

Form **990**

# Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

# 2013

Department of the Treasury  
Internal Revenue Service

Do not enter Social Security numbers on this form as it may be made public.

Open to Public Inspection

Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

**A** For the 2013 calendar year, or tax year beginning **OCT 1, 2013** and ending **SEP 30, 2014**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization St. Luke's Wood River Medical Center, Ltd		<b>D</b> Employer identification number 84-1421665
	Doing Business As		<b>E</b> Telephone number 208-381-3790
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	
	190 E. Bannock		
City or town, state or province, country, and ZIP or foreign postal code Boise, ID 83702			<b>G</b> Gross receipts \$ 60,484,760.
F Name and address of principal officer: James Angle same as (c) (See Schedule O for more detail)			<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			<b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No
J Website: <a href="http://www.stlukesonline.org">www.stlukesonline.org</a>			If "No," attach a list. (see instructions)
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			<b>H(c)</b> Group exemption number
L Year of formation: 1996			M State of legal domicile: ID

## Part I Summary

<b>Activities &amp; Governance</b>	1 Briefly describe the organization's mission or most significant activities: Provide healthcare services to the community.			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3	Number of voting members of the governing body (Part VI, line 1a)	3	16
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	0
	6	Total number of volunteers (estimate if necessary)	6	182
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
<b>Revenue</b>	8	Contributions and grants (Part VIII, line 1h)	Prior Year: 433,430.	Current Year: 1,341,794.
	9	Program service revenue (Part VIII, line 2g)	53,236,462.	59,035,724.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0.	2,000.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,439.	4,424.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	53,674,331.	60,383,942.
<b>Expenses</b>	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	71,291.	69,648.
	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)	29,134,274.	30,048,410.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25)	415,806.	
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	25,640,233.	26,467,208.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	54,845,798.	56,585,266.
19	Revenue less expenses. Subtract line 18 from line 12	<1,171,467.>	3,798,676.	
<b>Net Assets or Fund Balances</b>	20	Total assets (Part X, line 16)	Beginning of Current Year: 53,649,913.	End of Year: 58,318,246.
	21	Total liabilities (Part X, line 26)	4,626,003.	5,495,660.
	22	Net assets or fund balances. Subtract line 21 from line 20	49,023,910.	52,822,586.

## 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.

<b>Sign Here</b>	Signature of officer <i>Peter DiDio</i>	Date 8-10-15			
	Peter DiDio, Vice-President, Controller Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Diana McCutchen	Preparer's signature <i>Diana J McCutchen</i>	Date 8-3-15	Check if self-employed <input type="checkbox"/>	PTIN P00545657
	Firm's name Deloitte Tax LLP	Firm's EIN 86-1065772	Firm's address 695 Town Center, Suite 1200 Costa Mesa, CA 92626	Phone no. 714-436-7100	

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: Improve the health of people in the communities we serve by aligning physicians and other providers to deliver integrated, patient centered, quality care.

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

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

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 \$ 35,068,503. including grants of \$ 69,648. ) (Revenue \$ 47,348,018. ) Medical & Surgical

Services at St. Luke's Wood River Medical Center include a 24-hour emergency department, outpatient surgery, diagnostics, maternity services, physical and occupational therapy, mammography, intensive care and medical/surgical units. During fiscal year 2014 St. Luke's Wood River Medical Center provided qualified inpatient care for 1,162 admissions covering 3,181 patient days. They also provided patient care associated with 32,299 outpatient visits.

4b (Code: ) (Expenses \$ 11,456,281. including grants of \$ ) (Revenue \$ 7,266,599. ) Physician Services

Wood River has medical practices serving the following areas: Internal Medicine, OBGYN, Family Medicine, Orthopedics, and Sports Medicine. In fiscal year 2014, the practices had 52,501 visits.

4c (Code: ) (Expenses \$ 3,413,520. including grants of \$ ) (Revenue \$ 4,421,107. ) Emergency and Transport

During Fiscal Year 2014, the emergency department had 7,128 patient visits.

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

4e Total program service expenses 49,938,304.

**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)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
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? <i>If "Yes," complete Schedule C, Part III</i>		X
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? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
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? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
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? <i>If "Yes," complete Schedule D, Part VI</i>	X	
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? <i>If "Yes," complete Schedule D, Part VII</i>		X
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? <i>If "Yes," complete Schedule D, Part VIII</i>		X
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? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
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)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
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? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b <i>If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?</i>	X	

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
<b>21</b> 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? <i>If "Yes," complete Schedule I, Parts I and II</i>	X	
<b>22</b> 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? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
<b>23</b> 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? <i>If "Yes," complete Schedule J</i>	X	
<b>24a</b> 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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>24d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
<b>25b</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? <i>If "Yes," complete Schedule L, Part I</i>		X
<b>26</b> 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? <i>If so, complete Schedule L, Part II</i>		X
<b>27</b> 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? <i>If "Yes," complete Schedule L, Part III</i>		X
<b>28</b> 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):		
<b>28a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>28b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>28c</b> 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? <i>If "Yes," complete Schedule L, Part IV</i>	X	
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	X	
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
<b>35b</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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
<b>37</b> 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? <i>If "Yes," complete Schedule R, Part VI</i>		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

**Note.** All Form 990 filers are required to complete Schedule O

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

Main form area containing questions 1a through 14b with Yes/No columns and input fields.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year; 1b Enter the number of voting members included in line 1a, above, who are independent; 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?; 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?; 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?; 5 Did the organization become aware during the year of a significant diversion of the organization's assets?; 6 Did the organization have members or stockholders?; 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?; 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?; 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? b Each committee with authority to act on behalf of the governing body?; 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.

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

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates?; 10b 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?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?; 11b 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; 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?; 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done; 13 Did the organization have a written whistleblower policy?; 14 Did the organization have a written document retention and destruction policy?; 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?; 15a The organization's CEO, Executive Director, or top management official; 15b Other officers or key employees of the organization; 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?; 16b 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?

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed None
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
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: Peter DiDio Vice-President, Controller - 208-381-3790 190 E. Bannock, Boise, ID 83712

**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, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

Check this box if 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 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			
(1) Mr. J. Robert Alexander Chairman	2.00 2.00	X		X				0.	0.	0.
(2) Mr. Charles Coiner Director	2.00 2.00	X						0.	0.	0.
(3) D. Jeff Fox, Ph.D. Director	2.00 2.00	X						0.	0.	0.
(4) Mr. R. Todd Blass Director	2.00 2.00	X						0.	0.	0.
(5) Mr. Peter Becker Director	2.00 2.00	X						0.	0.	0.
(6) Jon Thorson, M.D. Director	2.00 2.00	X						0.	0.	0.
(7) Ms. Cynthia Murphy Director	2.00 2.00	X						0.	0.	0.
(8) Mr. Terry Kramer Director	2.00 2.00	X						0.	0.	0.
(9) Ms. Jane Miller Director	2.00 2.00	X						0.	0.	0.
(10) Mr. Terry Ring Director	2.00 2.00	X						0.	0.	0.
(11) Mr. George Kirk Director	2.00 2.00	X						0.	0.	0.
(12) Rick Yavruian, D.O. Director	2.00 40.00	X						0.	317,801.	26,128.
(13) Eric Cassidy, D.O. Director	2.00 40.00	X						0.	0.	0.
(14) Brian Fortuin, M.D. Director	2.00 42.00	X						0.	106,384.	0.
(15) Keith Sivertson, M.D. Director	40.00 2.00	X						0.	191,451.	18,985.
(16) Mr. James Angle CEO-St. Luke's Eastern Region	2.00 44.00	X		X				0.	429,252.	26,415.
(17) Mr. Cody Langbehn Director (Served through 3/31/2014)	40.00 0.00	X						0.	276,860.	23,206.

**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 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			
(18) Mr. Roger Sanger Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(19) Mr. Ben Holmes Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(20) A. Herbert Alexander, M.D. Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(21) Mr. Keith Perry Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(22) Mr. Eric Thomas Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(23) Mr. George Kirk Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(24) Ms. Lou Ann Terry Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(25) Ms. Vicki Riedel Director (Served through 3/31/2014)	2.00 0.00	X						0.	0.	0.
(26) Mr. Jeffrey S. Taylor VP/CFO/Treasurer	2.00 50.00			X				0.	640,251.	92,200.
<b>1b Sub-total</b>								0.	1,961,999.	186,934.
<b>c Total from continuation sheets to Part VII, Section A</b>								0.	2,467,077.	146,557.
<b>d Total (add lines 1b and 1c)</b>								0.	4,429,076.	333,491.

**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 **0**

	Yes	No
<b>3</b> 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		X
<b>4</b> 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	X	
<b>5</b> 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		X

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. 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
Big Wood Anesthesia Associates, PLLC P.O. Box 987, Ketchum, ID 83340-0987	Anesthesia Services	1,200,000.
Martin B. Durtschi, M.D. P.O. Box 6885, Ketchum, ID 83340	Medical Services	429,252.
Idaho ELKS Rehabilitation Hospital 600 N. Robbins Road, Boise, ID 83702	Rehabilitation Services	279,768.
Sawtooth Diagnostic Imaging P.O. Box 9649, Boise, ID 83707	Imaging Services	145,824.
AMN Healthcare, Inc. FILE 56157, Los Angeles, CA 90074-6157	Healthcare Staffing Services	104,002.

**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 **5**

See Part VII, Section A Continuation sheets





**Part VIII Statement of Revenue**

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

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns	<b>1a</b>						
	<b>b</b> Membership dues	<b>1b</b>						
	<b>c</b> Fundraising events	<b>1c</b>						
	<b>d</b> Related organizations	<b>1d</b>	821,900.					
	<b>e</b> Government grants (contributions)	<b>1e</b>	514,895.					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	4,999.					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$							
	<b>h Total.</b> Add lines 1a-1f			1,341,794.				
	<b>Program Service Revenue</b>	<b>2 a</b> Net Patient Revenue	<b>Business Code</b>	900099	58,755,194.	58,755,194.		
<b>b</b> VHA Coop Cash Distrib.			900099	60,141.	60,141.			
<b>c</b>								
<b>d</b>								
<b>e</b>								
<b>f</b> All other program service revenue			900099	220,389.	220,389.			
<b>g Total.</b> Add lines 2a-2f				59,035,724.				
<b>Other Revenue</b>		<b>3</b> Investment income (including dividends, interest, and other similar amounts)						
	<b>4</b> Income from investment of tax-exempt bond proceeds							
	<b>5</b> Royalties							
	<b>6 a</b> Gross rents	(i) Real	105,242.					
		(ii) Personal						
		<b>b</b> Less: rental expenses	100,818.					
		<b>c</b> Rental income or (loss)	4,424.					
	<b>d</b> Net rental income or (loss)			4,424.			4,424.	
	<b>7 a</b> Gross amount from sales of assets other than inventory	(i) Securities		2,000.				
		(ii) Other						
		<b>b</b> Less: cost or other basis and sales expenses		0.				
		<b>c</b> Gain or (loss)		2,000.				
	<b>d</b> Net gain or (loss)			2,000.			2,000.	
	<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	<b>a</b>						
		<b>b</b> Less: direct expenses	<b>b</b>					
<b>c</b> Net income or (loss) from fundraising events								
<b>9 a</b> Gross income from gaming activities. See Part IV, line 19	<b>a</b>							
	<b>b</b> Less: direct expenses	<b>b</b>						
	<b>c</b> Net income or (loss) from gaming activities							
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>a</b>							
	<b>b</b> Less: cost of goods sold	<b>b</b>						
	<b>c</b> Net income or (loss) from sales of inventory							
<b>Miscellaneous Revenue</b>			<b>Business Code</b>					
<b>11 a</b>								
	<b>b</b>							
	<b>c</b>							
	<b>d</b> All other revenue							
<b>e Total.</b> Add lines 11a-11d								
<b>12 Total revenue.</b> See instructions.				60,383,942.	59,035,724.	0.	6,424.	

**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  X

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	69,648.	69,648.		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	627,810.		627,810.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	24,617,466.	21,446,896.	2,972,455.	198,115.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	907,936.	773,108.	127,686.	7,142.
9 Other employee benefits	2,326,501.	1,980,755.	327,140.	18,606.
10 Payroll taxes	1,568,697.	1,335,747.	220,611.	12,339.
11 Fees for services (non-employees):				
a Management	2,346,922.	1,940,761.	341,481.	64,680.
b Legal	243,370.		243,370.	
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	409,269.	409,269.		
12 Advertising and promotion	118,436.	69,843.	34,015.	14,578.
13 Office expenses	528,149.	46,520.	479,510.	2,119.
14 Information technology	2,047,613.	2,047,613.		
15 Royalties				
16 Occupancy	185,285.	139,885.	45,400.	
17 Travel	207,054.	124,307.	66,529.	16,218.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,955,188.	3,955,188.		
23 Insurance	10,000.	10,000.		
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 Supplies	7,786,330.	7,516,600.	243,815.	25,915.
b Provision For Bad Debt	3,009,983.	3,009,983.		
c Contract Service	961,181.	868,076.	93,105.	
d Repairs Expense	832,006.	766,775.	65,231.	
e All other expenses	3,826,422.	3,427,330.	342,998.	56,094.
25 Total functional expenses. Add lines 1 through 24e	56,585,266.	49,938,304.	6,231,156.	415,806.
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
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....		<3.>
	<b>2</b> Savings and temporary cash investments .....		
	<b>3</b> Pledges and grants receivable, net .....		
	<b>4</b> Accounts receivable, net .....	7,300,253.	7,671,668.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		
	<b>6</b> 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 instr). Complete Part II of Sch L .....		
	<b>7</b> Notes and loans receivable, net .....		
	<b>8</b> Inventories for sale or use .....	1,804,124.	1,960,656.
	<b>9</b> Prepaid expenses and deferred charges .....	43,520.	72,739.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 28,401,456.	
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 10,855,544.	
	<b>11</b> Investments - publicly traded securities .....		10,358.
	<b>12</b> Investments - other securities. See Part IV, line 11 .....		
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		
	<b>14</b> Intangible assets .....	413,367.	326,700.
	<b>15</b> Other assets. See Part IV, line 11 .....	3,947,351.	30,730,216.
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	53,649,913.	58,318,246.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	3,628,003.	4,446,478.
	<b>18</b> Grants payable .....		
	<b>19</b> Deferred revenue .....		
	<b>20</b> Tax-exempt bond liabilities .....		
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		
	<b>22</b> 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 .....		
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....		
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		
	<b>25</b> 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 .....	998,000.	1,049,182.
	<b>26 Total liabilities.</b> Add lines 17 through 25 .....	4,626,003.	5,495,660.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>		
	<b>27</b> Unrestricted net assets .....	48,895,703.	52,704,038.
	<b>28</b> Temporarily restricted net assets .....	128,207.	118,548.
	<b>29</b> Permanently restricted net assets .....		
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>		
	<b>30</b> Capital stock or trust principal, or current funds .....		
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		
	<b>33</b> Total net assets or fund balances .....	49,023,910.	52,822,586.
<b>34</b> Total liabilities and net assets/fund balances .....	53,649,913.	58,318,246.	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	60,383,942.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	56,585,266.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	3,798,676.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	49,023,910.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	0.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	52,822,586.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? 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: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
<b>2b</b>	Were the organization's financial statements audited by an independent accountant? 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: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
<b>2c</b>	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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
<b>3a</b>	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?		X
<b>3b</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		

Form 990 (2013)

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

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.

