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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

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

C Name of organization
St Luke's Magic Valley Regional Medical Center Ltd

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 801 Pole Line Road

Room/suite

City or town, state or country, and ZIP + 4
Twin Falls, ID 83301

D Employer identification number
56-2570686

E Telephone number
(208) 381-3790

G Gross receipts $ 254,252,135

F Name and address of principal officer
James Angle
801 Pole Line Road
Twin Falls, ID 83301

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www stlukesonline org/magic valley

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

L Year of formation 2006

M State of legal domicile ID

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provide health care services

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
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 2010 (Part V, line 2a)	**5**	2,030
6	Total number of volunteers (estimate if necessary)	**6**	168
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	326,153
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-60,865

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,253,976	1,246,650
	9 Program service revenue (Part VIII, line 2g)	216,093,432	248,735,920
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	341,850	65,352
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	675,355	505,222
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	218,364,613	250,553,144
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	248,509	480,619
	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)	92,234,468	99,113,712
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶504,486		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	117,181,645	128,364,073
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	209,664,622	227,958,404
	19 Revenue less expenses Subtract line 18 from line 12	8,699,991	22,594,740

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	253,359,937	317,937,789
	21 Total liabilities (Part X, line 26)	200,030,353	247,728,091
	22 Net assets or fund balances Subtract line 21 from line 20	53,329,584	70,209,698

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2012-08-10

Pete DiDio Vice-President,Controller
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶ Deloitte Tax LLP				Firm's EIN ▶
Firm's address ▶ 225 W Santa Clara St San Jose, CA 95113				Phone no ▶ (408) 704-4000

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

Delivery of Health Care Services

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 202,593,785 including grants of $ 480,619) (Revenue $ 240,911,265)

Medical & Surgical St Luke's Magic Valley is a 186-bed hospital,700,000 square foot health care facility with acute care and acute rehabilitation as well as St Luke's Canyon View Behavioral Health Services With more than 1,900 employees and more than 200 physicians with 28 specialties, St Luke's Magic Valley provides the most comprehensive health care services in south central Idaho, including general acute care services, Inpatient Rehabilitation services, Behavioral Health Services, cancer services with St Luke's Mountain States Tumor Institute (MSTI), Cardiopulmonary and Cardiac Catheterization, CARES (Children At Risk Evaluation Services), Community Connection information and referral database, Diabetes and Nutrition Services, Diagnostic Imaging, Radiology and Women's Imaging Services, Emergency Services, Home Health and Hospice Care, Intensive Care and Newborn Intensive Care Units, Laboratory Services, Medical Library (open to the public), Maternal-Child Services (OB, Pediatrics and Women's Services), Pharmacy, Occupational Health, Adult and Pediatric Rehabilitation (Speech, Occupational, Physical Therapy), Comprehensive Surgical Services, Magic Valley SAFE KIDS Coalition, Social Services and Pastoral Care, Volunteer Services and Auxiliary, and St Luke's Magic Valley Foundation for gift-giving St Luke's Magic Valley is fully accredited by the Joint Commission and is a participant in the Institute for Healthcare Improvement's 5 Million Lives Campaign At St Luke's Magic Valley Medical Center, we take great pride in the high quality, skilled, and compassionate care we provide to our patients This focus on excellence has resulted in honors from national entities, such as Qualis Health and Solucient These awards recognize that our commitment to safety and performance improvement means enhanced and safer care, and an overall better experience for you, your family, and everyone we serve During FY'11, St Luke's Magic Valley Regional Medical Center provided qualified inpatient care for 10,624 admissions covering 38,458 patient days The hospital also provided care associated with 190,623 outpatient visits

4b (Code) (Expenses $ 2,563,576 including grants of $ 0) (Revenue $ 4,563,774)

Behavioral Health St Luke's Canyon View Behavioral Health Services, a 28-bed inpatient facility, provides treatment for adolescents, adults, and seniors St Luke's Canyon View offers intensive inpatient programs that address acute psychiatric issues in addition to medical detoxification from alcohol and drugs Canyon View utilizes individual, family, and group counseling to address personal, family, emotional, psychiatric, behavioral, and addiction-related problems Our wide variety of services allows Canyon View to carefully match the needs of each person who comes to us for help with the most appropriate, cost-effective level of care Outpatient services are scheduled at convenient hours The common goal of our programs is to help people find positive solutions to resolve the challenges and crises in their lives The hospital is staffed with a diverse group of dedicated, caring professionals Psychiatrists and other physicians, psychologists, social workers, nurses, therapists, nutritionists, and alcohol/drug counselors work as a team to provide comprehensive, personalized care to each person who comes to us for help During FY'11, Canyon View had 671 admissions covering 3,877 patient days

4c (Code) (Expenses $ 2,630,621 including grants of $ 0) (Revenue $ 3,260,881)

Comprehensive Rehabilitation and Therapy ServicesThe Gwen Neilson Anderson Rehabilitation Center at St Luke's Magic Valley is a licensed,comprehensive,14-bed acute inpatient rehabilitation center Our inpatient unit provides state-of-the-art, evidenced-based rehabilitation care for patients requiring --Intensive physicial,occupational,and/or speech therapy (at least three hours per day) --Specialized 24-hour rehabilitative nursing in an inpatient setting--Daily oversight by a medical doctor who specializes in physical medicine and rehabilitation(a physiatrist) --Individualized case management provided by a licensed social workerOur rehabilitation services are highly coordinated to optimize clinical outcomes and maximize a patient's independence All members of the rehabilitation team (physicians,therapists,nurses,case workers etc)meet daily to ensure that treatments are tailored to each patient's specific diagnosis and unique needs Our inpatient programs include --Spinal cord injury--Stroke--Brain injury--Neuromuscular diseases, such as multiple sclerosis,Guilain-Barre syndrome, and cerebral palsy--Orthopedics--Major multiple trauma--Amputation--Arthritis--Medically complex conditionsAll 14 inpatient rehabilitation rooms at St Luke's are private, and designed specifically to enhance the safety,comfort,and independence of patients recovering from and adapting to a variety of injuries and illnesses Room features include ADA design,bed-side environmental controls(lights,nurse call light,window shades,etc),free wireless,broadband internet access,pull-out couch and reclining chair for visiting family members,and video surveillance capability for patients with confusion due to brain injury,stroke,or other illness The rehabilitation gymnasium in the Gwen Neilson Anderson Rehabilitation Center contains state-of-the-art equipment and design features The spacious gym includes private treatment rooms for one-on-one therapy sessions and a large,open space for wheelchair training,advanced mobility training,and group interaction The rehabilitation gym includes the latest in equipment --LiteGait gait trainer--Bioness Neuroprostheses H200,L300,and L300 Plus--Saeboflex Inpatient kit--Dynavision D2--Dynavox Vmax Plus--Empi Vitai Stim--60-inch LCD television with Blu-Ray player and Wii game consoleThe transitional apartment is a fully functional apartment in which patients can practice basic activities of daily living under the supervision of a trained therapist The activity area offers a place for patients and their visitors to gather and engage in therapeutic recreation During FY'11,the inpatient rehabilitation unit provided qualified inpatient care for 224 admissions covering 2,558 patient days)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 207,787,982

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	203		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	2,030		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

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

Pete DiDio Vice-PresidentController
190 E Bannock
Boise,ID 83712
(208) 371-3790

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, 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 (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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) Russ Newcomb MD Chairman	5 00	X						0	0	0
(2) Mr Tom Ashenbrener Chair-Elect	4 00	X						0	0	0
(3) Mr Gary Babbel Vice-Chair	4 00	X						0	0	0
(4) Mr Shawn Barigar Vice-Chair	4 00	X						0	0	0
(5) Eric CassidyDO Vice-Chair	4 00	X						30,000	0	0
(6) Jeff Fox MD Secretary	4 00	X						0	0	0
(7) Ms Cindy Collins Director	3 00	X						0	0	0
(8) Ben Katz MD Director	3 00	X						0	0	0
(9) Mr Terry Kramer Director	3 00	X						0	0	0
(10) Mr Robert Alexander Director	3 00	X						0	0	0
(11) Robert Ward MD Director	3 00	X						0	0	0
(12) Mark Wright DDS Director	3 00	X						51,360	0	0
(13) Ron McGarrigle MD Director	3 00	X						0	0	0
(14) Mr James Angle CEO	40 00	X		X				0	0	0
(15) Mr Mike Reno Interim CEO	40 00	X		X				0	0	0
(16) Mr John Groesbeck Chief Financial Officer	40 00				X			211,763	0	15,741

