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CHANGE OF ACCOUNTING PERIOD

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01/01, 2012, and ending 06/30, 2012

B Check if applicable:
- [ ] Address change
- [X] Name change
- [ ] Initial return
- [ ] Terminated
- [ ] Amended return
- [ ] Application pending

C Name of organization: ST. LUKE'S WARREN HOSPITAL, INC.

Doing Business As:

Number and street (or P O box if mail is not delivered to street address): 185 ROSEBERRY STREET

Room/suite:

City or town, state or country, and ZIP + 4: PHILLIPSBURG, NJ 08865-1684

D Employer identification number: 22-1494454

E Telephone number: (908) 859-6705

G Gross receipts $ 60,204,983.

F Name and address of principal officer: SCOTT R. WOLFE
185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) Are all affiliates included? [ ] Yes [ ] No

If "No," attach a list (see instructions)

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c)( ) ◀ (insert no) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ WWW.WARRENHOSPITAL.ORG

H(c) Group exemption number ▶

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation 1921 M State of legal domicile NJ

Part I Summary

1 Briefly describe the organization's mission or most significant activities:
ST. LUKE'S WARREN HOSPITAL, INC. IS A COMMUNITY-BASED, INTEGRATED SYSTEM OF HEALTHCARE SERVICES THAT PARTNERS WITH ITS PHYSICIAN COLLEAGUES TO PROVIDE SUPERIOR PATIENT CARE.

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	14.
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 2011 (Part V, line 2a)	5	0
6	Total number of volunteers (estimate if necessary)	6	310.
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

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		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	299,725.	39,957.
9	Program service revenue (Part VIII, line 2g)	130,529,934.	59,861,260.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,119,025.	31,658.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-537,227.	272,108.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	135,411,457.	60,204,983.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,771,344.	1,867,602.
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)	56,494,181.	29,897,372.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	72,585,115.	26,253,873.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	131,850,640.	58,018,847.
19	Revenue less expenses. Subtract line 18 from line 12	3,560,817.	2,186,136.

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	70,424,009.	112,166,331.
21	Total liabilities (Part X, line 26)	102,189,813.	91,971,896.
22	Net assets or fund balances Subtract line 21 from line 20	-31,765,804.	20,194,435.

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 5/15/13

▶ Type or print name and title: Carl R. Alberto, CFO

Paid Preparer Use Only

Print/Type preparer's name: Scott Mariani | Preparer's signature | Date 5/10/2013 | Check [ ] if self-employed | PTIN P00642486

Firm's name ▶ WITHUMSMITH+BROWN, PC | Firm's EIN ▶ 22-2027092

Firm's address ▶ 465 SOUTH ST STE 200 MORRISTOWN, NJ 07960-6497 | Phone no 973-898-9494

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2011)

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Part III **Statement of Program Service Accomplishments**
Check if Schedule O contains a response to any question in this Part III X

1 Briefly describe the organization's mission
ATTACHMENT 1

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☒ No
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☒ No
If "Yes," describe these changes on Schedule O.

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

4a (Code) (Expenses $ 7,021,641. including grants of $ 0) (Revenue $ 8,188,343.)
EXPENSES INCURRED IN PROVIDING VARIOUS MEDICALLY NECESSARY OR/RECOVERY SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. THE ORGANIZATION TREATED 3,782 OR/RECOVERY CASES DURING THE YEAR ENDED JUNE 30, 2012. PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O.

4b (Code) (Expenses $ 6,882,507. including grants of $ 0) (Revenue $ 8,788,721.)
EXPENSES INCURRED IN PROVIDING VARIOUS MEDICALLY NECESSARY EMERGENCY DEPARTMENT SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. THE ORGANIZATION TREATED 12,513 EMERGENCY DEPARTMENT CASES DURING THE YEAR ENDED JUNE 30, 2012. PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O.

4c (Code) (Expenses $ 4,205,109. including grants of $ 0) (Revenue $ 3,563,032.)
EXPENSES INCURRED IN PROVIDING VARIOUS MEDICALLY NECESSARY INTERNAL MEDICINE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. THE ORGANIZATION TREATED 480 INTERNAL MEDICINE CASES DURING THE YEAR ENDED JUNE 30, 2012. PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O.

4d Other program services (Describe in Schedule O)
(Expenses $ 34,294,466. including grants of $ 1,867,602.) (Revenue $ 39,321,164.)

4e Total program service expenses ▶ 52,403,723.

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	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	X	
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		X
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	X	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
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		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		X
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		X
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	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
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		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
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		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23		X
24 a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K If "No," go to line 25*	24a	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		X
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		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
25 a	**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		X
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		X
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		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
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		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
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		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
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		X
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		X
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	X	
35 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b	X	
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		X
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		X
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	X	

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

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return .	2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b			
	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			X
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			X
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			X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			X
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			X
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			X
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			X
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			X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			X
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?	13a			
	Note. See the instructions for additional information the organization must report on Schedule O.				
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			X
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 line 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 X

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. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O	1a 14		
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		X
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		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	X	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		X
6	Did the organization have members or stockholders?	6	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following.			
a	The governing body?	8a	X	
b	Each committee with authority to act on behalf of the governing body?	8b	X	
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		X

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
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	X	
b	Other officers or key employees of the organization	15b	X	
	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		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☒ Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ CARL M. ALBERTO, 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865-1684 (908)859-6705

Part VII **Compensation of Officers, [redacted]ctors, Trustees, Key Employees, High[redacted]Compensated Employees, and Independent Contractors**

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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) ROBERT RUMFIELD CHAIRMAN - TRUSTEE	1.00	X		X				0	0	0
(2) JAMES R SWICK VICE CHAIRMAN - TRUSTEE	1.00	X		X				0	0	0
(3) THOMAS J MCGINLEY SECRETARY/TREASURER - TRUSTEE	1.00	X		X				0	0	0
(4) ROBERT E BARLOW TRUSTEE	1.00	X						0	0	0
(5) JAMES F DEUTSCH TRUSTEE	1.00	X						0	0	0
(6) TONY DIBENEDETTO TRUSTEE	1.00	X						0	0	0
(7) JOEL FAGERSTROM TRUSTEE;EX-OFFICIO	55.00	X						0	0	0
(8) ROBERT FRIEDMAN MD TRUSTEE	1.00	X						0	0	0
(9) GWEN A JACOBS TRUSTEE	1.00	X						0	0	0
(10) CAROL KUPLEN TRUSTEE;EX-OFFICIO	55.00	X						0	0	0
(11) THOMAS LICHTENWALNER TRUSTEE;EX-OFFICIO	55.00	X						0	0	0
(12) ROBERT MARTIN TRUSTEE;EX-OFFICIO	55.00	X						0	0	0
(13) KURT E SCHUMANN TRUSTEE	1.00	X						0	0	0
(14) SCOTT R WOLFE (EFFECTIVE 4/23/12) TRUSTEE - PRESIDENT/CEO	55.00	X		X				0	0	0

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
15) THOMAS H LITZ PRESIDENT/CEO (TERMED 6/17/12)	55.00			X				0	0	0
16) CARL M ALBERTO CFO/VP FINANCE	55.00			X				0	0	0
17) MARK A SBLENDORIO VP LEGAL AFFAIRS	55.00			X				0	0	0
18) EDWARD A GILKEY MD VP MEDICAL AFFAIRS	55.00			X				0	0	0
19) ALICE J WILSON VP ADMINISTRATION	55.00			X				0	0	0
20) GAIL A NEWTON (EFF 2/12/11) VP PATIENT CARE SERVICES	55.00			X				0	0	0
1b Sub-total ▶								0	0	0
c Total from continuation sheets to Part VII, Section A ▶								0	0	0
d Total (add lines 1b and 1c) ▶								0	0	0

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

		Yes	No
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*		X
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*		X
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*		X

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 2		

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 ▶ 25

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 39,717.				
	f All other contributions, gifts, grants, and similar amounts not included above 1f 240.				
	g Noncash contributions included in lines 1a-1f $				
	h Total. Add lines 1a-1f ▶	39,957.			
Program Service Revenue		Business Code			
	2a NET PATIENT SERVICE REVENUE	541900	57,825,670.	57,825,670.	
	b OTHER HEALTHCARE RELATED REVENUE	541900	2,035,590.	2,035,590.	
	c				
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f ▶		59,861,260.		
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ATTACHMENT 3 ▶		26,572.		26,572.
	4 Income from investment of tax-exempt bond proceeds [4] ▶		4,586.		4,586.
	5 Royalties ▶		0		
		(i) Real	(ii) Personal		
	6a Gross rents 77,040.				
	b Less rental expenses				
	c Rental income or (loss) 77,040.				
	d Net rental income or (loss) ▶		77,040.		77,040.
		(i) Securities	(ii) Other		
	7a Gross amount from sales of assets other than inventory 500.				
	b Less cost or other basis and sales expenses				
	c Gain or (loss) 500.				
	d Net gain or (loss) ▶		500.		500.
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18 a				
	b Less direct expenses b				
	c Net income or (loss) from fundraising events ▶		0		
	9a Gross income from gaming activities See Part IV, line 19 a				
	b Less direct expenses b				
	c Net income or (loss) from gaming activities ▶		0		
	10a Gross sales of inventory, less returns and allowances a				
	b Less cost of goods sold b				
	c Net income or (loss) from sales of inventory ▶		0		
	Miscellaneous Revenue	Business Code			
	11a CAFETERIA	722320	195,068.		195,068.
	b				
	c				
	d All other revenue				
	e Total. Add lines 11a-11d ▶		195,068.		
	12 Total revenue. See instructions ▶		60,204,983.	59,861,260.	303,766.

Part IX Statement of Functional Ex[redacted]ses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,867,602.	1,867,602.		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	23,550,248.	21,195,223.	2,355,025.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,301,954.	2,071,759.	230,195.	
9 Other employee benefits	2,159,477.	1,943,529.	215,948.	
10 Payroll taxes	1,885,693.	1,697,124.	188,569.	
11 Fees for services (non-employees)				
a Management	0			
b Legal	563,261.	506,935.	56,326.	
c Accounting	265,797.	239,217.	26,580.	
d Lobbying	31,424.	28,282.	3,142.	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other	1,084,323.	975,890.	108,433.	
12 Advertising and promotion	103,482.	93,134.	10,348.	
13 Office expenses	2,808,951.	2,528,056.	280,895.	
14 Information technology	0			
15 Royalties	0			
16 Occupancy	2,810,293.	2,529,264.	281,029.	
17 Travel	51,480.	46,332.	5,148.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	1,630,564.	1,467,508.	163,056.	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	2,578,056.	2,320,250.	257,806.	
23 Insurance	730,754.	657,679.	73,075.	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES	4,542,872.	4,088,585.	454,287.	
b CONTRACTED SERVICES	2,916,008.	2,624,407.	291,601.	
c PATIENT CHARGES	2,852,799.	2,567,519.	285,280.	
d OTHER SERVICES/SUPPORT	1,742,606.	1,568,345.	174,261.	
e All other expenses	1,541,203.	1,387,083.	154,120.	
25 **Total functional expenses.** Add lines 1 through 24e	58,018,847.	52,403,723.	5,615,124.	
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	5,358,104.	1	11,277,367.
	2	Savings and temporary cash investments	2,159.	2	2,159.
	3	Pledges and grants receivable, net	0	3	0
	4	Accounts receivable, net	10,587,538.	4	11,122,446.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), 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)	0	6	0
	7	Notes and loans receivable, net ATCH. 5.	2,927,468.	7	2,916,994.
	8	Inventories for sale or use	1,518,550.	8	1,549,582.
	9	Prepaid expenses and deferred charges	1,117,085.	9	1,371,673.
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D — 10a: 147,365,526.			
	b	Less accumulated depreciation — 10b: 86,464,106.	38,055,436.	10c	60,901,420.
	11	Investments - publicly traded securities	0	11	0
	12	Investments - other securities. See Part IV, line 11	0	12	0
	13	Investments - program-related See Part IV, line 11	3,802,971.	13	5,601,975.
	14	Intangible assets	1,262,287.	14	13,509,109.
	15	Other assets See Part IV, line 11	5,792,411.	15	3,913,606.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	70,424,009.	16	112,166,331.
Liabilities	17	Accounts payable and accrued expenses	19,009,382.	17	16,564,810.
	18	Grants payable	0	18	0
	19	Deferred revenue	0	19	0
	20	Tax-exempt bond liabilities	43,345,000.	20	42,150,000.
	21	Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
	23	Secured mortgages and notes payable to unrelated third parties ATCH. 6	8,401,487.	23	620,238.
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	31,433,944.	25	32,636,848.
	26	**Total liabilities.** Add lines 17 through 25	102,189,813.	26	91,971,896.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	-32,583,849.	27	19,173,549.
	28	Temporarily restricted net assets	340,477.	28	543,318.
	29	Permanently restricted net assets	477,568.	29	477,568.
		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	-31,765,804.	33	20,194,435.
	34	Total liabilities and net assets/fund balances	70,424,009.	34	112,166,331.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	60,204,983.
2	Total expenses (must equal Part IX, column (A), line 25)	2	58,018,847.
3	Revenue less expenses Subtract line 2 from line 1	3	2,186,136.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-31,765,804.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	49,774,103.
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	20,194,435.

Part XII Financial Statements and Reporting

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

			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		X
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	X	
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 separate 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	X	
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	X	

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization	**Employer identification number**
ST. LUKE'S WARREN HOSPITAL, INC.	22-1494454

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 [X] 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 supported organization?	11g(i)	
(ii)	A family member of a person described in (i) above?	11g(ii)	
(iii)	A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)	

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income 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 section 501(c)(3) organization, check this box and **stop here** . . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) . . . . . 14 %

15 Public support percentage from 2010 Schedule A, Part II, line 14 . . . . . 15 %

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

b **33 1/3% support test - 2010.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

17a **10%-facts-and-circumstances test - 2011.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization . . . . . ▶ ☐

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

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

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

Part IV **Supplemental Information.** 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).

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**

▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered "Yes" to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations. Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations. Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes" to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of organization	Employer identification number
ST. LUKE'S WARREN HOSPITAL, INC.	22-1494454

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

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

2 Political expenditures . . . . . ▶ $

3 Volunteer hours . . . . . .

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

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

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

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

4a Was a correction made? . . . . . ☐ Yes ☐ No

b If "Yes," describe in Part IV.