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

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

<b>Name of the organization</b> St. Luke's Wood River Medical Center, Ltd	<b>Employer identification number</b> 84-1421665
--	---

**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? <b>11g(i)</b>		
(ii) A family member of a person described in (i) above? <b>11g(ii)</b>		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? <b>11g(iii)</b>		
- 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	
<b>Total</b>									

**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
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> 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) .....						
<b>6 Public support.</b> 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
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) .....	<b>14</b>		%
<b>15</b> Public support percentage from 2012 Schedule A, Part II, line 14 .....	<b>15</b>		%
<b>16a 33 1/3% support test - 2013.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>	
<b>b 33 1/3% support test - 2012.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>	
<b>17a 10% -facts-and-circumstances test - 2013.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>	
<b>b 10% -facts-and-circumstances test - 2012.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>	
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		<input type="checkbox"/>	

**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
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> 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 .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</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 .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (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
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						

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

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2012 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2012 Schedule A, Part III, line 17 .....	<b>18</b>	%

**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





**Schedule B**

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2013**

Name of the organization

St. Luke's Wood River Medical Center Ltd

Employer identification number

84-1421665

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)( 3 ) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

**Special Rules**

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions of \$5,000 or more during the year ..... ▶ \$ \_\_\_\_\_

**Caution.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2013)

Name of organization  St. Luke's Wood River Medical Center, Ltd	Employer identification number  84-1421665
---	--

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 808,991.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ 302,790.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3		\$ 191,250.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4		\$ 12,909.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5		\$ 12,714.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6		\$ 8,141.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization  St. Luke's Wood River Medical Center, Ltd	Employer identification number  84-1421665
---	--

**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____

Name of organization  St. Luke's Wood River Medical Center Ltd	Employer identification number  84-1421665
--	--

**Part III** Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once.) ▶ \$ \_\_\_\_\_  
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

**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.

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

OMB No. 1545-0047

**2013**

Open to Public Inspection

Name of the organization

St. Luke's Wood River Medical Center, Ltd

Employer identification number

84-1421665

**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? <input type="checkbox"/> Yes <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input type="checkbox"/> 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 Tax 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
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

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	<input type="checkbox"/>	<input type="checkbox"/>
(ii) related organizations	<input type="checkbox"/>	<input type="checkbox"/>

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

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		4,469,628.		4,469,628.
b Buildings		10,943,743.	4,123,890.	6,819,853.
c Leasehold improvements				
d Equipment		12,334,515.	6,731,654.	5,602,861.
e Other		653,570.		653,570.

**Total.** Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)  17,545,912.

**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		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (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
(1) Due from related organizations	30,511,193.
(2) Restricted funds	213,548.
(3) Deposits Other	5,475.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.)	
	30,730,216.

**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
(1) Federal income taxes	
(2) Due to Medicare/Medicaid	1,049,182.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	
	1,049,182.

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.

Form 990 Schedule D, Part X, Line 2:

Explanation:

Footnote Disclosure-Uncertain Tax Positions Under FIN #48

(Source: Consolidated Financial Statements-St. Luke's Health System)

"The Health System is subject to federal excise tax on its

unrelated business taxable income(UBTI). For the period ended

September 30, 2014, the Company had approximately \$4,077,000 of

UBTI Net Operating Losses from operating losses incurred from

2000 to 2014 which expire in years 2015 to 2029. The Health System

does not believe it is more likely than not they will utilize these losses

prior to their expiration and as such has provided a full valuation

332054  
09-25-13

**Part XIII** Supplemental Information (continued)

allowance against these losses."

Multiple horizontal lines for supplemental information.

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2013**

Department of the Treasury  
Internal Revenue Service

▶ **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](http://www.irs.gov/form990).**

**Open to Public  
Inspection**

Name of the organization: **St. Luke's Wood River Medical Center, Ltd**  
Employer identification number: **84-1421665**

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
<b>1b</b> If "Yes," was it a written policy?	X	
<b>2</b> 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. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> 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.		
<b>a</b> 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: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>185</u> %	X	
<b>b</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: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
<b>c</b> 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.		
<b>4</b> 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"?	X	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
<b>c</b> 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 eligible for free or discounted care?		X
<b>6a</b> Did the organization prepare a community benefit report during the tax year?		X
<b>b</b> If "Yes," did the organization make it available to the public?		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

<b>7 Financial Assistance and Certain Other Community Benefits at Cost</b>	<b>(a)</b> Number of activities or programs (optional)	<b>(b)</b> Persons served (optional)	<b>(c)</b> Total community benefit expense	<b>(d)</b> Direct offsetting revenue	<b>(e)</b> Net community benefit expense	<b>(f)</b> Percent of total expense
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1)			2,399,802.		2,399,802.	4.48%
<b>b</b> Medicaid (from Worksheet 3, column a)			2,822,935.	3,056,179.		
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)			121,407.	107,669.	13,738.	.03%
<b>d Total</b> Financial Assistance and Means-Tested Government Programs			5,344,144.	3,163,848.	2,413,540.	4.51%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)			150,656.	20,730.	129,926.	.24%
<b>f</b> Health professions education (from Worksheet 5)						
<b>g</b> Subsidized health services (from Worksheet 6)						
<b>h</b> Research (from Worksheet 7)						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8)			3,000.	0.	3,000.	.01%
<b>j Total.</b> Other Benefits			153,656.	20,730.	132,926.	.25%
<b>k Total.</b> Add lines 7d and 7j			5,497,800.	3,184,578.	2,546,466.	4.76%





**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 St. Luke's Wood River 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
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning 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	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
2 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>12</u>		
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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		X
5 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>http://www.stlukesonline.org/about_us/chn</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Section C)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs		X
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)?		X
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
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) St. Luke's Wood River Medical Center

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? .....	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? .....	X	
	If "Yes," indicate the FPG family income limit for eligibility for free care: <u>185</u> %		
	If "No," explain in Section C the criteria the hospital facility used.		
11	Used FPG to determine eligibility for providing <i>discounted</i> care? .....	X	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
	If "No," explain in Section C the criteria the hospital facility used.		
12	Explained the basis for calculating amounts charged to patients? .....	X	
	If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Section C)		
13	Explained the method for applying for financial assistance? .....	X	
14	Included measures to publicize the policy within the community served by the hospital facility? .....	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input checked="" type="checkbox"/> Other (describe in Section C)		
<b>Billing and Collections</b>			
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? .....	X	
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	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> 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? .....		X
	If "Yes," check all actions in which the hospital facility or a third party engaged:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

**Part V Facility Information** (continued) St. Luke's Wood River Medical Center

- 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
<b>19</b> 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?	x	
If "No," indicate why:		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d <input type="checkbox"/> Other (describe in Section C)		

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

<b>20</b> 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 <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input type="checkbox"/> Other (describe in Section C)		
<b>21</b> 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?		x
If "Yes," explain in Section C.		
<b>22</b> 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?		x
If "Yes," explain in Section C.		



**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.

Part V, Section A:

Located within the St. Luke's Wood River Hospital Complex are various provider-based physician clinics that provide services in the areas of Family Medicine, Internal Medicine, General Surgery, and Obstetrics and Gynecology. The address for this location is:

St. Luke's Wood River Medical Center  
100 Hospital Drive  
Ketchum, Idaho 83340

St. Luke's Wood River Medical Center:

Part V, Section B, Line 3:

A series of interviews with and surveys (questionnaires) of community representatives and leaders representing the broad interests of our community were conducted in order to assist us in defining, prioritizing, and understanding our most important community needs. Many leaders that participated in our process were individuals who have devoted decades to helping others lead healthier and more independent lives. All of the leaders we interviewed have significant knowledge of our community. To ensure they came from distinct and varied backgrounds, we included multiple representatives from each of these categories:

Category I: Persons with special knowledge of or expertise in public health

Category II: Federal, Regional, State, or Local health or other

**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.

departments or agencies (with current data or other

information relevant to the health needs of the community

served by the hospital)

Category III: Leaders, representatives, or members of medically

underserved, low income, and minority populations, and

populations with chronic disease needs

Each potential need was scored by the community representative on a scale

of 1 to 10. Higher scores represent potential needs the community

representatives believed were important to address with additional

resources. Lower scores usually meant our leaders thought our community

was healthy in that area already or had relatively good programs

addressing the potential need. These scores were incorporated directly

into our health need prioritization process. In addition, we invited the

leaders to suggest programs, legislation, or other measures they believed to

be effective in addressing the needs.

The following community leaders/representatives were contacted:

(1) Blaine County

(2) Blaine County School District

(3) Emmanuel Episcopal Church

(4) The Senior Connection

(5) Blaine County Center for the College of Southern Idaho

(6) Hailey/Bellevue Police

(7) Idaho Department of Health and Welfare

**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.

(8) Woodside Elementary

(9) South Central Public Health

(10) Hospice and Palliative Care of the Wood River

(11) The Advocates for Survivors of Domestic Violence

(12) St. Luke's Center for Community Health

(13) Boise VA Medical Center

(14) Idaho Department of Labor: Obtained unemployment information

(15) College of Southern Idaho Office on Aging

(16) Family Medicine Residency of Idaho

(17) Substance Abuse and Mental Health Services Administration

U.S. Department of Health and Human Services, Region X

(18) Coordinator of the CARES (Children at Risk Evaluation Services)

at St. Luke's Magic Valley Regional Medical Center

St. Luke's Wood River Medical Center:

Part V, Section B, Line 7:

We organized our significant health needs into four groups:

Program Group 1: Behavioral Health and Substance Abuse Services and

Programs

-Alcohol

-Illicit Drug Use

-Mental illness

-Suicide

-Mental health service providers

-Vehicle crash death rate

**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.

Program Group 2: Weight Management and Fitness

-Obese/overweight adults

-Obese/overweight teens

-Teen Exercise

Program Group 3: Barriers to Access

-Children and family services

-Substance abuse programs

-Suicide prevention

-Availability of mental health service providers

Program Group 4: Additional Health Screening and Education Programs Ranked

above the Median

-Breast Cancer

-Cerebrovascular disease

-Sexually transmitted infections

-Teen birth rate

-Cholesterol

-Diabetic screening

-Smoking

Next we examined whether it would be effective and efficient for St.

Luke's Wood River, as a critical access hospital, to address each

significant health need directly. To make this determination, we reviewed

the resources we had available and determined whether the health need was

in alignment with our mission and strengths. Where a high priority need

was not in alignment with our mission and strengths, St. Luke's Wood River

**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.

tried to identify a community group or organization better able to serve the need.

Significant community health needs not addressed by St. Luke's Wood River are as follows:

(1) Tobacco cessation programs

Tobacco cessation is not a strength of St. Luke's Wood River, and as a critical access hospital we will focus our limited resources on higher priority needs. St. Luke's will indirectly support tobacco cessation programs by referring to our community partners who provide them.

(2) Children and Family Service

St. Luke's Wood River will not develop its own children and family support services due to resource constraints and because this need has low alignment with our mission and strengths. However, we will provide financial sponsorship support to organizations in our community serving this need because the need is ranked above the median. St. Luke's will also indirectly support this need through informational and referral services offered from our St. Luke's Center for Community Health Office. The organizations St. Luke's sponsors are described in our Implementation Plan.

(3) Homeless Services

**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.

Although this need is ranked above the median, St. Luke's will not develop its own homeless services programs due to resource constraints and because this need has a low alignment with our mission and strengths. However, we will provide financial sponsorship support to organizations in our community serving this need because the need is ranked above the median. St. Luke's will also indirectly support this need through informational and referral services offered from our St. Luke's Center for Community Health Office. The organizations St. Luke's sponsors are described in the following section of this Implementation Plan.

St. Luke's Wood River Medical Center:

Part V, Section B, Line 14g:

A Financial Care application is provided to the patient which contains Patient Financial Advocate contact information.



**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.

Part I, Line 3c:

(A) St. Luke's does provide charity care services to patients who

meet one or both of the following guidelines based on income

and expenses:

1. Income. Patients whose family income is equal to or less than

400% of the then current Federal Poverty Guideline are eligible

for possible fee elimination or reduction on a sliding scale.

2. Expenses. Patients may be eligible for charity care if his or

her allowable medical expenses have so depleted the family's

income and resources that he or she is unable to pay for eligible

services. The following two qualifications must apply:

a. Expenses-The patients allowable medical expenses must be

greater than 30% of the family income. Allowable medical

expenses are the total of the family medical bills that,

if paid, would qualify as deductible medical expenses for

Federal income tax purposes without regard to whether the

expenses exceed the IRS-required threshold for taking the



**Part VI** Supplemental Information (Continuation)

deduction. Paid and unpaid bills may be included.

b. Resources-The patient's excess medical expenses must be

greater than available assets. Excess medical expenses are

the amount by which allowable medical expenses exceed 30%

of the family income. Available assets do not include the

primary residence, the first motor vehicle, and a resource

exclusion of the first \$4,000 of other assets for an

individual, or \$6,000 for a family of two, and \$1,500 for

each additional family member.

(B) Service Exclusions:

1. Services that are not medically necessary (e.g. cosmetic

surgery) are not eligible for charity care.

2. Eligibility for charity care for a patient whose need for services

arose from injuries sustained in a motor vehicle accident where

the patient, driver, and/or owner of the motor vehicle had a motor

vehicle liability policy, and only if a claim for payment has been

properly submitted to the motor vehicle liability insurer, where

applicable.

(C) Eligibility Approval Process:

1. St. Luke's screens patient for other sources of coverage and

eligibility in government programs. St. Luke's documents the

results of each screening. If St. Luke's determines that a

patient is potentially eligible for Medicaid or another

government program, then St. Luke's shall encourage the patient to

apply for such a program and shall assist the patient in applying

for benefits under such a program.

**Part VI** Supplemental Information (Continuation)

2. The patient must complete a Financial Assistance Application and provide required supporting documentation in order to be eligible.

3. St. Luke's verifies reported family and compares to the latest Poverty Guidelines published by the U.S. Department of Health and Human Services.

4. St. Luke's verifies reported assets.

5. St. Luke's provides a written notice of determination of eligibility to the patient or the responsible party within 10 business days of receiving a completed application and the required supporting documentation.

6. St. Luke's reserves the right to run a credit report on all patients applying for charity care services.

(D) Eligibility Period: The determination that an individual is approved for charity care will be effective for six months from the date the application is submitted, unless during that time the patient's family income or insurance status changes to such an extent that the patient becomes ineligible.

Part I, Line 6a:

St. Luke's Wood River Medical Center,Ltd, is not required under Idaho Law to file a community benefit report,since its total licensed beds are less than the minimum 150 bed requirement threshold.(Wood River has 25 licensed beds.) Moreover,the activity of St. Luke's Wood River Medical Center,Ltd, is not included in the community benefit report within any of its related organizations within the St. Luke's Health System.

Part I, Line 7:

**Part VI** Supplemental Information (Continuation)

The cost to charge ratio was used to calculate charity care at cost.

Worksheet S-10 of the FY'14 Medicare Cost Report was the source of

information for unreimbursed Medicaid costs.

Part I, Ln 7 Col(f):

Bad Debt is defined as expenses resulting from services provided to a

patient and/or guarantor who, having the requisite financial resources to

pay for health care services, has demonstrated an unwillingness to do so.

Amount of bad debt expense included in Form 990, Part IX, line 25 is

\$3,009,983.

Part II:

The community building activities reported for St. Luke's Wood River

Medical Center include the following:

Community Health Improvement Advocacy:

Advocates Gala Event

Event sponsorship for the Advocates to prevent domestic violence and

sexual assault in the community through education, shelter, and

supportive services.

Center for Community Health Involvement (CCH)

Participation in a variety of boards that CCH staff represent, including La

Alianza, Habitat for Humanity, The Advocates for Domestic Violence, and

The Community Drug Coalition.

**Part VI** Supplemental Information (Continuation)

Girls on the Run

Girls on the Run Wood River is an after school program to support and empower 3rd-5th grade girls with tools for self esteem and good health.

Part III, Line 4:

St. Luke's Wood River Medical Center,Ltd. grants credit without collateral to its patients,most of whom are local residents and many of whom are insured under third-party agreements. The allowance for estimated uncollectible amounts is determined by analyzing both historical information(write-offs by payor classification),as well as current economic conditions.

Part III, Line 8:

100% of the shortfall in Medicare reimbursement is considered a community benefit. St. Luke's Wood River Medical Center,Ltd. provides medical care to all patients eligible for Medicare regardless of the shortfall and thereby relieves the Federal Government of the burden for paying the full cost of Medicare.

