loss) 320,431 / 0				
	d	Net rental income or (loss) . . . . . ▶	320,431			320,431
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 3,375,033				
	b	Less cost or other basis and sales expenses 2,306,685				
	c	Gain or (loss) 1,068,348				
	d	Net gain or (loss) . . . . . ▶	1,068,348			1,068,348
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶	0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶	0			
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶	0			
		Miscellaneous Revenue / Business Code				
	11a	Lab Revenue 621500	5,693,397		5,693,397	
	b	Cafeteria Revenue 900099	4,262,147			4,262,147
	c	Rebates/Repayments 900099	3,014,710			3,014,710
	d	All other revenue	4,131,093		1,472,358	2,658,735
	e	**Total.** Add lines 11a–11d . . . . . ▶	17,101,347			
	12	**Total revenue.** See Instructions . . . . . ▶	396,349,763	377,859,637	7,165,755	11,324,371

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 or note to any line 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	84,558	84,558		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	35,927		35,927	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	170,043,307	155,847,127	14,196,180	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,683,074	2,657,054	26,020	
9 Other employee benefits	12,543,148	12,410,498	132,650	
10 Payroll taxes	8,721,990	8,589,273	132,717	
11 Fees for services (non-employees)				
a Management	0			
b Legal	0			
c Accounting	21,295		21,295	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	0			
12 Advertising and promotion	0			
13 Office expenses	36,877,958	35,932,090	945,868	
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	321,294	321,294		
17 Travel	185,556	185,556		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	88,696	88,696		
20 Interest	65,155	65,155		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	20,658,462	20,658,462		
23 Insurance	3,881	3,881		
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	59,782,861	59,782,861		
b Intercompany Allocations	54,913,866	54,913,866		
c Bad Debt Expense	22,052,467	22,052,467		
d Repairs and Maintenance	4,798,210	4,797,927	283	
e All other expenses	2,550,781	2,269,513	281,268	
25 **Total functional expenses.** Add lines 1 through 24e	396,432,486	380,660,278	15,772,208	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)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		51,331,786	4	51,751,615
	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		6,661,191	8	6,268,894
	9	Prepaid expenses and deferred charges		1,334,618	9	713,187
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 11,674,398			
	b	Less accumulated depreciation	10b 3,601,847	2,357,471	10c	8,072,551
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		215,373	12	357,628
	13	Investments—program-related See Part IV, line 11		3,594,257	13	3,652,058
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		3,144,000	15	3,153,000
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		68,638,696	16	73,968,933
Liabilities	17	Accounts payable and accrued expenses		14,125,863	17	16,062,877
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	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		1,748,483	23	1,813,639
	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		5,564,000	25	7,006,000
	26	**Total liabilities.** Add lines 17 through 25		21,438,346	26	24,882,516
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		47,200,350	27	49,086,417
	28	Temporarily restricted net assets		0	28	0
	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		47,200,350	33	49,086,417
	34	Total liabilities and net assets/fund balances		68,638,696	34	73,968,933

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	396,349,763
2	Total expenses (must equal Part IX, column (A), line 25)	2	396,432,486
3	Revenue less expenses Subtract line 2 from line 1	3	-82,723
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	47,200,350
5	Net unrealized gains (losses) on investments	5	
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	1,968,790
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	49,086,417

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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: 64-0881013
Name: Mississippi Baptist Medical Center

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			
Harry M Walker Director	1 0	X								
James R Cavett MD Director	1 0	X							21,668	
Alex Haick Director	1 0	X								
David Landrum Director	1 0	X								
James W Hood Director	1 0	X								
H Douglas Hederman Director	1 0	X								
Bill B Loveless Director	1 0	X								
Karlen Turbeville Director	1 0	X								
Jonathan Lee Director	1 0	X								
James Futral Jr Director	1 0 0 0	X								
Lee Miller Director	1 0	X								
Dr Van L Lackey Director	1 0	X						0	150,796	720
Tammy Young MD Director	1 0	X								
Russell W York Corp VP/CFO	8 0 32 0			X					459,004	45,252
Bobbie K Ware Chief Nursing Officer	12 0 28 0			X					279,870	65,879
William Grete Corp VP General Counsel	8 0 32 0			X					312,777	91,594
Michael D Maples Corp VP Chief Medical Officer	12 0 28 0			X					99,146	10,338
Chris Anderson President & CEO	8 0 32 0			X				0	0	0
Ed Tucker Jr President	32 0 8 0			X					75,000	
J Kemp Poole VP Ancillary & Support	28 0 12 0				X				187,020	52,840
Thomas L Kilgore Medical Coord-Card Rehab	40 0 0 0					X		185,886		16,805
George P Ayers Chief Clinical Pharmacy Srvc	40 0 0 0					X		181,508		30,061
Cooper B Moore Oncology Counselor	40 0 0 0					X		164,237		29,262
Albert Padgett Radiology Director	40 0 0 0					X		152,078		13,256
Jeffrey Garrett Director of Phy/Rad Officer	40 0 0 0					X		311,791		27,825

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			
C Gerald Cotton Former Officer							X		110,000	0
Eric A McVey Former Chief Medical Officer	12 0 28 0						X		418,183	16,450
Kurt W Metzner Former President & CEO	0 0 40 0						X		125,539	2,215
Kerry Tirman Former President	32 0 8 0						X		447,738	41,264
Mark Slyter Former CEO (Resigned 11/2013)	16 0 24 0						X		455,249	37,439
Lee Ann Foreman Former Key Employee	20 0 20 0						X		148,543	47,650

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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.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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

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

1 ☐ A church, convention of churches, or association of churches 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	Explanation	

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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. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		1,223,860		1,223,860
b Buildings		10,089,358	3,311,607	6,777,751
c Leasehold improvements				
d Equipment		73,723	69,601	4,122
e Other		287,457	220,639	66,818
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				8,072,551

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
Due to Third Party Payors	7,006,000
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	7,006,000

2. Liability for uncertain tax positions 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 Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

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

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

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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 ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
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		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's 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		No
	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)			5,543,512	1,768,648	3,774,864	1 010 %
b Medicaid (from Worksheet 3, column a)			48,420,426	34,354,660	14,065,766	3 760 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			53,963,938	36,123,308	17,840,630	4 770 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			316,397	211,287	105,110	0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			168,896		168,896	0 050 %
j **Total.** Other Benefits			485,293	211,287	274,006	0 080 %
k **Total.** Add lines 7d and 7j			54,449,231	36,334,595	18,114,636	4 850 %

Part II Community Building Activities Complete this 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						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 22,052,467		
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	3 134,520		
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)	5 125,899,446		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 151,583,609		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7 -25,684,163		
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

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? 1

	Name, address, primary website address, and state license number	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
	See Additional Data Table										

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 Mississippi Baptist Medical Center

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			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 persons who represent the broad interests 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**	Yes	
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 (list url)			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ 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 as of the end of the tax year)			
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 ☐ Residency			
i ☑ 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 individual'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 Section C)			
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 individual'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 Section C)			

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 individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☑ Other (describe in Section C)

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)			
21 During the tax year, did the hospital facility charge any FAP-eligible individual 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 individual 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. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation

Part V Facility Information *(continued)*

Section D. 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

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

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

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

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

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

Form and Line Reference	Explanation
Part I, Line 7g	N/A

Form and Line Reference	Explanation
Part I, Line 7, column (f)	Bad debt expense of $22,052,467 was included in total expense on Form 990, Part IX, Line 25, column (A) but was subtracted from total expense for purposes of calculating the percentage of total expense in column (f)

Form and Line Reference	Explanation
Part I, Line 7	The Medicaid Cost Report was used to determine the amounts reported on Part I, Lines 7b & 7f The amounts reported on Part I, Line 7a were determined by using a cost to charge ratio, which was calculated using information from the Medicaid Cost Report as adjusted for amounts included elsewhere on Lines 7b & 7f Line 7a includes costs for providing charity care only However, during the fiscal year ending August 31, 2014, MBMC provided discounts of $27,586,000 to uninsured individuals receiving care as well The estimated cost based on the cost to charge ratio used for Line 7a was $6,516,887, which is 1 74% of total expense MBMC feels that providing services to the uninsured and offering these discounts is an important part in keeping its commitment to the community, and therefore, should be included as a cost of providing community benefit

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

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

Form and Line Reference	Explanation
Part III, Line 9b	Patients may apply for financial assistance to cover all or part of their hospital bills MBMC does not pursue collection of amounts determined to qualify as charity care However, the collection policy is the same for all patients once the charity or financial discount has been applied Part V, Section A, line 1 http //www mbhs org/locations/baptist-medical-center/