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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			
(17) Amy Bearden VP Patient Care/CNO	40 00				X			141,514	0	18,985
(18) Steven F Johnson MD Physician	40 00					X		448,860	0	14,408
(19) Randall Skeem MD Physician	40 00					X		331,338	0	16,723
(20) Jonathan D Myers MD Physician	40 00					X		315,464	0	25,329
(21) David A McClusky MD Physician	40 00					X		250,989	0	22,870
(22) Julian Nicholson MD Physician	40 00					X		229,600	0	6,309
(23) Mark A Schwartz Former CEO	0 00						X	480,849	0	14,077
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,350,223	0	115,457

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 33

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Physician Center 630 Addison Ave W Ste 100 Twin Falls, ID 83301	Medical Services	6,611,622
Emergency Physicians of Southern Idaho 2188 Addison Avenue East Twin Falls, ID 83301	Emergency Room Physicians	5,061,260
RMJ Safari PLLC 714 N College Road Ste A Twin Falls, ID 83301	Medical Services	3,614,600
Magic Valley Women's Health 630 Addison Ave W Ste 210 Twin Falls, ID 83301	Medical Services	3,601,933
Blue Lakes Gastroenterology 660 Shoshone St East Twin Falls, ID 83301	Medical Services	3,224,654

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 44

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . .	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations . . .	1d				
	e Government grants (contributions)	1e	232,288			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1,014,362			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		1,246,650			
Program Service Revenue		Business Code				
	2a Net Patient Revenue	900099	244,027,837	244,027,837		
	b VHA Rebate	900099	273,750	273,750		
	c					
	d					
	e					
	f All other program service revenue		4,434,333	4,434,333		
	g **Total.** Add lines 2a–2f . . . . . ▶		248,735,920			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		270,997			270,997
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	403,914				
	b Less rental expenses	224,845				
	c Rental income or (loss)	179,069				
	d Net rental income or (loss) . . . . . ▶		179,069			179,069
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		3,268,501			
	b Less cost or other basis and sales expenses		3,474,146			
	c Gain or (loss)		-205,645			
	d Net gain or (loss) . . . . . ▶		-205,645			-205,645
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a MSO Admin & Billing Se	561000	210,287		210,287	
	b Information Technology	541519	70,798		70,798	
	c Transcription Services	541900	44,270		44,270	
	d All other revenue		798		798	
	e **Total.** Add lines 11a–11d . . . . . ▶		326,153			
	12 **Total revenue.** See Instructions . . . ▶		250,553,144	248,735,920	326,153	244,421

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	480,619	480,619		
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	859,313		859,313	
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	78,961,968	70,551,860	8,080,303	329,805
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,194,217	1,951,948	233,144	9,125
9 Other employee benefits	11,835,751	10,519,661	1,266,914	49,176
10 Payroll taxes	5,262,463	4,667,397	573,248	21,818
a Fees for services (non-employees) Management	34,910,837	34,688,853	221,984	
b Legal	563,058		563,058	
c Accounting	19,973		19,973	
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	361,636	170,222	191,414	
12 Advertising and promotion	474,026	45,084	423,015	5,927
13 Office expenses	1,944,128	245,487	1,695,659	2,982
14 Information technology	3,184,747	3,154,199	30,548	
15 Royalties				
16 Occupancy	2,322,105	411,821	1,910,284	
17 Travel	261,478	138,341	123,015	122
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	115,806	115,806		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	13,830,157	13,479,921	350,236	
23 Insurance	825,663	825,663		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Supplies	33,032,156	32,733,017	293,000	6,139
b Provision For Bad Debt	16,260,370	16,260,370		
c Contract Services	7,236,954	6,006,786	1,182,769	47,399
d Repairs	2,378,826	2,301,466	77,360	
e Patient Transport	1,403,627	1,403,627		
f All other expenses	9,238,526	7,635,834	1,570,699	31,993
25 **Total functional expenses.** Add lines 1 through 24f	227,958,404	207,787,982	19,665,936	504,486
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		14,630,407	1	18,989,045
	2	Savings and temporary cash investments		1,814,128	2	1,992,708
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		37,311,769	4	37,774,762
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	25,158
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		2,788,978	8	3,018,403
	9	Prepaid expenses and deferred charges		729,871	9	642,424
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 272,864,798			
	b	Less accumulated depreciation	10b 20,780,096	191,590,096	10c	252,084,702
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		142,514	13	101,560
	14	Intangible assets		2,358,475	14	1,570,776
	15	Other assets See Part IV, line 11		1,993,699	15	1,738,251
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		253,359,937	16	317,937,789
Liabilities	17	Accounts payable and accrued expenses		28,765,293	17	20,921,590
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		2,569,568	21	2,191,794
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		168,695,492	25	224,614,707
	26	**Total liabilities.** Add lines 17 through 25		200,030,353	26	247,728,091
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		53,257,186	27	70,142,115
	28	Temporarily restricted net assets		72,398	28	67,583
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		53,329,584	33	70,209,698
	34	Total liabilities and net assets/fund balances		253,359,937	34	317,937,789

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	250,553,144
2	Total expenses (must equal Part IX, column (A), line 25)	2	227,958,404
3	Revenue less expenses Subtract line 2 from line 1	3	22,594,740
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	53,329,584
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-5,714,626
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	70,209,698

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

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 - Other

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	**15**	
16	Public support percentage from 2009 Schedule A, Part III, line 15	**16**	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** 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—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

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

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

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

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

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

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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☑ No

b If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

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

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

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

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	185,000	8,917,886		9,102,886
b Buildings		152,492,736	3,709,418	148,783,318
c Leasehold improvements		9,155,689	1,699,569	7,456,120
d Equipment		97,549,750	15,371,109	82,178,641
e Other		4,563,737		4,563,737
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				252,084,702

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Due to Related Organizations	192,772,250
Third Party settlement	14,096,680
Capital Lease	405,839
Pension Liability	17,339,938
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	224,614,707

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

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

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
		Form 990 Schedule D, Part X, Line 2 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 30,2011, the Company had approximately $4,160 of UBTI Net Operating Losses from operating losses incurred from 1997 to 2011, which expire in years 2012 to 2026 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 allowance against these losses "

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other **400.000000000000 %**			
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %			
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			4,458,131		4,458,131	2 110 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			29,644,476	24,095,975	5,548,501	2 620 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			9,568,355	7,582,564	1,985,791	0 940 %
d **Total** Financial Assistance and Means-Tested Government Programs			43,670,962	31,678,539	11,992,423	5 670 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,203,285	0	1,203,285	0 570 %
f Health professions education (from Worksheet 5)			855,078	0	855,078	0 400 %
g Subsidized health services (from Worksheet 6)			367,963	0	367,963	0 170 %
h Research (from Worksheet 7)			776	0	776	0 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			844,662	0	844,662	0 400 %
j **Total** Other Benefits			3,271,764		3,271,764	1 540 %
k **Total.** Add lines 7d and 7j			46,942,726	31,678,539	15,264,187	7 210 %

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing			3,908		3,908	0 %
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members			239		239	0 %
6 Coalition building			13,150		13,150	0 010 %
7 Community health improvement advocacy			538		538	0 %
8 Workforce development						
9 Other						
10 **Total**			17,835		17,835	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	7,935,389		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	53,327,048
6	Enter Medicare allowable costs of care relating to payments on line 5	6	56,526,751
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-3,199,703
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 1 Magic Valley Facial ImagingLLC	Facial Imaging Services	50 000 %		
2 2 Magic Valley Paramedic ServicesLtd	Paramedic Services	100 000 %		
3 3 St Luke's Clinic LLC	Physician Services	100 000 %		
4 4 Magic Health Partners LLC	Admin Services for non provider-based groups	100 000 %		
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	StLuke's Magic Valley Regional Medical 801 Pole Line Road Twin Falls, ID 83301	X	X					X		

Part V **Facility Information** *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **12**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		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 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 will be considered only if the patient, driver, and/or owner of the motor vehicle had a motor vehicle liability policy and has properly submitted a claim for payment 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 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 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

Identifier	ReturnReference	Explanation
		Part I, Line 6a St Luke's Magic Valley Regional Medical Center, Ltd does not include the activities of any of its other related organizations within its community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 7 The cost to charge ratio was used for the calculation of charity care at cost, unreimbursed Medicaid and other means-tested programs

Identifier	ReturnReference	Explanation
		Part I, L7 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 Part IX, line 25, is $16,260,370