The source of the information is the Medicare Cost Report for fiscal year 2014. The amount is calculated by comparing the total Medicare apportioned costs(allowable costs)to interim payments received during FY'14.

Part III, Line 9b:

All subsidiaries within the St. Luke's Health System have policies in place to provide financial assistance to those who meet established

**Part VI** Supplemental Information (Continuation)

criteria and need assistance in paying for the amounts billed for their  
 provided health care services. In addition, the collection policies and  
 practices in place within the St. Luke's Health System provide guidance to  
 patients on how to apply for this assistance. Collection of amounts due  
 may be pursued in cases where the patient is unable to qualify for charity  
 care or financial assistance and the patient has the financial resources  
 to pay for the billed amounts.

Part III: Section B, Medicare, Line 7

Medicare Surplus Explanation:

Since St. Luke's Wood River Medical Center, Ltd. is classified as  
 a Critical Access Hospital, Medicare reimbursements are based on  
 its allowable costs (calculated as 101% multiplied by allowable cost,  
 minus co-payments and deductibles) incurred during the fiscal year.

At the end of each fiscal year, the interim reimbursements received  
 by the hospital (based on prior year Medicare Cost Reports) are  
 compared to its calculated allowable costs. If the interim  
 reimbursements are greater than allowable costs, then the hospital  
 must remit the surplus amount to the CMS fiscal intermediary.

Part VI, Line 2:

A Community Health Needs Assessment (CHNA) was conducted for  
 fiscal year ending 9/30/2013. Information related to the  
 2013 CHNA is shown in the responses to questions 3 and 7 of  
 "Part V, Section B, Facility Policies and Practices".

**Part VI** Supplemental Information (Continuation)

A complete copy of the CHNA assessments for all of the hospitals

operating within the St. Luke's Health System can be found at

the following website:

[http://www.stlukesonline.org/about\\_us/chna.php](http://www.stlukesonline.org/about_us/chna.php)

Part VI, Line 3:

(A) St. Luke's Wood River Medical Center provides notice of the availability of financial assistance via:

- 1. Signage
- 2. Patient brochure
- 3. Billing Statement
- 4. Written collection action letter
- 5. Online at [www.stlukesonline.org/billing](http://www.stlukesonline.org/billing)

(B) All notices are translated into the following language: Spanish

(C) St. Luke's provides individual notice of the availability of financial assistance to a patient expected to incur charges that may not be paid in full by third party coverage, along with an estimate of the patient's liability.

(D) For cases in which St. Luke's independently determines patient eligibility for financial assistance, St. Luke's provides written notice of determination that the patient is or is not eligible within 10 business days of receiving a completed application and the required supporting documentation.

**Part VI** Supplemental Information (Continuation)

Part VI, Line 4:

St. Luke's Wood River Medical Center, Ltd. serves the health care needs of people living in the greater Blaine County area.

The criteria used in selecting this area as the primary service area was to include the entire population of the county or counties where greater than 70% of the inpatients reside. The residents of Blaine County comprise about 74% of inpatients served.

Both Idaho and the primary service area are comprised of about 95% white population while the nation as a whole is 72% white. The Hispanic population in Idaho represents 11% of the overall population and about 20% of the defined service area.

Idaho experienced a 21% increase in population from 2000 to 2010 ranking it as the fourth fastest growing state in the country. Blaine County has followed that trend experiencing a 13% increase in population within that timeframe. The service area is expected to grow by over 20% by the year 2020. St. Luke's Wood River is constantly working to manage the volume and scope of its services in order to meet the needs of an increasing population.

Over the past ten years the 45 to 64 year old age group was the fastest growing segment of the service area. Over the next ten years, however, the 65 years or older age group is expected to grow by about 50% making it the fastest growing segment. Currently, about 12% of the people in the service area are over the age of 65, and by about 2020

**Part VI** Supplemental Information (Continuation)

about 19% of the population is expected to be over the age of 65.

The official United States poverty rate increased from 13.3% in 2005 to 15.3% in 2010. The service area poverty rate has also increased since 2005. In 2005 it was 7.1% and by 2010 it was about 10.1% but still well below the national average. The poverty rate in the service area for children under the age of 18 is 14.6%,which is also up over the past several years but well below the national average.

Median income in the United States has risen by 8% since 2005. Despite decreasing by over 10% since 2007,median income in Blaine County is still significantly higher than the national median income.

Part VI, Line 5:

Our community board serves without pay for the Board and its various committees,and many of the these committees have at large community members. Health fairs are sponsored each year at very little or no cost to the community and are held in three different locations to better serve the community. The hospital sponsors various speakers during the year for medical related issues that are open to the public and very well attended(Brown Bag).

Part VI, Line 6:

As the only Idaho-based not-for-profit health system,St. Luke's Health System is part of the communities we serve,with local physicians and boards who further our organization's mission "To improve the health of the people in our region." Working together,we share resources, skills,and knowledge to provide the best possible care,no matter which of



**Part VI** Supplemental Information (Continuation)

our hospitals provide that care. Each St. Luke's Health System hospital is nationally recognized for excellence in patient care, with prestigious awards and designations reflecting the exceptional care that is synonymous with the St. Luke's name.

St. Luke's Health System provides facilities and services across the region, covering a 150-mile radius that encompasses southern and central Idaho, northern Nevada, and eastern Oregon-bringing care close to home and family. The following entities are part of the St. Luke's Health System:

(1) St. Luke's Regional Medical Center, Ltd. with the following locations:

- St. Luke's Boise Hospital
- St. Luke's Meridian Hospital
- St. Luke's Childrens Hospital
- St. Luke's Boise/Meridian/Nampa/Caldwell/Fruitland

Physician Clinics

- St. Luke's Nampa Emergency Department/Urgent Care
- St. Luke's Eagle Urgent Care
- St. Luke's Elmore Hospital with physician clinic
- St. Luke's Fruitland Emergency Department/Urgent Care

(2) St. Luke's Wood River Medical Center, Ltd. which consists of

a critical access hospital located in Ketchum, Idaho as well as various physician clinics

(3) St. Luke's Magic Valley Regional Medical Center, Ltd. which consists

of the following:

- St. Luke's Magic Valley Hospital-Twin Falls, Idaho

**Part VI** Supplemental Information (Continuation)

--Various St. Luke's Physician Clinics in Twin Falls

--Canyon View-(Behavioral Health)

--St. Luke's Jerome Hospital-Jerome, Idaho

--Various Physician clinics in Jerome

(4) St. Luke's McCall, Ltd. which consists of a critical access

hospital located in McCall, Idaho as well as various physician clinics.

(5) Mountain States Tumor Institute(MSTI) is the region's largest

provider of cancer services and a nationally recognized leader in cancer research. MSTI provides advanced care to thousands of cancer patients each year at clinics in Boise, Fruitland, Meridian, Nampa, and Twin Falls, Idaho. MSTI is home to Idaho's only cancer treatment center for children, only federally sponsored center for hemophilia, and only blood and marrow transplant program.

MSTI's services and therapies include breast care services, blood and marrow transplant, chemotherapy, genetic counseling, hematology, hemophilia treatment, hospice, integrative medicine, marrow donor center, mobile mammography, mole mapping, nutritional counseling, PET/CT scanning, patient/family support, pediatric oncology, radiation therapy, rehabilitation, research and clinical trials, Schwartz Center Rounds for Caregivers, spiritual care, support groups/classes, tumor boards, and Wound Ostomy, and Continence Nursing.

MSTI is expanding as rapidly as today's cancer treatment. Patients

**Part VI** Supplemental Information (Continuation)

can now visit a MSTI clinic or Breast Cancer detection center at 12

different locations in southwest Idaho and Eastern Oregon. Locations

include Boise, Meridian, Nampa, Twin Falls, and Fruitland.

St. Luke's physician clinics and services are provided in partnership with

area physicians and other health care professionals. These include:

Cardiovascular; Child Abuse and Neglect Evaluation; Endocrinology; Ear,

Nose, and Throat; Family Medicine; Gastroenterology; General

Surgery; Hypertensive Disease; Internal Medicine; Maternal/Fetal

Medicine; Medical Imaging; Metabolic and Bariatric Surgery; Nephrology;

Neurology; Neurosurgery; Obstetrics/Gynecology; Occupational Medicine;

Orthopedics; Outpatient Rehabilitation; Plastic Surgery; Psychiatry and

Addiction; Pulmonary Medicine; Sleep Disorders; and Urology.

In addition, St. Luke's works with other regional facilities through

management service contracts. These facilities include:

(1) Challis Area Health Center

(2) North Canyon Medical Center

(3) Salmon River Clinic

(4) Weiser Memorial Hospital

**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.

OMB No. 1545-0047

**2013**

Open to Public  
Inspection

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

Name of the organization: St. Luke's Wood River Medical Center, Ltd Employer identification number: 84-1421665

**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.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Hands of Hope Northwest, Inc. 1201 Powerline Rd Nampa, ID 83686	84-1398889	501(c)(3)	0.	6,125.	FMV	Medical equipment	Donated durable medical equipment for people in need in the Wood River Valley.
Sustain Blaine Incorporated P.O. Box 4380 Ketchum, ID 83340	27-1290378	501(c)(6)	15,000.	0.			Provide general support for the Sustain Blaine projects and programs.
St Luke's Wood River Foundation, Inc. - P.O. Box 7005 - Ketchum, ID 83340	23-7288535	501(c)(3)	12,904.	0.			Provide funding to cover the operational needs of the Foundation.
Wood River Economic Partnership, Inc. - P.O. Box 827 - Ketchum, ID 83340	20-8868068	501(c)(6)	13,075.	0.			Donation for annual membership.
Sun Valley Film Festival P.O. Box 3471 Sun Valley, ID 83353	61-1667380	501(c)(3)	5,000.	0.			General support of the Sun Valley Film Festival projects and programs

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

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2013)

St. Luke's Wood River Medical Center, Ltd

**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.

Part I, Line 2:

The organization endeavors to monitor its grants to ensure that such grants are used for proper purposes and not otherwise diverted from their intended use. This is accomplished by requesting recipient organizations to affirm that funds must be used solely in accordance with the grant request and budget on which the grant was based and that funds not expended for the stated purpose are to be returned to the organization. Reports are requested from time to time as deemed appropriate.

**SCHEDULE J  
(Form 990)**

**Compensation Information**

OMB No. 1545-0047

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

▶ Complete if the organization answered "Yes" on 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](http://www.irs.gov/form990)

**2013**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization

St. Luke's Wood River Medical Center, Ltd

Employer identification number

84-1421665

**Part I Questions Regarding Compensation**

**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.

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on 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

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

**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.

- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> 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**
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? **4b**
- c** Participate in, or receive payment from, an equity-based compensation arrangement? **4c**
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations 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**
- b** Any related organization? **5b**
- 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**
- b** Any related organization? **6b**
- 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

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1a</b>		
<b>1b</b>		
<b>2</b>		
<b>3</b>		
<b>4a</b>		X
<b>4b</b>	X	
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>		X
<b>6b</b>		X
<b>7</b>		X
<b>8</b>		X
<b>9</b>		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2013

**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				
(1) Rick Yavruian, D.O. Director	0.	0.	0.	0.	0.	0.	0.
(ii) 270,483.	3,556.	43,762.	11,475.	14,653.	343,929.	0.	
(2) Keith Sivertson, M.D. Director	149,454.	0.	41,997.	9,048.	9,937.	210,436.	0.
(i) 405,010.	0.	0.	0.	0.	0.	0.	
(ii) 405,010.	0.	24,242.	9,063.	17,352.	455,667.	0.	
(3) Mr. James Angle CEO-St. Luke's Eastern Region	241,325.	0.	0.	0.	0.	0.	
(i) 475,073.	0.	35,535.	9,063.	14,143.	300,066.	0.	
(ii) 475,073.	0.	0.	0.	0.	0.	0.	
(4) Mr. Cody Langbehn Director (Served through 3/31/2014)	351,832.	0.	29,394.	9,063.	17,757.	408,046.	0.
(i) 408,924.	383,693.	18,040.	9,063.	12,775.	832,495.	0.	
(ii) 408,924.	0.	0.	0.	0.	0.	0.	
(5) Mr. Jeffrey S. Taylor VP/CFO/Treasurer	221,668.	109,356.	46,323.	20,952.	8,670.	406,969.	0.
(i) 355,920.	0.	0.	0.	0.	0.	0.	
(ii) 355,920.	0.	1,242.	2,317.	12,910.	372,389.	0.	
(6) Ms. Christine Neuhoff VP/Legal Affairs/Secretary	181,486.	58,543.	42,064.	13,026.	16,119.	311,238.	0.
(i) 222,782.	0.	0.	0.	0.	0.	0.	
(ii) 222,782.	0.	35,810.	9,063.	14,842.	282,497.	0.	
(7) Daniel B. Judd, M.D. Physician							
(i)							
(ii)							
(8) Steven Karassik, M.D. Physician							
(i)							
(ii)							
(9) James C. Torres, M.D. Physician							
(i)							
(ii)							
(10) Richard F. Paris, M.D. Physician							
(i)							
(ii)							
(11) Deborah Robertson, M.D. Physician							
(i)							
(ii)							

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.

Part I, Line 3:

Compensation for the organization's CEO is determined by St. Luke's Health System, Ltd. (System), sole member of St. Luke's Wood River Medical Center, Ltd. (SLWRMC). The System board approves the compensation amount per the recommendation of its compensation committee, and the decision is then reviewed and ratified by the board of directors for SLWRMC.

In determining compensation for the CEO, the System board utilizes the following criteria:

Compensation Committee

Independent compensation consultant

Compensation survey or study

Approval by the board or compensation committee

Part I, Line 4b:

During CY'13, the following individuals participated in a supplemental

non-qualified executive retirement plan:





SCHEDULE L  
(Form 990 or 990-EZ)

Transactions With Interested Persons

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Department of the Treasury  
Internal Revenue Service

Complete if the organization answered "Yes" on Form 990, Part IV, line 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.

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Employer identification number 84-1421665

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.

Table with 4 main columns: (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 the organization managers or disqualified persons during the year under section 4958 \$  
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization \$

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-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.

Table with 10 columns: (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 Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 columns: (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
Blue Shield of Idaho	Board member serves	5,872,981.	Blue Shield		X

**Part V Supplemental Information**

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

Sch L, Part IV, Business Transactions Involving Interested Persons:

(a) Name of Person: Blue Shield of Idaho

(b) Relationship Between Interested Person and Organization:

Board member serves on Board of Directors for Blue Shield.

(d) Description of Transaction: Blue Shield is a major third party payer

of healthcare claims to St.Luke's Wood River Medical Center, Ltd.

**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 990-EZ 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](http://www.irs.gov/form990)

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Inspection

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Form 990, Part VI, Section A, line 4:

Explanation:

Effective April 1, 2014, the overall governance structure for the  
St. Luke's Health System was reorganized into two governing regions,  
with St. Luke's Health System, Ltd. having overall fiduciary oversight  
over two regions. The reorganization is described as follows:

(1) St. Luke's Western Region, consisting of the following legal  
entities:

--St. Luke's Regional Medical Center, Ltd. (SLRMC)

--Mountain States Tumor Institute, Inc. (MSTI)

--St. Luke's McCall, Ltd. (SLM)

(2) St. Luke's Eastern Region, consisting of the following legal  
entities:

--St. Luke's Magic Valley Regional Medical Center, Ltd. (SLMV)

--St. Luke's Wood River Medical Center, Ltd. (SLWR)

As a result of these changes, the governing boards for SLRMC and  
SLMV also serve as the fiduciary boards over the other legal entities  
within their respective regions. The bylaws of all these organizations  
have been changed accordingly and are described in the explanations for

line 7b within Part VI of this return. It should be noted that

community boards for SLM and SLWR have been chartered by

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2013)

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their fiduciary boards,with each chairperson of these boards also  
serving as a member on the chartering fiduciary board. Having these  
additional local boards will insure that the communities have  
involvement with the operations of their respective hospital  
organizations,as well as to make sure the overall health needs of  
their communities are addressed.