Form and Line Reference	Explanation
Part V, Section B, line 3	Since there is limited data available directly from disadvantaged individuals in the community served, the assessment team decided to use an efficient data collection method by engaging a focus group of community agencies which serve the disadvantaged population On May 25, 2012, a focus group of community agencies was conducted to get their perspectives on the needs of the community for health services The agencies and representatives were Name Agency Agency Role ---------- ---------- ---------- Shane McNeil MS Dept of Education Public Education Lee Thigpen Mission First, Inc Medical clinics for the indigent Stacey Howard Stewpot Community food service Shelley Johnson Ptnrs to End Homeless advocacy Homelessness Jeanann Reeves American Cancer Society Cancer research & support Carol Burger United Way Community agency support Jennifer Wellhausen American Heart Assn Heart disease research & support Kane Ditto State Street Group Baptist Board Member Mary Ann Simpkins Health Teacher Health education program sponsored by Baptist The agencies were selected because of their roles in the community, specifically that of serving the disadvantaged population The focus group was facilitated toward a series of structured information needs, but the group facilitation was done with open-ended questions to obtain maximum participation and input The Qualitative Analysis of the CHNA relied heavily on the "grass roots" information brought by the community agency focus group The focus group's findings added a human element to the statistical findings brought by secondary data analysis Because the focus group members work directly with much of the disadvantaged population in the community, their input efficiently put forth the human needs for the study An attempt was made to obtain input from public health officials but was not due to the demands on public health officials at the time However, a large part of the community needs data in the CHNA came from the Mississippi Department of Health

Form and Line Reference	Explanation
Part V, Section B, line 4	The hospital facility's CHNA was conducted with Mississippi Hospital for Restorative Care, Inc (RCH) Part V, Section B, Line 5a A copy of the CHNA can be found at http //www mbhs org/locations/baptist-health-systems/community-health-need s-assessment/ Part V, Section B, line 7 Some health needs identified are considered outside the scope of services the hospital can deliver

Form and Line Reference	Explanation
Part V, Section B, line 12i	The hospital reserves the right to provide additional assistance to any patient determined to be in financial need

Form and Line Reference	Explanation
Part V, Section B, line 14g	If at any time during the admission, discharge, billing, or collection process a patient informs the hospital representative that they are unable to pay their bill, then the patient will be referred to a payment coordinator who will inform them of the availability of financial assistance/charity care for those who qualify and offer the patient the opportunity to complete an application

Form and Line Reference	Explanation
Part V, Section B, line 18e	Each self pay individual is interviewed by a financial counselor who verifies eligibility for financial assistance

Form and Line Reference	Explanation
Part V, Section B, line 20d	An adjustment of 50% is made to stated charges for all uninsured patients other than those who qualify for charity care (those with income levels less than 200% of FPG) or those who qualify for a 75% discount (those with income levels 201%-400% of FPG)

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

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

Form and Line Reference	Explanation
Part VI, Line 4	Community Information MBMC's Primary Service Area consists of the Jackson Metropolitan area, which is located in the Central portion of Mississippi The Jackson Metropolitan Area is made up of Hinds, Madison, and Rankin counties and consists of approximately 485,000 people, with six other hospitals serving the area The Health Systems' Regional Market spans a ten-county region that reaches as far north as Winston County and as far south as Pike County and includes approximately 350,000 people The Regional market consists of areas in Mississippi that historically provide strong referral sources for acute care and specialty services at the Medical Center Age demographics for the area show that approximately 25% of the population is under 18 years of age, approximately 63% is between 18 and 64 years of age and that 12% is 65 or older The average median household income for 2009-2013 was $37,626 for Hinds County, which is slightly below the overall average for Mississippi and significantly less than the nationwide average Madison and Rankin Counties have average median household incomes for the same period of $59,904 and $57,380, respectively, which exceed the overall average for Mississippi as well as the nationwide average Insurance coverage is lacking for much of the population with between 14-21% estimated to be uninsured

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

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

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. 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
(1) Mission First 275 Roseneath St Jackson, MS 39203	64-0797107	501(c)(3)		13,914	FMV	Med Supplies	See Part IV
(2) The Volunteers of Gleaner's 237 Briarwood Dr Jackson, MS 39206	64-0728104	501(c)(3)		18,044	FMV	Med Supplies	See Part IV
(3) Hope House of Hospitality 786 E Northside Dr Jackson, MS 39206	64-0622022	501(c)(3)		33,986	FMV	Med Supplies	See Part IV
(4) USA International Ballet Competition PO Box 3696 Jackson, MS 39207	64-0620289	501(c)(3)		6,807	FMV	MED SUPPLIES	See Part IV

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 4

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. 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.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

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

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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, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If 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**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
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	☐ Written employment contract		
	☑ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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

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

Return Reference	Explanation
Part I, Line 4a	Former officer, Eric McVey, received $343,667 in severance payments during calendar year 2013
Part I, Line 4b	Participants William Grete $48,486 Lee Ann Foreman $21,032 J Kemp Poole $28,532 Michael Stevens $29,344 Bobbie K Ware $44,197 Terms and Conditions Baptist Health Systems, Inc established the Baptist Health Systems, Inc supplemental executive retirement plan, a nonqualified, unfunded deferred compensation plan effective July 1, 2010, for the benefit of certain management or highly-compensated employees of Baptist Health Systems, Inc Participants are chosen by the chairman's council of the board (the council) of Baptist Health Systems, Inc The purpose of the plan is to enhance the ability of Baptist Health Systems, Inc to attract and retain qualified management personnel with a market-competitive supplemental retirement benefit for a select group of management or highly-compensated employees on a tax deferred basis Baptist Health Systems, Inc will contribute to each participant's plan an annual amount equal to a percentage of the participant's base salary commencing in 2010 and continuing each year thereafter until the year in which the participant separates from employment An applicable percentage of either 17 5% or 15% of base salary will be contributed to each participant's plan (or such other percentage as the council determines) The vested accrued balance or employer contribution (plus earnings or losses) will be paid for any event requiring such payment other than death, as soon as administratively feasible but no later than the last day of the calendar year in which the event occurs If the event that results in the payment of the benefit is death, the balance will be paid as soon as the board obtains satisfactory proof of death, but no later than the 15th day of the third month following the end of the calendar year in which the participant dies Certain participants who remain in continuous employment have a non-forfeitable right to receive the employer contribution made in a plan year as of the first day of the plan year that is five years from the first day of the plan year in which such contribution was made However, if such participant has attained a specified age, the participant shall have a non-forfeitable right to receive any future employer contributions along with earnings or losses that have not vested and an immediate non-forfeitable right to receive any future employer contributions as of the date such contributions are made New participants other those specifically identified in the plan have a non-forfeitable right to receive their accrued balance based on a vesting schedule as described in the plan document Otherwise, a participant shall have a non-forfeitable right to receive his accrued balance upon his separation from service on account of death, disability, or upon involuntary separation from service without cause if such separation occurs prior to the completion of the five year period described above, prior to attaining the age specified above, or prior to the applicable vesting schedule described above

Additional Data

Software ID:
Software Version:
EIN: 64-0881013
Name: Mississippi Baptist Medical Center

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Dr Van L Lackey Director	(I) (II)	0 150,796	0 0	0 0	0 0	0 720	0 151,516	
C Gerald Cotton Former Officer	(I) (II)	110,000	0	0	0	0	110,000	
Eric A McVey Former Chief Medical Officer	(I) (II)	-4,808	43,684	379,307	0	16,450	434,633	35,640
Kurt W Metzner Former President & CEO	(I) (II)	125,389	0	150	2,215	0	127,754	
Russell W York Corp VP/CFO	(I) (II)	295,079	0	163,925	10,737	34,515	504,256	146,425
Kerry Tirman Former President	(I) (II)	314,940	0	132,798	6,739	34,525	489,002	67,490
Bobbie K Ware Chief Nursing Officer	(I) (II)	249,975	0	29,895	48,086	17,793	345,749	29,295
William Grete Corp VP General Counsel	(I) (II)	253,072	0	59,705	58,536	33,058	404,371	42,705
Thomas L Kilgore Medical Coord-Card Rehab	(I) (II)	185,286	0	600	0	16,805	202,691	
George P Ayers Chief Clinical Pharmacy Srvc	(I) (II)	164,792	8,254	8,462	5,609	24,452	211,569	
J Kemp Poole VP Ancillary & Support	(I) (II)	187,020	0	0	34,677	18,163	239,860	
Cooper B Moore Oncology Counselor	(I) (II)	149,485	4,540	10,212	6,262	23,000	193,499	
Albert Padgett Radiology Director	(I) (II)	146,385	0	5,693	2,213	11,043	165,334	
Jeffrey Garrett Director of Phy/Rad Officer	(I) (II)	204,807	0	106,984	8,371	19,454	339,616	94,153
Mark Slyter Former CEO (Resigned 11/2013)	(I) (II)	400,880	0	54,369	12,465	24,974	492,688	
Lee Ann Foreman Former Key Employee	(I) (II)	131,904	0	16,639	26,641	21,009	196,193	

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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.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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

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

1 (a) Name of disqualified person	(b) 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? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? 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) Medical Practice Solutions	See Part V	157,661	A/R Mgmt/Billing/Cash Posting		No
(2) Healthcare Financial Services Inc	See Part V	1,387,499	Bad Debt Collection/Court Cost		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
Part IV, Column (B)	Medical Practice Solutions - Related Entity which officer Russell York also serves as an officer Healthcare Financial Services, Inc - Related Entity which officer Russell York also serves as an officer