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

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

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

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

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

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

	(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

Part II-A **Complete if the organiza[redacted] is exempt under section 501(c)(3) and [redacted] Form 5768 (election under section 501(h)).**

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		31,424.
j Total Add lines 1c through 1i			31,424.
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A, and Part II-B, line 1. Also, complete this part for any additional information

SEE PAGE 4

Part IV Supplemental Information *(continued)*

LOBBYING ACTIVITIES

SCHEDULE C, PART II-B; LINES 1G AND 1I

DURING THE SHORT YEAR ENDED JUNE 30, 2012 THE TAXPAYER PAID AN INDEPENDENT FIRM $420 FOR LOBBYING CONSULTING SERVICES PERFORMED ON BEHALF OF THE ORGANIZATION.

IN ADDITION, THE ORGANIZATION IS A MEMBER OF THE NEW JERSEY HOSPITAL ASSOCIATION, THE AMERICAN HOSPITAL ASSOCIATION AND SECTION 508 HOSPITAL COALITION STRATEGIC HEALTHCARE WHICH ALL ENGAGE IN LOBBYING EFFORTS ON BEHALF OF THEIR MEMBER HOSPITALS. A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS HAS BEEN ALLOCATED TO LOBBYING ACTIVITES PERFORMED ON BEHALF OF THE ORGANIZATION. THIS ALLOCATION AMOUNTED TO $31,004.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number
22-1494454

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of an historically important land area
☐ Preservation of a certified historic structure

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

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

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

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

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

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

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

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

9 In Part 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 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

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

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

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

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

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part 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	818,045.	681,387.	596,120.	562,397.	
b Contributions					
c Net investment earnings, gains, and losses	202,841.	136,658.	85,267.	33,723.	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	1,020,886.	818,045.	681,387.	596,120.	

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

- a Board designated or quasi-endowment ▶ 53.2200 %
- b Permanent endowment ▶ 46.7800 %
- c Temporarily restricted endowment ▶ _____ %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,934,728.		2,934,728.
b Buildings		85,975,965.	39,129,785.	46,846,180.
c Leasehold improvements		1,908,725.	1,733,384.	175,341.
d Equipment		54,603,278.	44,738,840.	9,864,438.
e Other		1,942,830.	862,098.	1,080,733.
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				60,901,420.

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		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. *(Column (b) must 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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. *(Column (b) must 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) Book value
(1)	Federal income taxes ATTACHMENT 1	
(2)	FAIR VALUE OF DERIVATIVE	
(3)	INSTRUMENT	
(4)	ACCRUED INTEREST PAYABLE	1,060,775.
(5)	AMOUNTS DUE TO U.S.	
(6)	DEPARTMENT OF JUSTICE;	
(7)	CURRENT	1,141,744.
(8)	AMOUNTS DUE TO U.S.	
(9)	DEPARTMENT OF JUSTICE;	
(10)	NON-CURRENT	771,109.
(11)	DUE TO AFFILIATES; CURRENT	81,945.
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶		32,636,848.

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 (ASC 740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited 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 through 8	9	
10	Excess or (deficit) for the year per audited 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 must 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 must 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, line 2, 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

ENDOWMENT FUNDS

SCHEDULE D, PART V; QUESTION 4

RESTRICTED FUNDS ARE USED TO SUPPORT THE CHARITABLE ACTIVITIES AND PROGRAMS OF THE ORGANIZATION AND ITS AFFILIATES.

Part XIV Supplemental Informati[redacted]ontinued)

ATTACHMENT 1

SCHEDULE D, PART X - OTHER LIABILITIES

DESCRIPTION	BOOK VALUE
OTHER LIABILITIES	26,976,510.
ESTIMATED AMOUNTS DUE TO THIRD	
PAYORS; CURRENT	1,932,695.
UNPAID LOSS ADJUSTMENTS	672,070.
TOTALS	32,636,848.

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

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	X	
b	If "Yes," was it a written policy?	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. [X] Applied uniformly to all hospital facilities [ ] Applied uniformly to most hospital facilities [ ] Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care. [ ] 100% [ ] 150% [X] 200% [ ] Other _____ %	X	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: [ ] 200% [ ] 250% [X] 300% [ ] 350% [ ] 400% [ ] Other _____%	X	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used 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"?	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		X
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 eligible for free or discounted care?		
6a	Did the organization prepare a community benefit report during the tax year?		X
b	If "Yes," did the organization make it available to the public?		

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			3,202,870.	572,012.	2,630,858.	4.53
b Medicaid (from Worksheet 3, column a)			5,059,491.	4,282,521.	776,970.	1.34
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			8,262,361.	4,854,533.	3,407,828.	5.87
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			246,337.	73,682.	172,655.	.30
f Health professions education (from Worksheet 5)			1,368,097.	931,154.	436,943.	.75
g Subsidized health services (from Worksheet 6)			3,246,464.	1,502,557.	1,743,907.	3.01
h Research (from Worksheet 7)			60,344.	5,016.	55,328.	.10
i Cash and in-kind contributions for community benefit (from Worksheet 8)			176,270.	26,628.	129,642.	.22
j **Total.** Other Benefits			5,097,512.	2,539,037.	2,538,475.	4.38
k **Total.** Add lines 7d and 7j			13,359,873.	7,393,570.	5,946,303.	10.25

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

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1		X
2	Enter the amount of the organization's bad debt expense	2 9,378,908.		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy	3 2,375,292.		
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 21,817,759.		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 24,418,266.		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7 -2,600,507.		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	X	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	X	

Part IV **Management Companies and Joint Ventures** (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest)

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

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)
1 ST. LUKE'S WARREN HOSPITAL, INC. 185 ROSEBERRY STREET PHILLIPSBURG NJ 08865-1684	X	X		X			X		
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of Hospital Facility: ST. LUKE'S WARREN HOSPITAL, INC.

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for tax year 2011)				
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply):			
a	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20 __ __			
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5	Did the hospital facility make its Needs Assessment widely available to the public?	5		
	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):			
a	☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide community benefit plan			
d	☐ Participation in the execution of a community-wide community benefit plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the Needs Assessment			
g	☐ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
Financial Assistance Policy				
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	X	
9	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	9	X	
	If "Yes," indicate the FPG family income limit for eligibility for free care 2 0 0 %			
	If "No," explain in Part VI the criteria the hospital facility used			

Part V **Facility Information** *(continued)* ST. LUKE'S WARREN HOSPITAL, INC.

			Yes	No
10	Used FPG to determine eligibility for providing *discounted* care?	10	X	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 %			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	X	
	If "Yes," indicate the factors used in determining such amounts (check all that apply).			
a	[X] Income level			
b	[ ] Asset level			
c	[ ] Medical indigency			
d	[X] Insurance status			
e	[X] Uninsured discount			
f	[ ] Medicaid/Medicare			
g	[X] State regulation			
h	[ ] Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	X	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a	[ ] The policy was posted on the hospital facility's website			
b	[X] The policy was attached to billing invoices			
c	[X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[X] The policy was posted in the hospital facility's admissions offices			
e	[X] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[ ] Other (describe in Part VI)			
Billing and Collections				
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	X	
15	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		X
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply)			
a	[ ] Notified patients of the financial assistance policy on admission			
b	[ ] Notified patients of the financial assistance policy prior to discharge			
c	[X] Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d	[ ] Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e	[ ] Other (describe in Part VI)			

Part V Facility Information *(continued)* ST. LUKE'S WARREN HOSPITAL, INC.

Policy Relating to Emergency Medical Care

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

If "No," indicate why

- a ☐ The hospital facility did not provide care for any emergency medical conditions
- b ☐ The hospital facility's policy was not in writing
- c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d ☐ Other (describe in Part VI)

Individuals Eligible for Financial Assistance

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

- a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c ☒ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d ☐ Other (describe in Part VI)

20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?		X
	If "Yes," explain in Part VI		
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any service provided to that patient?		X
	If "Yes," explain in Part VI		

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 9

	Name and address	Type of Facility (describe)
1	ST. LUKE'S WARREN HEALTH & WELLNESS CTR 755 MEMORIAL PARKWAY PHILLIPSBURG NJ 08865-1690	OUTPATIENT FACILITY
2	THE SLEEP CTR AT ST. LUKE'S WARREN HOSP. 190 SOUTH GREENWOOD AVENUE EASTON PA 18045	OUTPATIENT FACILITY
3	HILLCREST PATIENT SERVICE CENTER 89 ROSEBERRY STREET PHILLIPSBURG NJ 08865-1690	LABORATORY
4	ST LUKE'S WARREN HOSP. CTR FOR SLEEP MED 89 ROSEBERRY STREET PHILLIPSBURG NJ 08865-1690	OUTPATIENT FACILITY
5	THE BALANCE CENTER OF WARREN HOSPITAL 755 MEMORIAL PARKWAY, BUILDING 100 PHILLIPSBURG NJ 08865-1690	OUTPATIENT FACILITY
6	WARREN HILLS PATIENT SERVICE CENTER 315 ROUTE 31 SOUTH WASHINGTON NJ 07882-1714	LABORATORY
7	COVENTRY FAMILY PRACTICE PATIENT SVC CTR 755 MEMORIAL PARKWAY, UNIT #17 PHILLIPSBURG NJ 08865-1690	OUTPATIENT FACILITY
8	BELVIDERE PATIENT SERVICE CENTER 540 COUNTY LINE ROUTE 519 BELVIDERE NJ 07823-2672	LABORATORY
9	COMFORT ZONE 755 MEMORIAL PARKWAY, BUILDING 302B PHILLIPSBURG NJ 08865-1690	OUTPATIENT FACILITY
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

2 **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 hospitals 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

ELIGIBILITY FOR DISCOUNTED CARE

SCHEDULE H, PART I, LINE 3C

THE INCOME BASED CRITERIA USED TO DETERMINE ELIGIBILITY IS PER NEW JERSEY ADMINISTRATIVE CODE 10:52 SUB CHAPTERS 11, 12 AND 13, AND BASED UPON THE 2012 POVERTY GUIDELINES (DEPARTMENT OF HEALTH AND SENIOR SERVICES). FEDERAL POVERTY GUIDELINES ARE INCLUDED IN THE CRITERIA FOR DETERMINING ELIGIBILITY FOR CHARITY AND DISCOUNTED CARE.

COMMUNITY BENEFIT REPORT

SCHEDULE H, PART I; QUESTION 6A

NOT APPLICABLE

SUBSIDIZED HEALTH SERVICES

Part VI Supplemental Information

Complete this part to provide the following information

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

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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

SCHEDULE H, PART I; QUESTION 7G

NO COSTS RELATING TO SUBSIDIZED HEALTHCARE SERVICES ARE ATTRIBUTABLE TO ANY PHYSICIAN CLINICS.

CHARITY CARE AND CERTAIN OTHER COMMUNITY BENEFIT COST

SCHEDULE H, PART I, QUESTION 7

WORKSHEET 2 WAS USED FOR THE COST TO CHARGE RATIO.

COMMUNITY BUILDING ACTIVITIES

SCHEDULE H, PART II

COMMUNITY BUILDING ACTIVITIES UNDERTAKEN BY THIS ORGANIZATION IMPROVE THE MEDICAL AND SOCIOECONOMIC WELL-BEING OF THE COMMUNITIES IN OUR CARE. THIS IS ACCOMPLISHED THROUGH SERVICE ON STATE AND REGIONAL ADVOCACY COMMITTEES AND BOARDS, VOLUNTEERISM WITH LOCAL COMMUNITY-BASED NON-PROFIT ADVOCACY GROUPS, AND PARTICIPATION IN CONFERENCES AND OTHER EDUCATIONAL ACTIVITIES

Part VI Supplemental Information

Complete this part to provide the following information

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

2 **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

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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

TO PROMOTE UNDERSTANDING OF THE ROOT CAUSES OF HEALTH CONCERNS. THIS ORGANIZATION PROVIDES EDUCATIONAL MATERIALS, CONDUCTS COMMUNITY HEALTH FAIRS AND HOLDS HEALTH EDUCATION SEMINARS AND OUTREACH SESSIONS FOR ITS PATIENTS AND FOR COMMUNITY PROVIDERS. PRESENTATIONS ARE PROVIDED BY PHYSICIANS, NURSES AND OTHER HEALTHCARE PROFESSIONALS.

BAD DEBT EXPENSE

SCHEDULE H, PART III, SECTION A; QUESTION 4

BAD DEBT EXPENSE WAS CALCULATED USING THE PROVIDER'S BAD DEBT EXPENSE FROM ITS AUDITED FINANCIAL STATEMENTS PLUS PATIENT RESPONSIBILITY BALANCES AFTER INSURANCE.

THE ORGANIZATION AND ITS AFFILIATES PREPARE AND ISSUE AUDITED CONSOLIDATED FINANCIAL STATEMENTS. THE SYSTEM'S ALLOWANCE FOR DOUBTFUL ACCOUNTS (BAD DEBT EXPENSE) METHODOLOGY AND CHARITY CARE POLICIES ARE CONSISTENTLY APPLIED ACROSS ALL HOSPITAL AFFILIATES. THE ATTACHED TEXT WAS OBTAINED FROM THE FOOTNOTES TO THE AUDITED FINANCIAL STATEMENTS OF

Part VI Supplemental Information

Complete this part to provide the following information

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

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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 hospitals 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

THE ORGANIZATION:

PATIENT ACCOUNTS RECEIVABLE

THE NETWORK'S PATIENT ACCOUNTS RECEIVABLE CONSIST OF UNSECURED AMOUNTS DUE FOR PATIENT SERVICES BILLED TO PATIENTS AND OTHER THIRD-PARTY PAYORS SUCH AS MEDICARE, MEDICAL ASSISTANCE, BLUE CROSS AND VARIOUS COMMERCIAL INSURANCE COMPANIES AND MANAGED CARE COMPANIES. THE PRIMARY SERVICE AREA OF THE NETWORK IS LOCATED IN LEHIGH, NORTHAMPTON, CARBON, SCHUYLKILL AND BUCKS COUNTIES, PENNSYLVANIA. THE ABILITY OF THESE PATIENTS TO PAY IS SUBJECT TO CHANGES IN GENERAL ECONOMIC CONDITIONS OF THE NETWORK'S SERVICE AREA. THE NETWORK PERFORMS ONGOING CREDIT EVALUATIONS AND MAINTAINS RESERVES FOR POTENTIAL CREDIT LOSSES.