It should be noted,however,that the overall legal entity structure  
and sole member relationships are unchanged,as described in Form 990,  
Schedule R.

Form 990, Part VI, Section A, line 6:

Explanation:  
St. Luke's Health System,Ltd. is the sole member of St. Luke's Wood River  
Medical Center,Ltd.

Form 990, Part VI, Section A, line 7a:

Explanation:  
St. Luke's Wood River Medical Center,Ltd.(Corporation)and St. Luke's Health  
System,Ltd.(Member) cooperatively select and employ the CEO of the  
Corporation. St. Luke's Health System,Ltd. is the sole member of the  
Corporation.

Form 990, Part VI, Section A, line 7b:

Explanation:  
St. Luke's Health System,Ltd.(Member) maintains approval and  
implementation authority over St. Luke's Magic Valley Regional  
Medical Center,Ltd.(Corporation),which in turn is the governing

Name of the organization St. Luke's Wood River Medical Center, Ltd	Employer identification number 84-1421665
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board for St. Luke's Wood River Medical Center, Ltd. (Corporation).

Actions requiring approval authority may be initiated by either the Corporation or its Member, but must be approved by both the Corporation (by action of its Board of Directors) and the Member. Actions requiring approval authority of the Member include:

(a) Amendment to the Articles of Incorporation;

(b) Amendment to the Bylaws of the Corporation;

(c) Appointment of members of the Corporation's Board of Directors, other than ex officio directors;

(d) Removal of an individual from the Corporation's Board of Directors if and when removal is requested by the Corporation's Board of Directors, which request may only be made if the Director is failing to meet the reasonable expectations for service on the Corporation's Board of Directors that are established by the Member and are uniform for the Corporation and for all of the other hospitals for which the Member then serves as the sole corporate member.

(e) Approval of operating and capital budgets of the Corporation, and deviations to an approved budget over the amounts established from time to time by the Member; and

(f) Approval of the strategic/tactical plans and goals and objectives of the Corporation.

Name of the organization St. Luke's Wood River Medical Center, Ltd	Employer identification number 84-1421665
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Implementation Authority means those actions which the Member may take without the approval or recommendation of the Corporation. This authority will not be utilized until there has been appropriate communication between the Member and the Corporation's Board of Directors and its Chief Executive Officer. Actions requiring implementation authority include:

(a) Changes to the Statements of mission, philosophy, and values of the Corporation;

(b) Removal of an individual from the Corporation's Board of Directors if and when the Member determines in good faith that the Director is failing to meet the Approved Board of Member Expectations. This authority to remove Directors shall not be used merely because there is a difference in business judgment between the Director and the Corporation or the Member, and shall never be used to remove one or more Directors from the Corporation's Board of Directors in order to change a decision made by the Corporation's Board of Directors;

(c) Employment and termination of the Chief Executive Officer of the Corporation;

(d) Appointment of the auditor for the Corporation and the coordination of the Corporation's annual audit;

(e) Sales, lease, exchange, mortgage, pledge, creation of a security interest in or other disposition of real or personal property of the Corporation if such property has a fair market value in excess of a limit set from time to time by the Member and that is not otherwise

Name of the organization St. Luke's Wood River Medical Center, Ltd	Employer identification number 84-1421665
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contained in an Approved Budget;

(f) Sale, merger, consolidation, change of membership, sale of all or

substantially all of the assets of the corporation, or closure of

any facility operated by the Corporation;

(g) The dissolution of the Corporation;

(h) Incurrence of debt by or for the Corporation in accordance with

requirements established from time to time by the Member and that

is not otherwise contained in an Approved Budget; and

(i) Authority to establish policies to promote and develop an integrated,

cohesive health care delivery system across all corporations for which

the Member serves as the corporate member.

Form 990, Part VI, Section B, line 11:

Explanation:

The Form 990 (Form) is reviewed by an independent public accounting firm

based on audited financial statements and with the assistance of the

organization's finance and accounting staff. The final draft of the Form is

made available to the Finance Committee of the Board of Directors. The

Board receives the final version of the Form prior to filing.

Form 990, Part VI, Section B, Line 12c:

Explanation:

The organization annually reviews the conflict of interest policy with each

board member and also with new board members. Persons covered under the



Name of the organization St. Luke's Wood River Medical Center, Ltd	Employer identification number 84-1421665
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policy include officers, directors, senior executives, non-director members of Board committees and others as identified by a senior executive. At all levels the board is responsible for assessing, reviewing, and resolving any conflicts of interest that have been disclosed by a covered person, or a conflict of interest disclosed by a covered person with respect to a covered person other than himself/herself. Where a conflict exists, the affected parties must recuse themselves from participating in any discussion related to the conflict.

Form 990, Part VI, Section B, Line 15:

Explanation:

Executive compensation is set by St. Luke's boards of directors and is reviewed annually. Compensation levels are based on an independent analysis of comparable pay packages offered at similar institutions across the country, with the goal of placing executives in the 50th percentile of those surveyed. These surveys are usually done every two years, with the most recent compensation survey completed during calendar year 2014.

St. Luke's Health System is committed to providing the highest quality medical care to all people regardless of their ability to pay.

To keep that commitment, St. Luke's puts a great deal of time and effort into recruiting and retaining the top physicians in a variety of medical fields. Our relationships with physicians range from having privileges at the hospital to full employment.

For those physicians who choose to be employed, St. Luke's must offer competitive pay and benefits.

Name of the organization St. Luke's Wood River Medical Center,Ltd	Employer identification number 84-1421665
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Physician compensation is based on a range of criteria and can be

influenced by a number of variables including:

-Community need for medical specialty

-Experience

-Productivity

-Geography

-National surveys adjusted for local conditions

-Willingness to serve regardless of patients' ability to pay

-Duration of relationship and contractual terms

-Performance on quality metrics

To ensure physician compensation and benefits remain within industry

standards and legal requirements for not-for-profit institutions,St. Luke's

has a Physician Arrangements policy that specifies circumstances requiring

a third-party valuation and also periodically uses third-party consulting

firms to review St. Luke's physician compensation arrangements.

Given the growing national shortage of physicians, recruiting and retaining

physicians is more critical than ever to guarantee that people seeking care

at St. Luke's will continue to have access to the physicians and

specialists they need regardless of their insurance status or insurance

provider.

Form 990, Part VI, Section C, Line 19:

Explanation:

The organization's governing documents,conflict of interest policy,and

financial statements are not available to the public. Form 990,which

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contains financial information, is available for public inspection.

Form 990 Part VII Section A

Explanation: Allocation of Compensation and Hours:

The total hours worked and compensation reported for James Angle, Brian

Fortuin, M.D., Keith Siverston, M.D., Jeff Taylor and Christine Neuhoff

represents services rendered to the following organizations within the

St. Luke's Health System:

James Angle:

St. Luke's Magic Valley Regional Medical Center, Ltd.

St. Luke's Wood River Medical Center, Ltd.

St. Luke's Magic Valley Health Foundation, Inc.

St. Luke's Clinic Coordinated Care, Ltd.

Brian Fortuin, M.D.:

St. Luke's Magic Valley Regional Medical Center, Ltd.

St. Luke's Wood River Medical Center, Ltd.

St. Luke's Clinic Coordinated Care, Ltd.

Keith Sivertson, M.D.:

St. Luke's Magic Valley Regional Medical Center, Ltd.

St. Luke's Wood River Medical Center, Ltd.

Jeff Taylor:

St. Luke's Health System, Ltd.

St. Luke's Regional Medical Center, Ltd.

Name of the organization St. Luke's Wood River Medical Center, Ltd	Employer identification number 84-1421665
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Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

St. Luke's Magic Valley Regional Medical Center, Ltd.

St. Luke's Wood River Medical Center, Ltd.

St. Luke's Clinic Coordinated Care, Ltd.

Christine Neuhoff:

St. Luke's Health System, Ltd.

St. Luke's Regional Medical Center, Ltd.

Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

St. Luke's Magic Valley Regional Medical Center, Ltd.

St. Luke's Wood River Medical Center, Ltd.

St. Luke's Clinic Coordinated Care, Ltd.

Also, it should be noted that the hours reported for the directors (employed by St. Luke's), officers, key employees, and highest paid employees are based on a minimum 40 hour work week. However, due to the demands of their roles within the St. Luke's Health System, the hours worked by these individuals often exceed the minimum required 40 hours.

Form 990 Part VII Section A

Compensation of Physician Board Members

The following physician board members are members of various physician practices that contract with St. Luke's Magic Valley

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Regional Medical Center, Ltd. (SLMV, a related organization of  
St. Luke's Wood River Medical Center, Ltd. for the purpose of  
providing physician services to SLMV patients:

Eric Cassidy, D.O.            Emergency Physicians of Southern Idaho, PLLC

Brian Fortuin, M.D.        Idaho Medicine Associates, PLLC

These physicians work at least 40 hours per week on behalf of these  
practices for physician services provided to St. Luke's patients.

During CY'13, SLMV made payments to these practices for the  
following amounts:

Physician Practice	Amount Paid
Emergency Physicians of Southern Idaho	\$3,027,758
Idaho Medicine Associates	\$2,822,181

Dr. Fortuin is also a member of St. Luke's Magic Valley Sleep  
Institute, LLC (Sleep Institute), a physician practice that  
contracts with SLMV to provide physician services to SLMV patients.  
During CY'13 SLMV made payments totaling \$215,237.

During CY'13, Dr. Fortuin was compensated directly by SLMV for  
serving as chair for the Magic Valley Physician Leadership Council.

The amount paid for these services was \$106,384 and is reported in

Part VII, Section A.

Name of the organization St. Luke's Wood River Medical Center, Ltd	Employer identification number 84-1421665
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Form 990, Part IX, Line 11g, Other Fees:

Temporary Services:

Program service expenses	409,269.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	409,269.
Total Other Fees on Form 990, Part IX, line 11g, Col A	409,269.

Form 990 Part III-Statement of Program Accomplishments

Program Expense:

Please note that the program expense amounts reported in Statement III-Statement of Program Accomplishments, do not include an allocation of certain administrative and functional support costs. These costs are classified as Management and General within Part IX-Statement of Functional Expenses.

Part I, Line 1F

Line 1F: Name and address of principal officer

Effective April 1, 2014, the Board of Directors for St. Luke's Magic Valley Regional Medical Center, Ltd., ("SLMV") became the fiduciary board for St. Luke's Wood River Medical, Ltd. With this change, James Angle, Chief Executive Officer for SLMV, also became Chief Executive Officer over St. Luke's Wood River Medical Center, Ltd.

Name of the organization

St. Luke's Wood River Medical Center, Ltd

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It should be noted, however, that with this change in governance

St. Luke's Health System, Ltd. is still the sole member of

St. Luke's Wood River Medical Center, Ltd.

**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](http://www.irs.gov/form990).

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**Open to Public  
Inspection**

Name of the organization

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84-1421665

**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
St. Luke's Clinic-Wood River, LLC - 45-2715973, 190 E. Bannock, Boise, ID 83712	Physician Clinic Operations	Idaho	9,247,466.		St. Luke's Wood River Medical Center, Ltd.

**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	No
St. Luke's Health System, Ltd. - 56-2570681 190 E. Bannock Boise, ID 83712	Supporting Organization	Idaho	501(c)(3)	11-3	N/A		X
Mountain States Tumor Institute, Inc. - 82-0295026, 100 E. Idaho, Boise, ID 83712	Healthcare Services	Idaho	501(c)(3)	3	St. Luke's Regional Medical Center, Ltd		X
St. Luke's Regional Medical Center, Ltd. - 82-0161600, 190 E. Bannock, Boise, ID 83712	Healthcare Services	Idaho	501(c)(3)	3	St. Luke's Health System, Ltd.		X
St. Luke's Health Foundation, Ltd. - 81-0600973, 190 E. Bannock, Boise, ID 83712	Fundraising	Idaho	501(c)(3)	7	St. Luke's Regional Medical Center, Ltd		X

**For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

See Part VII for Continuations







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

**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 organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
<b>b</b> Gift, grant, or capital contribution to related organization(s)	X	
<b>c</b> Gift, grant, or capital contribution from related organization(s)	X	
<b>d</b> Loans or loan guarantees to or for related organization(s)		X
<b>e</b> Loans or loan guarantees by related organization(s)		X
<b>f</b> Dividends from related organization(s)		X
<b>g</b> Sale of assets to related organization(s)		X
<b>h</b> Purchase of assets from related organization(s)		X
<b>i</b> Exchange of assets with related organization(s)		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)		X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)		X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)		X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
<b>o</b> Sharing of paid employees with related organization(s)	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses	X	
<b>q</b> Reimbursement paid by related organization(s) for expenses		X
<b>r</b> Other transfer of cash or property to related organization(s)		X
<b>s</b> Other transfer of cash or property from related organization(s)		X

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

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



**Part VII** Supplemental Information

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

Part II, Identification of Related Tax-Exempt Organizations:

Name of Related Organization:

St. Luke's Magic Valley Health Foundation,Inc.

Direct Controlling Entity: St. Luke's Magic Valley Regional Medical  
Center,Ltd.

# St. Luke's Health System, Ltd. and Subsidiaries

Consolidated Financial Statements as of and for the  
Years Ended September 30, 2014 and 2013 and  
Independent Auditors' Report

# ST. LUKE'S HEALTH SYSTEM, LTD. AND SUBSIDIARIES

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
St. Luke's Health System, Ltd.  
Boise, Idaho

We have audited the accompanying consolidated financial statements of St. Luke's Health System, Ltd. and its subsidiaries (the "Health System"), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

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

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

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



## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Luke's Health System, Ltd. and its subsidiaries as of September 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Disclaimer of Opinion on Charity Care Schedule**

The charity care schedule summarized in Note 1, which is the responsibility of the Health System's management, is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information and we do not express any assurances on such information.

*Deloitte & Touche LLP*

January 27, 2015

## ST. LUKE'S HEALTH SYSTEM, LTD. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2014 AND 2013 (In thousands)

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 266,047	\$ 153,303
Receivables—net	262,227	254,138
Inventories	27,310	28,709
Prepaid expenses	12,389	12,703
Current portion of assets whose use is limited	<u>44,114</u>	<u>37,510</u>
Total current assets	<u>612,087</u>	<u>486,363</u>
<b>ASSETS WHOSE USE IS LIMITED:</b>		
Board designated funds	263,360	263,145
Restricted funds	197,700	61,223
Permanent endowment funds	11,168	10,151
Donor restricted plant replacement and expansion funds and other specific purpose funds	<u>24,098</u>	<u>22,159</u>
Total assets whose use is limited	<u>496,326</u>	<u>356,678</u>
PROPERTY, PLANT, AND EQUIPMENT—Net	<u>913,121</u>	<u>901,363</u>
GOODWILL	<u>37,693</u>	<u>37,693</u>
<b>OTHER ASSETS:</b>		
Land and buildings held for investment or future expansion—at cost	45,970	45,642
Equity interest in joint ventures	3,749	5,494
Deferred financing cost—net	9,171	7,967
Other	<u>19,919</u>	<u>28,293</u>
Total other assets	<u>78,809</u>	<u>87,396</u>
<b>TOTAL</b>	<u>\$2,138,036</u>	<u>\$1,869,493</u>

See notes to consolidated financial statements.