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Page 6, Part VI, Section A, Line 6	
Form 990, Page 6, Part VI, Section A, Line 7a	The Board of Mississippi Baptist Medical Center, Inc is appointed by Mississippi Baptist Health Systems, Inc
Form 990, Page 6, Part VI, Section A, Line 7b	The Board of Mississippi Baptist Health Systems approves all major capital expenditures
Form 990, Page 6, Part VI, Section B, Line 11b	An electronic copy of the Form 990 is distributed through the boardeffect, a web based doc ument distribution service All outside board members /directors have the opportunity to r eview the form prior to filing with the IRS
Form 990, Page 6, Part VI, Section B, Line 12c	The Compliance Committee of the governing body meets quarterly to review all compliance is sues Any persons with conflicts of interest are prohibited from participating in the Boar d's deliberations and decisions in the transaction in which the conflict exists
Form 990, Page 6, Part VI, Section B, Line 15 a&b	An independent compensation consulting firm, The Hay Group, conducts annual surveys to hel p establish the compensation of the organization's top management officials, officers and key employees The Chairman's Council functions as the compensation committee of the Board The Hay Group presents their findings and recommendations to the Council for their consi deration and action The Council approves the salaries and benefit package for all senior management The Hay Group maintains minutes of the Chairman's Council meetings where compe nsation and benefits are discussed and approvals made
Form 990, Page 6, Part VI, Section C, Line 19	The organization's governing documents, conflict of interest policy and financial statements are available to the public upon request
Form 990, Page 12, Part XI, Line 9	Transfer from Mississippi Baptist Health Systems, Inc 1,797,224 Mississippi Homecare of J ackson II, LLC Book/Tax Difference 171,566 Total Other Changes in Net Assets or Fund Balan ce= 1,968,790

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mississippi Baptist Medical Center

Employer identification number
64-0881013

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

(a) Name, address, and EIN (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

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) MS Baptist Medical Enterprises Inc 1225 North State Street Jackson, MS 39202 64-0776164	Investments	MS	MBHS	C Corp					No
(2) Medical Practice Solutions 1225 North State Street Jackson, MS 39202 64-0833731	Med Consulting	MS	MBME	C Corp					No
(3) MS Real Estate Enterprises Inc 1225 North State Street Jackson, MS 39202 64-0746856	Investments	MS	MBME	C Corp					No
(4) Healthcare Financial Services Inc 1225 North State Street Jackson, MS 39202 64-0847789	Financial Svc	MS	MBME	C Corp					No

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on 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		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g	Yes	
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	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
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		No
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r		No
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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC. AND SUBSIDIARIES

Combined Financial Statements and Schedules

August 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

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

Independent Auditors' Report

The Board of Trustees
Mississippi Baptist Health Systems, Inc.:

We have audited the accompanying combined financial statements of Mississippi Baptist Health Systems, Inc. and subsidiaries (the System), which comprise the combined balance sheets as of August 31, 2014 and 2013, and the related combined statements of operations, changes in net assets and cash flows for the years then ended, and related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly in all material respects, the financial position of Mississippi Baptist Health Systems, Inc. and subsidiaries as of August 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

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

KPMG LLP

Jackson, Mississippi
November 21, 2014

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Balance Sheets

August 31, 2014 and 2013

Assets		2014	2013
Current assets:			
Cash and cash equivalents	$	3,572,474	2,924,716
Assets limited as to use – required for current liabilities		1,123,247	749,324
Patient accounts receivable, less allowance for uncollectible accounts of $47,083,000 and $31,194,000 in 2014 and 2013, respectively		57,098,747	56,148,231
Due from third-party payors		3,027,800	1,073,000
Other receivables		4,736,274	4,072,856
Inventories		6,402,578	6,805,767
Prepaid expenses		6,640,125	6,395,791
Total current assets		82,601,245	78,169,685
Assets limited as to use		260,472,470	270,949,542
Property and equipment, net		309,599,096	301,831,877
Other assets		24,798,805	19,993,069
Total assets	$	677,471,616	670,944,173
Liabilities and Net Assets			
Current liabilities:			
Current installments of long-term debt	$	9,279,004	12,176,941
Accounts payable		15,110,666	16,399,514
Accrued payroll costs and withholdings		16,338,321	15,554,651
Due to third-party payors		7,739,000	5,970,000
Other accrued expenses		11,149,625	16,084,910
Total current liabilities		59,616,616	66,186,016
Long-term debt, excluding current installments		234,121,150	216,143,101
Estimated professional and general liability costs		9,000,000	9,000,000
Other noncurrent liabilities		23,867,831	19,873,564
Total liabilities		326,605,597	311,202,681
Net assets:			
Unrestricted		331,879,134	341,335,833
Temporarily restricted		16,469,672	16,069,390
Permanently restricted		2,517,213	2,336,269
Total net assets		350,866,019	359,741,492
Commitments and contingencies			
Total liabilities and net assets	$	677,471,616	670,944,173

See accompanying notes to combined financial statements.

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Statements of Operations

Years ended August 31, 2014 and 2013

	2014	2013
Unrestricted revenues and other support:		
Net patient service revenue	$ 436,389,161	419,226,284
Provision for uncollectible accounts	(25,180,394)	(20,984,998)
Net patient service revenue less provision for uncollectible accounts	411,208,767	398,241,286
Other revenue	16,361,658	18,535,966
Net assets released from restrictions used for operations	1,648,775	649,493
Total unrestricted revenues and other support	429,219,200	417,426,745
Expenses:		
Salaries, wages, and fees	244,505,346	233,814,505
Employee benefits	34,776,929	33,204,862
Supplies and other	140,458,064	138,693,438
Interest	9,763,462	9,167,462
Depreciation and amortization	29,023,281	25,230,047
Total expenses	458,527,082	440,110,314
Loss from operations	(29,307,882)	(22,683,569)
Nonoperating gains (losses):		
Investment income, net	24,752,655	20,657,011
Change in fair value of interest rate swap	(3,880,380)	10,243,942
Equity in net income of equity investees	2,191,542	1,589,107
Other, net	(3,827,253)	(1,837,294)
Total nonoperating gains, net	19,236,564	30,652,766
Revenues, gains, and other support in excess of (less than) expenses and losses	(10,071,318)	7,969,197
Net assets released from restrictions and used for purchase of property and equipment	614,619	18,405
Increase (decrease) in unrestricted net assets	$ (9,456,699)	7,987,602

See accompanying notes to combined financial statements.

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Statements of Changes in Net Assets

Years ended August 31, 2014 and 2013

	2014	2013
Unrestricted net assets:		
Revenues, gains, and other support in excess of (less than) expenses and losses	$ (10,071,318)	7,969,197
Net assets released from restrictions and used for purchase of property and equipment	614,619	18,405
(Decrease) increase in unrestricted net assets	(9,456,699)	7,987,602
Temporarily restricted net assets:		
Investment income, net	1,350,772	761,471
Temporarily restricted contributions	1,208,397	1,518,748
Net assets released from restrictions	(2,263,394)	(667,898)
Other	104,507	189,366
Increase in temporarily restricted net assets	400,282	1,801,687
Permanently restricted net assets:		
Endowment contributions	180,944	24,225
Increase in permanently restricted net assets	180,944	24,225
(Decrease) increase in net assets	(8,875,473)	9,813,514
Net assets, beginning of year	359,741,492	349,927,978
Net assets, end of year	$ 350,866,019	359,741,492

See accompanying notes to combined financial statements.

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combined Statements of Cash Flows

Years ended August 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Increase (decrease) in net assets	$ (8,875,473)	9,813,514
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	35,245,049	30,818,377
Loss on sale of property and equipment	172,842	9,480
Realized and unrealized gains on trading securities, net	(22,791,225)	(16,145,680)
Change in fair value of interest rate swap	3,880,380	(10,243,942)
Equity in net income of equity investees	(2,191,542)	(1,589,107)
Distributions from equity investees	2,680,902	2,920,336
Other	(217,064)	(561,000)
Restricted contributions and investment income received	(696,709)	(62,741)
Changes in operating assets and liabilities		
Patient and other accounts receivable, net	(1,791,726)	(5,631,519)
Inventories and prepaid expenses	158,855	(1,620,619)
Accounts payable and accrued expenses	(5,814,386)	6,751,616
Third-party payors	(185,800)	5,613,000
Estimated professional and general liability costs, and other noncurrent liabilities	53,503	1,393,489
Net cash (used in) provided by operating activities	(372,394)	21,465,204
Cash flows from investing activities		
Capital expenditures	(47,619,898)	(68,653,957)
Sales of investments	54,085,279	74,024,747
Purchases of investments	(11,333,736)	(42,439,288)
Increase in assets limited as to use, net	(9,857,170)	(3,540,839)
Proceeds from sale of property and equipment	1,187,745	97,481
Investment in equity investees	(771,800)	(729,450)
Other assets	(698,594)	168,519
Net cash used in investing activities	(15,008,174)	(41,072,787)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	25,420,000	34,400,000
Lines of credit, net	(3,332,327)	5,303,336
Repayment of long-term debt	(6,756,056)	(20,280,739)
Bond issuance costs	—	(216,574)
Restricted contributions and investment income received	696,709	62,741
Net cash provided by financing activities	16,028,326	19,268,764
Net increase (decrease) in cash and cash equivalents	647,758	(338,819)
Cash and cash equivalents, beginning of year	2,924,716	3,263,535
Cash and cash equivalents, end of year	$ 3,572,474	2,924,716