Identifier	ReturnReference	Explanation
		Part II Physical Improvement & Housing Participation in various rehabilitation projectsLeadership Development and Training Training within the community to develop and stengthen various skills in the areas of conflict resolution,cultural and language Coalition Building Activities for Coalition Building include involvement of physicianin -Chamber of Commerce Leadership-Tobacco-Free Coalition-State Board of Medicine-IMA-President of South Central Idaho Community Health Improvement Advocacy Support for Serenity Garden project The Serenity garden Project was established on June 6,2009 to provide a dignified burial for fetal remains and give the community a place to visit and grieve their loss

Identifier	ReturnReference	Explanation
		Part III, Line 4 St Luke's Magic Valley Regional 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

Identifier	ReturnReference	Explanation
		Part III, Line 8 100% of the shortfall in Medicare reimbursement is considered a community benefit The source of the information is the Medicare Cost Report for fiscal year 2011 The amount is calculated by comparing the total Medicare apportioned costs(allowable costs) to the interim payments received during FY'11

Identifier	ReturnReference	Explanation
		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 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

Identifier	ReturnReference	Explanation
		Part VI, Line 2 St Luke's Magic Valley utilizes internal information and reports from Idaho Vital Statistics,data from the Centers for Disease Control and Prevention Behavioral Risk Factors Surveillance System (BRFSS),and South Central Public Health District to determine community health priorities As we continue to develop community partnerships,identify opportunities to provide needed services close to home,fund uncompensated and under-compensated care,and provide resources for services in the community, we are committed to the long-term health care needs of the Magic Valley

Identifier	ReturnReference	Explanation
		Part VI, Line 3 (A) St Luke's Magic Valley Regional 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(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 patient care, 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

Identifier	ReturnReference	Explanation
		Part VI, Line 4 St Luke's Magic Valley provides service for eight counties of south central Idaho and Elko County, Nevada

Identifier	ReturnReference	Explanation
		Part VI, Line 6 The people who serve on the various boards for subsidiaries within the St Lukes Health System are local citizens who have a vested interest in the health of their communities These committed leaders volunteer on our boards because they are dedicated to ensuring tht the people of southern Idaho and the surrounding area have access to the most advanced, most comprehensive health care possible St Luke's believes that locally owned and governed hospitals can take the best measure of community health care needs We are grateful to our board leadership for giving generously of their time and talents and bringing to the table their unique perspectives and intimate knowledge of their communities St Luke's would not be the organization it is today without our volunteer board members The vision of dedicated community leaders has guided St Luke's for many decades, and will continue to guide us well into the future As a not-for-profit organization, 100% of St Luke's revenue after expenses is reinvested in the organization to serve the community in the form of staff,buildings, or new technology Also,St Luke's Magic Valley Regional Medical Center,Ltd(SLMV) maintains an open medical staff Any physician can apply for practicing privileges as long as they meet the criteria for SLMV

Identifier	ReturnReference	Explanation
		Part VI, Line 7 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 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 Physician Clinics --St Luke's Eagle Urgent Care(2) St Luke's Wood River Medical Center,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 -- Various St Luke's Physician Clinics in Twin Falls --Canyon View-(Behavioral Health)(4) St Luke's McCall Hospital, 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 clinincal 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 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 (6) St Luke's Humphreys Diabetes Center,Inc (SLHDC)provides education in diabetes self-management and prevention to people with or at-risk for diabetes, their families and health care professionals Trusted by over 600 Treasure Valley referring physicians,SLHDC provides services to more than 4,000 clients each year Working with our experienced Certified Diabetes Educators, clients learn how to manage diet,exercise and medication to stay healthy and prevent complications such as heart attacks,strokes,blindness,kidney failure, and amputations SLHDC programs are recognized by the American Diabetes Assocation SLHDC also particpates in national research trials for both Type 1 and Type 2 diabetes A community program of St Luke's Health System, SLHDC is one of the largest free-standing diabetes centers in the United States 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 partners with other regional facilities through management service contracts These partners include (1) Challis Area Health Center(2) Elmore Medical Center(3) North Canyon Medical Center(4) Salmon River Clinic(5) Weiser Memorial Hospital

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	ID

Additional Data

Software ID:
Software Version:
EIN: 56-2570686
Name: St Luke's Magic Valley Regional Medical Center Ltd

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **12** Name and address	Type of Facility (Describe)
St Luke's Magic Valley MOB 775 Pole Line Rd W Twin Falls, ID 83301	Various Family Medicine & Specialty Physician Clinics
St Luke's Canyon View 228 Shoup Avenue W Twin Falls, ID 83301	Psychiatric and Addiction
St Luke's Clinic-Physician Center 2550 Addison Avenue E Twin Falls, ID 83301	Family Medicine,Internal Medicine, & Pediatric Physician Clinics
St Luke's Clinic-Physician Center 730 N College Road Suite A Twin Falls, ID 83301	Family Medicine & ENT Physician Clinics
St Luke's Woman's Imaging Center 762 N College Road Twin Falls, ID 83301	Imaging Services for Women
St Luke's Clinic-Physician Center 746 N College Road Twin Falls, ID 83301	Family Medicine & Specialty Physician Clinic
St Luke's Clinic-OrthoPlastic Surg 714 N College Road Suite A Twin Falls, ID 83301	Orthopedics and Plastic Surgery-Physician Clinic
St Luke's Clinic-Neurology 738 N College Road Suite C Twin Falls, ID 83301	Neurology and Physical Med & Rehab-Physician Clinic
Magic Valley Paramedics 708 Shoshone Twin Falls, ID 83301	Ground Paramedic Services
Magic Valley Paramedics 285 Martin St Twin Falls, ID 83301	Ground Paramedic Services
Magic Valley Paramedics 121 Aspenwood Twin Falls, ID 83301	Ground Paramedic Services
St Luke's Clinic-Physician Center 550 Polk Suite A Twin Falls, ID 83301	Family Medicine-Physician Clinic

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 14

3 Enter total number of other organizations . . . ▶

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

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

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, 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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-2570686
Name: St Luke's Magic Valley Regional Medical Center Ltd

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Mustard Seed Community Wellness Clinic676 Shoup Avenue W Suite 2 Twin Falls,ID 83301	26-1249939	501(c)(3)	35,000				Women's health program for the underinsured and uninsured working women of the community
Interfaith Volunteer Caregivers of Magic Valley 252 Deere Street Suite A Twin Falls,ID 83301	84-1417706	501(c)(3)	10,572				Funding to help the organization to offer services and products to senior citizens, such as geriatric, health, and social service

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Volunteers Against ViolenceInc(Crisis Center) PO Box 2444 Twin Falls,ID 83303	82-0372006	501(c)(3)	19,000				Provide places of safety, shelter, and legal services for victims of domestic violence
College of Southern Idaho 315 Falls Ave Twin Falls,ID 83303	82-0261628	501(c)(3)	157,928				Head Start program, nursing grant funds, employee wellness programs, senior programs

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Harmony PSR Services (Holistic Drug Rehab)420 Main Avenue South Twin Falls,ID 83301	03-0466279	501(c)(3)	10,000				Funds are used for continuing mental health exercise, diabetes prevention, weight maintenance and healthy cooking skills
Family Health Services Corp 794 Eastland Drive Twin Falls,ID 83301	82-0371093	501(c)(3)	156,794				Funding to support Health Care Services for Family Health

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Jubilee HouseAttn Kathryn Bausman 315 Grandview Drive Twin Falls,ID 83301	20-8750670	501(c)(3)	10,000				Christian 12 mo recover program for women Personnel costs for 24/7 coverage
Twin Falls County425 Shoshone St N Twin Falls,ID 83301	82-6000318	Government Grant	13,000				Funds were used to Improve care for sexual assault victims and collections of forensic evidence, set up a Sexual Assault Nurse Examiner program at the College of Southern Idaho

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Salvation Army348 4th Ave N Twin Falls,ID 83301	13-2923701	501(c)(3)	7,000				Funds were used to purchase youth specific weight equipment, misc fitness equipment, and instructor costs
Hospice Visions209 Shoup Ave W Twin Falls,ID 83301	82-0483284	501(c)(3)	20,000				Funds will be used to defray the costs for access to end of life indigent and uninsured patients

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Southern Idaho Learning Center564 Shoup Ave W Twin Falls,ID 83301	26-2511898	501(c)(3)	7,700				Provide funding to support local teachers
St Benedicts Family Medical CenterPO Box 586 Jerome,ID 83338	82-0227163	501(c)(3)	10,000				General sponsorship

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
St Luke's Magic Valley Health Foundation650 Addison Ave W Suite 270 Twin Falls,ID 83303	82-0342863	501(c)(3)	15,275				Fund programs for children with special needs and diabetes
United WayPO Box 65 Twin Falls,ID 83303	82-0256978	501(c)(3)	7,000				Mobilize the caring power of the community to improve lives