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	2014	2013
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 103,894	\$ 93,667
Accrued salaries and related liabilities	63,029	56,326
Employee benefit liabilities	55,606	43,123
Estimated payable to Medicare and Medicaid programs	106,554	100,670
Current portion of long-term debt and capital leases	<u>17,827</u>	<u>18,260</u>
Total current liabilities	<u>346,910</u>	<u>312,046</u>
<b>NONCURRENT LIABILITIES:</b>		
Long-term debt and capital leases	811,485	641,677
Liability for pension benefits	45,935	54,210
Other liabilities	<u>2,935</u>	<u>3,555</u>
Total noncurrent liabilities	<u>860,355</u>	<u>699,442</u>
<b>NET ASSETS:</b>		
Unrestricted:		
The Health System	893,428	822,320
Noncontrolling interests	<u>2,358</u>	<u>3,347</u>
Total unrestricted net assets	895,786	825,667
Temporarily restricted	23,817	22,187
Permanently restricted	<u>11,168</u>	<u>10,151</u>
Total net assets	930,771	858,005
<b>TOTAL</b>	<u>\$2,138,036</u>	<u>\$1,869,493</u>

## ST. LUKE'S HEALTH SYSTEM, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013 (In thousands)

	2014	2013
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT:		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,683,044	\$ 1,516,406
Less provision for bad debts	<u>(88,232)</u>	<u>(83,472)</u>
Net patient service revenue (net of bad debts)	1,594,812	1,432,934
Other revenue (including rental income)	41,063	38,209
Excess of assets obtained over liabilities assumed in acquisitions	-	20,646
Net assets released from restrictions—operating	(1,022)	914
(Loss) income on equity interest in joint ventures	<u>(1,185)</u>	<u>308</u>
Total unrestricted revenues, gains, and other support	<u>1,633,668</u>	<u>1,493,011</u>
EXPENSES:		
Salaries and benefits	863,578	802,054
Supplies and drugs	260,103	240,487
Depreciation and amortization	106,636	101,955
Contract services	70,409	74,810
Purchased services	130,563	116,943
Interest expense	24,973	24,954
Other expenses	<u>120,406</u>	<u>116,618</u>
Total expenses	<u>1,576,668</u>	<u>1,477,821</u>
INCOME FROM OPERATIONS	57,000	15,190
INVESTMENT INCOME	<u>4,082</u>	<u>4,204</u>
REVENUE IN EXCESS OF EXPENSES	61,082	19,394
ADJUSTMENT FOR INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>(291)</u>	<u>168</u>
REVENUE IN EXCESS OF EXPENSES ATTRIBUTABLE TO THE HEALTH SYSTEM	<u>\$ 60,791</u>	<u>\$ 19,562</u>

See notes to consolidated financial statements.

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	2014	2013
UNRESTRICTED NET ASSETS:		
Revenue in excess of expenses	\$ 61,082	\$ 19,394
Change in noncontrolling interests	(1,280)	(1,234)
Change in net unrealized gains on investments	489	(2,029)
Net assets released from restrictions—capital acquisitions	3,428	3,624
Change in funded status of pension plan	<u>6,400</u>	<u>49,540</u>
Increase in unrestricted net assets	<u>70,119</u>	<u>69,295</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	5,161	5,537
Investment income	514	572
Change in net unrealized gains on investments	405	816
Net assets released from restrictions	<u>(4,450)</u>	<u>(2,710)</u>
Increase in temporarily restricted net assets	<u>1,630</u>	<u>4,215</u>
PERMANENTLY RESTRICTED NET ASSETS—Contributions for endowment funds	<u>1,017</u>	<u>1,485</u>
INCREASE IN NET ASSETS	72,766	74,995
NET ASSETS—Beginning of year	858,005	783,010
NET ASSETS—End of year	<u>\$ 930,771</u>	<u>\$ 858,005</u>

## ST. LUKE'S HEALTH SYSTEM, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS AS OF SEPTEMBER 30, 2014 AND 2013 (In thousands)

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 72,766	\$ 74,995
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	106,636	101,955
Net realized loss on investments	2,191	2,689
Excess of assets obtained over liabilities assumed in acquisitions	-	(20,646)
Unrealized (loss) gain on investments	(894)	1,213
Distributions received from joint ventures	-	40
Amortization of deferred financing fees	596	591
Restricted contributions received	(6,178)	(7,022)
(Gain) loss on disposition of equipment and other assets	(964)	31
Loss (gain) on equity interest in joint ventures	1,185	(308)
Change in funded status of pension plans	(6,400)	(49,540)
Changes in assets and liabilities—net of acquisitions of medical practices:		
Net change in receivables	(8,087)	(20,010)
Net change in inventories	1,399	(1,465)
Net change in prepaid expenses and other current assets	314	(1,114)
Net change in other assets	(4,899)	(5,407)
Net change in accounts payable and accrued liabilities	14,457	4,785
Net change in accrued salaries and related liabilities	6,704	6,831
Net change in employee benefit liabilities	12,484	(7,359)
Net change in payable to Medicare and Medicaid programs	5,883	39,196
Net change in other liabilities	(2,532)	4,039
	<u>194,661</u>	<u>123,494</u>

See notes to consolidated financial statements.

	2014	2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of property, plant, and equipment and land and buildings held for investment or future expansion	\$(105,743)	\$(141,463)
Proceeds from disposition of equipment and other assets	759	320
Purchase of investments (includes purchases with restricted funds)	(857,449)	(666,996)
Change in restricted funds	1,442	5,836
Proceeds from sales of investments	711,331	703,323
Payments on acquisition of medical practices	(185)	(17,612)
Cash received from acquisition transactions	-	1,343
Contributions to unconsolidated joint ventures	(139)	-
Net cash used in investing activities	<u>(249,984)</u>	<u>(115,249)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(11,313)	(10,968)
Advances on lines of credit	50,473	40,239
Repayments on lines of credit	(50,541)	(38,169)
Proceeds from contributions for temporarily restricted net assets	5,161	5,537
Proceeds from contributions for endowment funds	1,017	1,485
Proceeds from bond issuance	176,780	30,212
Cost of issuance fees from bonds	(1,800)	(408)
Proceeds from notes payable	-	2,414
Payments on notes payable	(1,710)	(1,751)
Net cash provided by financing activities	<u>168,067</u>	<u>28,591</u>
NET INCREASE IN CASH	112,744	36,836
CASH—Beginning of year	<u>153,303</u>	<u>116,467</u>
CASH—End of year	<u>\$ 266,047</u>	<u>\$ 153,303</u>

## ST. LUKE'S HEALTH SYSTEM, LTD. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013 (In thousands)

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization**—St. Luke's Health System, Ltd. and subsidiaries (the "Health System") is an Idaho-based not-for-profit organization providing a comprehensive health care delivery system to the communities served. The Health System's general offices are located in Boise, Idaho. The Health System is governed by volunteer boards made up of local citizens.

The Health System's primary hospitals and service areas are located within the State of Idaho in Boise, Meridian, Nampa, Twin Falls, Mountain Home, McCall, Nampa, Jerome, and Ketchum and have other facilities and operations throughout Southern Idaho and Eastern Oregon.

**Basis of Presentation**—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intercompany transactions have been eliminated.

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates include the useful lives of depreciable assets, liabilities associated with employee benefit programs, self-insured professional liability risks not covered by insurance and potential settlements with the Medicare and Medicaid programs. In addition, valuation reserve estimates are made regarding the collectability of outstanding patient and other receivables.

Changes in estimates are included in results of operations in the period when such amounts are determined and actual amounts could differ from such estimates.

**Statements of Operations**—Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as unrestricted revenues, gains and other support and expenses.

**Temporarily and Permanently Restricted Net Assets**—Temporarily restricted net assets are those whose use by the Health System is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Health System pursuant to those stipulations. Permanently restricted net assets are assets whose use by the Health System is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed.

**Donor Restricted Gifts**—Unconditional promises to give cash (pledges receivable) and other assets are recorded at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction



ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Total pledges receivable, net of allowances, as of September 30 are as follows:

	2014	2013
Less than one year	\$ 871	\$ 227
One to five years	1,067	2,648
More than five years	<u>507</u>	<u>43</u>
	2,445	2,918
Less allowance for estimated uncollectible accounts	<u>226</u>	<u>226</u>
Total pledges receivable	<u>\$2,219</u>	<u>\$2,692</u>

**Cash and Cash Equivalents**—Cash represents cash on hand and cash in banks, excluding amounts whose use is limited and consists primarily of cash and highly liquid investments with original maturities of three months or less. As of September 30, 2014 and 2013, the Health System had book overdrafts of \$7,053 and \$9,901, respectively, at one institution that is included in accounts payable and accrued liabilities.

**Inventories**—Inventories consist primarily of medical and surgical supplies and are stated at the lower of cost (on a moving-average basis) or market.

**Investments and Investment Income**—The Health System’s long-term and short term investment portfolios are managed according to investment policies adopted by the Health System and based on overall investment objectives. Board designated funds are investments established by the Board for strategic future capital or operating expenditures intended to expand or preserve services provided to the communities it serves. All investments are recorded using settlement date accounting. Investment income and gains (losses) on investments whose use has not been restricted by the donor, including unrestricted income from endowment funds, are reported as part of investment income. Investment income and gains (losses) on investments whose income has been restricted by the donor are recorded as increases (decreases) to temporarily or permanently restricted net assets.

The Health System’s investments primarily include mutual funds and debt securities that are carried at fair value. The Health System evaluates whether securities are other-than-temporarily impaired (OTTI) based on criteria that include the extent to which cost exceeds market value, the duration of the market decline, the credit rating of the issuer or security, the failure of the issuer to make scheduled principal or interest payments and the financial health and prospects of the issuer or security. Any declines in the value of investment securities determined to be OTTI are recognized in earnings and reported as OTTI losses. The Health System determined that no securities were OTTI as of September 30, 2014 and 2013.

**Assets Whose Use is Limited**—Assets whose use is limited include assets set aside by the Board of Directors for future capital purposes over which the Board retains control and may, at its discretion, subsequently be used for debt retirement or other purposes. It also includes assets held by trustee under indenture agreements, assets restricted by donors for specific purposes and permanent endowment funds.

**Property, Plant, and Equipment**—Property, plant, and equipment are recorded at cost with the exception of donated assets, which are recorded at fair value at the date of donation. Property and equipment donated for Health System operations are recorded as additions to property, plant, and

equipment when the assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets with depreciation taken in both the year placed in service and the year of disposition.

The estimated useful lives of each asset ranges are as follows:

Buildings	15–40 years
Fixed and major movable equipment	2–20 years
Leasehold improvements	5–15 years

Expenditures for maintenance and repairs are charged to expense as incurred and expenditures for renewals and betterments are capitalized. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the records and any gain or loss is reflected in the statement of operations. Periodically, the Health System evaluates the carrying value of property, plant, and equipment for impairment based on undiscounted operating cash flows whenever significant events or changes occur which might impact recovery of recorded assets.

**Goodwill**—Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized, but is subject to annual impairment testing at the reporting unit level. A reporting unit is defined as a component of an organization that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed for decision making purposes and for which discrete financial information is available.

The quantitative impairment testing for goodwill includes a two-step process consisting of identifying a potential impairment loss by comparing the fair value of the reporting unit to its carrying amount, including goodwill and then measuring the impairment loss by comparing the implied fair value of the goodwill for a reporting unit to its carrying value. The fair value is estimated based upon internal evaluations of the related long-lived assets for each reporting unit and can include comparable market prices, quantitative analyses of revenues and estimated future net cash flows. If the fair value of the reporting unit assets is less than their carrying value including goodwill, an impairment loss is recognized.

In addition to annual impairment review, impairment reviews are performed whenever circumstances indicate a possible impairment may exist.

**Meaningful Use**—The Health System accounts for Electronic Health Records (EHR) incentive payments in accordance with ASC 450-30, *Gain Contingencies* (“ASC 450-30”). In accordance with ASC 450-30, the Health System recognizes a gain for EHR incentive payments when its eligible hospitals and physician practices have demonstrated meaningful use of certified EHR technology for the applicable period and when the final calculation of the EHR incentive payment is available. The demonstration of meaningful use is based on meeting a series of objectives and varies among hospitals and physician practices, between the Medicare and Medicaid programs and within the Medicaid program from state to state. Additionally, meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare and Medicaid Services.

For the years ended September 30, 2014 and 2013 respectively, the Health System recognized \$4,366 and \$8,362 in EHR incentive payments in accordance with the HITECH Act under the Medicaid program. These payments are included in other revenue.

The Health System incurs both capital expenditures and operating expenses in connection with the implementation of its various EHR initiatives. The amount and timing of these expenditures does not directly correlate with the timing of the Health System's receipt or recognition of the EHR incentive payments.

**Land and Buildings Held for Future Investment or Future Expansion**—Land and buildings held for investment or future expansion represents land and buildings purchased or donated to the Health System for future operations and are not included in the Health System operations.

**Costs of Borrowing**—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. Financing costs are deferred and amortized over the life of the bonds.

**Investment in Affiliates**—The Health System has entered into certain joint ventures and affiliations with other health care providers. The Health System accounts for the joint ventures and affiliations based on the equity method of accounting when it has significant influence. The Health System's share of income or loss is reported as increases or decreases in the respective investment with a corresponding amount reported in income or loss on equity interest in joint ventures.

As of September 30, 2014, significant joint ventures and affiliations include the following:

- St. Luke's Idaho Elks Rehabilitation Services, an equally owned joint venture with Idaho Elks Rehabilitation Hospital, Inc. to provide outpatient rehabilitation services
- Idaho Cytogenetics Diagnostic Laboratory, LLC, an equally owned joint venture with Saint Alphonsus Diversified Care, Inc. to promote general health and cytogenetic diagnostic services

**Net Patient Service Revenue**—Net patient service revenue before provision for bad debts is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Charity Care**—The Health System provides services to all patients regardless of their ability to pay in accordance with its charity care policy. The estimated cost of providing these services was \$34,129 and \$23,997 in 2014 and 2013, respectively, calculated by multiplying the ratio of cost to gross charges for the Health System by the gross compensated charges associated with providing care to charity patients.

In addition to charity care services, the Health System provides services to patients who are deemed indigent under state Medicaid and county indigency program guidelines. In most cases, the cost of services provided to these patients exceeds the amounts received as compensation from the respective programs. In addition, in response to broader community needs, the Health System also provides many programs such as health screening, patient and health education programs, clinical and biomedical services to outlying hospitals, and serves as a clinical teaching site for higher education programs of health professionals. The following unaudited schedule summarizes the charges forgone in accordance with the Health System's charity care policy, the unpaid costs associated with services provided under Medicare, Medicaid, and county indigency programs, and the benefit of services provided to support broader community needs:

	<u>Unaudited</u>	
	2014	2013
Estimated unpaid costs of services provided under Medicare, Medicaid, and county indigency programs	\$ 227,638	\$ 190,778
Estimated benefit of services to support broader community needs	29,103	29,431

**Income Taxes**—The Health System is a not-for-profit corporation and is recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

**Unrelated Business Income**—The Health System is subject to federal excise tax on its unrelated business taxable income (UBTI). As of September 30, 2014, the Company had approximately \$4,077 of UBTI Net Operating Losses from operating losses incurred from 2000 to 2014 which expire in years 2015 to 2029. The Health System does not believe that it is more likely than not they will utilize these losses prior to their expiration and as such has provided a full valuation allowance against these losses.

**Recently Issued and New Accounting Pronouncements**—In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (“ASU”) No. 2012-05, “*Statement of Cash Flows (Topic 230): Not-For-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (ASU 2012-05)*.” ASU No. 2012-05 addresses the diversity in practice regarding the classification of cash receipts arising from the sale of certain donated financial assets, such as securities, in the statement of cash flows. ASU 2012-05 requires cash receipts from the sale of donated financial assets that are immediately converted to cash be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources, in which case they would be classified as cash flows from financing activities. Otherwise, these cash receipts are to be classified as cash inflows from investing activities. The provisions of ASU 2012-05, which are to be applied prospectively were adopted by the Health System for the current fiscal year on October 1, 2013, and it did not have a material impact on the Health System's financial position, results of operations or cash flows.