See accompanying notes to combined financial statements

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Business

Mississippi Baptist Health Systems, Inc. and subsidiaries (the System) is a not-for-profit, nonstock multidimensional provider of healthcare services with corporate headquarters located in Jackson, Mississippi. The significant accounting policies used by the System in preparing and presenting the combined financial statements follow:

(b) Principles of Combination

The combined financial statements include the accounts of the System and its controlled subsidiaries. The following corporations are controlled subsidiaries of the System:

- Mississippi Baptist Medical Center, Inc. (MBMC), a 638 bed tertiary-care hospital complex in Jackson, Mississippi;
- Mississippi Hospital for Restorative Care, Inc., a 25 bed long term acute care facility in Jackson, Mississippi;
- Baptist Medical Center – Leake, Inc., a 25 bed critical access hospital and 44 bed extended care facility located in Carthage, Mississippi;
- Medical Foundation of Central Mississippi, Inc., which operates 20 clinics in the System's service area; and
- Mississippi Baptist Medical Enterprises, Inc., which owns and operates a collection agency and a company that provides medical billing services.

All material intercompany accounts and transactions are eliminated in combination.

(c) Use of Estimates

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

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

(Continued)

(d) Cash Equivalents

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

(e) Inventories

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

(f) Assets Limited as to Use

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

(g) Investments and Investment Income

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

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

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

(h) Long-lived Assets

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

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from revenue, gains, and other support in excess of (less than) expenses and losses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Contributions restricted to the purchase of property and equipment with restrictions that are met within the same year as received are reported as increases in unrestricted net assets in the accompanying combined financial statements.

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

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining lives of its long-lived assets. If estimates are revised, the carrying value of affected assets is depreciated or amortized over remaining lives.

(i) Guarantees

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

(j) Other Assets

The System has entered into agreements with a variety of healthcare professionals specifically to benefit the System's community service area. These agreements include loans, scholarships, and other advances, all of which are generally conditioned upon a service commitment to the community. Amounts paid under income guarantee arrangements are generally expensed as incurred, unless repayment is expected under the terms of the related agreements. Loans are generally due within two to five years. Advances under some agreements are forgiven upon fulfillment of the professional's

contractual service commitment, but are due in full if such commitment is not fulfilled. Advances under such arrangements are amortized to expense using the straight-line method over the related commitment period. Amounts expected to be amortized in the ensuing fiscal year are classified as a current asset in the accompanying combined balance sheets.

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

- Madison Radiological Group, LLC (50% interest),
- Mississippi Health Partners, Inc. (25% interest),
- Main Street Medical, LLC (33% interest),
- Senior Care Centers of Mississippi, LLC (50% interest),
- PhysiciansPlus Baptist and St. Dominic, Inc. (50% interest),
- Mississippi HomeCare of Jackson II (33% interest),
- Continuum RX of Central Mississippi, LLC (49% interest),
- Baptist Outpatient Imaging, LLC (51% noncontrolling interest), and
- Wine Down, LLC (17% interest fiscal 2014 only).

(k) Costs of Borrowing

Bond issue costs and bond premiums are amortized using the effective interest method over the term of the related bond issue. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets, net of related investment income. Approximately $867,000 and $1,091,000 of net interest cost was capitalized in fiscal 2014 and 2013, respectively.

(l) Estimated Professional and General Liability Costs

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

(m) Derivative Financial Instruments

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

(n) Asset Retirement Obligations

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the

obligation can be made. When the liability is initially recorded, the System capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the combined statements of operations. Asset retirement obligations are included in other noncurrent liabilities in the accompanying combined balance sheets.

(o) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those which use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity.

(p) Donor-restricted Gifts

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

(q) Combined Statement of Operations

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

(r) Net Patient Service Revenue and Accounts Receivable

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

The System provides a standard discount from gross charges for uninsured patients. Such discounts are included in the provision for contractual and other adjustments.

For uninsured patients who do not qualify for charity care, the System recognizes revenue based on established rates, subject to certain discounts as determined by the System. An estimated provision for uncollectible accounts is recorded that results in net patient service revenue being reported at the net amount expected to be received. The System has determined, based on an assessment at the combined entity level, that patient service revenue is primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for uncollectible accounts, including subsequent changes in estimates, related to patient revenue is recorded as a deduction from patient service revenue in the accompanying combined statements of operations.

Patient receivables are reduced by an allowance for uncollectible accounts. The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in healthcare coverage, major payor sources and other collection indicators. Periodically throughout the year management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible receivables. After satisfaction of amounts due from insurance, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System.

(s) Electronic Health Record Incentive Program

The Centers for Medicare & Medicaid Services (CMS) have implemented provisions of the American Recovery and Reinvestment Act of 2009 that provide incentive payments for the meaningful use of certified electronic health record (EHR) technology. CMS has defined meaningful use as meeting certain objectives and clinical quality measures based on current and updated technology capabilities over predetermined reporting periods as established by CMS. The Medicare EHR incentive program provides annual incentive payments to eligible professionals, eligible hospitals, and critical access hospitals, as defined, that are meaningful users of certified EHR technology. The Medicaid EHR incentive program provides annual incentive payments to eligible professionals and hospitals for efforts to adopt, implement, and meaningfully use certified EHR technology. The System utilizes a grant accounting model to recognize EHR incentive revenues. The System records EHR incentive revenue ratably throughout the incentive reporting period when it is reasonably assured that it will meet the meaningful use objectives for the required reporting period and that the grants will be received. The EHR reporting period for hospitals is based on the federal fiscal year, which runs from October 1 through September 30. The System recorded EHR incentive revenues of $2,215,000 in 2014 and $4,151,000 in 2013, comprised of $2,215,000 in 2014 and $3,370,000 in 2013 of Medicare revenues and $781,000 in 2013 of Medicaid revenues. EHR incentive revenues are included in other revenue in the accompanying combined statements of operations. EHR incentive receivables from Medicare and Medicaid, which are included in due from third-party payors, were $3,027,000 at August 31, 2014 and $872,000 at August 31, 2013.

(t) Charity Care

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

(u) Functional Expense Classification

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

(v) Income Taxes

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

Deferred tax assets and liabilities, when significant, are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. All such income tax accounting is immaterial to the accompanying combined financial statements as of and for the years ended August 31, 2014 and 2013.

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

(w) Healthcare Industry Environment

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

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the impacts of the federal healthcare reform legislation which was passed in the spring of 2010 and upheld by the Supreme Court in June 2012. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

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

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

(x) Fair Value Measurements

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

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

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

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

In May 2011 and February 2013, the FASB issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs, (ASU 2011-04)* and ASU 2013-03, *Clarifying the Scope and Applicability of a Particular Disclosure to Non Public Entities,* respectively. The new standards do not extend the use of fair value but, rather, provides guidance about how fair value should be applied where it is already required or permitted under International Financial Reporting Standards (IFRS) or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS. The System adopted the provisions of ASU 2011-04 in fiscal 2013 and ASU 2013-03 in fiscal 2014. Since these standards only affect fair value measurement disclosure, adoption of these standards did not have an effect on the combined financial statements.

(y) Endowment Accounting

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

(z) Correction of an Immaterial Error

The combined statement of cash flows for the year ended August 31, 2013 has been revised to correct an immaterial error related to the reporting of the sales and purchases of assets limited as to use within the investing activities section of the combined statement of cash flows. Under the current presentation, these activities have been reported on a gross basis increasing the sales of investments by $74 million and purchases of investments by $42 million within the investing activities section of the combined statement of cash flows. Previously these activities were reported on a net basis as a change in assets limited as to use. This error correction has no effect on the total amount of cash used in investing activities. Management has concluded that this error was not material to the 2013 combined financial statements

(2) Assets Limited as to Use

The composition of assets limited as to use follows:

	2014	2013
Designated by the board for capital improvements:		
Cash and cash equivalents	$ 2,076,420	351,377
Bond mutual funds	45,979,769	59,639,563
Equity mutual funds	72,749,167	86,417,920
Equity securities	6,954,859	8,335,253
Alternative investment vehicles	65,986,390	58,591,526
Accrued interest receivable	5,754	7,526
	193,752,359	213,343,165
Held by trustee under indenture agreements:		
Cash and cash equivalents	18,309,727	8,623,011
Fixed income investments, principally obligations of the U.S. government and its agencies	4,068,604	4,210,190
	22,378,331	12,833,201
Held as collateral under interest rate swap agreement:		
Cash and cash equivalents	4,729,139	5,925,092
	4,729,139	5,925,092
Held by trustee for self-insurance funding:		
Cash and cash equivalents	23,207	26,316
Bond mutual funds	15,282,901	14,626,447
Alternative investment vehicles	4,335,997	3,938,784
	19,642,105	18,591,547

(Continued)

	2014	2013
By donors:		
Cash and cash equivalents	1,072,517	2,353,138
Bond mutual funds	3,837,965	3,434,248
Equity mutual funds	6,549,399	5,521,913
Equity securities	1,068,458	1,434,951
Corporate debt securities	685,249	421,838
Fixed income investments, principally obligations of the U.S. government and its agencies	4,688,045	4,544,735
Alternative investment vehicles	728,422	661,693
Real estate	2,226,000	2,226,000
Other investments	237,728	407,345
	21,093,783	21,005,861
Total assets limited as to use	261,595,717	271,698,866
Less amounts classified as current assets	1,123,247	749,324
Noncurrent assets limited as to use	$ 260,472,470	270,949,542

Alternative investment vehicles by strategy type follows:

	2014	2013
Hedge funds	$ 40,226,863	38,528,708
Private equity funds	5,408,791	1,580,816
Real estate funds	17,545,133	15,878,693
Multi asset funds	7,870,022	7,203,786
Total alternative investment vehicles	$ 71,050,809	63,192,003

Generally alternative investment vehicles allow for early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary and usually require 30 to 90 days notice.