CHARITY CARE

THE NETWORK PROVIDES CARE TO ALL PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS

Part VI Supplemental Information

Complete this part to provide the following information

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

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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 hospitals 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

ESTABLISHED RATES. CHARGES FOR SERVICES TO PATIENTS WHO MEET THE NETWORK'S GUIDELINES FOR CHARITY CARE ARE NOT REFLECTED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS. THE CHARGES ASSOCIATED WITH THESE SERVICES FOR CHARITY CARE PROVIDED BY THE NETWORK APPROXIMATE $118,310,000 AND $100,586,000 IN 2012 AND 2011, RESPECTIVELY. THE COSTS INCURRED TO PROVIDE SUCH CARE IS DETERMINED USING A COST TO CHARGE RATIO AND WERE APPROXIMATELY $98,440,000 AND $81,686,000 FOR 2012 AND 2011, RESPECTIVELY.

COMMUNITY BENEFIT

SCHEDULE H, PART III, SECTION B; QUESTION 8

MEDICARE COSTS WERE DERIVED FROM THE 2012 MEDICARE COST REPORT.

THE ORGANIZATION BELIEVES THAT MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS SHOULD BE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I.

Part VI Supplemental Information

Complete this part to provide the following information

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

2 **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

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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 hospitals 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

THE ORGANIZATION BELIEVES THAT MEDICARE UNDERPAYMENTS (SHORTFALL) AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS SHOULD BE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. AS OUTLINED MORE FULLY BELOW THE ORGANIZATION BELIEVES THAT THESE SERVICES AND RELATED COSTS PROMOTE THE HEALTH OF THE COMMUNITY AS A WHOLE AND ARE RENDERED IN CONJUNCTION WITH THE ORGANIZATION'S CHARITABLE TAX-EXEMPT PURPOSES AND MISSION IN PROVIDING MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUAL'S IN A NON-DISCRIMINATORY MANNER WITHOUT REGARD TO RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY AND CONSISTENT WITH THE COMMUNITY BENEFIT STANDARD PROMULGATED BY THE INTERNAL REVENUE SERVICE ("IRS"). THE COMMUNITY BENEFIT STANDARD IS THE CURRENT STANDARD FOR A HOSPITAL FOR RECOGNITION AS A TAX-EXEMPT AND CHARITABLE ORGANIZATION UNDER INTERNAL REVENUE CODE ("IRC") §501(C)(3).

THE ORGANIZATION IS RECOGNIZED AS A TAX-EXEMPT ENTITY AND CHARITABLE ORGANIZATION UNDER §501(C)(3) OF THE IRC. ALTHOUGH THERE IS NO DEFINITION IN THE TAX CODE FOR THE TERM "CHARITABLE" A REGULATION PROMULGATED BY THE DEPARTMENT OF THE TREASURY PROVIDES SOME GUIDANCE AND STATES THAT "[T]HE

Part VI Supplemental Information

Complete this part to provide the following information

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

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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

TERM CHARITABLE IS USED IN IRC §501(C)(3) IN ITS GENERALLY ACCEPTED LEGAL SENSE," AND PROVIDES EXAMPLES OF CHARITABLE PURPOSES, INCLUDING THE RELIEF OF THE POOR OR UNPRIVILEGED; THE PROMOTION OF SOCIAL WELFARE; AND THE ADVANCEMENT OF EDUCATION, RELIGION, AND SCIENCE. NOTE IT DOES NOT EXPLICITLY ADDRESS THE ACTIVITIES OF HOSPITALS. IN THE ABSENCE OF EXPLICIT STATUTORY OR REGULATORY REQUIREMENTS APPLYING THE TERM "CHARITABLE" TO HOSPITALS, IT HAS BEEN LEFT TO THE IRS TO DETERMINE THE CRITERIA HOSPITALS MUST MEET TO QUALIFY AS IRC §501(C)(3) CHARITABLE ORGANIZATIONS. THE ORIGINAL STANDARD WAS KNOWN AS THE CHARITY CARE STANDARD. THIS STANDARD WAS REPLACED BY THE IRS WITH THE COMMUNITY BENEFIT STANDARD WHICH IS THE CURRENT STANDARD.

CHARITY CARE STANDARD

IN 1956, THE IRS ISSUED REVENUE RULING 56-185, WHICH ADDRESSED THE REQUIREMENTS HOSPITALS NEEDED TO MEET IN ORDER TO QUALIFY FOR IRC §501(C)(3) STATUS. ONE OF THESE REQUIREMENTS IS KNOWN AS THE "CHARITY CARE STANDARD." UNDER THE STANDARD, A HOSPITAL HAD TO PROVIDE, TO THE

Part VI Supplemental Information

Complete this part to provide the following information

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

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EXTENT OF ITS FINANCIAL ABILITY, FREE OR REDUCED-COST CARE TO PATIENTS UNABLE TO PAY FOR IT. A HOSPITAL THAT EXPECTED FULL PAYMENT DID NOT, ACCORDING TO THE RULING, PROVIDE CHARITY CARE BASED ON THE FACT THAT SOME PATIENTS ULTIMATELY FAILED TO PAY. THE RULING EMPHASIZED THAT A LOW LEVEL OF CHARITY CARE DID NOT NECESSARILY MEAN THAT A HOSPITAL HAD FAILED TO MEET THE REQUIREMENT SINCE THAT LEVEL COULD REFLECT ITS FINANCIAL ABILITY TO PROVIDE SUCH CARE. THE RULING ALSO NOTED THAT PUBLICLY SUPPORTED COMMUNITY HOSPITALS WOULD NORMALLY QUALIFY AS CHARITABLE ORGANIZATIONS BECAUSE THEY SERVE THE ENTIRE COMMUNITY, AND A LOW LEVEL OF CHARITY CARE WOULD NOT AFFECT A HOSPITAL'S EXEMPT STATUS IF IT WAS DUE TO THE SURROUNDING COMMUNITY'S LACK OF CHARITABLE DEMANDS.

COMMUNITY BENEFIT STANDARD

IN 1969, THE IRS ISSUED REVENUE RULING 69-545, WHICH "REMOVE[D]" FROM REVENUE RULING 56-185 "THE REQUIREMENTS RELATING TO CARING FOR PATIENTS WITHOUT CHARGE OR AT RATES BELOW COST." UNDER THE STANDARD DEVELOPED IN REVENUE RULING 69-545, WHICH IS KNOWN AS THE "COMMUNITY BENEFIT

Part VI Supplemental Information

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STANDARD," HOSPITALS ARE JUDGED ON WHETHER THEY PROMOTE THE HEALTH OF A BROAD CLASS OF INDIVIDUALS IN THE COMMUNITY.

THE RULING INVOLVED A HOSPITAL THAT ONLY ADMITTED INDIVIDUALS WHO COULD PAY FOR THE SERVICES (BY THEMSELVES, PRIVATE INSURANCE, OR PUBLIC PROGRAMS SUCH AS MEDICARE), BUT OPERATED A FULL-TIME EMERGENCY ROOM THAT WAS OPEN TO EVERYONE. THE IRS RULED THAT THE HOSPITAL QUALIFIED AS A CHARITABLE ORGANIZATION BECAUSE IT PROMOTED THE HEALTH OF PEOPLE IN ITS COMMUNITY. THE IRS REASONED THAT BECAUSE THE PROMOTION OF HEALTH WAS A CHARITABLE PURPOSE ACCORDING TO THE GENERAL LAW OF CHARITY, IT FELL WITHIN THE "GENERALLY ACCEPTED LEGAL SENSE" OF THE TERM "CHARITABLE," AS REQUIRED BY TREAS. REG. § 1.501(C)(3)-1(D)(2). THE IRS RULING STATED THAT THE PROMOTION OF HEALTH, LIKE THE RELIEF OF POVERTY AND THE ADVANCEMENT OF EDUCATION AND RELIGION, IS ONE OF THE PURPOSES IN THE GENERAL LAW OF CHARITY THAT IS DEEMED BENEFICIAL TO THE COMMUNITY AS A WHOLE EVEN THOUGH THE CLASS OF BENEFICIARIES ELIGIBLE TO RECEIVE A DIRECT BENEFIT FROM ITS ACTIVITIES DOES NOT INCLUDE ALL MEMBERS OF THE COMMUNITY, SUCH AS INDIGENT MEMBERS OF THE COMMUNITY, PROVIDED THAT THE CLASS IS NOT SO

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SMALL THAT ITS RELIEF IS NOT OF BENEFIT TO THE COMMUNITY.

THE IRS CONCLUDED THAT THE HOSPITAL WAS "PROMOTING THE HEALTH OF A CLASS OF PERSONS THAT IS BROAD ENOUGH TO BENEFIT THE COMMUNITY" BECAUSE ITS EMERGENCY ROOM WAS OPEN TO ALL AND IT PROVIDED CARE TO EVERYONE WHO COULD PAY, WHETHER DIRECTLY OR THROUGH THIRD-PARTY REIMBURSEMENT. OTHER CHARACTERISTICS OF THE HOSPITAL THAT THE IRS HIGHLIGHTED INCLUDED THE FOLLOWING: ITS SURPLUS FUNDS WERE USED TO IMPROVE PATIENT CARE, EXPAND HOSPITAL FACILITIES, AND ADVANCE MEDICAL TRAINING, EDUCATION, AND RESEARCH; IT WAS CONTROLLED BY A BOARD OF TRUSTEES THAT CONSISTED OF INDEPENDENT CIVIC LEADERS; AND HOSPITAL MEDICAL STAFF PRIVILEGES WERE AVAILABLE TO ALL QUALIFIED PHYSICIANS.

THE ORGANIZATION BELIEVES THAT MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS SHOULD BE INCLUDBALE ON THE FORM 990, SCHEUDLE H, PART I.

THE AMERICAN HOSPITAL ASSOCIATION ("AHA") BELIEVES THAT MEDICARE

Part VI Supplemental Information

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UNDERPAYMENTS (SHORTFALL) AND BAD DEBT ARE COMMUNITY BENEFIT AND THUS INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. THIS ORGANIZATION AGREES WITH THE AHA POSITION. AS OUTLINED IN THE AHA LETTER TO THE IRS DATED AUGUST 21, 2007 WITH RESPECT TO THE FIRST PUBLISHED DRAFT OF THE NEW FORM 990 AND SCHEDULE H, THE AHA FELT THAT THE IRS SHOULD INCORPORATE THE FULL VALUE OF THE COMMUNITY BENEFIT THAT HOSPITALS PROVIDE BY COUNTING MEDICARE UNDERPAYMENTS (SHORTFALL) AS QUANTIFIABLE COMMUNITY BENEFIT FOR THE FOLLOWING REASONS:

- PROVIDING CARE FOR THE ELDERLY AND SERVING MEDICARE PATIENTS IS AN ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD.

- MEDICARE, LIKE MEDICAID, DOES NOT PAY THE FULL COST OF CARE. RECENTLY, MEDICARE REIMBURSES HOSPITALS ONLY 92 CENTS FOR EVERY DOLLAR THEY SPEND TO TAKE CARE OF MEDICARE PATIENTS. THE MEDICARE PAYMENT ADVISORY COMMISSION ("MEDPAC") IN ITS MARCH 2007 REPORT TO CONGRESS CAUTIONED THAT UNDERPAYMENT WILL GET EVEN WORSE, WITH MARGINS REACHING A 10-YEAR LOW AT NEGATIVE 5.4 PERCENT.

Part VI Supplemental Information

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- MANY MEDICARE BENEFICIARIES, LIKE THEIR MEDICAID COUNTERPARTS, ARE POOR. MORE THAN 46 PERCENT OF MEDICARE SPENDING IS FOR BENEFICIARIES WHOSE INCOME IS BELOW 200 PERCENT OF THE FEDERAL POVERTY LEVEL. MANY OF THOSE MEDICARE BENEFICIARIES ARE ALSO ELIGIBLE FOR MEDICAID -- SO CALLED "DUAL ELIGIBLES."

THERE IS EVERY COMPELLING PUBLIC POLICY REASON TO TREAT MEDICARE AND MEDICAID UNDERPAYMENTS SIMILARLY FOR PURPOSES OF A HOSPITAL'S COMMUNITY BENEFIT AND INCLUDE THESE COSTS ON FORM 990, SCHEDULE H, PART I. MEDICARE UNDERPAYMENT MUST BE SHOULDERED BY THE HOSPITAL IN ORDER TO CONTINUE TREATING THE COMMUNITY'S ELDERLY AND POOR. THESE UNDERPAYMENTS REPRESENT A REAL COST OF SERVING THE COMMUNITY AND SHOULD COUNT AS A QUANTIFIABLE COMMUNITY BENEFIT.

BOTH THE AHA AND THIS ORGANIZATION ALSO BELIEVE THAT PATIENT BAD DEBT IS A COMMUNITY BENEFIT AND THUS INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. LIKE MEDICARE UNDERPAYMENT (SHORTFALLS), THERE ALSO ARE COMPELLING

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REASONS THAT PATIENT BAD DEBT SHOULD BE COUNTED AS QUANTIFIABLE COMMUNITY BENEFIT AS FOLLOWS:

- A SIGNIFICANT MAJORITY OF BAD DEBT IS ATTRIBUTABLE TO LOW-INCOME PATIENTS, WHO, FOR MANY REASONS, DECLINE TO COMPLETE THE FORMS REQUIRED TO ESTABLISH ELIGIBILITY FOR HOSPITALS' CHARITY CARE OR FINANCIAL ASSISTANCE PROGRAMS. A 2006 CONGRESSIONAL BUDGET OFFICE ("CBO") REPORT, NONPROFIT HOSPITALS AND THE PROVISION OF COMMUNITY BENEFITS, CITED TWO STUDIES INDICATING THAT "THE GREAT MAJORITY OF BAD DEBT WAS ATTRIBUTABLE TO PATIENTS WITH INCOMES BELOW 200% OF THE FEDERAL POVERTY LINE."

- THE REPORT ALSO NOTED THAT A SUBSTANTIAL PORTION OF BAD DEBT IS PENDING CHARITY CARE. UNLIKE BAD DEBT IN OTHER INDUSTRIES, HOSPITAL BAD DEBT IS COMPLICATED BY THE FACT THAT HOSPITALS FOLLOW THEIR MISSION TO THE COMMUNITY AND TREAT EVERY PATIENT THAT COMES THROUGH THEIR EMERGENCY DEPARTMENT, REGARDLESS OF ABILITY TO PAY. PATIENTS WHO HAVE OUTSTANDING BILLS ARE NOT TURNED AWAY, UNLIKE OTHER INDUSTRIES. BAD DEBT IS FURTHER COMPLICATED BY THE AUDITING INDUSTRY'S STANDARDS ON REPORTING CHARITY

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CARE. MANY PATIENTS CANNOT OR DO NOT PROVIDE THE NECESSARY, EXTENSIVE DOCUMENTATION REQUIRED TO BE DEEMED CHARITY CARE BY AUDITORS. AS A RESULT, ROUGHLY 40% OF BAD DEBT IS PENDING CHARITY CARE.