In April 2013, the FASB issued ASU No. 2013-06, “*Services Received from Personnel of an Affiliate (ASU 2013-06)*.” ASU 2013-06 requires that contributed services be recognized at fair value if employees of separately governed affiliated entities regularly perform services for and under the direction of the donor. The scope includes all services received from personnel of any affiliate for which the affiliate does not seek compensation from the recipient not-for-profit and (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and typically would need to be purchased if not provided by donation. Affiliates may include (1) other not-for-profits, (2) for-profit entities, (3) individuals, or (4) other parties that qualify as affiliates. The

provisions of ASU 2013-06 which are to be applied prospectively are applicable to the Health System for fiscal years beginning October 1, 2014. The Health System is currently evaluating the impact that adopting this standard will have on the Health System's financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606) (ASU 2014-09)" that will result in substantial changes in revenue recognition under US GAAP. Under ASU 2014-09, revenue recognition requires the following: (1) Identifying the contract; (2) Identifying the performance obligations; (3) Determining the transaction price; (4) Allocating the transaction price to performance obligations; and (5) Recognizing revenue upon satisfaction of performance obligations. The Health System is required to adopt this guidance for fiscal years beginning October 1, 2018 with early adoption permitted for fiscal year ending September 30, 2018.

**Subsequent Events**—The Health System has evaluated subsequent events through January 27, 2015. This is the date the financial statements were available to be issued.

## 2. BUSINESS TRANSACTIONS

**Medical Practices**—In 2014 and 2013, the Health System acquired various family health and specialty medical practices located throughout its service area. As a result of the transactions, the Health System acquired receivables, inventory, fixed assets, non-compete agreements, goodwill, or other assets. Non-compete agreements are amortized on a straight-line basis over their expected lives of five to seven years.

In accordance with the purchase method of accounting, the acquired net assets were recorded at fair value as of the dates of the acquisition. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed from the acquisitions during the years ended September 30:

	2014	2013
Accounts receivable	\$ -	\$ 142
Inventory	-	305
Property	82	3,846
Goodwill and other intangible assets	103	13,151
Other assets	-	168
	<u>          </u>	<u>          </u>
Purchase price	<u>\$ 185</u>	<u>\$ 17,612</u>

**Transaction with Elmore**—On April 1, 2013, The Health System completed a transaction with Elmore Medical Center. The transaction expanded the Health System's presence into Mountain Home, Idaho. As a result of the transaction, the name of the hospital was changed to St. Luke's Elmore. Prior to the transaction, Elmore Medical Center was wholly owned by the Elmore Medical Center Hospital District.

The determination of the estimated fair market value of the assets obtained and liabilities assumed required management to make certain estimates and assumptions. The transaction with Elmore Medical Center resulted in the assets obtained and liabilities assumed being recorded based on their estimated fair values on the transaction date. In 2013, an excess of assets obtained over liabilities assumed in the amount of \$20,646 was recorded in the consolidated statement of operations and changes in net assets representing the excess of the fair value of tangible and identifiable intangible assets obtained over liabilities assumed or other financial consideration given.

The results of operations are included in the Health System's consolidated financial statements beginning April 1, 2013. The following table presents the allocation of consideration given for the assets obtained and liabilities assumed:

Cash	\$ 1,343
Investments	6,162
Accounts receivable	3,316
Inventory	310
Prepays	151
Property	<u>10,865</u>
 Total assets obtained	 <u>22,147</u>
 Accounts payable and other accrued liabilities	 <u>(1,501)</u>
 Total liabilities assumed	 <u>(1,501)</u>
 Excess of assets obtained over liabilities assumed in transaction	 <u>\$20,646</u>

### 3. JOINT VENTURES

Combined financial information of the Health System's joint ventures as of and for the year ended September 30 are as follows:

	2014	2013
Total assets	\$ 7,812	\$ 9,852
Total liabilities	4,315	3,644
Total equity	3,497	6,208
Total revenues	14,088	15,522
Total income (loss)	(2,186)	(1)

### 4. NET PATIENT SERVICE REVENUE

The Health System has agreements with third-party payors that provide for payments to the Health System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

*Medicare*—Inpatient acute and certain outpatient care services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon the service provided. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain other outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology.

The Health System is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Health System and audits thereof by the Medicare fiscal intermediary. The Health System's classification of patients under the Medicare program and the appropriateness of their admission are subject to a review by a peer review organization under contract with the fiscal intermediary.

*Medicaid*—Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Health System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Health System and audits thereof by the Medicaid fiscal intermediary.

Changes in estimates are included in results of operations in the period when such amounts are determined. The Health System has an opportunity to amend previously settled cost reports. With regard to the amended cost reports, the Health System accrues settlements when amounts are probable and estimable.

Changes in prior year estimates decreased net patient service revenue by \$12,768 for fiscal year ended September 30, 2014 and increased net patient service revenue by \$1,973 for fiscal year ended September 30, 2013.

*Other*—The Health System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Health System under these agreements includes prospectively determined rates per patient day, per discharge and discounts from established charges.

The System records a provision for bad debts related to uninsured accounts to record the net self-pay accounts receivable at the estimated amounts the System expects to collect.

Patient service revenue (including patient co-pays and deductibles), net of contractual allowances and discounts (but before provision for uncollectible accounts) by primary payor source, for the year ended September 30 are as follows:

	2014	2013
Commercial payors, patients, and other	\$ 988,259	\$ 880,004
Medicare program	512,093	478,832
Medicaid program	<u>182,692</u>	<u>157,570</u>
	1,683,044	1,516,406
Less total provision for uncollectible accounts	<u>88,232</u>	<u>83,472</u>
	<u>\$1,594,812</u>	<u>\$1,432,934</u>

## 5. ACCOUNTS RECEIVABLE AND CONCENTRATION OF CREDIT RISK

The Health System grants credit without collateral to its patients, most of whom are local residents and many of whom are insured under third-party payor agreements. Accounts receivable, reflected net of any contractual arrangements, as of September 30 are as follows:

	2014	2013
Commercial payors, patients, and other	\$ 225,663	\$ 197,670
Medicare program	45,320	45,881
Medicaid program	25,425	17,304
Non-patient	<u>32,230</u>	<u>39,442</u>
	328,638	300,297
Less total allowance	<u>66,411</u>	<u>46,159</u>
	<u>\$ 262,227</u>	<u>\$ 254,138</u>

The allowance for estimated uncollectible accounts is determined by analyzing both historical information (write-offs by payor classification), as well as current economic conditions.

## 6. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of September 30 are as follows:

	2014	2013
Land	\$ 48,111	\$ 47,720
Buildings, land improvements, and fixed equipment	907,982	818,396
Major movable equipment	<u>486,174</u>	<u>710,412</u>
	<u>1,442,267</u>	<u>1,576,528</u>
Less accumulated depreciation:		
Buildings, land improvements, and fixed equipment	286,085	278,835
Major movable equipment	<u>293,308</u>	<u>442,180</u>
	<u>579,393</u>	<u>721,015</u>
	862,874	855,513
Construction in process	<u>50,247</u>	<u>45,850</u>
	<u>\$ 913,121</u>	<u>\$ 901,363</u>

As of September 30, 2014 and 2013, the Health System had \$5,139 and \$10,013, respectively, of property, plant, and equipment purchases included in accounts payable and accrued liabilities.

Depreciation expense was \$98,637 and \$93,423 for the years ended September 30, 2014 and 2013, respectively.



**7. ASSETS WHOSE USE IS LIMITED**

Assets whose use is limited that will be used for obligations classified as current liabilities and the current portion of pledges receivable are reported in current assets. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value, based on quoted market prices of identical or similar assets. The majority of the Health System's investments are managed by independent investment managers. The following table sets forth the composition of assets whose use is limited as of September 30:

	2014	2013
Board designated funds:		
Cash and cash equivalents	\$ 8,637	\$ 17,872
Certificates of deposit and commercial paper	-	350
Mutual funds	36,460	34,913
Corporate bonds and notes	161,069	91,357
Government and agency securities	133,303	184,582
Interest receivable	1,052	1,199
Due to donor restricted and permanent endowment funds	<u>(33,047)</u>	<u>(29,618)</u>
	307,474	300,655
Less amounts classified as current assets	<u>(44,114)</u>	<u>(37,510)</u>
	<u>\$ 263,360</u>	<u>\$ 263,145</u>
Restricted funds:		
Cash and cash equivalents	\$ 136,653	\$ 24,456
Certificates of deposit, commercial paper and other equities	31,601	6,024
Corporate bonds and notes	16,129	-
Government and agency securities	<u>13,317</u>	<u>30,743</u>
	<u>\$ 197,700</u>	<u>\$ 61,223</u>
Permanent endowment funds—due from board designated funds	<u>\$ 11,168</u>	<u>\$ 10,151</u>
Donor restricted plant replacement and expansion funds and other specific purpose funds:		
Due from board designated funds	\$ 21,879	\$ 19,467
Pledges receivable	<u>2,219</u>	<u>2,692</u>
	<u>\$ 24,098</u>	<u>\$ 22,159</u>

Investment income for assets limited as to use, cash equivalents, and other investments for the years ended September 30 are comprised of the following:

	2014	2013
Investment income:		
Interest income	\$ 6,273	\$ 6,893
Realized loss on sales of securities	<u>(2,191)</u>	<u>(2,689)</u>
	<u>\$ 4,082</u>	<u>\$ 4,204</u>
Change in net unrealized gain on investments	<u>\$ 489</u>	<u>\$ (2,029)</u>

In connection with the issuance of the certain bond obligations, the Health System is required to maintain a debt reserve fund. The debt reserve fund is to be used for the payment of principal and interest at maturity. The amount held in the debt reserve fund as of September 30, 2014, related to the Series 2008A Bonds, is \$16,498 (which includes \$3,124 to be paid over the next 12 months). This amount is included in restricted funds. Amounts held in custody, to be paid over the next 12 months, for the Series 2000 and 2005 Bonds are \$1,714 and \$1,963 respectively. These amounts are also included in restricted funds.

Proceeds received from the Series 2012A Bonds are restricted to qualified expenditures related to a facility project of the Health System and are held by the Series 2012A Bond Trustee in a Construction Fund. Initial deposits into the Construction Fund were \$75,521. As of September 30, 2014, the balance remaining in the fund was \$1,001.

Proceeds received from the Series 2014A Bonds are restricted to qualified expenditures related to a facility project of the Health System and are held by the Series 2014A Bond Trustee in a Construction Fund. Initial deposits into the Construction Fund and the remaining balance as of September 30, 2014 was \$174,947.

#### 8. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Restricted net assets as of September 30 consist of donor restricted contributions and grants, which are to be used as follows:

	2014	2013
Equipment and expansion	\$ 13,584	\$ 13,050
Research and education	2,414	2,174
Charity and other	<u>7,819</u>	<u>6,963</u>
Total temporarily restricted net assets	23,817	22,187
Permanently restricted net assets	<u>11,168</u>	<u>10,151</u>
Total restricted net assets	<u>\$ 34,985</u>	<u>\$ 32,338</u>

The composition of endowment net assets by type of fund as of September 30 is as follows:

	<b>September 30, 2014</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment net assets	\$ -	\$ 11,168	\$ 11,168
Board-designated endowment net assets	<u>1,104</u>	<u>-</u>	<u>1,104</u>
<b>Total endowment net assets</b>	<b><u>\$ 1,104</u></b>	<b><u>\$ 11,168</u></b>	<b><u>\$ 12,272</u></b>

	<b>September 30, 2013</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment net assets	\$ -	\$ 10,151	\$ 10,151
Board-designated endowment net assets	<u>1,618</u>	<u>-</u>	<u>1,618</u>
<b>Total endowment net assets</b>	<b><u>\$ 1,618</u></b>	<b><u>\$ 10,151</u></b>	<b><u>\$ 11,769</u></b>

Changes in endowment net assets during 2014 and 2013 are as follows:

	<b>September 30, 2014</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets—beginning of period	\$ 1,618	\$ 10,151	\$ 11,769
Investment returns	162	-	162
Unrealized gains	(601)	-	(601)
Contributions	5	1,039	1,044
Appropriation of endowment net assets for expenditure	-	-	-
Transfers to remove or add to board-designated endowment funds	<u>(80)</u>	<u>(22)</u>	<u>(102)</u>
<b>Endowment net asset—end of period</b>	<b><u>\$ 1,104</u></b>	<b><u>\$ 11,168</u></b>	<b><u>\$ 12,272</u></b>

	<b>September 30, 2013</b>		
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets—beginning of period	\$ 1,079	\$ 8,666	\$ 9,745
Investment returns	192	-	192
Unrealized gains	627	-	627
Contributions	28	1,216	1,244
Appropriation of endowment net assets for expenditure	-	-	-
Transfers to remove or add to board-designated endowment funds	<u>(4)</u>	<u>(21)</u>	<u>(25)</u>
Transfers to remove or add to board-designated endowment funds	<u>(304)</u>	<u>290</u>	<u>(14)</u>
<b>Endowment net assets—end of period</b>	<b><u>\$ 1,618</u></b>	<b><u>\$ 10,151</u></b>	<b><u>\$ 11,769</u></b>

**9. DEBT**

Long-term debt as of September 30 consists of the following:

	<b>2014</b>	<b>2013</b>
Obligations to Idaho Health Facilities Authority—Series 2014A Fixed Rate Bonds	\$ 166,135	\$ -
Obligations to Idaho Health Facilities Authority—Series 2014A Fixed Rate Bond Premium	10,585	-
Obligations to Idaho Health Facilities Authority—Series 2012A Fixed Rate Bonds	75,000	75,000
Obligations to Idaho Health Facilities Authority—Series 2012A Fixed Rate Bond Premium	794	839
Obligations to Idaho Health Facilities Authority—Series 2012B Variable Rate Direct Purchase	70,555	73,300
Obligations to Idaho Health Facilities Authority—Series 2012CD Variable Rate Revenue Bonds	150,000	150,000
Obligations to Idaho Health Facilities Authority—Series 2008A Fixed Rate Bonds	123,795	125,160
Obligations to Idaho Health Facilities Authority—Series 2008A Fixed Rate Bond Discount	(3,114)	(3,206)
Obligations to Idaho Health Facilities Authority—Series 2005 Fixed Rate Bonds	106,105	108,990
Obligations to Idaho Health Facilities Authority—Series 2000 Fixed Rate Bonds	75,800	79,000
Obligations to Idaho Health Facilities Authority—Series 2000 and Series 2005 Fixed Rate Bond Premium	4,502	4,719
Capital leases	7,375	2,518
Notes payable	36,962	38,728
Line of credit	<u>4,818</u>	<u>4,889</u>
<b>Total debt</b>	<b>829,312</b>	<b>659,937</b>
<b>Less current portion</b>	<b><u>17,827</u></b>	<b><u>18,260</u></b>
<b>Total long-term debt</b>	<b><u>\$ 811,485</u></b>	<b><u>\$ 641,677</u></b>

As of September 30, 2014, the maturity schedule of long-term debt is as follows:

<b>Years Ending September 30</b>	<b>Long-Term Debt</b>	<b>Capital Lease</b>	<b>Total</b>
2015	\$ 16,733	\$ 1,370	\$ 18,103
2016	12,506	1,253	13,759
2017	13,045	1,170	14,215
2018	11,988	1,169	13,157
2019	11,681	898	12,579
Thereafter	<u>755,984</u>	<u>2,735</u>	<u>758,719</u>
	<u>\$ 821,937</u>	8,595	830,532
Less amount representing interest		<u>(1,220)</u>	<u>(1,220)</u>
		<u>\$ 7,375</u>	<u>\$ 829,312</u>

#### **Obligations to Idaho Health Facility Authority**

*Series 2000*—Represents Fixed Rate Revenue Bonds, payable in annual payments ranging from \$2,800 to \$29,700, beginning July 2011 through July 2030. The Series 2000 bonds bear interest at a fixed rate ranging from 2.00% to 5.00% per annum calculated on the basis of a 360 day year comprised on 12 30-day months and are payable on July 1 and January 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2014 was 4.85%.