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Mr John Groesbeck	(i)	203,416	685	7,662	0	15,741	227,504	7,232
	(ii)	0	0	0	0	0	0	0
(2) Steven F Johnson MD	(i)	422,275	0	26,585	2,093	12,315	463,268	0
	(ii)	0	0	0	0	0	0	0
(3) Randall Skeem MD	(i)	188,608	119,956	22,774	11,025	5,698	348,061	0
	(ii)	0	0	0	0	0	0	0
(4) Jonathan D Myers MD	(i)	277,379	14,117	23,968	2,595	22,734	340,793	0
	(ii)	0	0	0	0	0	0	0
(5) David A McClusky MD	(i)	210,369	0	40,620	11,025	11,845	273,859	0
	(ii)	0	0	0	0	0	0	0
(6) Julian Nicholson MD	(i)	195,559	29,821	4,220	0	6,309	235,909	0
	(ii)	0	0	0	0	0	0	0
(7) Mark A Schwartz	(i)	318,227	31,346	131,276	2,538	11,539	494,926	122,857
	(ii)	0	0	0	0	0	0	0
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 4a	Part I, Line 4a Form 990-Schedule J,Part 1,Question 4a During CY'10, Mark Schwartz, former CEO, received severance payments totaling $204,288
Supplemental Information	Part III	Part II-Column (f) Explanation of Prior Compensation Reportable compensation is based on the total amount paid during calendar year 2010,including current year payments of amounts reported in prior years as contributions to employee benefit plans and deferred compensation, together with investment earnings from those prior year contributions As a result,certain amounts have been reported twice,both in prior years when earned or accrued,and again in the current year paid

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
(1) Jonathan D Myers MD Residency,Housing,and Tuition Assistance		X	40,000	25,158		No		No	Yes	
Total . . . . . ▶ $				25,158						

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) First Federal Savings	Common Board Member	3,249,100	First Federal Savings purchases patient accounts receivable from St Luke's Magic Valley Regional Medical Center,Ltd		No
(2) Magic Valley Anesthesiology Associa	Board Member is a member of Magic Valley Anesthesiolgy Association	297,148	Exclusive contract to provide anesthesia services to the hospital		No
(3) RWD Technologies	Former Interim CEO is partner for RWD Technologies	242,760	RWD Technologies provided management consulting services to St Luke's Magic Valley Regional Medical Center, Ltd Compensation for Mike Reno,former interim CEO, was paid to RWD Technologies		No
(4) Emergency Physicians of Southern Idaho	Board Member has ownership interest	5,068,338	Emergency Medicine of Southern Idaho has an Exclusive Service Agreement with St Luke's Magic Valley Regional Medical Center to provide emergency medical services		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule L Part II-Loans To and From Interested Persons	Physician Loan Policy	As part of its overall physician recruiting program, St Luke's will offer various incentives for employment, including (1) Net Income Guarantee(2) Housing Assistance(3) Relocation Assistance(4) Tail Coverage for Malpractice Claims, and(5) Sign-on BonusThese incentives are structured as a physician loan to the prospective employee, bearing a reasonable rate of interest reflecting market conditions As the physician fulfills the terms of the employment agreement, the amount advanced is forgiven over the term of the loan If the physician does not fulfill the terms of the agreement, the physician must repay a liquidated damages amount specified in the loan agreement Emergency Physicians of Southern Idaho During FY'10, Emergency Physicians(Emergency Physicians) of Southern Idaho should have been reported as an interested person on Schedule L, Part IV, since a board member during that same fiscal year had an ownership interest in this group During FY'10, St Luke's Magic Valley paid Emergency Physicians $5,041,965

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		St Luke's Health System, Ltd is the sole member of St Luke's Magic Valley Regional Medical Center, Ltd

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		St Luke's Health System,Ltd (Member) maintains approval and implementation authority over St Luke's Magic Valley Regional 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 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 becuase 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 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

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		The Form 990 is prepared 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 990 is made available for review to the Chief Financial Officer and the Finance Committee of the Board of Directors The Board receives the final version of the Form prior to filing

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization annually reviews the conflict of interest policy with each board member and also with new board members Persons covered under the 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 exits, the affected parties must excuse themselves from participating in the situation

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	Executive compensation is set by St Luke's board 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 Similar analysis is also completed for physicians and other health care specialties such as nurses and pharmacists These surveys are usually done every two years, with the most recent compensation survey completed during calendar year 2010 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 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 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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	Form 990, Part VI, Section C, Line 19 The organization's governing documents,conflict of interest policy,and financial statements are not available to the public Form 990 is available for public inspection,which contains financial information

Identifier	Return Reference	Explanation
Five Highest Paid Independent Contractors	Form 990 Part VII Section B	For FY'10 and FY'09, Emergency Medicine of Idaho was reported incorrectly in the list of Five Highest Paid Independent Contractors The contractor name should have been reported as Emergency Physicians of Southern Idaho The amounts reported in the listing, however, were correct

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -30,165 Minimum Liability Adj -Defined Benefit Plan -5,684,461 Total to Form 990, Part XI, Line 5 -5,714,626

Identifier	Return Reference	Explanation
Program Expense	Form 990 Part III-Statement of Program Accomplishments	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

Identifier	Return Reference	Explanation
Allocation of Compensation and Hours	Form 990 Part VII Section A	It should be noted that the hours reported for the officers, key employees, and highest-paid employees are based on a minimum 40 hour work week However, due to the demands of their roles, the hours worked by these individuals often exceed the minimum required 40 hours

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
St Luke's Magic Valley Regional Medical Center Ltd

Employer identification number
56-2570686

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Magic Valley Paramedics Services Ltd PO Box 409 Twin Falls, ID 83301 20-5461983	Paramedic Services	ID	2,894,898	0	St Luke's Magic Valley Regional Medical CenterLtd
(2) St Luke's ClinicLLC PO Box 409 Twin Falls, ID 83301 82-0527710	Physician Services	ID	47,086,003	18,064,999	St Luke's Magic Valley Regional Medical CenterLtd
(3) Magic Health PartnersLLC PO Box 409 Twin Falls, ID 83301 82-0507483	Admin Services for Non-Provider Based Physician Groups	ID	527,149	115,057	St Luke's Magic Valley Regional Medical CenterLtd

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) St Luke's Health SystemLtd 190 E Bannock Boise, ID 83712 56-2570681	Health Care Services	ID	501(c)(3)	11-3	St Luke's Health SystemLtd		No
(2) Mountain States Tumor Institute 100 E Idaho Boise, ID 83712 82-0295026	Health Care Services	ID	501(c)(3)	3	St Luke's Regional Medical CenterLtd		No
(3) St Luke's Wood River Medical Center Ltd 190 E Bannock Boise, ID 83712 84-1421665	Health Care Services	ID	501(c)(3)	3	St Luke's Health SystemLtd		No
(4) St Luke's Health Foundation Ltd 190 E Bannock Boise, ID 83712 81-0600973	Solicit Donations	ID	501(c)(3)	7	St Luke's Regional Medical CenterLtd		No
(5) St Luke's Regional Medical CenterLtd 190 E Bannock Boise, ID 83712 82-0161600	Health Care Services	ID	501(c)(3)	3	St Luke's Health SystemLtd		No
(6) St Luke's McCall Ltd 190 E Bannock Boise, ID 83712 27-3311774	Health Care Services	ID	501(c)(3)	3	St Luke's Health SystemLtd		No
(7) St Luke's Humphreys Diabetes CenterInc 1226 River Street Boise, ID 83702 82-0491110	Diabetes Prev -Self-Mgmt	ID	501(c)(3)	9	St Luke's Regional Medical CenterLtd		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Magic Valley Facial Imaging LLC 590 Falls Avenue Twin Falls, ID83301 20-8025041	Health Care	ID	N/A	Related	9,091	35,000		No		Yes		50 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**	**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from other organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for other organization(s)	**1d**	**No**
e	Loans or loan guarantees by other organization(s)	**1e**	**No**
f	Sale of assets to other organization(s)	**1f**	**No**
g	Purchase of assets from other organization(s)	**1g**	**No**
h	Exchange of assets	**1h**	**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**	**No**
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	**No**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**No**
n	Sharing of paid employees	**1n**	**No**
o	Reimbursement paid to other organization for expenses	**1o**	**Yes**
p	Reimbursement paid by other organization for expenses	**1p**	**No**
q	Other transfer of cash or property to other organization(s)	**1q**	**No**
r	Other transfer of cash or property from other organization(s)	**1r**	**Yes**

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 56-2570686
Name: St Luke's Magic Valley Regional Medical Center Ltd

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
St Luke's Health SystemLtd 190 E Bannock Boise, ID83712 56-2570681	Health Care Services	ID	501(c)(3)	11-3	St Luke's Health SystemLtd		No
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St. Luke's Health System, Ltd. and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended September 30, 2011 and 2010, and Independent Auditors' Report

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

TABLE OF CONTENTS

Deloitte

Deloitte & Touche LLP
101 South Capitol Blvd
Suite 1700
Boise, ID 83702-7734
USA

Tel +1 208 342 9361
Fax +1 208 342 2199
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of St. Luke's Health System, Ltd. and subsidiaries (the "Health System") as of September 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Health System's management. Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of St. Luke's Health System, Ltd and subsidiaries as of September 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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.