- THE CBO CONCLUDED THAT ITS FINDINGS "SUPPORT THE VALIDITY OF THE USE OF UNCOMPENSATED CARE [BAD DEBT AND CHARITY CARE] AS A MEASURE OF COMMUNITY BENEFITS" ASSUMING THE FINDINGS ARE GENERALIZABLE NATIONWIDE; THE EXPERIENCE OF HOSPITALS AROUND THE NATION REINFORCES THAT THEY ARE GENERALIZABLE.

AS OUTLINED BY THE AHA, DESPITE THE HOSPITALS' BEST EFFORTS AND DUE DILIGENCE, PATIENT BAD DEBT IS A PART OF THE HOSPITAL'S MISSION AND CHARITABLE PURPOSES. BAD DEBT REPRESENTS PART OF THE BURDEN HOSPITALS SHOULDER IN SERVING ALL PATIENTS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. IN ADDITION, THE HOSPITAL INVESTS SIGNIFICANT RESOURCES IN SYSTEMS AND STAFF TRAINING TO ASSIST PATIENTS THAT ARE IN NEED OF FINANCIAL ASSISTANCE.

Part VI Supplemental Information

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COLLECTION POLICY

SCHEDULE H, PART III, SECTION B; QUESTION 9B

ACCOUNTS CONSIDERED TO BE CHARITY CARE ARE NOT INCLUDED IN THE BAD DEBT EXPENSE, BUT RATHER, ACCOUNTED FOR AS AN ALLOWANCE.

IT IS THE POLICY OF THE ST. LUKE'S WARREN HOSPITAL BUSINESS OFFICE, AND ALL OF ITS AFFILIATES, TO TREAT ALL PATIENTS EQUALLY REGARDLESS OF INSURANCE AND THEIR ABILITY TO PAY. FOR ACCOUNTS DETERMINED TO BE "SELF-PAY" AND/OR ACCOUNTS WITH BALANCE AFTER PRIMARY INSURANCE PAYMENTS, THE COLLECTION POLICY REQUIRES: SENDING TWO STATEMENTS AND ONE PRE-COLLECTION LETTER, TELEPHONE CONTACT FOR ANY ACCOUNT OVER $25 OR AT THE DISCRETION OF THE ACCOUNT REPRESENTATIVE AND/OR SUPERVISOR.

THE FACILITY ALSO HAS A CHARITY CARE ACCESS POLICY TO ASSURE PATIENTS ARE PROVIDED WITH CHARITY CARE ASSISTANCE DETERMINED BY STATE AND FEDERAL REGULATIONS. IT IS THE POLICY TO INFORM ALL PATIENTS DEEMED SELF-PAY OF THE APPROPRIATE ASSISTANCE PROGRAMS AVAILABLE. PATIENTS APPLYING FOR

Part VI Supplemental Information

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CHARITY CARE ASSISTANCE WILL BE FINANCIALLY SCREENED BY A RESOURCE ADVISOR TO DETERMINE ELIGIBILITY ACCORDING TO STATE AND FEDERAL GUIDELINES AND WILL BE INFORMED OF DOCUMENTATION NEED TO COMPLETE A CHARITY CARE APPLICATION. PATIENTS NOT ELIGIBLE FOR CHARITY CARE WILL BE FINANCIALLY COUNSELED FOR ALL OTHER OPTIONS. QUALIFIED PATIENTS WILL BE REFERRED TO ALL APPROPRIATE AGENCIES OR PROGRAMS TO MEET OTHER FINANCIAL NEEDS.

AT THE TIME OF THE PATIENT VISIT AND PART OF THE REGISTRATION PROCESS AT THE FACILITY, THE FOLLOWING OPTIONS ARE MADE AVAILABLE TO PATIENTS:

- FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR MEDICAL ASSISTANCE INCLUDING MEDICAID AND SSI;
- FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR THE NEW JERSEY HEALTH CARE ASSISTANCE PROGRAM; AND, FOR THE HOSPITAL'S COMPASSIONATE CARE PROGRAM
- FINANCIAL ARRANGEMENTS INCLUDING:

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1. CASH/CREDIT CARD (AMERICAN EXPRESS, DISCOVER, VISA, MASTERCARD),OR

2. FLEXIBLE PAYMENT PLANS.

IN ADDITION TO THE ABOVE OPTIONS, THE FACILITY HAS ESTABLISHED A SELF-PAY ASSISTANCE PROGRAM FOR OUR UNINSURED PATIENTS THAT DO NOT QUALIFY FOR MEDICAID OR THE NEW JERSEY HOSPITAL CARE PAYMENT ASSISTANCE PROGRAM. THE SELF-PAY ASSISTANCE PROGRAM RATES ARE REFLECTIVE OF MEDICARE REIMBURSEMENT, AS REFERRED BY THE STATE OF NEW JERSEY.

FACILITY INFORMATION

SCHEDULE H, PART V, SECTION B, QUESTIONS 1J, 3, 4, 5C, 6I & 7

NOT APPLICABLE.

FACILITY INFORMATION

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SCHEDULE H, PART V, SECTION B,QUESTIONS 9,10,11H,13G,15E,16E,17E,18D,19-21

NOT APPLICABLE.

NEEDS ASSESSMENT

SCHEDULE H, PART VI; QUESTION 2

THIS ORGANIZATION REGULARLY CONDUCTS REVIEWS OF KEY FACTOR INFORMATION WHICH INCLUDES: A REVIEW OF HEALTHCARE UTILIZATION OF ITS SERVICE AREA POPULATION BY SERVICES (PRIMARY CARE, UROLOGY, CARDIOLOGY, SURGERY, ETC.) FOR DETERMINING INCREASED OR DECREASED HEALTH NEEDS; HEALTHCARE SERVICE ESTIMATES AND FORECASTS (BOTH INPATIENT AND OUTPATIENT); ASSESSMENTS OF LOCAL DEMOGRAPHIC AND SOCIOECONOMIC INFORMATION; AND, A REVIEW OF HEALTH STATUS/NEEDS ASSESSMENTS AND STUDIES CONDUCTED BY EXTERNAL PARTIES WHEN AVAILABLE. AS PART OF THAT PROCESS, THIS ORGANIZATION CONDUCTS AN EXTENSIVE SERVICE AREA POPULATION PHYSICIAN NEED STUDY (BY PRIMARY AND SPECIALTY) EVERY THREE TO FIVE YEARS. SPECIFIC SPECIALTY NEEDS ARE CONDUCTED FOR IDENTIFIED GAPS IN SERVICE. THESE REVIEWS INFORM MEDICAL

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STAFF DEVELOPMENT AT THE HOSPITAL TO ASSURE RESPONSIVENESS TO IDENTIFIED COMMUNITY NEEDS.

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

SCHEDULE H, PART VI; QUESTION 3

CHARITY CARE SIGNS ARE POSTED THROUGHOUT THE FACILITY, MAINLY IN PATIENT REGISTRATION AREAS. SIGNS ARE POSTED IN BOTH ENGLISH AND SPANISH.

ALL PATIENTS DEEMED SELF-PAY ARE SCREENED FOR FINANCIAL ASSISTANCE BY A RESOURCE ADVISOR ACCORDING TO THE FEDERAL POVERTY GUIDELINES AND REFERRED TO APPROPRIATE AGENCIES OR PROGRAMS.

COMMUNITY INFORMATION

SCHEDULE H, PART VI; QUESTION 4

THIS ORGANIZATION SERVES DIVERSE COMMUNITIES RANGING FROM "ABBOTT SCHOOL DISTRICT" COMMUNITIES IN PHILLIPSBURG TO MORE AFFLUENT SUBURBAN AREAS.

Part VI Supplemental Information

Complete this part to provide the following information.

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

2 **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

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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 hospitals 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

WARREN HOSPITAL IS THE SECOND LARGEST EMPLOYER IN WARREN COUNTY. THIS ORGANIZATION IS COMMITTED TO SERVICE FOR ITS COMMUNITIES, APPROXIMATELY 16% (INCLUSIVE OF MEDICAID) OF ITS PATIENTS ARE UNDERINSURED AND/OR UNINSURED PAYER CATEGORIES.

PROMOTION OF COMMUNITY HEALTH

SCHEDULE H, PART VI; QUESTION 5

THIS ORGANIZATION OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545:

1. THE ORGANIZATION PROVICES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS;

2. THE ORGANIZATION OPERATES AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS; WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR;

Part VI Supplemental Information

Complete this part to provide the following information

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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.

3. THE ORGANIZATION MAINTAINS AN OPEN MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS;

4. CONTROL OF THE ORGANIZATION RESTS WITH ITS BOARD OF DIRECTORS; WHICH IS COMPRISED OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY; AND

5. SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE; PROGRAMS AND ACTIVITIES.

AFFILIATED HEALTHCARE SYSTEM

SCHEDULE H, PART VI; QUESTION 6

OUTLINED BELOW IS A SUMMARY OF THE ENTITIES WHICH COMPRISE THE ST. LUKE'S UNIVERSITY HEALTH NETWORK:

NOT FOR-PROFIT ST. LUKE'S UNIVERSITY HEALTH NETWORK ENTITIES:

Part VI Supplemental Information

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

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ST. LUKE'S HEALTH NETWORK, INC.

ST. LUKE'S HEALTH NETWORK, INC. IS THE TAX-EXEMPT PARENT OF THE ST. LUKE'S UNIVERSITY HEALTH NETWORK ("ST. LUKE'S"). THIS INTEGRATED HEALTHCARE DELIVERY SYSTEM CONSISTS OF A GROUP OF AFFILIATED HEALTHCARE ORGANIZATIONS. THIS ORGANIZATION IS THE SOLE MEMBER OR STOCKHOLDER OF EACH AFFILIATED ENTITY. ST. LUKE'S IS AN INTEGRATED NETWORK OF HEALTHCARE PROVIDERS THROUGHOUT THE STATE OF PENNSYLVANIA.

ST. LUKE'S HEALTH NETWORK, INC. IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE §509(A)(3).

AS THE PARENT ORGANIZATION, ST. LUKE'S HEALTH NETWORK, INC. STRIVES TO CONTINUALLY DEVELOP AND OPERATE A MULTI-HOSPITAL HEALTHCARE NETWORK WHICH PROVIDES SUBSTANTIAL COMMUNITY BENEFIT THROUGH THE PROVISION OF A

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COMPREHENSIVE SPECTRUM OF HEALTHCARE SERVICES TO THE RESIDENTS OF PENNSYLVANIA AND SURROUNDING COMMUNITIES. ST. LUKE'S HEALTH NETWORK, INC. ENSURES THAT ITS NETWORK PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. NO INDIVIDUALS ARE DENIED NECESSARY MEDICAL CARE, TREATMENT OR SERVICES. ST. LUKE'S ACTIVE HOSPITALS INCLUDE ST. LUKE'S HOSPITAL OF BETHLEHEM, P.A., ST. LUKE'S QUAKERTOWN HOSPITAL, CARBON-SCHUYLKILL COMMUNITY HOSPITAL, INC. AND ST. LUKE'S WARREN HOSPITAL. EACH OF THESE HOSPITALS OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545:

1. EACH PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS;

2. EACH OPERATES AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS; WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR;

Part VI Supplemental Information

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3. EACH MAINTAINS AN OPEN MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS;

4. CONTROL OF EACH RESTS WITH ITS BOARD OF DIRECTORS AND THE BOARD OF DIRECTORS OF ST. LUKE'S HEALTH NETWORK, INC. BOTH BOARDS ARE COMPRISED OF A MAJORITY OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY; AND

5. SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE; PROGRAMS AND ACTIVITIES.

ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA

ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA IS COMPRISED OF TWO NON-PROFIT HOSPITAL CAMPUSES: A 480-BED CAMPUS IN BETHLEHEM, PENNSYLVANIA AND A 158 BED CAMPUS IN ALLENTOWN, PENNSYLVANIA. A THIRD 72-BED CAMPUS, ST. LUKE'S ANDERSON CAMPUS, IS SET TO OPEN IN EASTON, PENNSYLVANIA IN

Part VI Supplemental Information

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NOVEMBER, 2011. ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS AN INTERNAL REVENUE CODE §501(C)(3) TAX-EXEMPT ORGANIZATION. PURSUANT TO ITS CHARITABLE PURPOSES, THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. MOREOVER, ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA OPERATES CONSISTENTLY WITH THE CRITERIA OUTLINED IN IRS REVENUE RULING 69-545.

ST. LUKE'S QUAKERTOWN HOSPITAL

ST. LUKE'S QUAKERTOWN HOSPITAL IS A 62-BED NON-PROFIT HOSPITAL LOCATED IN QUAKERTOWN, PENNSYLVANIA. ST. LUKE'S QUAKERTOWN HOSPITAL IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS AN INTERNAL REVENUE CODE §501(C)(3) TAX-EXEMPT ORGANIZATION. PURSUANT TO ITS CHARITABLE PURPOSES, THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. MOREOVER, ST. LUKE'S QUAKERTOWN HOSPITAL

Part VI Supplemental Information

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OPERATES CONSISTENTLY WITH THE CRITERIA OUTLINED IN IRS REVENUE RULING 69-545.

CARBON-SCHUYLKILL COMMUNITY HOSPITAL, INC.

CARBON-SCHUYLKILL COMMUNITY HOSPITAL, INC. IS A 45-BED NON-PROFIT ACUTE CARE HOSPITAL LOCATED IN COALDALE, PENNSYLVANIA. CARBON-SCHUYLKILL COMMUNITY HOSPITAL, INC. IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS AN INTERNAL REVENUE CODE §501(C)(3) TAX-EXEMPT ORGANIZATION. PURSUANT TO ITS CHARITABLE PURPOSES, THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. MOREOVER, CARBON-SCHUYLKILL COMMUNITY HOSPITAL, INC. OPERATES CONSISTENTLY WITH THE CRITERIA OUTLINED IN IRS REVENUE RULING 69-545.

ST. LUKE'S WARREN HEALTHCARE, INC.