The Series 2000 bonds maturing on or after July 1, 2021, are subject to redemption prior to maturity at the option of the Health System.

The Series 2000 Bonds are secured with a mortgage on the Health System's hospital located in Boise, Idaho.

*Series 2005*—Represents Fixed Rate Revenue Bonds, payable in annual payments ranging from \$2,690 to \$51,710, beginning July 2011 through July 2035. The Series 2005 bonds bear interest at a fixed rate ranging from 2.00% to 5.00% per annum calculated on the basis of a 360 day year comprised on 12 30-day months and are payable on July 1 and January 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2014 was 4.67%.

The Series 2005 bonds maturing on or after July 1, 2021, are subject to redemption prior to maturity at the option of the Health System. In addition, Series 2005 bonds maturing on or after July 1, 2025, are subject to redemption prior to maturity at the option of the Health System on or after July 1, 2015.

The Series 2005 Bonds are secured with a mortgage on the Health System's hospital located in Boise, Idaho.

*Series 2008A*—Represents Fixed Rate Revenue Bonds, payable in annual payments ranging from \$1,130 to \$21,655 beginning November 2009 through 2037. The Series 2008A bonds bear interest at a fixed rate ranging from 4.00% to 6.75% per annum calculated on the basis of a 360 day year comprised of 12 30-day months and are payable on May 1 and November 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2014 was 6.68%.

The Series 2008A bonds maturing on or after November 1, 2019, are subject to redemption prior to maturity at the option of the Health System, on or after November 1, 2018.

*Series 2012A*—Represents Fixed Rate Revenue Bonds payable in annual payments ranging from \$23,780 to \$26,220, beginning March 2045 through March 2047. The Series 2012A Bonds bear interest at a fixed rate ranging from 4.50% to 5.00% per annum calculated based on a 360 day calendar year comprised of 12 30-day months and are payable on March 1 and September 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2014 was 5.24%.

The Series 2012A bonds are subject to redemption prior to maturity at the option of the Health System, on or after March 1, 2022.

*Series 2012B*—Represents Variable Rate Direct Purchases with Union Bank, N.A. in a privately placed transaction. The principal of the Series 2012B Bonds is payable in annual installments ranging from \$1,700 to \$5,160 between March 2013 and March 2032. The interest on the Series 2012B Bonds is currently payable monthly, as the Series 2012B Bonds are currently held in the Index Rate Mode (and the Health System has currently elected to use the one-month LIBOR Index Interest Period in connection with such Index Rate Mode). At the conclusion of the initial Index Rate Mode (i.e. July 30, 2019), and at the option of the Health System, the Series 2012B Bonds may be converted to the Daily Mode, the Weekly Mode, the Adjustable Long Mode, the Commercial Paper Mode, another Index Rate Mode, or the Fixed Mode upon compliance with certain conditions set forth in the bond documents. The interest payment dates, interest calculation methods, and terms, if any, upon which each Series 2012B Bond may or must be tendered for purchase in each Mode, are more fully set forth in the bond documents. The average interest rate (which includes amortization of costs of issuance) during 2014 was 1.14%.

The Series 2012B Bonds are subject to redemption prior to maturity at the option of the Health System in accordance with the terms set forth in the bond documents. During the initial Index Rate Mode, the Series 2012B Bonds are subject to optional redemption by the Health System on any business day upon payment of all fees required by the Index Rate Agreement.

*Series 2012C*—Represents Variable Rate Direct Purchases with Wells Fargo, N.A. in a privately placed transaction. The Series 2012C Bonds principal is payable in annual payments ranging from \$11,820 to \$13,195, beginning November 2038 through November 2043. The Series 2012C Bonds interest is payable monthly, as the Series 2012C Bonds are currently held in the Index Rate Mode (with interest being calculated using the SIFMA Index Rate). At the conclusion of the initial Index Rate Mode (i.e. October 1, 2018), and at the option of the Health System, the Series 2012C Bonds may be converted to the Daily Mode, the Weekly Mode, the Adjustable Long Mode, the Commercial Paper Mode, another Index Rate Mode, or the Fixed Mode upon compliance with certain conditions set forth in the bond documents. The interest payments, interest calculations methods, and terms, if any, upon which each Series 2012C Bond may or must be tendered for purchase in each Mode are more fully set forth in the bond documents. The average interest rate (which includes amortization of costs of issuance) during 2014 was .77%.

The Series 2012C Bonds are subject to redemption prior to maturity at the option of the Health System in accordance with the terms set forth in the bond documents. During the initial Index Rate Mode, the Series 2012C Bonds are subject to optional redemption on any business day upon payment of the principle amount thereof, accrued interest thereon, and all fees required by the Index Rate Agreement.

*Series 2012D*—Represents Variable Rate Direct Purchases with Wells Fargo Municipal Capital Strategies, LLC in a privately placed transaction. The Series 2012D Bonds principal is payable in annual

payments ranging from \$11,810 to \$13,220, beginning November 2038 through November 2043. The Series 2012D Bonds interest is payable monthly, as the Series 2012D Bonds are currently held in the Index Rate Mode (with interest being calculated using the LIBOR Index Rate). At the conclusion of the initial Index Rate Mode (i.e. October 24, 2017), and at the option of the Health System, the Series 2012D Bonds may be converted to the Daily Mode, the Weekly Mode, the Adjustable Long Mode, the Commercial Paper Mode, another Index Rate Mode, or the Fixed Mode upon compliance with certain conditions set forth in the bond documents. The interest payments, interest calculations methods, and terms, if any, upon which each Series 2012D Bond may or must be tendered for purchase in each Mode are more fully set forth in the bond documents. The average interest rate (which includes amortization of costs of issuance) during 2014 was .98%.

The Series 2012D Bonds are subject to redemption prior to maturity at the option of the Health System in accordance with the terms set forth in the bond documents. During the initial Index Rate Mode, the Series 2012D Bonds are subject to optional redemption on any business day upon payment of the principle amount thereof, accrued interest thereon, and all fees required by the Index Rate Agreement.

*Series 2014A*—Represents Fixed Rate Revenue Bonds, payable in annual installments ranging from \$170 to \$16,080 beginning March 2016 through March 2044. The Series 2014A bonds bear interest at a fixed rate ranging from 2.00% to 5.00% per annum calculated on the basis of a 360 day year comprised of 12 30-day months and are payable on March 1 and September 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2014 was 3.17%.

The Series 2014A bonds maturing on or after March 1, 2034 are subject to redemption prior to maturity at the option of the Health System.

The Series 2000, Series 2005, Series 2008A, Series 2012A, Series 2012B, Series 2012CD and Series 2014A bonds provide, among other things, restrictions on annual debt additions that the Health System may incur. The agreements also require that sufficient fees and rates be charged so as to provide net income available for debt service, as defined, in an amount not less than 125% of the annual principal and interest due on the Bonds. For the years ended September 30, 2014 and 2013, net income available for debt service, as defined, exceeded the minimum coverage required.

**Notes Payable**—These notes are secured by medical office buildings and guaranteed by a third party. Principal and interest are payable on a monthly basis. Per the agreements, the notes mature in 2023. Interest is fixed at 4.25%.

In July 2011, the Health System entered into an unsecured note payable agreement with an unrelated third party for the purchase of land. The amount of the note is for \$350 payable over three years. Interest is fixed at 5.0%. As of September 30, 2014, this note was paid in full.

In December 2010, the Health System entered into an unsecured note payable for the acquisition of the remaining membership interest in a joint venture. The amount of the principal balance of the note was \$3,563 with annual principal and interest payments payable over three years. The interest rate is fixed at 3.25% based on a published prime rate reported in the Wall Street Journal as of November 1, 2010. As of September 30, 2014, this note was paid in full.

**Line of Credit**—In September 2011, the Health System entered into an unsecured credit agreement with Key Bank, N.A. The agreement allows for borrowings up to \$60,000 and has a maturity date of September 15, 2016. In the event that principal amounts are outstanding, interest is incurred at a rate that is variable at the Prime Rate. The line of credit, among other things, contains an annual commitment fee of \$30 as well as a non-usage fee on the actual daily unborrowed portion of the principal amount available at the rate of one-fifth of 1% per annum. As of September 30, 2014, there was no outstanding balance on the line of credit.

In January 2010, the Health System entered into an unsecured credit agreement with Wells Fargo Bank, N.A. The agreement allows for borrowings up to \$7,000 and has a maturity date of August 1, 2015. The line of credit is to be utilized for working capital payments related to a cash payment program the Health System operates in connection with payments to vendors. Principal amounts are advanced as vendor payments are made, and are required to be repaid on a monthly basis. As principal is paid in full on a monthly basis, no interest costs have been incurred. In the event that principal is outstanding in excess of 30 days, interest is variable at daily three month LIBOR plus 1.75%. The outstanding balance as of September 30, 2014 and 2013 was \$4,818 and \$4,889, respectively.

Subsequent to year end, the agreement was amended to allow for borrowings up to \$8,000 under the cash payment program.

**Interest Costs**—During the years ended September 30, 2014 and 2013 the Health System incurred total interest costs of \$26,350 and \$25,923, respectively. During 2014 and 2013, \$1,377 and \$969, respectively, has been capitalized and is reflected as a component of property, plant, and equipment. During the years ended September 30, 2014 and 2013, the Health System made cash payments for interest of \$24,746 and \$26,077, respectively, and cash payments for bond fees of \$362 and \$700, respectively.



## 10. NONCONTROLLING INTEREST

The following table shows the allocation of controlling and noncontrolling interest within net assets as of September 30:

	Total Net Assets	Controlling Interest	Noncontrolling Interest
Net assets—September 30, 2012	<u>\$ 783,010</u>	<u>\$ 778,261</u>	<u>\$ 4,749</u>
Unrestricted net assets:			
Revenue in excess of expenses	19,394	19,562	(168)
Change in noncontrolling interests	(1,234)	-	(1,234)
Change in net unrealized gains on investments	(2,029)	(2,029)	-
Net assets released from restrictions—capital acquisitions	3,624	3,624	-
Change in funded status of pension plan	<u>49,540</u>	<u>49,540</u>	<u>-</u>
Increase in unrestricted net assets	69,295	70,697	(1,402)
Temporarily restricted net assets	4,215	4,215	-
Permanently restricted net assets	<u>1,485</u>	<u>1,485</u>	<u>-</u>
Increase in net assets	<u>74,995</u>	<u>76,397</u>	<u>(1,402)</u>
Net assets—September 30, 2013	<u>858,005</u>	<u>854,658</u>	<u>3,347</u>
Unrestricted net assets:			
Revenue in excess of expenses	61,082	60,791	291
Change in noncontrolling interests	(1,280)	-	(1,280)
Change in net unrealized gains on investments	489	489	-
Net assets released from restrictions—capital acquisitions	3,428	3,428	-
Change in funded status of pension plan	<u>6,400</u>	<u>6,400</u>	<u>-</u>
Increase in unrestricted net assets	70,119	71,108	(989)
Temporarily restricted net assets	1,630	1,630	-
Permanently restricted net assets	<u>1,017</u>	<u>1,017</u>	<u>-</u>
Increase in net assets	<u>72,766</u>	<u>73,755</u>	<u>(989)</u>
Net assets—September 30, 2014	<u>\$ 930,771</u>	<u>\$ 928,413</u>	<u>\$ 2,358</u>

## 11. EMPLOYEE RETIREMENT PLANS

**Defined Benefit Plans**—The St. Luke’s Regional Medical, Ltd. Basic Pension Plan (the “SLRMC Plan”) covers substantially all eligible employees employed by the Health System (with the exception of St. Luke’s Magic Valley, Ltd. employees) on or before December 31, 1994. The SLRMC Plan was amended and restated effective January 1, 1995, to exclude employees hired on or after that date from participation in the SLRMC Plan; however, the SLRMC Plan remains in effect for those participants

who qualify and were hired prior to January 1, 1995. Employees eligible for the SLRMC Plan with five or more years of service are entitled to annual pension benefits beginning at normal retirement age (65), or after obtaining age 62 with 25 years of service, equal to a percentage of their highest five-year average annual compensation, not to exceed a certain maximum. The Health System makes annual contributions to the SLRMC Plan as necessary.

The St. Luke's Magic Valley Regional Medical Center, Ltd. Plan (the "SLMVRMC Plan") covers substantially all eligible St. Luke's Magic Valley Regional Medical Center, Ltd. (SLMVRMC) employees employed by SLMVRMC on or before April 1, 2005. The SLMVRMC Plan was amended and restated effective April 1, 2005, to exclude employees hired on or after that date from participation in the SLMVRMC Plan; however, the SLMVRMC Plan remains in effect for those participants whose sum of their age plus years of credited service exceed 65 or who exceeded 10 years of service as of April 1, 2005. Participants are entitled to annual pension benefits beginning at normal retirement age (65), or after obtaining age 60 with 30 years of service, equal to a calculation based on either average annual compensation or credited service. The Health System makes annual contributions to the SLMVRMC Plan as necessary.

The following table sets forth the SLRMC Plan and the SLMVRMC Plan (collectively the "Plans") funded status, amounts recognized in the Health System's consolidated financial statements and other related financial information:

	SLRMC	SLMVRMC	Total 2014	Total 2013
Projected benefit obligation for service rendered to date	\$ 137,428	\$ 46,821	\$ 184,249	\$ 185,975
Plan assets—at fair value	<u>118,544</u>	<u>37,714</u>	<u>156,258</u>	<u>147,316</u>
Funded status	<u>\$ (18,884)</u>	<u>\$ (9,107)</u>	<u>\$ (27,991)</u>	<u>\$ (38,658)</u>
Employer contributions	\$ 8,000	\$ 1,950	\$ 9,950	\$ 10,250
Accrued pension liability (all noncurrent)	18,884	9,107	27,991	38,658
Change in funded status	11,776	(1,109)	10,667	45,942
Amortization of prior service cost	13	-	13	13
Amortization of net loss	2,262	228	2,490	7,703
Net periodic benefit cost	6,143	281	6,424	13,235
Benefits paid	10,132	2,524	12,656	12,723
Accumulated benefit obligation	125,604	46,821	172,425	172,407

Amounts recognized in unrestricted net assets related to the Plans at September 30, consist of:

	SLRMC	SLMVRMC	Total 2014	Total 2013
Prior service cost	\$ (16)	\$ -	\$ (16)	\$ (29)
Net actuarial loss	(21,022)	(14,531)	(35,553)	(42,709)

The measurement date used to determine pension benefits is September 30. Contributions to the Plans for the year ending September 30, 2015, are expected to be approximately \$7,400.

The overall investment strategy and policy has been developed based on the need to satisfy the long-term liabilities of the Plans. Risk management is accomplished through diversification across asset classes, multiple investment manager portfolios, and both general and portfolio-specific investment guidelines. The asset allocation guidelines for the Plans are as follows:

	Target SLRMC	Target SLMVRMC
Investments:		
Large-cap funds	20 %	20 %
Mid-cap funds	10	10
Small-cap funds	10	10
Non-U.S. funds	20	20
Fixed income	29	38
Other	11	2

Managers are expected to generate a total return consistent with their philosophy and outperform both their respective peer group medians and an appropriate benchmark, net of expenses, over a one-, three-, and five-year period. The investment guidelines contain categorical restrictions such as no commodities, short-sales and margin purchases; and asset class restrictions that address such things as single security or sector concentration, capitalization limits and minimum quality standards.