As discussed in Note 1 to the consolidated financial statements, the accompanying 2010 consolidated financial statements have been retrospectively adjusted for the adoption of accounting guidance related to the presentation of noncontrolling interests in the consolidated financial statements.

January 24, 2012

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

CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2011 AND 2010
(In thousands)

ASSETS	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents	$ 105,139	$ 78,727
Receivables — net	189,437	179,604
Inventories	24,598	23,179
Prepaid expenses	8,588	6,762
Current portion of assets whose use is limited	31,514	30,382
Total current assets	359,276	318,654
ASSETS WHOSE USE IS LIMITED:		
Board designated funds	268,684	263,212
Restricted funds	21,751	61,212
Permanent endowment funds	5,390	5,027
Donor restricted plant replacement and expansion funds and other specific purpose funds	11,316	7,856
Total assets whose use is limited	307,141	337,307
PROPERTY, PLANT, AND EQUIPMENT — Net	794,676	701,231
GOODWILL	30,232	27,703
OTHER ASSETS:		
Land and buildings held for investment or future expansion — at cost — less allowance for depreciation of $6,842 in 2011 and $6,320 in 2010	28,839	35,160
Equity interest in joint ventures	5,875	16,061
Deferred financing costs — net	7,746	8,271
Other	34,062	32,609
Total other assets	76,522	92,101
TOTAL	$1,567,847	$1,476,996

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	2011	2010
CURRENT LIABILITIES:		
Accounts payable, construction, and accrued liabilities	$ 82,401	$ 78,899
Accrued salaries and related liabilities	43,530	51,575
Employee benefit liabilities	39,369	37,229
Estimated payable to Medicare and Medicaid programs	70,229	61,538
Current portion of long-term debt and capital leases	12,152	10,265
Total current liabilities	247,681	239,506
NONCURRENT LIABILITIES:		
Long-term debt and capital leases	515,418	520,907
Liability for pension benefits	86,357	70,448
Other liabilities	6,377	7,359
Total noncurrent liabilities	608,152	598,714
NET ASSETS:		
Unrestricted		
The Health System	689,321	619,066
Noncontrolling interests	5,994	6,845
Total unrestricted net assets	695,315	625,911
Temporarily restricted	11,309	7,838
Permanently restricted	5,390	5,027
Total net assets	712,014	638,776
TOTAL	$1,567,847	$1,476,996

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

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010
(In thousands)

	2011	2010
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT:		
Net patient service revenue	$1,251,086	$1,050,204
Other revenue (including rental income)	24,958	27,129
Excess of assets acquired over liabilities assumed in acquisitions	18,598	
Net assets released from restrictions — operating	2,755	4,412
(Loss) income on equity interest in joint ventures	(459)	449
Total unrestricted revenues, gains, and other support	1,296,938	1,082,194
EXPENSES:		
Salaries and benefits	611,204	505,779
Supplies and drugs	209,195	191,461
Depreciation and amortization	73,896	62,540
Contract services	70,247	52,028
Purchased services	76,927	77,393
Provision for bad debts	57,585	40,126
Interest expense	17,218	13,229
Other expenses	96,922	86,442
Total expenses	1,213,194	1,028,998
INCOME FROM OPERATIONS	83,744	53,196
INVESTMENT INCOME	6,794	7,868
REVENUE IN EXCESS OF EXPENSES	90,538	61,064
ADJUSTMENT FOR INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(368)	(637)
REVENUE IN EXCESS OF EXPENSES ATTRIBUTABLE TO THE HEALTH SYSTEM	$ 90,170	$ 60,427

See notes to the consolidated financial statements.

	2011	2010
UNRESTRICTED NET ASSETS:		
Revenue in excess of expenses	$ 90,538	$ 61,064
Change in noncontrolling interests from acquisitions	(1,219)	(921)
Change in net unrealized gains on investments	(1,908)	1,096
Net assets released from restrictions — capital acquisitions	1,213	2,776
Change in funded status of pension plan	(19,220)	(10,062)
Increase in unrestricted net assets	69,404	53,953
TEMPORARILY RESTRICTED NET ASSETS.		
Contributions	7,491	7,097
Investment income (loss)	170	(25)
Change in net unrealized gains on investments	(222)	509
Net assets released from restrictions	(3,968)	(7,188)
Increase in temporarily restricted net assets	3,471	393
PERMANENTLY RESTRICTED NET ASSETS — Contributions for endowment funds	363	173
INCREASE IN NET ASSETS	73,238	54,519
NET ASSETS — Beginning of year	638,776	584,257
NET ASSETS — End of year	$ 712,014	$ 638,776

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

CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF SEPTEMBER 30, 2011 AND 2010
(In thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 73,238	$ 54,519
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	73,896	62,540
Net realized loss on investments	800	931
Excess of assets acquired over liabilities assumed in acquisitions	(18,598)	
Unrealized gain (loss) on investments	2,130	(1,605)
Distributions received from joint ventures	(778)	781
Amortization of deferred credit on Magic Valley	(2,382)	(3,175)
Amortization of deferred financing fees	526	472
Restricted contributions released	(7,854)	(7,270)
Loss (gain) on disposition of equipment and other assets	2,421	(57)
Loss (income) on equity interest in joint ventures	459	(449)
Change in funded status of pension plans	19,220	10,062
Changes in assets and liabilities, net of acquisitions of medical practices:		
Net change in receivables	3,801	(27,375)
Net change in inventories	(929)	2,130
Net change in prepaid expenses and other current assets	(1,597)	(1,485)
Net change in other assets	(125)	(956)
Net change in accounts payable, construction, and accrued liabilities	9,044	7,807
Net change in accrued salaries and related liabilities	(8,414)	9,612
Net change in employee benefit liabilities	2,016	2,491
Net change in payable to Medicare and Medicaid programs	8,691	22,700
Net change in other liabilities	(4,715)	870
Net cash provided by operating activities	$ 150,850	$ 132,543

See notes to consolidated financial statements.

	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of property, plant, and equipment and land and buildings held for investment or future expansion	$(142,067)	$(144,828)
Proceeds from disposition of equipment and other assets		89
Purchase of investments (includes purchases with restricted funds)	(508,241)	(384,916)
Change in restricted cash	39,697	50,411
Proceeds from sales of investments	500,644	407,596
Payments on acquisition of medical practices	(11,491)	(45,741)
Cash received from transaction with McCall	409	
Payments on acquisition of joint venture interests	(4,579)	
Distributions received from joint venture interests		40
Contributions to unconsolidated joint ventures	(213)	(1,237)
Net cash used in investing activities	(125,841)	(118,586)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(6,808)	(12,879)
Advances on lines of credit	30,316	1,800
Repayments on lines of credit	(29,548)	
Proceeds from contributions for temporarily restricted net assets	7,491	7,097
Proceeds from contributions for endowment funds	363	173
Proceeds from bond premium		3,500
Proceeds from notes payable	1,353	3,535
Payments on notes payables	(1,764)	
Net cash provided by financing activities	1,403	3,226
NET INCREASE IN CASH	26,412	17,183
CASH — Beginning of year	78,727	61,544
CASH - - End of year	$ 105,139	$ 78,727

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, Twin Falls, McCall, 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 and in conformity with the American Institute of Certified Public Accountants Audit and Accounting Guide, *Health Care Organizations*. 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.

The Health System utilizes independent third parties to assist in determining reserve estimates associated with self-insured employee benefit programs and professional liability risks, including incurred but not reported claims. 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.

Changes in Net Assets — Changes in net assets primarily include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), changes in pension liabilities, and the net change in unrealized gains and losses on investments

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 as of September 30, 2011 and 2010, are as follows:

	2011	2010
Less than one year	$ 75	$ 157
One to five years	1,762	15
More than five years		
Total pledges receivable	$ 1,837	$ 172

Net Patient Service Revenue — Net patient service revenue 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. Charity care, based on established charge rates, for the years ended September 30, 2011 and 2010 was $47,939 and $50,912, respectively

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.