ST. LUKE'S WARREN HEALTHCARE, INC. IS AN ORGANIZATION RECOGNIZED BY THE

Part VI Supplemental Information

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INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A SUPPORTING ORGANIZATION PURSUANT TO INTERNAL REVENUE CODE §509(A)(3). THE ORGANIZATION IS DESIGNED TO SUPPORT THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF ST. LUKE'S UNIVERSITY HEALTH NETWORK.

WARREN HOSPITAL FOUNDATION, INC.

ST. LUKE'S WARREN HOSPITAL FOUNDATION, INC. IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE §509(A)(3). THE ORGANIZATION SUPPORTS ST. LUKE'S WARREN HOSPITAL; A RELATED INTERNAL REVENUE CODE §501(C)(3) TAX-EXEMPT ORGANIZATION, AND ITS AFFILIATES IN PROVIDING MEDICALLY NECESSARY HEALTHCARE SERVICES TO THE COMMUNITY IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.

ST. LUKE'S PHYSICIAN GROUP, INC.

Part VI Supplemental Information

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ST. LUKE'S EMERGENCY & TRANSPORT SERVICES, INC.

ST. LUKE'S EMERGENCY & TRANSPORT SERVICES, INC. IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE §170(B)(1)(A)(III). THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.

QUAKERTOWN REHABILITATION CENTER

Part VI Supplemental Information

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QUAKERTOWN REHABILITATION CENTER IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE §170(B)(1)(A)(III). THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.

NEW VALLEY REHAB, L.L.C.

A LIMITED LIABILITY COMPANY DISREGARDED FOR FEDERAL INCOME TAX PURPOSES OWNED BY QUAKERTOWN REHABILITATION CENTER. THIS ENTITY PROVIDES OUTPATIENT REHABILITATION SERVICES IN NAZARETH, PENNSYLVANIA.

VISITING NURSE ASSOCIATION OF ST. LUKE'S - HOME HEALTH/HOSPICE, INC.

VISITING NURSE ASSOCIATION OF ST. LUKE'S - HOME HEALTH/HOSPICE, INC. IS

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AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE §509(A)(1). THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.

HOMESTAR MEDICAL EQUIPMENT AND INFUSION SERVICES, INC.

HOMESTAR MEDICAL EQUIPMENT AND INFUSION SERVICES, INC. IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE §509(A)(2). THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.

ST. LUKE'S HOSPITAL AND HEALTH NETWORK AUXILIARY, INC.

Part VI Supplemental Information

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ST. LUKE'S HOSPITAL AND HEALTH NETWORK AUXILIARY, INC. IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE §501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE §170(B)(1)(A)(III). THE ORGANIZATION IS DESIGNED TO SUPPORT THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF ST. LUKE'S UNIVERSITY HEALTH NETWORK.

FOR-PROFIT ST. LUKE'S UNIVERSITY HEALTH NETWORK ENTITIES:

EIGHTH & EATON PROFESSIONAL BUILDING, L.P.

A LIMITED PARTNERSHIP WHOSE MAJORITY PARTNER IS ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA. THIS ENTITY OWNS A PROFESSIONAL MEDICAL ARTS BUILDING.

WIND GAP PROFESSIONAL CENTER PARTNERS

A PARTNERSHIP WHOSE MAJORITY PARTNER IS ST. LUKE'S HOSPITAL OF BETHLEHEM,

Part VI Supplemental Information

Complete this part to provide the following information.

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

2 **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 hospitals 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

PENNSYLVANIA. THIS ENTITY SERVES AS THE JOINT VENTURE VEHICLE FOR A MEDICAL OFFICE BUILDING JOINTLY OWNED WITH OTHERS.

ST. LUKE'S EIGHTH & EATON HOLDINGS, INC.

AN ENTITY WHOSE SOLE SHAREHOLDER IS ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA. THE ENTITY WAS INCORPORATED TO SERVE AS THE GENERAL PARTNER AND TO OWN 1% INTEREST IN THE EIGHTH & EATON PROFESSIONAL BUILDING, LLP.

ST. LUKE'S HEALTH NETWORK INSURANCE COMPANY

AN ENTITY WHOSE 88% MAJORITY SHAREHOLDER IS ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA. THIS ENTITY PROVIDES RISK RETENTION INSURANCE SERVICES.

ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA AMBULATORY SURGICAL CENTER

Part VI Supplemental Information

Complete this part to provide the following information

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AN ENTITY WITH CERTAIN SHARES OWNED BY ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA. THIS ENTITY PROVIDES AMBULATORY AND SURGICAL SERVICES TO THE COMMUNITY. ST. LUKE'S SHARES HAVE BEEN SOLD.

ST. LUKE'S NORTH DIALYSIS CENTER, LP

AN ENTITY THAT ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA HOLDS A 49.50% INTEREST. THIS ENTITY PROVIDES DIALYSIS TREATMENT SERVICES IN THE LEHIGH VALLEY.

DIALYSIS LIMITED, LLC

AN ENTITY THAT ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA HOLDS A 50% INTEREST. THE ENTITY WAS INCORPORATED TO SERVE AS THE GENERAL PARTNER AND TO OWN 1% INTEREST IN ST. LUKE'S NORTH DIALYSIS CENTER, L.P.

CENTER FOR ORAL AND MAXILLOFACIAL SURGERY AND IMPLANTOLOGY AT ST. LUKE'S, LLC

Part VI Supplemental Information

Complete this part to provide the following information

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

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AN ENTITY THAT ST. LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA HOLDS A 50%

INTEREST. THE ENTITY PROVIDES ORAL SURGERY SERVICES TO THE LEHIGH

VALLEY.

ST. LUKE'S PHYSICIAN HOSPITAL ORGANIZATION, INC.

AN ENTITY WHOSE CLASS B SHARES ARE WHOLLY OWNED BY ST. LUKE'S HOSPITAL OF

BETHLEHEM, PENNSYLVANIA. THIS ENTITY PROVIDES CONTRACTING SERVICES.

HILLCREST PSYCHIATRIC SERVICES, P.C.

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS ST. LUKE'S WARREN HOSPITAL.

THE ORGANIZATION IS LOCATED IN PHILLIPSBURG, WARREN COUNTY, NEW JERSEY.

THIS ENTITY IS CURRENTLY INACTIVE.

HILLCREST EMERGENCY SERVICES, P.C.

Part VI Supplemental Information

Complete this part to provide the following information

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

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A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS ST. LUKE'S WARREN HOSPITAL.

THE ORGANIZATION IS LOCATED IN PHILLIPSBURG, WARREN COUNTY, NEW JERSEY.

THIS ENTITY PROVIDES MEDICAL SERVICES.

HILLCREST MANAGEMENT SERVICES ORGANIZATION, INC.

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS ST. LUKE'S WARREN

HEALTHCARE, INC. THE ORGANIZATION IS LOCATED IN PHILLIPSBURG, WARREN

COUNTY, NEW JERSEY. THIS ENTITY PROVIDES BILLING AND MANAGEMENT

SERVICES.

ST. LUKE'S WARREN PHYSICIAN GROUP, P.C.

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS ST. LUKE'S WARREN HOSPITAL.

THE ORGANIZATION IS LOCATED IN PHILLIPSBURG, WARREN COUNTY, NEW JERSEY.

THIS ENTITY PROVIDES MEDICAL SERVICES.

WARREN PA PROFESSIONAL ALLIANCE, INC.

Part VI Supplemental Information

Complete this part to provide the following information

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

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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

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS ST. LUKE'S WARREN HOSPITAL.

THE ORGANIZATION IS LOCATED IN PHILLIPSBURG, WARREN COUNTY, NEW JERSEY.

THIS ENTITY PROVIDES MEDICAL SERVICES.

WARREN RISK RETENTION GROUP, INC.

A VERMONT BASED INSURANCE COMPANY.

TWO RIVERS ENTERPRISES, INC.

A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS ST. LUKE'S WARREN HEALTHCARE, INC. THE ORGANIZATION IS LOCATED IN PHILLIPSBURG, WARREN COUNTY, NEW JERSEY. THIS ENTITY PROVIDES REAL ESTATE SERVICES.

Part VI Supplemental Information

Complete this part to provide the following information

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

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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

STATE FILING OF COMMUNITY BENEFIT REPORT

SCHEDULE H, PART VI; QUESTION 7

NOT APPLICABLE. THE ENTITY AND RELATED PROVIDER ORGANIZATIONS ARE LOCATED IN NEW JERSEY. NO COMMUNITY BENEFIT REPORT IS FILED WITH THE STATE OF NEW JERSEY.

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization

ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number

22-1494454

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? . . . . . [X] 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 section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ST. LUKE'S WARREN HEALTHCARE, INC. 185 ROSEBERRY STREET	22-2522478	501(C)(3)	1,867,602.				PROGRAM SUPPORT
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

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

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1						
2						
3						
4						
5						
6						
7						

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

GRANT FUND MONITORING

SCHEDULE I, PART I, QUESTION 2

GRANTS ARE MONITORED BY THE ORGANIZATION'S FINANCE PERSONNEL THROUGH THE UTILIZATION OF COST CENTERS AND OTHER INFORMATION; INCLUDING WRITTEN DOCUMENTATION AND RECEIPTS.

SCHEDULE K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number
22-1494454

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
A	NJ HEALTHCARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FX73	01/31/2012	42,150,000.	ACQ./FINANCING/REPLACE '08 BONDS		X		X		X
B												
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	42,150,000.			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2012			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)* TAX-EXEMPT BOND LIABILITIES

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X						
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	%		%		%		%	
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6 Total of lines 4 and 5	%		%		%		%	
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2 Is the bond issue a variable rate issue?		X						
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X						
6 Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☒ No

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

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number
22-1494454

COMMUNITY BENEFIT STATEMENT

CORE FORM, PART III, STATMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

ST. LUKE'S WARREN HOSPITAL ("SLWH") IS AN ACUTE CARE GENERAL MEDICAL AND SURGICAL COMMUNITY HOSPITAL. SLWH IS RECOGNIZED BY THE IRS AS AN INTERNAL REVENUE CODE SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION. PURSUANT TO ITS CHARITABLE PURPOSES, SLWH PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN OR ABILITY TO PAY.

SLWH OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545:

1. SLWH PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS;

2. SLWH OPERATES AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS; WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR;

3. SLWH MAINTAINS AN OPEN MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS; AND

4. CONTROL OF SLWH RESTS WITH ITS BOARD OF TRUSTEES WHICH IS COMPRISED

OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY.

SLWH ALSO PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO PATIENTS WHO MEET CERTAIN CRITERIA DEFINED BY THE NEW JERSEY DEPARTMENT OF HEALTH AND SENIOR SERVICES WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES. SLWH MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE AMOUNT OF CHARITY CARE IT PROVIDES. THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY.

THE OPERATIONS OF SLWH, AS SHOWN THROUGH THE FACTORS OUTLINED ABOVE AND OTHER INFORMATION CONTAINED HEREIN, CLEARLY DEMONSTRATE THAT THE USE AND CONTROL OF SLWH IS FOR THE BENEFIT OF THE PUBLIC AND THAT NO PART OF THE INCOME OR NET EARNINGS OF THE ORGANIZATION INURES TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL NOR IS ANY PRIVATE INTEREST BEING SERVED OTHER THAN INCIDENTALLY.

MISSION

=======

ST. LUKE'S WARREN HOSPITAL IS A COMMUNITY-BASED, INTEGRATED SYSTEM OF HEALTHCARE SERVICES THAT PARTNERS WITH ITS PHYSICIAN COLLEAGUES TO PROVIDE SUPERIOR PATIENT CARE.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

BACKGROUND

==========

SLWH IS A NOT-FOR-PROFIT, 214-BED COMMUNITY HOSPITAL LOCATED IN PHILLIPSBURG, WARREN COUNTY, NEW JERSEY AND IS ACCREDITED BY THE JOINT COMMISSION ON THE ACCREDITATION OF HEALTHCARE ORGANIZATIONS.

SLWH IS A TEACHING HOSPITAL FOR A THREE-YEAR FAMILY MEDICINE RESIDENCY PROGRAM. MORE THAN 193 COMPETENT AND CARING INDIVIDUALS HAVE ASSUMED A VARIETY OF PRIMARY-CARE POSITIONS IN COMMUNITIES ACROSS THE COUNTRY AFTER GRADUATING FROM THE ST. LUKE'S WARREN HOSPITAL FAMILY PRACTICE RESIDENCY PROGRAM.

SLWH IS COMMITTED TO IMPROVING THE HEALTH AND WELL BEING OF ALL AREA RESIDENTS BY PROVIDING ACCESSIBLE, QUALITY MEDICAL CARE DELIVERED WITH RESPECT AND COMPASSION. SLWH SERVES ITS COMMUNITY THROUGH HEALTH EDUCATION, HEALTH SCREENINGS, GERIATRIC AND COMMUNITY BASED SERVICES.

AFFILIATIONS

============

SLWH IS AFFILIATED WITH HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION, NEW JERSEY HOSPITAL ASSOCIATION, AMERICAN HOSPITAL ASSOCIATION, AND PREMIER HEALTHCARE ALLIANCE.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

ACCREDITATIONS AND ACHIEVEMENTS

==========

SLWH IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS FOR DEMONSTRATING COMPLIANCE WITH ITS NATIONAL STANDARDS FOR HEALTHCARE QUALITY AND SAFETY. SLWH IS ALSO ACCREDITED OR APPROVED BY:

- THE AMERICAN COLLEGE OF SURGEONS - COMMISSION ON CANCER AS A COMMUNITY CANCER PROGRAM

- AMERICAN COLLEGE OF RADIOLOGY (ACR) FOR MAMMOGRAPHY AND ULTRASOUND SERVICES

- COLLEGE OF AMERICAN PATHOLOGISTS (CAP) - COMMISSION ON LABORATORY ACCREDITATION

- INTERSOCIETAL COMMISSION FOR THE ACCREDITATION OF VASCULAR LABORATORIES

- NJ DEPARTMENT OF HEALTH & SENIOR SERVICES - PRIMARY STROKE CENTER DESIGNATION

- SLWH'S PINNACLE LABORATORY IS ACCREDITED BY THE COLLEGE OF AMERICAN PATHOLOGISTS.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

-SLWH WOUND HEALING & HYPERBARIC TREATMENT CENTER - RECEIVED A FULL ACCREDITATION FOR ITS HYPERBARIC OXYGEN SERVICES FROM UHMS (UNDERSEA & HYPERBARIC MEDICAL SOCIETY).