Expected long-term returns on the Plans' assets are estimated by asset classes, and are generally based on historical returns, volatilities and risk premiums. Based upon the Plans' asset allocation, composite return percentiles are developed upon which the Plans' expected long-term return is determined. As of September 30, 2014, the amounts and percentages of the fair value of Plans' assets are as follows:

	<u>SLRMC</u>		<u>SLMVRMC</u>	
Domestic equity	\$ 47,398	40 %	\$ 16,127	43 %
International equity	23,396	20	6,469	17
Fixed income	36,239	30	14,470	38
Other	<u>11,511</u>	<u>10</u>	<u>648</u>	<u>2</u>
Total	<u>\$ 118,544</u>	<u>100 %</u>	<u>\$ 37,714</u>	<u>100 %</u>

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid from the Plans:

	SLRMC	SLMVRMC	Total
2015	\$ 10,443	\$ 2,353	\$ 12,796
2016	10,204	2,400	12,604
2017	10,263	2,585	12,848
2018	9,906	2,717	12,623
2019	10,424	2,837	13,261
2020–2024	<u>51,587</u>	<u>15,381</u>	<u>66,968</u>
	<u>\$ 102,827</u>	<u>\$ 28,273</u>	<u>\$ 131,100</u>

Assumptions used in determining the actuarial present value of net periodic benefit cost of the Plans were as follows:

	2014	2013
Weighted average discount rate	4.90 %	3.75 %
Rate of increase in future compensation levels	2.5–4.00	2.5–4.00
Expected long-term rate of return on assets	7.00	6.50

Assumptions used in determining the actuarial present value of projected benefit obligation of the Plans were as follows:

	2014	2013
Weighted average discount rate	4.25 %	4.90 %
Rate of increase in future compensation levels	4.00	4.00

The principal cause of the change in the unfunded pension liability is the change in the discount rate at September 30, 2014 and 2013.

**Supplemental Retirement Plan for Executives**—The Supplemental Retirement Plan for Executives (SERP) is an unfunded retirement plan for certain executives of the Health System. The following table sets forth the funded status, amounts recognized in the Health System’s consolidated financial statements, and other SERP financial information:

	2014	2013
Projected benefit obligation for service rendered to date	\$ 18,806	\$ 16,375
Plan assets—at fair value	<u>-</u>	<u>-</u>
Funded status	<u>\$ (18,806)</u>	<u>\$ (16,375)</u>
Employer paid benefits	\$ 531	\$ 588
Accrued pension liability (noncurrent)	17,944	15,552
Accrued pension liability (current)	862	823
Change in funded status	(2,431)	(931)
Amortization of prior service cost	2	8
Amortization of net loss	669	732
Net periodic benefit cost	2,230	2,075
Accumulated benefit obligation	17,084	14,784

The measurement dates used to determine pension benefits is September 30. Expected contributions to the Plan for the year ending September 30, 2015, are expected to be approximately \$862.

Amounts recognized in unrestricted net assets related to the SERP at September 30, consist of:

	2014	2013
Prior service cost	\$ -	\$ (2)
Net actuarial loss	(7,707)	(6,974)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid from the SERP:

	<b>Benefit Payments</b>
2015	\$ 862
2016	865
2017	860
2018	855
2019	849
2020–2024	<u>7,649</u>
	<u>\$ 11,940</u>

As of September 30, 2014 and 2013, the accrued pension liability is included in benefit plan liabilities.

Assumptions used in determining the actuarial present value of net periodic benefit cost were as follows:

	<b>2014</b>	<b>2013</b>
Weighted average discount rate	4.90 %	3.60 %
Rate of increase in future compensation levels	4.00	4.00

Assumptions used in determining the actuarial present value of projected benefit obligation were as follows:

	<b>2014</b>	<b>2013</b>
Weighted average discount rate	4.25 %	4.90 %
Rate of increase in future compensation levels	4.00	4.00

**Defined Contribution Plan**—The Health System sponsors two defined contribution plans (the “contribution plans”) that cover substantially all of its employees. The Health System’s contributions to these contribution plans are at the discretion of the Health System’s Board of Directors. Amounts contributed are allocated to participants based on individual compensation amounts, years of service, and the participant’s level of participation in tax deferred annuity programs. During 2014 and 2013, contributions to these plans were \$19,387 and \$30,768, respectively.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of ASC 825, Financial Instruments. The Health System accounts for certain assets and liabilities at fair value or on a basis that is approximate to fair value. The estimated fair value amounts have been determined by the Health System using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Health System could realize in a current market exchange.

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Health System has the ability to access. The level 2 inputs of the Health System include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities

in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified or contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability. The determination to measure the asset or liability as a level 3 depends on the significance of the input to the fair value measurement.

The asset or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no transfers of assets between any levels during the fiscal year.

Following is a description of the valuation methodologies used for the Health System's assets or liabilities measured at fair value.

**Cash, Receivables, Accounts Payable, Accrued Liabilities, and Estimated Payable to Medicare and Medicaid Programs**—The carrying amounts reported in the balance sheet for cash, receivables, accounts payable, accrued liabilities, and estimated payable to Medicare and Medicaid programs are a reasonable estimate of their fair value.

**Assets Whose Use is Limited**—These assets consist primarily of cash and cash equivalents, mutual funds, debt and equity securities, and pledges receivable. For cash and cash equivalents, pledges receivable and interest receivable, the carrying amount reported in the balance sheet approximates fair value.

For mutual funds the fair value is based on the value of the daily closing price as reported by the fund. Mutual funds held by the System are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the System are deemed to be actively traded.

For equities (common stock), the fair value is based on the value of the closing price reported on the active market on which the individual securities are traded.

For government obligations, the fair value is measured using pricing models maximizing the use of observable inputs for similar securities.

The following tables set forth by level within the fair value hierarchy a summary of the Health System's investments measured at fair value on a recurring basis as of September 30:

<b>Fair Value Measurements as of September 30, 2014, Using</b>				
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Investments:				
Cash and cash equivalents	\$ 145,290	\$ -	\$ -	\$ 145,290
Certificates of deposit and commercial paper	-	31,601	-	31,601
Mutual funds	36,460	-	-	36,460
Government and agency securities	62,583	83,850	-	146,433
Corporate bonds, notes, mortgages and asset-backed securities	-	177,198	-	177,198
Foreign government bonds	-	187	-	187
<b>Total</b>	<b><u>\$ 244,333</u></b>	<b><u>\$ 292,836</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 537,169</u></b>

<b>Fair Value Measurements as of September 30, 2013, Using</b>				
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Investments:				
Cash and cash equivalents	\$ 39,203	\$ -	\$ -	\$ 39,203
Certificates of deposit and commercial paper	6,374	-	-	6,374
Mutual funds	34,913	-	-	34,913
Government and agency securities	103,590	111,735	-	215,325
Corporate bonds, notes, mortgages and asset-backed securities	-	65,901	-	65,901
Foreign government bonds	-	25,456	-	25,456
<b>Total</b>	<b><u>\$ 184,080</u></b>	<b><u>\$ 203,092</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 387,172</u></b>

**Fair Value of Pension Plan Assets**—In addition to the types of assets listed above as held by the System, the pension plans also hold assets within limited partnerships, limited liability companies, and common collective trusts.

Limited partnerships and limited liability companies are valued at fair value based on the audited financial statements of the partnerships and the percentage ownership in the partnership. This method is an accepted practical expedient that is considered equivalent to NAV. The assets held were further considered for level of inputs used. When quoted prices are not available for identical or similar assets, real estate assets are valued under a discounted cash flow or lender survey approach that maximizes observable inputs, but includes adjustments for certain risks that may not be observable, such as such as cap & discount rates, maturities and loan to value ratios.

Common collective trusts are valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following table sets forth by level, based on the hierarchy requirements for fair value guidance outlined previously, a summary of the assets of the Health System's Plans measured at fair value on a recurring basis as of September 30:

<b>Fair Value Measurements as of September 30, 2014, Using</b>				
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
<b>Pension assets:</b>				
Cash and cash equivalents	\$ 1,077	\$ -	\$ -	\$ 1,077
Domestic mutual funds	85,868	-	-	85,868
International mutual funds	24,065	-	-	24,065
Government & agency securities	-	18,060	-	18,060
Common collective trusts	6,160	9,945	-	16,105
Limited partnerships & liability companies	<u>-</u>	<u>4,846</u>	<u>6,237</u>	<u>11,083</u>
<b>Total</b>	<b><u>\$ 117,170</u></b>	<b><u>\$ 32,851</u></b>	<b><u>\$ 6,237</u></b>	<b><u>\$ 156,258</u></b>



**Fair Value Measurements  
as of September 30, 2013, Using**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension assets:				
Cash and cash equivalents	\$ 1,758	\$ -	\$ -	\$ 1,758
Domestic mutual funds	98,176	-	-	98,176
International mutual funds	5,745	-	-	5,745
Government & agency securities	-	15,983	-	15,983
Common collective trusts	5,733	9,727	-	15,460
Limited partnerships & liability companies	-	4,506	5,689	10,195
<b>Total</b>	<b><u>\$ 111,412</u></b>	<b><u>\$ 30,216</u></b>	<b><u>\$ 5,689</u></b>	<b><u>\$ 147,317</u></b>

**Fair Value of Debt**—The interest rate on the Health System’s Variable Rate Demand Revenue Bonds is reset daily to reflect current market rates. Consequently, the carrying value approximates fair value. The carrying amount reported in the balance sheet for capital leased assets approximates its fair value.

The estimated fair value of the Fixed Rate Revenue Bonds as of September 30, 2014 and 2013 was \$595,780 and \$404,704, respectively. The fair value of debt was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

The estimated fair value of the notes payable as of September 30, 2014 and 2013, was \$40,393 and \$40,349, respectively. The fair value was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2014. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

**13. COMMITMENTS AND CONTINGENCIES**

The Health System leases office space under operating leases, some of which contain renewal options. Rental expense on these during 2014 and 2013 were \$16,324 and \$15,579, respectively. The Health System also leases out space in medical office buildings under non-cancelable operating leases. Rental income on these leases during 2014 and 2013 were \$2,389 and \$2,501, respectively.

As of September 30, 2014, future minimum rental income and payments on these operating leases are as follows:

Years Ending September 30	Minimum Rental Revenue	Minimum Rental Payments
2015	\$ 1,234	\$ 14,242
2016	256	12,492
2017	136	11,593
2018	104	8,102
2019	10	6,760
Thereafter	<u>-</u>	<u>14,120</u>
	<u>\$ 1,740</u>	<u>\$ 67,309</u>

As of September 30, 2014 and 2013, the Health System had commitments on construction contracts and equipment purchases totaling \$4,674 and \$8,605, respectively.

The Health System maintains professional liability coverage through a “claims made” insurance policy. The policy provides coverage for claims filed within the period of the policy term. The current policy period ends December 31, 2014, and includes provisions for purchase of tail coverage in the event a new carrier is selected. The Health System also maintains reserves based on actuarial estimates provided by an independent third party for the portion of its professional liability risks, including incurred but not reported claims, for which it does not have insurance coverage. Reserves for losses and related expenses are estimated using expected loss reporting patterns and are discounted to their present value using a discount rate of 3.0%. There can be no assurance that the ultimate liability will not exceed such estimates. Adjustments to the reserves are included in results of operations in the periods when such amounts are determined.

The Health System is routinely involved in litigation matters and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material effect on the Health System’s future financial position, results of operations, or cash flows.

On November 12, 2012, a complaint was filed against the Health System in Idaho federal district court asserting that a planned business transaction between the Health System and an independent medical practice violated state and federal antitrust law. The suit sought money damages, attorney fees, and a preliminary and permanent injunction against the transaction. The court denied the request for a preliminary injunction, allowing the transaction to close in December of 2012, but set a trial on plaintiffs’ request for an order unwinding the transaction. On March 26, 2013, the Federal Trade Commission and the State of Idaho filed a separate complaint for a permanent injunction requiring the Health System to unwind the transaction and for attorney fees incurred by the Office of the Idaho Attorney General. The government plaintiffs asserted that the transaction violated state and federal antitrust law. The court consolidated the actions of the private and government plaintiffs.

By order dated September 24, 2013, the court dismissed the private plaintiffs’ claim for money damages. The consolidated actions were tried without a jury in September and October of 2013.

On February 28, 2014, the court entered a judgment permanently enjoining the transaction and ordering the Health System to unwind the transaction. The lower court has not ruled on motions subsequently

filed by the Idaho Attorney General and the private plaintiffs for attorney fees. On March 4, 2014, the Health System filed a notice of appeal of the lower court's judgment to the Ninth Circuit Court of Appeals. On July 25, 2014, the Ninth Circuit granted the motion of the Health System to stay the lower court's judgment and order pending the outcome of the appeal. The Ninth Circuit heard oral argument on November 19, 2014, but has not yet issued its opinion.

The Health System has antitrust insurance with coverage for defense costs, costs on appeal, and an award of attorney fees. After receipt of a letter from its insurer invoking an exclusionary clause to deny coverage in the antitrust litigation, the Health System filed a lawsuit on November 4, 2014 in Idaho federal district court alleging breach of the insurance contract and requesting a declaratory judgment that its insurer is required to pay for ongoing defense costs and any award of attorney fees granted in the antitrust litigation. The insurer has asserted counterclaims for recoupment of defense costs already reimbursed in the antitrust litigation. The Health System believes the insurer's position is without merit and will vigorously pursue coverage.

The Health System is unable to reasonably estimate the possible loss or range of loss, if any, arising from the antitrust litigation or the impact, if any, that the litigation may have on the conduct and operations of the Health System.

#### 14. FUNCTIONAL EXPENSES

The Health System provides medical and healthcare services to residents within its geographic location. Expenses related to providing these services for the years ended September 30 are allocated as follows:

	2014	2013
Professional, nursing, and other patient care services	\$ 1,289,562	\$ 1,209,867
Fiscal and administrative support services	<u>287,106</u>	<u>267,954</u>
	<u>\$ 1,576,668</u>	<u>\$ 1,477,821</u>

#### 15. GOODWILL AND OTHER INTANGIBLES

The Health System considered various events and circumstances when it evaluated whether its reporting unit fair values were less than their carrying value. Based on the Health System's assessment of relevant events and circumstances, the Health System has concluded that there was no impairment of goodwill for the fiscal years ended September 30, 2014 and 2013.

Other intangible assets of the Health System include covenants not to compete related to the acquisition of medical practices and are amortized over their useful lives, which typically range from five to seven years. Other intangible assets as of September 30 consist of:

	2014	2013
Covenants not to compete	\$ 46,530	\$ 46,427
Less accumulated amortization	<u>(34,811)</u>	<u>(26,999)</u>
Total other intangible assets	<u>\$ 11,719</u>	<u>\$ 19,428</u>

The Health System recorded amortization expense of \$7,812 and \$8,345 for the years ending September 30, 2014 and 2013, respectively. Expected future amortization expense related to intangible assets as of September 30 is as follows:

Years Ending September 30	Amount
2015	\$ 6,686
2016	3,029
2017	1,633
2018	<u>371</u>
	<u>\$ 11,719</u>

## 16. SUBSEQUENT EVENTS

**Weiser Memorial Hospital**—In July of 2014, the Health System executed a Letter of Intent with Weiser Valley Hospital District (the “District”) which operates Weiser Memorial Hospital (the “Hospital”), located in Weiser, Idaho, to come to agreement for the District to transfer assets of the Hospital to the Health System. The Hospital is a 25-bed critical access hospital and expands the Health System’s presence within Western Idaho. The agreement is expected to involve no cash payments other than pre-closing and post-closing legal, accounting and other costs associated with the transaction. The Health System would agree to deliver health services on behalf of the district, assume all assets and obligations of the Hospital as of April 1, 2015.

**Idaho Elks Rehabilitation Hospital, Inc. (“Elks”)**—In October 2014 the Health System executed an agreement to purchase equipment, inventory and other assets and to lease facilities from Elks. The agreement outlines for the Health System to further develop and expand inpatient and outpatient rehabilitation services within the Health System’s service areas. This includes the operation of a 61-bed licensed rehabilitation hospital in Boise, Idaho. Elks will discontinue to offer rehabilitation services but continue as a charitable entity committed to supporting rehabilitation services within communities previously served. As a result of the agreement, St. Luke’s Idaho Elks Rehabilitation Services (an equally owned joint venture with Elks) (the “Joint Venture”) will wind down and cease to exist. Services formally offered by the Joint Venture will now be offered by the Health System.

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