	2011	2010
Estimated unpaid costs of services provided under Medicare, Medicaid, and county indigency programs	107,559	97,019
Estimated benefit of services to support broader community needs	39,724	31,548

Cash — Cash represents cash on hand and cash in banks, excluding amounts whose use is limited. As of September 30, 2011 and 2010, the Health System had book overdrafts of $8,344 and $1,931, respectively, at one institution that is included in accounts payable, construction 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 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.

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 except donated assets, which are recorded at fair value at 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, as defined by *ASC 805, Business Combinations*. The Health System's accounting for goodwill includes the option to first assess qualitative factors to determine whether it is necessary to perform a two-step test for goodwill impairment. If the Health System believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required.

Goodwill is not amortized, but is subject to annual impairment test 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 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.

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. Depreciation on the buildings is computed using the straight-line method over the estimated useful lives which range from 15 to 40 years.

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.

Deferred Credit — In connection with a transaction with Twin Falls County, Idaho in July 2006, a deferred credit was recorded for the excess of the fair value of tangible and identifiable intangible assets acquired and liabilities assumed over the consideration given for the acquisition of Magic Valley Hospital. The deferred credit was being amortized to other revenue on a straight-line basis over 5 years. As of September 30, 2010, the deferred credit was $2,382 and was included in accounts payable, construction, and accrued liabilities. The deferred credit became fully amortized during 2011. For the years ended September 30, 2011 and 2010, $2,382 and $3,175, respectively, was recorded in other revenue.

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 losses on equity interest in joint ventures.

As of September 30, 2011, 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

- Idaho Community Health Network, an equally owned joint venture with Kootenai Medical Center, Magic Valley, and Portneuf to provide an organized system for the coordination, delivery and provisions for certain health care services.

- Idaho GYN Oncology Services, LLC, an equally owned joint venture with Saint Alphonsus Regional Medical Center, Inc., to provide gynecological oncology healthcare services

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). For the period ended September 30, 2011, the Company had approximately $4,160 of UBTI Net Operating Losses from operating losses incurred from 1997 to 2011 which expire in years 2012 to 2026. 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 September 2011, the FASB issued an accounting standards update regarding goodwill and the testing of goodwill for impairment, which simplifies how entities test goodwill for impairment. The update provides an entity the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test for goodwill impairment. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The revised standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 with an option to early adopt. The Health System has elected to early adopt this pronouncement for the current fiscal year ended September 30, 2011 and it did not have a material impact on the Health System's financial position, results of operations or cash flows.

In July 2011, the FASB issued an accounting standard regarding the presentation and disclosure of patient service revenue, provisions for bad debts and the allowance for doubtful accounts to provide greater transparency regarding a health care entity's net patient revenue and the related allowances for doubtful accounts. The standard requires certain health care entities to change the presentation of the provision for bad debts associated with patient service revenue by reclassifying the provision from operating expenses to a deduction from net patient revenue and requires enhanced disclosures about net patient revenue and the policies for recognizing revenue and assessing bad debts. This guidance is effective for fiscal years beginning on or after December 15, 2011. 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 January 2010, the FASB issued a new accounting standard, which requires more robust disclosures about the different classes of assets and liabilities measured at fair value, the valuation techniques and inputs used, the activity in Level 3 fair value measurements and the transfers between Levels 1, 2 and 3. The new disclosures and clarifications of existing disclosures are effective for fiscal years beginning after December 15, 2009. The adoption of this standard had no impact on the Health System's financial position, results of operations or cash flows.

In August 2010, the FASB issued a new accounting standard, which clarifies that health care entities should not net insurance recoveries against related claim liabilities. The guidance is effective for fiscal years beginning after December 15, 2010. 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 August 2010, the FASB issued a new accounting standard, which prescribes a specific measurement basis of charity care for disclosure. The guidance is effective for fiscal years beginning after December 15, 2010. The adoption of this standard is not expected to have any impact on the Health System's financial position, results of operations or cash flows.

In April 2009, the FASB issued an accounting standard on not-for-profit entities in regards to mergers and acquisitions. The standard provides guidance that improves the relevance, representational faithfulness, and comparability of the information that a not-for-profit entity provides in its financial

reports about a combination with one or more other not-for-profit entities, businesses, or nonprofit activities. The standard also improves the relevance, representational faithfulness, and comparability of the information a not-for-profit entity provides about goodwill and noncontrolling interests by making certain provisions of for-profit entity guidance regarding goodwill and noncontrolling interests fully applicable to not-for-profit entities. The provisions of this standard are to be applied prospectively for mergers and acquisitions and retrospectively for the treatment of non-controlling interests. The Health System adopted this standard for fiscal year 2011 and the impact of the related guidance is included in the Health System's consolidated financial statements.

Subsequent Events -- The Health System has evaluated subsequent events through January 25, 2012. This is the date the financial statements were available to be issued.

2. BUSINESS TRANSACTIONS

Medical Practices — In 2011 and 2010, 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 and goodwill. Non-compete agreements are amortized on a straight-line basis over their expected lives of three 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, 2011 and 2010:

	2011	2010
Accounts receivable	$ 139	$ 2,824
Inventory	119	1,127
Property	1,375	3,598
Goodwill and other intangible assets	9,374	37,570
Other assets	374	156
Accrued liabilities	110	466
Purchase price	$11,491	$45,741

Transaction with McCall -- On October 1, 2010, the Health System completed a transaction with McCall Memorial Hospital. The transaction expanded the Health System's presence into McCall, Idaho. McCall Memorial Hospital was previously a quasi-governmental organization, owned and operated by the McCall Memorial Hospital District (the "District"). The transaction included the following significant consideration items:

- The District agreed to contribute future tax revenue to the Health System in return for the delivery of healthcare services in McCall, Idaho. The Health System agrees to provide healthcare services and operate the facilities at an equivalent level provided to the community prior to the transaction.

- The District and Health System have jointly developed future financial assumptions that would be met by the McCall operations in order for the Health System to be required to raise funds, develop, construct, expand, improve or otherwise maintain the facilities in McCall

- The District shall have the right to reacquire the net assets of the Health System related to the McCall operations for a period of fifteen years from the date of the transaction. The District can reacquire the McCall operations only if certain triggering events occur related to the Health System's ownership structure. Determination of the purchase price would be based on the book value of the reacquired net assets at the time of the reacquisition less any community equity that has been contributed.

The determination of the estimated fair market value of the assets acquired required management to make certain estimates and assumptions. The transaction with McCall resulted in the assets acquired and liabilities assumed being recorded based on their estimated fair values on the transaction date. An excess of assets acquired over liabilities assumed in the amount of $17,288 was recorded representing the excess of the fair value of tangible and identifiable intangible assets acquired over liabilities assumed.

The results of operations are included in the Health System's consolidated financial statements beginning October 1, 2010 The following table presents the allocation of consideration given for the assets obtained and the liabilities assumed:

Cash	$ 409
Investments	3,332
Accounts receivable	5,212
Inventory	343
Prepaids	220
Property	9,843
Total assets obtained	19,359
Accrued liabilities	(2,071)
Total liabilities assumed	(2,071)
Excess of assets acquired over liabilities assumed in acquisition	$ 17,288

Joint Ventures — The Health System acquired the controlling membership interest in several joint ventures. As a result of these purchases, the Health System has recognized an excess of assets acquired over liabilities assumed in the amount of $1,310. The results of operations are included in the Health System's consolidated financial statements subsequent to the date the controlling membership interest was acquired. The following table summarizes the estimated fair value of the assets acquired and liabilities assumed from these membership interest purchases.

Accounts receivable	$ 8,284
Inventory	34
Prepaids	9
Property	9,169
Goodwill & other intangibles assets	2,493
Other assets	882
Accrued liabilities	(882)
Non-controlling interest	(762)
Subtotal	19,227
Previously recorded equity interests	(10,488)
Excess of assets acquired over liabilities assumed in acquisition	(1,310)
Consideration given	7,429
Debt obligation as a result of acquisition	(2,850)
Cash paid on acquisitions	$ 4,579

3. JOINT VENTURES

Combined financial information of the Health System's joint ventures as of September 30, 2011 and 2010, is as follows.

	2011	2010
Total assets	$ 9,455	$31,816
Total liabilities	1,695	3,683
Total equity	7,760	28,133
Total revenues	18,409	37,759
Total income	712	1,976

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.

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.