(Continued)

Investment income is comprised of the following:

	Unrestricted	Temporarily restricted	Total
2014:			
Interest and dividend income	$ 3,194,845	117,357	3,312,202
Realized and unrealized gains on trading securities, net	21,557,810	1,233,415	22,791,225
	$ 24,752,655	1,350,772	26,103,427

	Unrestricted	Temporarily restricted	Total
2013:			
Interest and dividend income	$ 5,169,006	103,796	5,272,802
Realized and unrealized gains on trading securities, net	15,488,005	657,675	16,145,680
	$ 20,657,011	761,471	21,418,482

(3) Property and Equipment

A summary of property and equipment follows:

	2014	2013
Land, buildings, and building improvements	$ 427,537,863	413,969,440
Equipment	213,624,105	202,243,264
Construction in progress	35,385,772	22,767,462
	676,547,740	638,980,166
Less accumulated depreciation	366,948,644	337,148,289
	$ 309,599,096	301,831,877

Construction in progress at August 31, 2014 principally consists of expenditures related to renovations at the System's main campus and construction of new hospital facility in Leake County, Mississippi. These projects are planned for completion at various dates, with the most significant portion anticipated to be placed in service in fiscal 2015. The estimated total remaining cost to complete these projects is approximately $58,600,000.

Accounts payable at September 30, 2014 and 2013 includes approximately $1,125,000 and $750,000, respectively, for amounts due for construction projects.

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Depreciation expense of approximately $6,160,000 for fiscal 2014 and $5,520,000 for fiscal 2013 is included in other nonoperating gains (losses) in the System's combined statements of operations.

(4) Other Assets

The composition of other assets follows:

	2014	2013
Notes receivable	$ 2,463,699	2,053,484
Investments in equity investees	8,748,604	8,466,164
Other investees	1,693,453	1,360,500
Bond issue costs, net	920,021	1,029,275
Investments supporting deferred compensation agreements (note 11)	4,354,021	4,300,516
Noncurrent assets held for sale	3,539,100	—
Other	3,079,907	2,783,130
	$ 24,798,805	19,993,069

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

	2014	2013
Current assets	$ 39,656,460	36,563,467
Property and equipment	11,877,868	9,849,295
Other assets	4,911,840	5,202,387
Current liabilities	(5,735,254)	(4,542,863)
Long-term debt	(5,851,526)	(4,400,579)
Equity	$ 44,859,388	42,671,707

The System's equity in the combined net income of these equity investees was $2,191,542 and $1,589,107 for the years ended August 31, 2014 and 2013, respectively, and is included in other nonoperating gains (losses) in the combined statements of operations.

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

- The System acquired a 51% reversionary interest in the net assets of the Hospital (approximately $3,000,000 at October 1, 2009).
- The System entered into a management agreement with the Hospital in which the System provides management services for the day-to-day operations of the Hospital consistent with the directives dictated by the Hospital's board of trustees. The initial term of the management agreement is for twenty years and can be terminated by mutual agreement of the System and the Hospital's board of trustees. Management fees from the agreement were approximately $741,000 and $666,000 in fiscal 2014 and 2013, respectively. These fees are included in other operating revenue in the combined statements of operations for the years ended August 31, 2014 and 2013.

(Continued)

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

The 51% reversionary interest in the net assets of the Hospital, which is accounted for by the equity method, is approximately $3,699,000 and $3,488,000 at August 31, 2014 and 2013, respectively. In fiscal 2014, the System executed an agreement to purchase the remaining 49% membership interest in the Hospital during fiscal 2015.

On September 1, 2011, the System executed certain agreements with a physician group for the development of a joint venture, Baptist Outpatient Imaging, LLC (BOI). The System contributed certain diagnostic equipment with a book value totaling approximately $453,000 for a 51% noncontrolling interest in BOI totaling approximately $2,706,000. The System's net interest in BOI was approximately $2,253,000 at inception. The System's noncontrolling interest in BOI of approximately $1,939,000 at August 31, 2014 and $2,255,000 at August 31, 2013 is accounted for by the equity method.

Under the agreements executed as part of the BOI joint venture, the System leases employees and medical office building space and provides supplies to BOI. The cost of these agreements provided to BOI by the System totaled approximately $1,653,000 and $1,680,000 for the years ended August 31, 2014 and 2013, respectively. BOI provides certain diagnostic services to the System. The cost of these services provided to the System by BOI totaled approximately $7,177,000 and $6,804,000 for the years ended August 31, 2014 and 2013, respectively.

During fiscal 2014, the System recorded an impairment charge of approximately $1,230,000 on noncurrent assets held for sale, which is included in nonoperating gains (losses) in the fiscal 2014 combined statement of operations. No impairment adjustments were recorded in fiscal 2013.

(5) Other Accrued Expenses

The composition of other accrued expenses follows:

	2014	2013
Routine operating accruals	$ 2,410,086	5,535,484
Employee health costs	2,111,000	2,000,000
Estimated workers' compensation costs	1,100,000	1,600,000
Ad valorem taxes	1,240,560	1,446,960
Interest	531,389	541,331
Accrued termination costs	150,857	878,907
Other	3,605,733	4,082,228
	$ 11,149,625	16,084,910

(Continued)

(6) Long-term Debt

A summary of long-term debt follows:

	2014	2013
Mississippi Hospital Equipment and Facilities Authority Revenue Bonds, Series 2007A	$ 92,210,000	97,105,000
Unamortized bond premium	2,079,247	2,395,907
	94,289,247	99,500,907
Mississippi Hospital Equipment and Facilities Authority Revenue and Refunding Bond, Series 2009	79,985,000	79,985,000
Mississippi Business Finance Corporation Revenue Bond, Series 2012A	19,257,388	20,000,000
Mississippi Business Finance Corporation Revenue Bond, Series 2012B	13,363,370	14,027,990
Notes payable associated with New Market Tax Credit program	25,420,000	—
Note payable to bank, at variable interest rate adjusted monthly through October 2005 and every five years thereafter (3.02% at August 31, 2014 and 2013), with monthly principal and interest payments through October 2020, secured by real estate	969,936	1,127,222
Note payable to bank, at variable interest rate adjusted monthly through April 2005 and every five years thereafter (4.3% at August 31, 2014 and 2013), with monthly principal and interest payments through April 2020, secured by real estate	928,248	1,092,056
Note payable to Leake County, net of discount of $335,998 at August 31, 2014 and $401,153 at August 31, 2013 and discounted to yield 4%, with semi-annual payments through December 2022	1,813,638	1,748,483
Line of credit to bank, at variable interest payable and adjusted monthly ($4,000,200 and 2.4% at August 31, 2014 and 2.5% at August 31, 2013), due November 2015	2,250,200	3,000,000
Line of credit to bank, at variable interest payable and adjusted monthly ($7,500,000 and 1.76% at August 31, 2014 and 2.19% at August 31, 2013), due August 2015	2,210,809	4,793,336
Other	2,912,318	3,045,048
	243,400,154	228,320,042
Less current installments	9,279,004	12,176,941
	$ 234,121,150	216,143,101

(Continued)

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

The System synthetically converted the $80 million (the notional amount) Series 2007B Bonds from variable rate to fixed rate obligations through an interest rate swap agreement with a financial institution counterparty. In general, this swap obligates the System to periodically pay interest on the notional amount at a fixed rate of approximately 3.58% and receive interest at 67% of LIBOR. The notional amount amortizes in the same fashion, and the swap matures at the same date, as the related Series 2007B Bonds (August 15, 2036). Under certain circumstances typical of such agreements, the swap is subject to termination prior to the scheduled termination date or the System may be required to post collateral to secure obligations that would be owed to the counterparty under such transaction if terminated, regardless of whether such transaction is actually terminated. The System has complied with these provisions as required. The System does not offset the fair value of the swap and the fair value of the collateral posted. The System has posted collateral of approximately $4,729,000 at August 31, 2014 and $5,925,000 at August 31, 2013 and does not anticipate nonperformance by its the counterparty. In such case, either the System or the counterparty may owe a termination payment to each other depending on the prevailing market conditions at any such early termination date.