IN ADDITION,

- ST. LUKE'S WARREN HOSPITAL CONTINUES TO PARTICIPATE IN THE NJ DEPARTMENT OF HEALTH & SENIOR SERVICES PUBLIC REPORTING INITIATIVE. PERFORMANCE IMPROVEMENT TEAMS WORK TO CONTINUOUSLY IMPROVE THE PROCESSES OF CARE PROVIDED TO VICTIMS OF HEART ATTACKS, PATIENTS WITH PNEUMONIA OR HEART FAILURE AND THOSE UNDERGOING A SURGICAL PROCEDURE.

- ST. LUKE'S WARREN HOSPITAL "TOP PERFORMER ON KEY QUALITY MEASURES" - RECOGNITION FROM THE JOINT COMMISSION.

- TWO HUNDRED WOMEN FROM OUR COMMUNITY ATTENDED AN EVENT IN APRIL, FEATURING NAOMI JUDD AS THE KEYNOTE SPEAKER. IN ADDITION, THERE WERE FOUR BREAKOUT SESSIONS OFFERED ON A VARIETY OF DIFFERENT HEALTH TOPICS. SPEAKERS FOR THESE SESSIONS WERE MEMBERS OF OUR MEDICAL STAFF, A COSMETOLOGIST AND A SELF DEFENSE EXPERT.

MEDICAL SERVICES

==========

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

CONSISTENT WITH REVENUE RULING 69-545, ALL QUALIFIED PHYSICIANS ARE ELIGIBLE FOR MEDICAL STAFF PRIVILEGES AT OUR HOSPITAL. MEDICAL SERVICES OFFERED TO THE COMMUNITY IN 2012 INCLUDED (BUT NOT LIMITED TO) THE FOLLOWING:

- AUDIOLOGY
- BALANCE CENTER
- BEHAVIORAL HEALTH
- BREAST CARE
- CANCER CARE AND CLINICAL TRIALS
- CARDIAC
- CENTER FOR POSITIVE AGING
- DIABETES MANAGEMENT
- EEG
- EMERGENCY
- GERIATRIC SERVICES
- GEROPSYCHIATRIC PROGRAM
- HEALTH AND WELLNESS CENTER
- HEALTH EDUCATION
- IMAGING (RADIOLOGY)
- LABORATORY
- LIFELINE (PERSONAL EMERGENCY RESPONSE SYSTEM)
- MEDICAL/SURGICAL
- NUTRITION COUNSELING
- OCCUPATIONAL THERAPY

- PHYSICAL THERAPY
- PULMONARY
- SHUTTLE TRANSPORTATION
- SLEEP MEDICINE
- SPEECH
- SUPPORT GROUPS
- VASCULAR LABORATORY
- VOLUNTEERS
- WOMEN'S HEALTH
- WOUND HEALING

COMMUNITY BENEFIT STATEMENT CONTINUED

CORE FORM, PART III, STATMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

COMMUNITY SUPPORT, ACTIVITIES & PROGRAMS

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SLWH RECOGNIZES ITS INTEGRAL ROLE IN THE WARREN COUNTY COMMUNITY AND ACTIVELY SEEKS TO IMPROVE THE HEALTH AND WELL-BEING OF ALL AREA RESIDENTS. ANNUALLY, OUR HOSPITAL:

- PROVIDES SEVERAL MILLION DOLLARS WORTH OF UNCOMPENSATED CARE TO UNINSURED AND LOW-INCOME PATIENTS

- SPONSORS FREE HEALTH SCREENINGS, SUPPORT GROUPS, PROGRAMS, AND EVENTS FOR HUNDREDS OF AREA RESIDENTS

- PROVIDES FREE VAN SERVICE TO THE HOSPITAL FOR SENIOR AND DISABLED CITIZENS

- PROVIDES FREE DENTAL SCREENINGS TO PHILLIPSBURG SCHOOL CHILDREN

- SLWH AND ALZHEIMER'S ASSOCIATION JOIN FORCES TO OFFER FREE MONTHLY SUPPORT GROUPS

IN ADDITION, OUR HOSPITAL RECENTLY SUPPORTED THE COMMUNITY BY:

- PROVIDING LEADERSHIP AND SUPPORT TO THE PHILLIPSBURG AREA CHAMBER OF COMMERCE AND THE WARREN COUNTY AREA CHAMBER OF COMMERCE

SLWH AND ITS EMPLOYEES REGULARLY

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- SUPPORT AND BUILD PARTNERSHIPS WITH COMMUNITY ORGANIZATIONS INCLUDING THE UNITED WAY OF NORTHERN NEW JERSEY, THE ROTARY CLUB, THE PHILLIPSBURG SCHOOL DISTRICT BUSINESS/COMMUNITY PARTNERSHIP, AVANTOR COMMUNITY ACTION PANEL, PHILLIPSBURG CHAMBER OF COMMERCE AND WARREN COUNTY'S REGIONAL CHAMBER OF COMMERCE.

- HELP SPONSOR FUND-RAISING EVENTS FOR ORGANIZATIONS INCLUDING THE AMERICAN CANCER SOCIETY, AMERICAN HEART ASSOCIATION AND UNITED WAY.

- THE HOSPITALIST PROGRAM, COMPRISED OF A TEAM OF PHYSICIANS, CONTINUES TO PROVIDE SPECIALIZED CARE TO HOSPITALIZED PATIENTS. HOSPITALIZED PATIENTS ARE REFERRED BY THEIR PRIMARY CARE PHYSICIANS AND SPECIALISTS TO THE HOSPITALIST PROGRAM FOR CARE. IN ADDITION, THE HOSPITALISTS CARE FOR PATIENTS WHO DO NOT HAVE A PRIMARY CARE PHYSICIAN. HOSPITALISTS MANAGE EACH PATIENT'S TREATMENT, ORDERING DIAGNOSTIC OR LABORATORY TESTS AND PROCEDURES. THEY CLOSELY MONITOR THE PATIENT'S PROGRESS AND KEEP THE PRIMARY CARE PHYSICIAN APPRISED OF THE PATIENT'S CONDITION. HOSPITALISTS FOCUS EXCLUSIVELY ON THE CARE OF PATIENTS ADMITTED TO THE HOSPITAL.

IN ADDITION, ANNUALLY, SLWH OFFERS NUMEROUS COMMUNITY EDUCATION, MEDICAL SCREENINGS AND SUPPORT GROUP SERVICES AND PROGRAMS TO PROMOTE WELLNESS FOR PEOPLE OF ALL AGES. DURING 2012 SLWH OFFERED THE FOLLOWING:

COMMUNITY SERVICES

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- 175 SUBSCRIBED TO THE LIFELINE EMERGENCY RESPONSE SYSTEM.

- 365 ATTENDED SUPPORT GROUPS FOR DIABETES, FIBROMYALGIA, CELIAC DISEASE, PARKINSON'S, GRIEF COUNSELING AND OTHER CONDITIONS.

- 29 HOURS PER MONTH WERE GIVEN BY SENIOR MANAGERS AND OTHER EMPLOYEES WHO VOLUNTEER WITH COMMUNITY ORGANIZATIONS.

- 35 EMPLOYEES AND PHYSICIANS SUPPORTED THE MILLER-KEYSTONE BLOOD CENTER BLOOD DRIVE HELD THREE TIMES IN THE PERIOD.

HEALTH EDUCATION

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- 21 ATTENDED BABYSITTER TRAINING CLASSES

- 175 WERE TRAINED IN CPR (CARDIOPULMONARY RESUSCITATION), ACLS (ADVANCED CARDIAC LIFE SUPPORT), AND USE OF THE AED (AUTOMATED EXTERNAL DEFIBRILLATOR), IV, EKG, VENTILATOR, HEMODYNAMIC AND PRECEPTOR CLASSES.

- 790 ATTENDED COMMUNITY HEALTH AWARENESS AND HEALTH EDUCATION PROGRAMS.

- 411 ATTENDED PROGRAMS PROVIDED BY ST. LUKE'S WARREN HOSPITAL'S SPEAKERS BUREAU.

HEALTH SCREENINGS

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- 403 RESIDENTS RECEIVED BLOOD PRESSURE, BLOOD SUGAR, CANCER, STROKE, CHOLESTEROL AND VASCULAR SCREENINGS AT SITES THROUGHOUT THE COMMUNITY.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

GERIATRIC SERVICES

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- SLWH'S ADULT MEDICAL DAY CARE CENTER, THE COMFORT ZONE, CONTINUES TO PROVIDE CARE TO PERSONS 60 YEARS AND OLDER, WHO ACCOUNT FOR 6308 VISITS TO THE CENTER FOR DAILY ACTIVITIES AND MEDICAL MONITORING.

- 1,669 MEMBERS WERE ENROLLED IN THE FUTURE FOCUS, THE FREE PROGRAM FOR THOSE 55 AND OLDER.

- 635 ATTENDED HEALTH SCREENINGS AND EDUCATIONAL SEMINARS, RECEIVED GERIATRIC EVALUATIONS AND ASSISTANCE WITH ADVANCE DIRECTIVES, RECEIVED PNEUMONIA AND INFLUENZA IMMUNIZATIONS, AND ATTENDED FUTURE FOCUS SOCIAL EVENTS AND THE CAREGIVER SUPPORT GROUP.

- 5058 TRIPS WERE MADE BY THE EXPRESS RIDE VAN, WHICH TRANSPORTS SENIOR AND DISABLED WARREN COUNTY AND EASTON RESIDENTS TO AND FROM THE HOSPITAL FOR OUTPATIENT SERVICES.

OTHER PROGRAM SERVICES

CORE FORM, PART III; QUESTION 4D

EXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION A; QUESTION 4

ON JANUARY 31, 2012, ST. LUKE'S UNIVERSITY HEALTH NETWORK, INC. PURCHASED WARREN HEALTHCARE, INC., A NOT FOR-PROFIT HOLDING COMPANY. WARREN HEALTHCARE, INC. AND ITS SUBSIDIARIES BECAME A PART OF THE ST. LUKE'S CORPORATE SYSTEM. ON THIS DATE THE ORGANIZATION BECAME THE SOLE MEMBER OF WARREN HEALTHCARE, INC. AND THE SOLE MEMBER OF WARREN HOSPITAL BECAME ST. LUKE'S UNIVERSITY HOSPITAL. THE SUBSIDIARIES INCLUDE (A) WARREN HOSPITAL, A NOT FOR-PROFIT ACUTE CARE FACILITY LOCATED IN PHILLIPSBURG, NEW JERSEY, (B) WARREN RISK RETENTION GROUP, (C) WARREN PA PROFESSIONAL ALLIANCE, INC., (D) WARREN HEALTH CARE ALLIANCE, P.C., AND (E) HILLCREST EMERGENCY SERVICES, P.C. ALSO INCLUDED IN THE ACQUISITION WAS (A) THE WARREN HOSPITAL FOUNDATION, INC., A NOT FOR-PROFIT CHARITABLE FOUNDATION, (B) HILLCREST MANAGEMENT SERVICES ORGANIZATION, INC., AND (C) TWO RIVERS ENTERPRISES, INC.

IN CONNECTION WITH THE ACQUISITION, WARREN HOSPITAL'S NAME WAS CHANGED TO ST. LUKE'S WARREN HOSPITAL, INC., THE PARENT'S NAME WAS CHANGED TO ST. LUKE'S WARREN HEALTHCARE, INC. AND THE FOUNDATION WAS RENAMED ST. LUKE'S WARREN HOSPITAL FOUNDATION, INC.

DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION A; QUESTIONS 6 & 7

ST. LUKE'S HEALTH NETWORK, INC., AS THE SOLE MEMBER OF ST. LUKE'S

UNIVERSITY HOSPITAL, HAS THE ULTIMATE RIGHT TO ELECT THE MEMBERS OF THIS ORGANIZATION'S BOARD OF TRUSTEES AND HAS CERTAIN RESERVED POWERS AS DEFINED IN THIS ORGANIZATION'S BYLAWS.

DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION B; QUESTION 11B

THE ORGANIZATION IS AN AFFILIATE IN THE ST. LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"); A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK. ST. LUKE'S HEALTH NETWORK, INC. IS THE PARENT ENTITY OF THE NETWORK. THE ORGANIZATION'S FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY (ITS BOARD OF TRUSTEES) PRIOR TO THE FILING WITH THE IRS. IN ADDITION THE ST. LUKE'S UNIVERSITY HEALTH NETWORK FINANCE COMMITTEE ALSO PERFORMED A DETAILED REVIEW OF THE FEDERAL FORM 990 PRIOR TO PROVIDING IT TO EACH VOTING MEMBER OF ITS BOARD OF DIRECTORS. ST. LUKE'S HEALTH NETWORK, INC. BOARD OF DIRECTORS HAS DELEGATED TO THE FINANCE COMMITTEE THE RESPONSIBILITY TO OVERSEE AND COORDINATE THE FEDERAL FORM 990 PREPARATION AND FILING PROCESS FOR THE TAX-EXEMPT AFFILIATES OF THE NETWORK.

AS PART OF THE ORGANIZATION'S FEDERAL FORM 990 TAX RETURN PREPARATION PROCESS THE ORGANIZATION HIRED A PROFESSIONAL CPA FIRM WITH EXPERIENCE AND EXPERTISE IN BOTH HEALTHCARE AND NOT-FOR-PROFIT TAX RETURN PREPARATION TO PREPARE THE FEDERAL FORM 990. THE CPA FIRM'S TAX PROFESSIONALS WORKED CLOSELY WITH THE ORGANIZATION'S VICE PRESIDENT FINANCE AND SENIOR VICE PRESIDENT FINANCE AND VARIOUS OTHER INDIVIDUALS

OF THE NETWORK TO OBTAIN THE INFORMATION NEEDED IN ORDER TO PREPARE A COMPLETE AND ACCURATE TAX RETURN.

THE CPA FIRM PREPARED A DRAFT FEDERAL FORM 990 AND FURNISHED IT TO THE ORGANIZATION'S INTERNAL WORKING GROUP, INCLUDING, BUT NOT LIMITED TO, THOSE INDIVIDUALS OUTLINED ABOVE, FOR THEIR REVIEW. THE ORGANIZATION'S INTERNAL WORKING GROUP AND OTHER INDIVIDUALS REVIEWED THE DRAFT FEDERAL FORM 990 AND DISCUSSED QUESTIONS AND COMMENTS WITH THE CPA FIRM. REVISIONS WERE MADE TO THE DRAFT FEDERAL FORM 990 WHERE NECESSARY AND A FINAL DRAFT WAS FURNISHED BY THE CPA FIRM TO THE ORGANIZATION'S INTERNAL WORKING GROUP AND VARIOUS OTHER INDIVIDUALS FOR FINAL REVIEW AND APPROVAL PRIOR TO PRESENTATION OF THE FEDERAL FORM 990 TO THE MEMBERS OF THE ST. LUKE'S HEALTH NETWORK, INC. FINANCE COMMITTEE. FOLLOWING THE FINANCE COMMITTEE'S REVIEW THE FINAL FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY (ITS BOARD OF TRUSTEES) PRIOR TO THE FILING WITH THE IRS.

DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION B; QUESTION 12

THE ORGANIZATION HAS A WRITTEN CONFLICT OF INTEREST POLICY AND REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH THAT POLICY. THE POLICY REQUIRES THAT A CONFLICT OF INTEREST DISCLOSURE FORM CONSISTENT WITH BEST GOVERNANCE PRACTICES AND INTERNAL REVENUE SERVICE GUIDELINES BE CIRCULATED TO OFFICERS, TRUSTEES, AND KEY EMPLOYEES ANNUALLY. THE NETWORK'S CORPORATE COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT/GENERAL

COUNSEL ASSUME RESPONSIBILITY FOR THE COMPLETION OF THE CONFLICT OF INTEREST QUESTIONNAIRES AND ENFORCEMENT WITH THE POLICY. IF A TRUSTEE DISCLOSES AN INTEREST THAT COULD GIVE RISE TO A CONFLICT, THE TRUSTEE'S POTENTIAL CONFLICT MAY BE DISCLOSED TO THE BOARD OF TRUSTEES, WHICH EVALUATES THE CONFLICT AND ITS POTENTIAL IMPACT ON THE TRUSTEE'S PARTICIPATION ON THE BOARD. AFTER CONSULTATION AND DISCUSSION, THE BOARD OF TRUSTEES MAY TAKE ACTION, IF APPROPRIATE AND NECESSARY, TO ADDRESS ANY SUCH CONFLICT IN A MANNER CONSISTENT WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY.

DISCLOSURE INFORMATION

CORE FORM, PART VI, SECTION B; QUESTION 15

COMPENSATION REVIEW

EXECUTIVE COMPENSATION FOR THE HEALTH NETWORK CONSISTS OF FIXED SALARY, AT-RISK COMPENSATION AND OTHER DEFERRED COMPENSATION ARRANGEMENTS. TOTAL COMPENSATION FOR NETWORK EXECUTIVES IS APPROVED ANNUALLY BY THE NETWORK'S BOARD OF DIRECTORS. THE RECOMMENDED COMPENSATION IS ESTABLISHED THROUGH A MULTI-FACETED APPROACH INCLUDING USE OF AN INDEPENDENT CONSULTANT ENGAGED ON AN ONGOING BASIS BY THE BOARD OF DIRECTORS AND WHO WORKS DIRECTLY WITH THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD. ALSO INCLUDED IS THE REVIEW OF FORMS 990 AND COMPENSATION SURVEYS OF OTHER COMPARABLE HEALTHCARE ORGANIZATIONS.

DISCLOSURE INFORMATION

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

CORE FORM, PART VI, SECTION C; QUESTION 19

THE ORGANIZATION'S FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS CAN BE OBTAINED AND REVIEWED THROUGH THE NEW JERSEY DEPARTMENT OF TREASURY. STATEMENTS WERE INCLUDED WITH THE TAX-EXEMPT BOND PROSPECTUS WHICH WAS MADE AVAILABLE TO THE GENERAL PUBLIC FOR REVIEW.

COMPENSATION INFORMATION DISCLOSURE

CORE FORM, PART VII AND SCHEDULE J

THE ORGANIZATION CHANGED ITS YEAR-END FROM DECEMBER 31 TO JUNE 30. THIS RETURN IS FOR A SIX MONTH PERIOD AND, ACCORDINGLY, THERE IS NO REPORTABLE COMPENSATION FROM FEDERAL FORMS W-2 OR 1099 IN WHICH DECEMBER 31 FALLS WITHIN THE REPORTING PERIOD. FOR COMPENSATION INFORMATION; WHERE APPLICABLE, PLEASE REFER TO THE DECEMBER 31, 2011 FEDERAL FORM 990 FOR THIS ORGANIZATION.

RELATED HOURS DISCLOSURE

CORE FORM, PART VII, SECTION A, COLUMN B

THE ORGANIZATION IS AN AFFILIATE IN THE ST. LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"); A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK. THE NETWORK INCLUDES BOTH FOR-PROFIT AND NOT FOR-PROFIT ORGANIZATIONS. CERTAIN BOARD OF TRUSTEE MEMBERS, OFFICERS AND/OR TRUSTEES LISTED ON CORE FORM, PART VII OF THIS FORM 990 MAY HOLD SIMILAR POSITIONS WITH BOTH THIS ORGANIZATION AND OTHER AFFILIATES WITHIN THE NETWORK. THE HOURS SHOWN ON

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

THIS FORM 990 FOR BOARD MEMBERS WHO RECEIVE NO COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, REPRESENTS THE ESTIMATED HOURS DEVOTED PER WEEK FOR THIS ORGANIZATION. TO THE EXTENT THESE INDIVIDUALS SERVE AS A MEMBER OF THE BOARD OF DIRECTORS OF OTHER RELATED ORGANIZATIONS IN THE NETWORK, THEIR RESPECTIVE HOURS PER WEEK PER ORGANIZATION ARE APPROXIMATELY ONE HOUR. THE HOURS REFLECTED ON PART VII OF THIS FORM 990, FOR BOARD MEMBERS WHO RECEIVE COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, PAID OFFICERS AND KEY EMPLOYEES, REFLECT TOTAL HOURS WORKED PER WEEK ON BEHALF OF THE NETWORK; NOT SOLELY THIS ORGANIZATION. PLEASE NOTE THAT THERE IS NO COMPENSATION DISCLOSED ON THIS FEDERAL FORM 990 FOR THE PERIOD OF JANUARY 1 THROUGH JUNE 30, 2012.

OTHER CHANGES IN NET ASSETS

CORE FORM, PART XI; QUESTION 5

OTHER CHANGES IN NET ASSETS OR FUND BALANCES INCLUDE:

- EXTRAORDINARY EXPENSE - ($2,046,387);
- PRIOR YEAR ADJUSTMENT TO ACCUMULATED DEPRECIATION - ($997,374);
- MINIMUM PENSION LIABILITY - ($2,559,562);
- UNREALIZED LOSS ON DERIVATIVE - ($20,914);
- UNREALIZED LOSS ON INVESTMENTS - ($2,185);
- NET ASSET TRANSFERS TO/FROM AFFILIATES - $19,390,280;
- ASSET VALUATION CHANGES - $22,360,680;
- NET ASSET DEFICIT RECORDED AS GOODWILL - $13,156,778
- CHANGE IN TEMPORARILY RESTRICTED NET ASSETS - $202,841 AND

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

- OTHER CHANGES IN UNRESTRICTED NET ASSETS - $289,946.

AUDITED FINANCIAL STATEMENTS

CORE FORM, PART XII; QUESTION 2

THE ORGANIZATION IS AN AFFILIATE WITHIN THE ST. LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK. THE NETWORK'S PARENT ENTITY IS ST. LUKE'S HEALTH NETWORK, INC. AN INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TAXPAYER AND ALL AFFILIATES FOR THE PERIOD ENDED JUNE 30, 2012 AND ISSUED A CONSOLIDATED FINANCIAL STATEMENT WITH CONSOLIDATING SCHEDULES BY ENTITY. AN UNQUALIFIED OPINION WAS ISSUED BY THE INDEPENDENT CPA FIRM. THE NETWORK'S FINANCE COMMITTEE ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE NETWORK'S CONSOLIDATED FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT AUDITOR.

FINANCIAL STATEMENTS AND REPORTING

CORE FORM, PART XII; QUESTION 3

THIS ORGANIZATION IS AN AFFILIATE IN THE ST. LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"). THE NETWORK'S FINANCE COMMITTEE ENGAGED AN INDEPENDENT ACCOUNTING FIRM TO PREPARE AND ISSUE A NETWORK WIDE CONSOLIDATED A-133 AUDIT. THIS ORGANIZATION WAS INCLUDED IN THE NETWORK WIDE A-133 AUDIT.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

ATTACHMENT 1

FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

ST. LUKE'S WARREN HOSPITAL, INC. IS A COMMUNITY-BASED, INTEGRATED SYSTEM OF HEALTHCARE SERVICES THAT PARTNERS WITH ITS PHYSICIAN COLLEAGUES TO PROVIDE SUPERIOR PATIENT CARE. PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O.

ATTACHMENT 2

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
SIEMENS HEALTH SERVICES P.O. BOX 7777 PHILADELPHIA, PA 19175	IT	1,027,556.
ARAMARK SERVICEMASTER INC P.O. BOX 651009 CHARLOTTE, NC 28265-1009	FOOD SERVICE	860,562.
HCSC BLOOD CENTER 2171 28TH STREET S W ALLENTOWN, PA 18103	MEDICAL	593,119.
WARREN RADIOLOGY MRI LLC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	MEDICAL	492,040.
CBIZ KA CONSULTING SERVICES LLC P.O. BOX 404478 ATLANTA, GA 30384-4478	CONSULTING	464,867.
	TOTAL COMPENSATION	3,438,144.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

ATTACHMENT 3

FORM 990, PART VIII - INVESTMENT INCOME

DESCRIPTION	(A) TOTAL REVENUE	(B) RELATED OR EXEMPT REVENUE	(C) UNRELATED BUSINESS REV.	(D) EXCLUDED REVENUE
INTEREST INCOME	785.			785.
OTHER INVESTMENT INCOME	25,787.			25,787.
TOTALS	26,572.			26,572.

ATTACHMENT 4

FORM 990, PART VIII - INCOME FROM INVESTMENT OF TE BOND PROCEEDS

DESCRIPTION	(A) TOTAL REVENUE	(B) RELATED OR EXEMPT REVENUE	(C) UNRELATED BUSINESS REV.	(D) EXCLUDED REVENUE
INTEREST INCOME	4,586.			4,586.
TOTALS	4,586.			4,586.

ATTACHMENT 5

FORM 990, PART X - NOTES AND LOANS RECEIVABLE

BORROWER: DUE FROM AFFILIATES; CURRENT

BEGINNING BALANCE DUE	650,994.
ENDING BALANCE DUE	1,270,846.

BORROWER: DUE FROM AFFILIATES; NON-CURRENT

BEGINNING BALANCE DUE	2,276,474.
ENDING BALANCE DUE	1,646,148.

TOTAL BEGINNING NOTES AND LOANS RECEIVABLE	2,927,468.
TOTAL ENDING NOTES AND LOANS RECEIVABLES	2,916,994.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

ATTACHMENT 6

FORM 990, PART X - SECURED MORTGAGES AND NOTES PAYABLE

LENDER: NJ HEALTHCARE FACILITIES FINANCING AUTH.
INTEREST RATE: 10.000000
DATE OF NOTE: 03/28/2008
MATURITY DATE: 07/01/2018
SECURITY PROVIDED: ALL ASSETS OF WARREN HOSPITAL
PURPOSE OF LOAN: PROCEEDS WERE USED TO REPAY OLDER BONDS, LOC

BEGINNING BALANCE DUE ..... 5,600,289.
ENDING BALANCE DUE .....

LENDER: UNITY BANK
ORIGINAL AMOUNT: 2,000,000.
INTEREST RATE: 5.500000
DATE OF NOTE: 12/22/2010
MATURITY DATE: 01/01/2016
REPAYMENT TERMS: MONTHLY PAYMENTS OF $12,378 & BALLOON PMNT IN 2016
SECURITY PROVIDED: DEFINED ASSETS
PURPOSE OF LOAN: TO SUPPORT WARREN RISK RETENTION GROUP

BEGINNING BALANCE DUE ..... 1,966,364.
ENDING BALANCE DUE .....

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

ATTACHMENT 6 (CONT'D)

LENDER: MED ONE/STRYKER
ORIGINAL AMOUNT: 39,150.
INTEREST RATE: 9.700000
DATE OF NOTE: 05/25/2011
MATURITY DATE: 05/24/2014
REPAYMENT TERMS: MONTHLY PAYMENT OF $1,257.75
PURPOSE OF LOAN: CAPITAL LEASE

BEGINNING BALANCE DUE	31,403.
ENDING BALANCE DUE	25,257.

LENDER: B BRAUN
ORIGINAL AMOUNT: 624,256.
INTEREST RATE: 2.500000
DATE OF NOTE: 10/01/2010
MATURITY DATE: 09/30/2016
REPAYMENT TERMS: MONTHLY PAYMENT OF $11,078.79
PURPOSE OF LOAN: CAPITAL LEASE

BEGINNING BALANCE DUE	525,544.
ENDING BALANCE DUE	414,578.

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

ATTACHMENT 6 (CONT'D)

LENDER: PANDORA
ORIGINAL AMOUNT: 11,996.
INTEREST RATE: 12.110000
DATE OF NOTE: 07/01/2007
MATURITY DATE: 06/30/2012
REPAYMENT TERMS: MONTHLY PAYMENT OF $267.50
PURPOSE OF LOAN: CAPITAL LEASE

BEGINNING BALANCE DUE	1,551.
ENDING BALANCE DUE	

LENDER: GENERAL ELECTRIC
ORIGINAL AMOUNT: 276,913.
INTEREST RATE: 9.525000
DATE OF NOTE: 04/01/2007
MATURITY DATE: 03/31/2012
REPAYMENT TERMS: MONTHLY PAYMENT OF $5,819.07
PURPOSE OF LOAN: CAPITAL LEASE

BEGINNING BALANCE DUE	22,822.
ENDING BALANCE DUE	

Name of the organization: ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number: 22-1494454

ATTACHMENT 6 (CONT'D)

LENDER: ALCON LABORATORIES, INC.
ORIGINAL AMOUNT: 78,011.
INTEREST RATE: 7.000000
DATE OF NOTE: 03/24/2009
MATURITY DATE: 03/23/2014
REPAYMENT TERMS: MONTHLY PAYMENT OF $1,202.83
PURPOSE OF LOAN: CAPITAL LEASE

BEGINNING BALANCE DUE	25,907.
ENDING BALANCE DUE	14,872.

LENDER: WARREN RADIOLOGY MRI
ORIGINAL AMOUNT: 620,746.
INTEREST RATE: 16.040000
DATE OF NOTE: 11/01/2008
MATURITY DATE: 10/31/2013
REPAYMENT TERMS: MONTHLY PAYMENTS OF $12,005.67

BEGINNING BALANCE DUE	227,607.
ENDING BALANCE DUE	165,531.
TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	8,401,487.
TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	620,238.