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, at September 30, 2011 and 2010, are as follows:

	2011	2010
Commercial payors, patients, and other	$169,635	$146,206
Medicare program	28,213	24,533
Medicaid program	9,987	30,717
Non-patient	12,960	13,297
	220,795	214,753
Less total allowance	31,358	35,149
	$189,437	$179,604

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, 2011 and 2010, consist of the following:

	2011	2010
Land	$ 43,502	$ 40,416
Buildings, land improvements, and fixed equipment	726,685	536,193
Major movable equipment	529,679	414,709
	1,299,866	991,318
Less accumulated depreciation:		
Buildings, land improvements, and fixed equipment	222,627	196,203
Major movable equipment	322,293	278,547
	544,920	474,750
	754,946	516,568
Construction in process	39,730	184,663
	$ 794,676	$ 701,231

As of September 30, 2011 and 2010, the Health System had $4,769 and $10,389, respectively, of property, plant, and equipment purchases included in accounts payable, construction and accrued liabilities.

Depreciation expense was $67,290 and $58,238 for the years ended September 30, 2011 and 2010, 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 at September 30, 2011 and 2010:

	2011	2010
Board designated funds:		
Cash and short-term investments	$ 26,845	$ 22,015
Domestic mutual funds	19,499	15,760
Domestic corporate bonds and notes	55,444	43,668
U.S. government and agency securities	212,128	223,589
Interest receivable	1,151	1,273
Due to donor restricted and permanent endowment funds	(14,869)	(12,711)
	300,198	293,594
Less amounts classified as current assets	(31,514)	(30,382)
	$268,684	$263,212
Restricted funds:		
Cash and cash equivalents	$ 8,653	$ 48,350
U.S. government and agency securities	13,098	12,862
	$ 21,751	$ 61,212
Permanent endowment funds -- due from board designated funds	$ 5,390	$ 5,027
Donor restricted plant replacement and expansion funds and other specific purpose funds:		
Due from board designated funds	$ 9,479	$ 7,684
Pledges receivable	1,837	172
	$ 11,316	$ 7,856

Investment income for assets limited as to use, cash equivalents, and other investments for the years ended September 30, 2011 and 2010, is comprised of the following:

	2011	2010
Investment income:		
Interest income	$ 7,594	$ 8,799
Realized loss on sales of securities	(800)	(931)
	$ 6,794	$ 7,868
Change in net unrealized gain on investments	$ (1,908)	$ 1,096

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, 2011, related to the Series 2008A Bonds, is $16,139 (which includes $3,023 to be paid over the next 12 months). This amount is included in restricted funds.

Proceeds received from the Series 2009AB Bonds are restricted to qualified expenditures related to a facility project of the Health System and are held by the Series 2009AB Bond Trustee in a Construction Fund. Initial deposits into the Construction Fund were $148,863. As of September 30, 2011, the construction project was complete and all monies held in the construction fund have been drawn down.

8. DEBT

Long-term debt as of September 30, 2011 and 2010, consists of the following:

	2011	2010
Obligations to Idaho Health Facilities Authority -- Series 2009AB Variable Rate Demand Revenue Bonds	$ 150,000	$ 150,000
Obligations to Idaho Health Facilities Authority -- Series 2008A Fixed Rate Bonds	127,695	128,870
Obligations to Idaho Health Facilities Authority -- Series 2008A Fixed Rate Bond Discount	(3,375)	(3,448)
Obligations to Idaho Health Facilities Authority -- Series 2005 Fixed Rate Bonds	114,550	117,240
Obligations to Idaho Health Facilities Authority — Series 2000 Fixed Rate Bonds	85,000	87,800
Obligations to Idaho Health Facilities Authority — Series 2000 and Series 2005 Fixed Rate Bond Premium	5,153	5,370
Capital leases	4,884	5,116
Notes payable	41,077	38,383
Line of credit	2,568	1,800
Other	18	41
Total debt	527,570	531,172
Less current portion	12,152	10,265
Total long-term debt	$ 515,418	$ 520,907

As of September 30, 2011, the maturity schedule of long-term debt is as follows:

Years Ending September 30	Long-Term Debt	Capital Lease	Total
2012	$ 11,253	$ 1,044	$ 12,297
2013	8,943	1,047	9,990
2014	9,244	1,048	10,292
2015	8,501	701	9,202
2016	8,836	505	9,341
Thereafter	475,909	976	476,885
	$ 522,686	5,321	528,007
Less amount representing interest		(437)	(437)
		$ 4,884	$ 527,570

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 based on variable and fixed interest rate modes for the Series 2000 Bonds during 2011 was 4.75%.

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) based on variable and fixed interest rate modes for the Series 2005 Bonds during 2011 was 4.38%.

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 — Represent 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) for the Series 2008A Bonds during 2011 was 6.70%. 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 2009AB — Represent Variable Rate Demand Revenue Bonds. The Series 2009AB Bonds principal is payable in annual payments ranging from $22,840 to $27,265, beginning November 2039 through November 2043. The Series 2009AB Bonds interest is payable annually and, at the option of the Health System, will be in either a Daily, Weekly, one or more adjustable Long Modes, in a Commercial Paper Mode or in a Fixed Mode, all of which are defined by the bond documents and determine the frequency and dates of payment of interest, the calculation of interest and the terms, if any, upon which each bond may or must be tendered for purchase. The average interest rate (which includes amortization of costs of issuance) for the Series 2009AB Bonds during 2011 was 1.61%.

The Series 2009AB Bonds are subject to redemption prior to maturity at the option of the Health System and, while in a Daily Mode or Weekly Mode, to optional tender by the bondholder. In the event of optional tender of the Series 2009AB Bonds, funds for repayment of the purchase price of the bonds are available from irrevocable, direct-pay letters of credit. Subsequent to year end, these direct-pay letters of credit were renegotiated and have been extended through 2014. As of September 30, 2011, the Series 2009AB Bonds were in the Weekly Mode.

The Series 2000, Series 2005, Series 2008A and Series 2009AB 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, 2011 and 2010, 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 2019. Interest is fixed and ranges from 6.00% to 6.25%.

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 beared at a rate of 5.0% per annum.

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 variable based on a published prime rate and during 2011 was 3.25%.

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, 2014. 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 un-borrowed portion of the principal amount available at the rate of one-fifth of one percent per annum. As of September 30, 2011 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 July 31, 2012. 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, 2011 and 2010 was $2,568 and $1,800, respectively.

Interest Costs - - During the years ended September 30, 2011 and 2010, the Health System incurred total interest costs of $22,914 and $17,477, respectively. During 2011 and 2010, $5,696 and $4,248, respectively, has been capitalized and is reflected as a component of property, plant, and equipment. During the years ended September 30, 2011 and 2010, the Health System made cash payments for interest of $20,942 and $15,968, respectively, and cash payments for bond fees of $1,293 and $2,460, respectively.

9. NONCONTROLLING INTEREST

The following table shows the allocation of controlling and noncontrolling interest within net assets in accordance with ASC 958-805 — *Not-for-Profit Entities — Business Combinations*. The allocation as of September 30, 2011 and 2010 is as follows:

	Total Net Assets	Controlling Interest	Noncontrolling Interest
Net assets — September 30, 2009	$584,257	$577,128	$ 7,129
Unrestricted net assets			
Revenue in excess of expenses	61,064	60,427	637
Change in noncontrolling interests from acquisitions	(921)		(921)
Change in net unrealized gains on investments	1,096	1,096	-
Net assets released from restrictions — capital acquisitions	2,776	2,776	-
Change in funded status of pension plan	(10,062)	(10,062)	-
Increase in unrestricted net assets	53,953	54,237	(284)
Temporarily restricted net assets	393	393	-
Permanently restricted net assets	173	173	-
Increase in net assets	54,519	54,803	(284)
Net assets - - September 30, 2010	638,776	631,931	6,845
Unrestricted net assets:			
Revenue in excess of expenses	90,538	90,170	368
Change in noncontrolling interests from acquisitions	(1,219)		(1,219)
Change in net unrealized gains on investments	(1,908)	(1,908)	-
Net assets released from restrictions — capital acquisitions	1,213	1,213	-
Change in funded status of pension plan	(19,220)	(19,220)	-
Increase in unrestricted net assets	69,404	70,255	(851)
Temporarily restricted net assets	3,471	3,471	-
Permanently restricted net assets	363	363	-
Increase in net assets	73,238	74,089	(851)
Net assets - - September 30, 2011	$712,014	$706,020	$ 5,994

10. 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 5 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 5-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 2011	Total 2010
Projected benefit obligation for service rendered to date	$ 140,008	$ 45,597	$ 185,605	$ 166,878
Plan assets — at fair value	82,482	28,257	110,739	106,493
Funded status	$ (57,526)	$ (17,340)	$ (74,866)	$ (60,385)
Employer contributions	$ 10,000	$ 2,996	$ 12,996	$ 8,565
Accrued pension liability (all noncurrent)	57,526	17,340	74,866	60,385
Change in funded status	(11,207)	(3,274)	(14,481)	(9,462)
Amortization of prior service cost	13		13	13
Amortization of net loss	3,940	312	4,252	3,981
Net periodic benefit cost	9,159	585	9,744	9,632
Benefits paid	6,733	2,233	8,966	6,518
Accumulated benefit obligation	124,683	45,597	170,280	143,778

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

	SLRMC	SLMVRMC	Total 2011	Total 2010
Prior service cost	$ (55)	$ -	$ (55)	$ (67)
Net actuarial loss	(62,322)	(18,619)	(80,941)	(63,197)

The measurement date used to determine pension benefits is September 30. Expected contributions to the Plans for the fiscal year ending September 30, 2012, are approximately $12,815.