The fair value of the swap of approximately $18,252,000 and $14,372,000 at August 31, 2014 and 2013, respectively, is included in other noncurrent liabilities in the accompanying combined balance sheets. The net interest settlement under the swap, which is recognized as interest expense in the combined statements of operations, for the years ended August 31, 2014 and 2013 totaled approximately $2,795,000 and $2,763,000, respectively.

The Obligated Group (as defined) guarantees payment of all Series 2007 Bonds to MHEFA in the form of a Master Note Agreement, which terms require the System's payment of principal and interest on the Series 2007 Bonds as issued. As security for the obligation of the Obligated Group under the Master Note, the Obligated Group has granted a security interest in its gross revenue (as defined) and agreed to certain financial and other covenants typical of such agreements.

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

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

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

During fiscal 2009 the System issued $80,000,000 MHEFA Series 2009 variable rate revenue and refunding bond to payoff the line of credit executed in fiscal 2008 described above. The Series 2009 bond bears interest at a variable rate based on 67% of LIBOR plus a spread as defined in the loan agreement. Interest (1.8% at August 31, 2014 and 2013) is payable monthly and the principal balance is due May 19, 2016. During fiscal 2012 $15,000 was paid on the Series 2009 bond obligation. The loan agreement contains certain financial and other covenants typical of such agreements.

The Series 2012B Mississippi Business Finance Corporation fixed rate revenue bond was issued on December 1, 2012, to refund the System's Series 2006 variable rate revenue bonds. Monthly principal and interest at 2.02% is paid monthly through May 2031.

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

On November 1, 2013, the System entered into a transaction with a bank and certain lenders to obtain financing through the New Markets Tax Credit (NMTC) program sponsored by the Department of Treasury. The NMTC program permits certain taxpayers to receive a credit against federal income taxes for making qualified equity investments in community development entities. Total financing provided to the System as a part of the transaction totaled $25,420,000, which includes a senior loan of $17,186,945 (interest paid monthly at 3.2% with a balloon payment in November 2020) and a junior loan of $8,233,055 (interest paid monthly at 3.2% with monthly principal payments beginning in November 2020 through October 2043). The financing will be used by the System for the development and construction of the new replacement hospital facility in Carthage, Mississippi.

The System also has two unsecured line of credits ($500,000 and $100,000) with two banks which expire in June 2015 and July 2015, respectively. There are no outstanding balances on these lines of credit at August 31, 2014 or 2013.

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

Year ending August 31:	
2015	$ 9,279,004
2016	89,595,304
2017	7,952,254
2018	8,298,656
2019	9,455,275
Thereafter	117,076,412
	$ 241,656,905

The System paid interest of approximately $10,993,000 in 2014 and $10,635,000 in 2013.

(Continued)

(7) Other Noncurrent Liabilities

The composition of other noncurrent liabilities follows:

	2014	2013
Interest rate swap	$ 18,252,044	14,371,664
Asset retirement obligations	1,261,768	1,201,384
Liabilities under deferred compensation agreements	4,354,019	4,300,516
	$ 23,867,831	19,873,564

(8) Net Patient Service Revenue and Accounts Receivable

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

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based upon cost reimbursement or other retroactive-determination methodologies. Payments for cost reimbursable items are made at tentative rates, with final settlement determined after submission of annual cost reports by the System and audits by the Medicare fiscal intermediary. The System's cost reports have been audited and settled for all fiscal years through 2010.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are generally paid based upon prospective reimbursement methodologies established by the State of Mississippi.

Effective April 2001, the State of Mississippi implemented the Medicare Upper Payment Limit (UPL) program for providers participating in the state Medicaid program. The System's net benefit from the UPL program in fiscal 2014 and 2013 was approximately $7,442,000 and $6,564,000, respectively. The gross amounts from the program for fiscal 2014 and 2013 of $19,743,000 and $18,584,000, respectively, are recognized as a reduction in related contractual adjustments in the combined statements of operations. The associated fundings to the program for fiscal 2014 and 2013 of $12,301,000 and $12,020,000, respectively, are recognized as fees expense in the combined statements of operations.

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

Blue Cross – All acute care services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates.

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

For patient accounts receivables associated with self pay or uninsured patients, including patients with deductibles and copayment balances for third party coverage, the System records an estimated allowance for uncollectible accounts. The allowance for uncollectible accounts increased during 2014 from $31,194,000 at August 31, 2013 to $47,083,000 at August 31, 2014. The increase from year to year is principally caused by the increase of self pay balances in the System's overall accounts receivable portfolio from 2013 which is caused by a number of factors, including but not limited to increased unemployment in the System's service area, loss of or modification of employer-sponsored insurance plans, rising patient responsibility balances and timing of write offs from year to year. The System's allowance for uncollectible accounts as a percentage of associated accounts receivable increased from 67% at August 31, 2013 to 79% at August 31, 2014.

A summary of amounts comprising net patient service revenue follows:

	2014	2013
Gross patient service revenue	$ 1,527,183,991	1,359,675,993
Less provisions for contractual and other adjustments	1,090,794,830	940,449,709
Net patient service revenue	$ 436,389,161	419,226,284

The composition of net patient service revenue before the provision for uncollectible accounts by major payor source follows:

	2014	Percentage	2013	Percentage
Medicare	$ 176,561,867	40%	$ 172,802,795	41%
Medicaid	32,655,497	7	27,334,872	7
Blue Cross	99,389,476	23	97,011,236	23
Other third-party payors	106,955,264	25	107,998,231	26
Self-pay	20,827,057	5	14,079,150	3
	$ 436,389,161	100%	$ 419,226,284	100%

Changes in estimates related to prior cost reporting periods resulted in a decrease of approximately $568,000 and $4,165,000 in net patient service revenue for the years ended August 31, 2014 and 2013, respectively.

(Continued)

Included in provisions for contractual and other adjustments are amounts related to beneficiaries of public programs, principally Medicare, Medicaid, and Champus, of approximately $745,000,000 and $643,000,000 for the years ended August 31, 2014 and 2013, respectively.

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

(9) Community Benefit Measurements

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

	2014	2013
Benefits to the underserved (as measured by established charges):		
Traditional charity care charges foregone	$ 21,992,000	24,381,000
Discounts provided to uninsured patients	28,600,000	28,020,000
Amounts due from patients, ultimately determined to be uncollectible	25,180,000	20,985,000
	75,772,000	73,386,000
Benefits for the broader community (as measured by recorded System costs and other records):		
Teleservices	408,000	483,000
Education and research	151,000	128,000
Charitable donations	507,000	632,000
Volunteer hours	87,000	74,000
Pastoral care	368,000	357,000
	1,521,000	1,674,000
	$ 77,293,000	75,060,000

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

(Continued)

The cost of charity care provided in fiscal 2014 and 2013 approximated $7,705,000 and $6,974,000 respectively. The System estimated these costs by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients.

(10) Leases

Rental expense, including short-term rentals, was approximately $7,105,000 and $6,455,000 in fiscal 2014 and 2013, respectively.

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

Year ending August 31:	
2015	$ 3,460,034
2016	2,583,317
2017	1,758,054
2018	1,162,398
2019	1,174,501
Thereafter	10,343,061
	$ 20,481,365

(11) Employee Benefit Plans

The System sponsors a contributory retirement income plan providing regular full-time employees retirement benefits normally commencing at age 65. Effective January 1, 2012, the plan provides 2% of each participants base salary plus 50% up to the next 4% an employee contributes and the gradual vesting period was decreased from seven years to three years. Prior to January 1, 2012, the plan provided 2% of each participating employee's base salary. Expense related to this plan for the years ended August 31, 2014 and 2013 totaled approximately $3,626,000 and $3,320,000, respectively.

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

The System maintains an employee performance bonus for managers and employees. The employee performance bonus is based on the achievement of excelling in job-related competencies and active participation in the core strategic objectives. The System maintains a director performance bonus that is based on the achievement of defined strategic, financial, and operational goals. There were no provisions for the years ended August 31, 2014 and 2013 for the employee performance bonus and for the director performance bonus.

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

The System and certain employees have entered into a deferred compensation agreement whereby employees may defer all or a portion of their compensation. The System, directed by the employee, invests

the deferred compensation amounts in various types of investments. These investments are reported at fair value as other assets in the accompanying combined balance sheets. Also, the System may make discretionary contributions to the accounts under the plan described in the preceding paragraph. The System expensed approximately $325,000 and $480,000 for the years ended August 31, 2014 and 2013, respectively, which is included in employee benefits expense in the accompanying combined statements of operations. Investments of deferred compensation amounts are included in other assets and the related liability is included in other noncurrent liabilities in the accompanying combined balance sheets.

(12) Business and Credit Concentrations

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

	2014	2013
Medicare	23%	29%
Patients	39	30
Other third-party payors	26	22
Blue Cross	9	13
Medicaid	3	6
	100%	100%

(13) Liability Coverages

The System is self-insured with respect to professional liability risks in underlying $1 million/$6 million (effective October 1, 2002), $2 million/$8 million (effective April 1, 2003), $2 million/$12 million (effective October 1, 2003), $4 million/$16 million (effective October 1, 2005), $4 million/$10 million (effective October 1, 2008), $5 million/$12 million (effective October 1, 2011), $5 million/$8 million (effective October 1, 2013) and $6 million/$8 million (effective October 1, 2014) layers of coverage. The System is also self-insured for general liability risks in underlying $1 million/$6 million (effective October 1, 2002), $3 million/$12 million (effective October 1, 2003), $4 million/$16 million (effective October 1, 2005), $4 million/$10 million (effective October 1, 2008), $5 million/$12 million (effective October 1, 2011), $5 million/$8 million (effective October 1, 2013) and $6 million/$8 million (effective October 1, 2014) layers of coverage. Claims reported but not settled prior to November 1, 2002 are generally covered under the terms of certain prior claims-made policies.

The System also maintains substantial liability coverages in excess of self-insurance limits under the terms of certain claims-made insurance policies, which currently expire in October 2015. To the extent that any claims-made coverage is not renewed or replaced with equivalent insurance, claims based on occurrences during the term of such coverage, but reported subsequently, would be uninsured. In any event,

management anticipates that the claims-made policies in place will be renewed or replaced with equivalent insurance as the term of such coverage expires.

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

(14) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

		2014	2013
Davenport-Spiva Charitable Educational Trust	$	4,482,305	4,486,478
Patient programs		3,504,845	4,006,184
Cancer services		2,006,262	1,691,944
Cancer center		433,138	433,138
Women's services		981,147	898,401
Health education		1,093,811	1,252,499
Heart services		624,513	590,827
Purchase of property and equipment		1,780,530	1,879,384
Other		1,563,121	830,535
	$	16,469,672	16,069,390

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

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

(Continued)

(15) Fair Values of Financial Instruments

The following summarizes the System's fair values of financial instruments in the fair value hierarchy at August 31, 2014 and 2013:

(a) Assets Limited as to Use

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

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

The fair value hierarchy of assets limited as to use at August 31, 2014 and 2013 follows:

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Designated by board for capital improvements				
Cash and cash equivalents	$ 2,076,420	—	—	2,076,420
Bond mutual funds	45,979,769	—	—	45,979,769
Equity mutual funds	72,749,167	—	—	72,749,167
Equity securities				
Consumer goods	1,104,707	—	—	1,104,707
Financial services	2,067,067	—	—	2,067,067
Healthcare	565,741	—	—	565,741
Services	1,310,433	—	—	1,310,433
Technology	1,233,586	—	—	1,233,586
Materials	572,525	—	—	572,525
Other	100,800	—	—	100,800
Alternative investment vehicles	1,167,917	24,532,415	40,286,058	65,986,390
Accrued interest receivable	5,754	—	—	5,754
	128,933,886	24,532,415	40,286,058	193,752,359
Held by trustee under indenture agreements				
Cash and cash equivalents	18,309,727	—	—	18,309,727
Fixed income investments, principally obligations of the U S government its agencies	—	4,068,604	—	4,068,604
	18,309,727	4,068,604	—	22,378,331
Held as collateral under interest rate swap agreement				
Cash and cash equivalents	4,729,139	—	—	4,729,139
	4,729,139	—	—	4,729,139
Held by trustee for self-insurance funding				
Cash and cash equivalents	23,207	—	—	23,207
Bond mutual funds	15,282,901	—	—	15,282,901
Alternative investment vehicles	—	2,484,526	1,851,471	4,335,997
	15,306,108	2,484,526	1,851,471	19,642,105

(Continued)

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
By donors				
Cash and cash equivalents	1,072,517	—	—	1,072,517
Bond mutual funds	3,837,965	—	—	3,837,965
Equity mutual funds	6,549,399	—	—	6,549,399
Equity securities				
Consumer goods	124,038	—	—	124,038
Financial services	159,252	—	—	159,252
Healthcare	144,679	—	—	144,679
Industrial goods	87,317	—	—	87,317
Services	174,033	—	—	174,033
Technology	195,245	—	—	195,245
Materials	137,898	—	—	137,898
Utilities	23,136	—	—	23,136
Other	22,860	—	—	22,860
Corporate debt securities				
Consumer goods	—	98,858	—	98,858
Financial services	—	251,941	—	251,941
Healthcare	—	13,856	—	13,856
Industrial goods	—	27,585	—	27,585
Services	—	70,040	—	70,040
Technology	—	153,602	—	153,602
Materials	—	69,367	—	69,367
Fixed income investments, principally obligations of the U S government and its agencies	—	4,688,045	—	4,688,045
Alternative investment vehicles	—	417,386	311,036	728,422
Real estate		—	2,226,000	2,226,000
Other investments	237,728	—	—	237,728
	12,766,067	5,790,680	2,537,036	21,093,783
Total	$ 180,044,927	36,876,225	44,674,565	261,595,717

(Continued)

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Designated by board for capital improvements				
Cash and cash equivalents	$ 351,377	—	—	351,377
Bond mutual funds	59,639,563	—	—	59,639,563
Equity mutual funds	86,417,920	—	—	86,417,920
Equity securities				
Consumer goods	1,410,543	—	—	1,410,543
Financial services	2,313,529	—	—	2,313,529
Healthcare	559,253	—	—	559,253
Services	1,690,768	—	—	1,690,768
Technology	1,387,548	—	—	1,387,548
Materials	871,390	—	—	871,390
Other	102,222	—	—	102,222
Alternative investment vehicles	670,178	23,113,510	34,807,838	58,591,526
Accrued interest receivable	7,526	—	—	7,526
	155,421,817	23,113,510	34,807,838	213,343,165
Held by trustee under indenture agreements				
Cash and cash equivalents	8,623,011	—	—	8,623,011
Fixed income investments, principally obligations of the U S government its agencies	—	4,210,190	—	4,210,190
	8,623,011	4,210,190	—	12,833,201
Held as collateral under interest rate swap agreement				
Cash and cash equivalents	5,925,092	—	—	5,925,092
	5,925,092	—	—	5,925,092

(Continued)

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Held by trustee for self-insurance funding				
Cash and cash equivalents	26,316	—	—	26,316
Bond mutual funds	14,626,447	—	—	14,626,447
Alternative investment vehicles	—	2,199,417	1,739,367	3,938,784
	14,652,763	2,199,417	1,739,367	18,591,547
By donors				
Cash and cash equivalents	2,353,138	—	—	2,353,138
Bond mutual funds	3,434,248	—	—	3,434,248
Equity mutual funds	5,521,913	—	—	5,521,913
Equity securities				
Consumer goods	163,263	—	—	163,263
Financial services	231,263	—	—	231,263
Healthcare	207,569	—	—	207,569
Industrial goods	75,542	—	—	75,542
Services	148,354	—	—	148,354
Technology	278,593	—	—	278,593
Materials	241,795	—	—	241,795
Utilities	56,628	—	—	56,628
Other	31,944	—	—	31,944
Corporate debt securities				
Consumer goods	—	47,665	—	47,665
Financial services	—	152,879	—	152,879
Healthcare	—	8,075	—	8,075
Industrial goods	—	22,826	—	22,826
Services	—	56,500	—	56,500
Technology	—	87,024	—	87,024
Materials	—	46,869	—	46,869
Fixed income investments, principally obligations of the U S government and its agencies	—	4,544,735	—	4,544,735
Alternative investment vehicles	—	369,490	292,203	661,693
Real estate	—	—	2,226,000	2,226,000
Other investments	407,345	—	—	407,345
	13,151,595	5,336,063	2,518,203	21,005,861
Total	$ 197,774,278	34,859,180	39,065,408	271,698,866

(Continued)

The rollforward of Level 3 investments follows:

	2014	2013
Beginning of year	$ 39,065,408	30,662,864
Net unrealized gains	2,523,880	6,143,222
Purchases and additions	3,572,843	3,685,280
Withdrawals	(428,958)	(3,764,718)
Net income	568,962	523,034
Net realized gains (losses)	(627,570)	1,815,726
End of year	$ 44,674,565	39,065,408

There were no significant transfers into or out of Level 1, Level 2 and Level 3 investments during fiscal 2014 and 2013.

(b) Other Financial Instruments

The carrying amounts of all applicable asset and liability financial instruments (as defined in the accounting literature) reported in the accompanying combined balance sheets (except long-term debt, asset retirement obligations, and interest rate swap) approximate their estimated fair values, in all material respects, at August 31, 2014 and 2013. Fair value of a financial instrument is defined as 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.

(1) Long-term debt: The fair value of long-term debt instruments has been estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements. No adjustment for fair value measurements is reflected or required in the accompanying combined balance sheets. The System has categorized all of its long-term debt as Level 2 within the fair value hierarchy.