Investments in the pension trusts are overseen by an Investment Management Subcommittee, which is made up of officers and directors of the Health System and outside experts. 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	30 %	35 %
Small	10	10
Non-U.S. equities	20	10
Fixed income	30	45
Other	10	

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, 2011, the amounts and percentages of the fair value of Plans' assets are as follows:

	SLRMC		SLMVRMC	
Domestic equity	$29,827	36 %	$11,504	41 %
International equity	15,208	18	2,384	8
Fixed income	22,134	27	12,299	44
Other	15,313	19	2,070	7
Total	$82,482	100 %	$28,257	100 %

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

	SLRMC	SLMVRMC	Total
2012	$ 2,943	$ 1,996	$ 4,939
2013	3,305	2,150	5,455
2014	3,879	2,257	6,136
2015	4,758	2,317	7,075
2016	5,451	2,341	7,792
2017–2021	40,429	14,486	54,915
	$60,765	$25,547	$86,312

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

	2011	2010
Weighted average discount rate	5.25 %	6.00 %
Rate of increase in future compensation levels	4.00	4.00
Expected long-term rate of return on assets	8.00	8.00

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

	2011	2010
Weighted average discount rate	4.75 %	5.25 %
Rate of increase in future compensation levels	2.5–4.00	4.00

The principal cause of the change in the unfunded pension liability is the change in the discount rate at September 30, 2011 and 2010.

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:

	2011	2010
Projected benefit obligation for service rendered to date	$ 12,225	$ 10,063
Plan assets — at fair value		
Funded status	$(12,225)	$(10,063)
Accrued pension liability (noncurrent)	$ 11,491	$ 10,063
Accrued pension liability (current)	734	
Change in funded status	(2,161)	(2,449)
Amortization of prior service cost	8	5
Amortization of net loss	310	268
Net periodic benefit cost	1,193	1,061
Accumulated benefit obligation	11,554	9,629

The Health System did not contribute to the SERP during 2011 and 2010, nor does the Health System expect to make any contributions to the SERP for the fiscal year ending September 30, 2012.

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

	2011	2010
Prior service cost	$ (17)	$ (25)
Net actuarial loss	(5,245)	(3,733)

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

	Benefit Payments
2012	$ 733
2013	730
2014	726
2015	745
2016	748
2017–2021	4,514
	$ 8,196

As of September 30, 2011 and 2010, 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:

	2011	2010
Weighted average discount rate	5.25 %	6.00 %
Rate of increase in future compensation levels	4.00	4.00
Expected long-term rate of return on assets	8.00	8.00

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

	2011	2010
Weighted average discount rate	4.75 %	5.25 %
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 2011 and 2010, contributions to these plans were $18,729 and $16,004, respectively.

11. 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 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. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

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 short-term investments, debt and equity securities, and pledges receivable. For cash and short-term investments, pledges receivable and interest receivable, the carrying amount reported in the balance sheet approximates fair value. Fair values of debt and equity securities are based on quoted market prices.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Health System has the ability to access at the measurement date The level 2 inputs of the Health System are based on quoted market prices of similar assets Level 3 inputs are unobservable inputs for the asset or liability. There were no transfers of assets between any levels during the fiscal year. 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, 2011 and 2010:

	Fair Value Measurements as of September 30, 2011, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and short-term investments	$ 35,647	$ -	$ -	$ 35,647
Mutual funds	19,499			19,499
U S Government and agency securities	132,530	92,692		225,222
Corporate bonds and notes		43,752		43,752
Foreign government bonds		11,547		11,547
Total	$187,676	$147,991	$ -	$335,667

	Fair Value Measurements as of September 30, 2010, Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and short-term investments	$ 70,363	$ -	$ -	$ 70,363
Domestic mutual funds	16,793			16,793
U.S. government and agency securities	112,132	119,225		231,357
Domestic corporate bonds and notes		47,731		47,731
Total	$199,288	$166,956	$ -	$366,244

Long-Term 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 of the bank debt 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, 2011 and 2010 was $350,350 and $355,826. 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, 2011 and 2010 was $42,587 and $40,785. The fair value was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

Fair Value of Pension Plan Assets — 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, 2011 and 2010.

	Fair Value Measurements as of September 30, 2011, 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 equivalents	$ 9,522	$ -	$ -	$ 9,522
Domestic mutual funds	74,803			74,803
International mutual funds	11,865			11,865
Collective investment funds		14,549		14,549
Total	$96,190	$14,549	$ -	$110,739

	Fair Value Measurements as of September 30, 2010, 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 equivalents	$ 2,981	$ -	$ -	$ 2,981
Domestic mutual funds	69,160			69,160
International mutual funds	15,511			15,511
Collective investment funds		18,841		18,841
Total	$87,652	$18,841	$ -	$106,493

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2011. 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.

12. COMMITMENTS AND CONTINGENCIES

The Health System leases office space under operating leases, some of which contain renewal options. Rental expense on these during 2011 and 2010 were $8,632 and $10,823, respectively. The Health System also leases out space in medical office buildings under non-cancelable operating leases Rental income on these leases during 2011 and 2010 were $3,479 and $4,427, respectively.

As of September 30, 2011, future minimum rental income and payments on these operating leases are as follows:

Years Ending September 30	Minimum Rental Revenue	Minimum Rental Payments
2012	$1,361	$ 8,155
2013	578	3,660
2014	468	3,338
2015	343	2,924
2016	280	1,935
Thereafter	358	1,834
	$3,388	$21,846

As of September 30, 2011 and 2010, the Health System had commitments on construction contracts and equipment purchases totaling $12,803 and $37,798, 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, 2011, 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 4.0%. 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 adverse effect on the Health System's future financial position, results of operations, or cash flows.

13. 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, 2011 and 2010, are approximately as follows:

	2011	2010
Professional, nursing, and other patient care services	$ 984,279	$ 851,715
Fiscal and administrative support services	228,915	177,283
	$1,213,194	$1,028,998

14. GOODWILL, LONG-LIVED ASSETS AND OTHER INTANGIBLES

The Health System considered various events and circumstances when it evaluated whether it was more likely than not that the fair value of its reporting unit is less than its carrying value including macroeconomic conditions, industry and market considerations, certain cost factors, overall financial performance, and other relevant specific events to the reporting unit or other operational units. 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 year ended September 30, 2011.

As of September 30, 2011 and 2010, the Health System had $30,232 and $27,703, respectively, of goodwill recorded on the consolidated balance sheet.

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 three to seven years. Other intangible assets as of September 30, 2011 and 2010 consist of:

	2011	2010
Covenants not to compete	$ 35,840	$26,608
Less accumulated amortization	(11,375)	(5,172)
Total other intangible assets	$ 24,465	$21,436

We recorded amortization expense of $6,203 and $3,857 for the years ending September 30, 2011 and 2010. Expected future amortization expense related to intangible assets as of September 30, 2011 is as follows:

Years Ending September 30	Amount
2012	$ 6,723
2013	6,554
2014	5,727
2015	4,562
2016	885
Thereafter	14
	$ 24,465

15. SUBSEQUENT EVENTS

In October 2011, St. Benedicts Family Medical Center, Inc. (the "Hospital"), located in Jerome, Idaho, signed an agreement to join the Health System. The Hospital is a 25-bed critical access hospital and a rural health clinic that expands the Health System's presence in South Central Idaho. The transaction involved no cash payments other than pre-closing and post-closing legal, accounting and other costs associated with the transaction. The Health System agreed to assume certain assets and obligations of the Hospital as of October 1, 2011. In addition, the Health System will maintain health care services in the Jerome, Idaho community at or above the level provided by the Hospital at the time of the transaction for a certain period of time. Purchase accounting information related to particular assets, liabilities and other items of consideration is not available as of the date of issuance of this report. In accordance with the purchase method of accounting, the acquired net assets will be recorded at fair value as of the date of the acquisition.

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