(2) Asset retirement obligations: The System's asset retirement obligations relate to its legal obligation over the removal of asbestos when the System renovates or retires the impacted properties. The System employed an independent third-party to develop the initial fair value of the obligations, which include the total estimated removal costs, discounted using an expected inflation rate, estimated discount rate, and expected years until renovation for each respective building. Expenditures for properties sold or renovated which have resulted in the removal of asbestos have been charged to the related obligation. Further, there have been no additional property purchases that would require an additional obligation for asbestos removal. The only change in the estimated fair value of the obligation is the accretion to present value each period. The System has categorized its asset retirement obligations as Level 2 in the fair value hierarchy.

(Continued)

(3) Interest rate swap: The interest rate swap that has been entered into by the System is executed over the counter and is valued using the net present value of the cash flow streams as no quoted market prices exist for such instruments. The System also employs an independent third party to perform a mark-to-market valuation assessment on the swap to assess the reasonableness of the valuations otherwise received by the System. The System has categorized its interest rate swap positions as Level 2 in the fair value hierarchy.

The fair value hierarchy of other financial instruments at August 31, 2014 and 2013 follows:

	2014		
	Level 1	Level 2	Total
Recurring:			
Interest rate swap	$ —	18,252,044	18,252,044
Nonrecurring:			
Asset retirement obligations	—	1,261,768	1,261,768
Disclosure:			
Long-term debt	—	246,673,650	246,673,650
	$ —	266,187,462	266,187,462

	2013		
	Level 1	Level 2	Total
Recurring:			
Interest rate swap	$ —	14,371,664	14,371,664
Nonrecurring:			
Asset retirement obligations	—	1,201,384	1,201,384
Disclosure:			
Long-term debt	—	227,580,394	227,580,394
	$ —	243,153,442	243,153,442

(16) Subsequent Events

The System has evaluated subsequent events from the balance sheet date through November 21, 2014, the date the financial statements were issued, and determined there are no additional subsequent events to be recognized in the combined financial statements and related notes.

Schedule 1

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combining Schedule – Balance Sheet Information

August 31 2014

trial balance has 7,006,350 and A/P is short 350. Adjusted TB to match AFS

	Mississippi Baptist Health Systems, Inc.	Mississippi Baptist Medical Center, Inc.	Mississippi Hospital for Restorative Care, Inc.	Baptist Medical Center - Leake, Inc.	Mississippi Baptist Medical Enterprises, Inc. and subsidiaries	Medical Foundation of Central Mississippi, Inc.	Eliminations	Combined
Current assets								
Cash and cash equivalents	$ 1 008 007	—	—	618 647	1 088 092	857 728	—	3 572 474
Assets limited as to use – required for current liabilities	1 123 247	—	—	—	—	—	—	1 123 247
Patient accounts receivable less allowance for uncollectible accounts	—	50 217 108	2 068 269	2 003 921	—	2 809 449	—	57 098 747
Due from third-party payors	—	797 000	—	2 215 500	—	15 300	—	3 027 800
Other receivables	2 556 952	1 534 506	—	164	1 467 851	—	(823 199)	4 736 274
Inventories	—	6 268 894	—	133 684	—	—	—	6 402 578
Prepaid expenses	5 302 064	713 187	—	107 224	76 570	441 080	—	6 640 125
Total current assets	9 990 270	59 530 695	2 068 269	5 079 140	2 632 513	4 123 557	(823 199)	82 601 245
Assets limited as to use	250 465 577	—	—	9 312 361	694 532	—	—	260 472 470
Property and equipment net	277 733 796	8 072 551	—	19 790 935	4 001 814	—	—	309 599 096
Other assets	75 100 732	6 365 687	—	—	1 509 197	—	(58 176 811)	24 798 805
Total assets	$ 613 290 375	73 968 933	2 068 269	34 182 436	8 838 056	4 123 557	(59 000 010)	677 471 616
Current liabilities								
Current installments of long-term debt	$ 9 137 962	—	—	—	141 042	—	—	9 279 004
Accounts payable	8 490 353	2 240 636	554	2 544 656	1 898 739	435 927	(500 199)	15 110 666
Accrued payroll costs and withholdings	2 805 818	10 507 928	268 138	350 594	619 702	1 786 141	—	16 338 321
Due to third-party payors	—	7 006 000	406 000	327 000	—	—	—	7 739 000
Other accrued expenses	7 574 062	3 314 313	—	3 340 231	1 627 828	48 717	(4 755 526)	11 149 625
Total current liabilities	28 008 195	23 068 877	674 692	6 562 481	4 287 311	2 270 785	(5 255 725)	59 616 616
Long-term debt excluding current installments	201 866 035	1 813 639	—	27 670 200	2 771 276	—	—	234 121 150
Estimated professional and general liability costs	8 748 833	—	—	251 167	—	—	—	9 000 000
Other noncurrent liabilities	23 801 293	—	—	—	66 538	—	—	23 867 831
Total liabilities	262 424 356	24 882 516	674 692	34 483 848	7 125 125	2 270 785	(5 255 725)	326 605 597
Net assets								
Unrestricted	331 879 134	49 086 417	1 393 577	(301 412)	1 712 931	1 852 772	(53 744 285)	331 879 134
Temporarily restricted	16 469 672	—	—	—	—	—	—	16 469 672
Permanently restricted	2 517 213	—	—	—	—	—	—	2 517 213
Total net assets	350 866 019	49 086 417	1 393 577	(301 412)	1 712 931	1 852 772	(53 744 285)	350 866 019
Total liabilities and net assets	$ 613 290 375	73 968 933	2 068 269	34 182 436	8 838 056	4 123 557	(59 000 010)	677 471 616

See accompanying independent auditors' report

Schedule 2

MISSISSIPPI BAPTIST HEALTH SYSTEMS, INC.
AND SUBSIDIARIES

Combining Schedule – Statement of Operations Information

Year ended August 31 2014

	Mississippi Baptist Health Systems, Inc.	Mississippi Baptist Medical Center, Inc.	Mississippi Hospital for Restorative Care, Inc.	Baptist Medical Center - Leake, Inc.	Mississippi Baptist Medical Enterprises, Inc. and subsidiaries	Medical Foundation of Central Mississippi, Inc.	Eliminations	Combined
Unrestricted revenues and other support								
Net patient service revenue	$ —	383 553 034	9 402 915	16 254 771	—	27 194 471	(16 030)	436 389 161
Provision for uncollectible accounts	—	(22 052 467)	171	(1 922 549)	—	(1 205 549)	—	(25 180 394)
Net patient service revenue less provision for uncollectible accounts	—	361 500 567	9 403 086	14 332 222	—	25 988 922	(16 030)	411 208 767
Other revenue	23 063 365	7 188 585	293 727	2 401 997	9 681 539	425 648	(26 693 203)	16 361 658
Net assets released from restrictions used for operations	1 648 775	—	—	—	—	—	—	1 648 775
Total unrestricted revenues and other support	24 712 140	368 689 152	9 696 813	16 734 219	9 681 539	26 414 570	(26 709 233)	429 219 200
Expenses								
Salaries wages and fees	23 924 904	170 079 234	4 229 211	11 999 275	5 603 961	32 417 009	(3 748 248)	244 505 346
Employee benefits	4 931 915	23 948 213	671 983	1 143 417	790 245	3 291 156	—	34 776 929
Supplies and other	25 902 818	101 709 756	1 851 199	3 091 049	3 754 399	5 709 438	(1 560 595)	140 458 064
Interest	9 088 554	65 155	—	470 642	188 407	—	(49 296)	9 763 462
Depreciation and amortization	27 370 795	20 658 462	176 463	1 281 926	319 774	616 251	(21 400 390)	29 023 281
Intercompany allocations	(59 112 000)	54 913 866	4 198 134	—	—	—	—	—
Total expenses	32 106 986	371 374 686	11 126 990	17 986 309	10 656 786	42 033 854	(26 758 529)	458 527 082
Loss from operations	(7 394 846)	(2 685 534)	(1 430 177)	(1 252 090)	(975 247)	(15 619 284)	49 296	(29 307 882)
Nonoperating gains (losses)								
Investment income net	24 801 508	—	—	443	—	—	(49 296)	24 752 655
Change in fair value of interest rate swap	(3 880 380)	—	—	—	—	—	—	(3 880 380)
Equity in net income (loss) of equity investees	856 210	1 376 221	—	—	(40 889)	—	—	2 191 542
Other net	(24 453 810)	1 398 156	—	44 968	185 527	—	18 997 906	(3 827 253)
Total nonoperating gains (losses) net	(2 676 472)	2 774 377	—	45 411	144 638	—	18 948 610	19 236 564
Revenues gains and other support in excess of (less than) expenses and losses	(10 071 318)	88 843	(1 430 177)	(1 206 679)	(830 609)	(15 619 284)	18 997 906	(10 071 318)
Net assets released from restrictions and used for purchase of property and equipment	614 619	—	—	—	—	—	—	614 619
Increase (decrease) in unrestricted net assets	$ (9 456 699)	88 843	(1 430 177)	(1 206 679)	(830 609)	(15 619 284)	18 997 906	(9 456 699)

See accompanying independent auditors' report