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number
22-1494454

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to 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)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) Section 512(b)(13) controlled entity? No
(1) ST. LUKE'S WARREN HOSPITAL FDN, INC. 22-2522476 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	SUPPORT SLWH	NJ	501(C)(3)	509(A)(3)	SLWH, INC.	X	
(2) ST. LUKE'S WARREN HEALTHCARE, INC. 22-2522478 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	HOLDING CO.	NJ	501(C)(3)	509(A)(3)	SLHN, INC.		X
(3) ST. LUKE'S HEALTH NETWORK, INC. 23-2384282 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	509(A)(3)	N/A		X
(4) ST. LUKE'S QUAKERTOWN HOSPITAL 23-1352203 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	HOSPITAL	SLHN,INC.		X
(5) CARBON-SCHUYLKILL COMMUNITY HOSPITAL 25-1550350 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	HOSPITAL	SLHN, INC.		X
(6) ST. LUKE'S HOSPITAL OF BETHLEHEM PA 23-1352213 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	HOSPITAL	SLHN, INC.		X
(7) QUAKERTOWN REHABILITATION CENTER 23-2543924 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	170B1AIII	SLHN, INC.		X

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST. LUKE'S WARREN HOSPITAL, INC.

Employer identification number
22-1494454

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to 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)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) ST. LUKE'S EMERGENCY & TRANSPORT SVCS. 23-2179542 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	170B1AIII	SLHN, INC.		X
(2) ST. LUKE PHYSICIAN GROUP, INC. 23-2380812 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	509(A)(3)	SLHN, INC.		X
(3) VNA OF ST. LUKE'S - HOME HEALTH/HOSPICE 24-0795497 801 OSTRUM STREET BETHLEHEM, PA 18015	HEALTH SVCS.	PA	501(C)(3)	509(A)(1)	BETHLEHEM		X
(4) HOMESTAR MEDICAL EQUIP & INFUSION SVCS. 23-2418254 801 OSTRUM STREET BETHLEHEM, PA 18015	INACTIVE	PA	501(C)(3)	509(A)(2)	VNA		X
(5) ST. LUKE'S HHN AUXILIARY, INC. 23-2134479 801 OSTRUM STREET BETHLEHEM, PA 18015	FUNDRAISING	PA	501(C)(3)	170B1AIII	N/A		X
(6)							
(7)							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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) EIGHTH & EATON 26-3017143 801 OSTRUM STREET	FINANCIAL VEHICLE	PA	N/A									
(2) NEW VALLEY REHAB 13-4257049 2301 CHERRY LANE	HEALTHCARE SVCS.	PA	N/A									
(3) WIND GAP PROF 23-2641715 3435 WINCHESTER ROAD, SUITE 30	HEALTHCARE SVCS.	PA	N/A									
(4)												
(5)												
(6)												
(7)												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) HILLCREST EMERGENCY SERVICES, P.C. 20-4429976 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	HEALTH SVCS.	NJ	WARREN HOSPITAL	C CORP.	4,435,851.	1,047,194.	100.0000
(2) HILLCREST MANAGEMENT SERVICES ORG., INC 22-2591084 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	BILLING & MGMT	NJ	N/A	C CORP.			
(3) TWO RIVERS ENTERPRISES, INC. 52-1552606 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	REAL ESTATE	NJ	N/A	C CORP.			
(4) WARREN PA PROFESSIONAL ALLIANCE, INC. 20-2652788 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	HEALTH SVCS.	NJ	WARREN HOSPITAL	C CORP.	200,135.	268,440.	100.0000
(5) ST. LUKE'S WARREN PHYSICIAN GROUP, P.C. 22-3837316 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	HEALTH SVCS.	NJ	WARREN HOSPITAL	C CORP.	2,461,787.	1,441,636.	100.0000
(6) WARREN RISK RETENTION GROUP, INC. 20-0250315 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	FINANCIAL VEHICLE	VT	WARREN HOSPITAL	C CORP.	592,958.	8,104,396.	100.0000
(7) HILLCREST PSYCHIATRIC SERVICES PC 27-0634298 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865	INACTIVE	NJ	WARREN HOSPITAL	C CORP	0	0	100.0000

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ST. LUKE'S EIGTH & EATON HOLDINGS, INC. 23-7192801 801 OSTRUM STREET BETHLEHEM, PA 18015-1000	HEALTHCARE SVCS.	PA	N/A	C CORP.			
(2) ST. LUKE'S HEALTH NETWORK INSURANCE COMP 75-2993150 801 OSTRUM STREET BETHLEHEM, PA 18015-1000	FINANCIAL VEHICLE	VT	N/A	C CORP.			
(3) ST. LUKE'S HOSP OF BETH PA AMBUL SURGERY 23-3018850 801 OSTRUM STREET BETHLEHEM, PA 18015-1000	HEALTHCARE SVCS.	PA	N/A	C CORP.			
(4) ST. LUKE'S PHYSICIAN HOSPITAL ORG. 23-2786818 801 OSTRUM STREET BETHLEHEM, PA 18015-1000	HEALTHCARE SVCS.	PA	N/A	C CORP.			
(5)							
(6)							
(7)							

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

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

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

	(a) Name of other organization	(b) Transaction type (a–r)	(c) Amount involved	(d) Method of determining amount involved
(1)	WARREN PA PROFESSIONAL ALLIANCE, INC.	K	270,000.	COST
(2)	HILLCREST MANAGEMENT SERVICES ORG., INC.	K	632,856.	COST
(3)	WARREN RISK RETENTION GROUP, INC.	Q	524,867.	COST
(4)	WARREN PA PROFESSIONAL ALLIANCE, INC.	J,L	260,089.	COST
(5)	WARREN HEALTH CARE ALLIANCE, P.C.	L	773,449.	COST
(6)				

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

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

	(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations? Yes	(e) No	(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)														
(2)														
(3)														
(4)														
(5)														
(6)														
(7)														
(8)														
(9)														
(10)														
(11)														
(12)														
(13)														
(14)														
(15)														
(16)														

Schedule R (Form 990) 2011

JSA
1E1310 1 000

Part VII Supplemental Information

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

RENT AND ROYALTY INCOME

Taxpayer's Name	Identifying Number
ST. LUKE'S WARREN HOSPITAL, INC.	22-1494454

DESCRIPTION OF PROPERTY
TWO RIVERS

☐ Yes ☐ No Did you actively participate in the operation of the activity during the tax year?

TYPE OF PROPERTY:
REAL RENTAL INCOME

OTHER INCOME:		
OTHER RENTAL INCOME	77,040.	
TOTAL GROSS INCOME		77,040.
OTHER EXPENSES:		
DEPRECIATION (SHOWN BELOW)		
LESS: Beneficiary's Portion		
AMORTIZATION		
LESS: Beneficiary's Portion		
DEPLETION		
LESS: Beneficiary's Portion		
TOTAL EXPENSES		
TOTAL RENT OR ROYALTY INCOME (LOSS)		77,040.

Less Amount to	
Rent or Royalty	
Depreciation	
Depletion	
Investment Interest Expense	
Other Expenses	
Net Income (Loss) to Others	
Net Rent or Royalty Income (Loss)	77,040.
Deductible Rental Loss (if Applicable)	

SCHEDULE FOR DEPRECIATION CLAIMED

(a) Description of property	(b) Cost or unadjusted basis	(c) Date acquired	(d) ACRS ded	(e) Bus %	(f) Basis for depreciation	(g) Depreciation in prior years	(h) Method	(i) Life or rate	(j) Depreciation for this year
Totals									

SUPPLEMENT TO RENT AND ROYALTY SCHEDULE

OTHER INCOME

OTHER RENTAL INCOME	77,040.
	77,040.

RENT AND ROYALTY SUMMARY

PROPERTY	TOTAL INCOME	DEPLETION/ DEPRECIATION	OTHER EXPENSES	ALLOWABLE NET INCOME
TWO RIVERS	77,040.			77,040.
TOTALS	77,040.			77,040.

St. Luke's University Health Network, Inc. and Controlled Entities

Consolidated Financial Statements and Supplemental Information
June 30, 2012 and 2011

St. Luke's University Health Network, Inc. and Controlled Entities
Index
June 30, 2012 and 2011

Report of Independent Auditors

The Board of Trustees
St. Luke's University Health Network, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets, and cash flows present fairly, in all material respects, the financial position of St. Luke's University Health Network, Inc. and its controlled entities (collectively, the "Network") at June 30, 2012 and 2011 and the results of their operations, changes in net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Network's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

PricewaterhouseCoopers LLP

December 20, 2012

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Balance Sheet
June 30, 2012 and 2011

	2012	2011
Assets		
Current		
Cash and cash equivalents	$ 81,549,369	$ 82,725,894
Patient accounts receivable, net of allowance for uncollectible accounts of $60,292,531 and $40,188,273, respectively	165,802,428	131,253,158
Other accounts receivable	10,427,918	3,997,531
Investments	61,346,350	63,541,536
Inventories	16,949,596	12,709,033
Prepaid expenses	15,276,686	10,249,610
Total current assets	351,352,347	304,476,762
Assets limited as to use, net of current portion		
Funds held by trustee	10,069,834	64,005,116
Under bond indenture	39,252,267	34,289,421
Board designated funds	218,160,446	223,074,954
	267,482,547	321,369,491
Property and equipment, net	596,251,082	484,848,300
Goodwill, net	24,237,907	7,336,712
Investments temporarily restricted as to use	18,187,034	17,525,676
Investments permanently restricted as to use	26,447,637	22,979,652
Deferred financing costs	5,697,560	5,541,791
Annuity contracts	8,999,001	7,881,693
Other assets	20,809,412	16,477,781
Total assets	$ 1,319,464,527	$ 1,188,437,858
Liabilities and Net Assets		
Current		
Accounts payable	$ 52,485,612	$ 42,841,824
Accrued salaries, wages and taxes	23,409,080	20,420,712
Accrued vacation and bonus	28,257,911	24,199,639
Current portion of self insurance reserves	17,864,694	14,129,862
Deferred income	3,288,309	3,945,113
Advance from third-party payors	2,398,101	2,398,101
Patient credit balances	12,231,386	10,576,785
Current portion of long-term debt	13,234,513	11,186,172
Current portion of accrued compensation payable	7,071,410	4,184,995
Accrued interest on long-term debt	8,474,597	7,649,511
Other Current Liabilities	7,297,817	
Estimated third-party payor settlements	18,156,932	13,249,913
Total current liabilities	194,170,362	154,782,627
Long-term debt, net of current portion	445,614,337	400,413,367
Asset retirement obligation	3,559,761	3,559,036
Accrued compensation payable	169,713,844	100,439,924
Self insurance reserves	36,127,358	28,687,901
Swap contracts	83,210,652	58,546,276
Other noncurrent liabilities	10,262,555	589,363
Total liabilities	942,658,869	747,018,494
Net assets		
Unrestricted net assets	330,004,739	395,746,165
Warren Beginning Unrestricted Net Assets	(808,846)	
Temporarily restricted net assets	20,830,852	22,693,547
Warren beginning Temporary restricted Net Assets	331,278	
Permanently restricted net assets	25,970,067	22,979,652
Warren beginning permanentlyUnrestricted Net Assets	477,568	
Total net assets	376,805,658	441,419,364
Total liabilities and net assets	$ 1,319,464,527	$ 1,188,437,858

The accompanying notes are an integral part of these consolidated financial statements.

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Statement of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Revenues and gains		
Net patient service revenue	$ 928,776,933	$ 817,946,601
Other operating revenue and gains	21,929,666	21,525,632
Net assets released from restrictions used for operations	1,760,679	2,023,726
Total revenue and gains	952,467,278	841,495,959
Operating expenses		
Salaries and employee benefits	534,238,267	478,993,571
Supplies and other	328,122,687	278,907,024
Depreciation and amortization	55,370,780	45,916,921
Interest	17,652,258	13,784,086
Total expenses	935,383,992	817,601,602
Income from operations	17,083,286	23,894,357
Nonoperating gains (losses)		
Unrestricted investment income from assets limited as to use	7,789,884	6,243,542
Realized gains/(losses) on unrestricted investment	8,153,281	(1,169,790)
Gifts, grants and bequests	(30,046)	692,335
Unrestricted investment income from restricted net assets	101,579	464,561
Unrestricted investment income, other	3,522,806	4,049,134
Loss on disposal of property and equipment	(625,066)	(60,428)
Restructuring Costs	(573,476)	(273,129)
Pre-Acquisition/Merger Costs	(846,067)	(1,364,005)
Donations to Other Organizations	(711,695)	(422,120)
Change in fair value of derivative instruments	6,520,432	(4,842,548)
Goodwill Impairment	(3,609,478)	-
Gain/(Loss) on Retirement/Purchase of Bonds	(2,955,427)	153,950
Nonoperating gains	16,736,727	3,471,502
Excess of revenue and gains over expenses	33,820,013	27,365,859
Net assets released from restrictions used for purchase of property and equipment	1,596,651	7,045,643
Gain on sale of Joint Venture	431,656	13,058,999
Net Assets Released to Specific Purpose Fund	(35,676)	-
Pension adjustment	(59,803,582)	33,678,542
Net effect of change in accounting principle - Goodwill Impairment	-	(2,782,024)
Warren Beginning Unrestricted Net Assets	(808,846)	
Change in unrealized gains on investments	(10,565,680)	29,816,316
Change in fair market value of interest rate swaps	(31,184,808)	9,127,758
Increase (decrease) in unrestricted net assets	$ (66,550,272)	$ 117,311,093

The accompanying notes are an integral part of these consolidated financial statements

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Excess of revenue and gains over expenses	$ 33,820,013	$ 27,365,859
Warren Beginning Unrestricted Net Assets	(808,846)	-
Net assets contributed and released from restrictions used for purchase of property and equipment	1,596,651	7,045,643
Gain on sale of Joint Venture	431,656	13,058,999
Net Assets Released to Specific Purpose Fund	(35,676)	-
Pension adjustment	(59,803,582)	33,678,542
Net effect of change in accounting principle-Goodwill Impairment	-	(2,782,024)
Change in unrealized gains on investments	(10,565,680)	29,816,316
Change in fair market value of derivatives	(31,184,808)	9,127,758
(Decrease) Increase in unrestricted net assets	(66,550,272)	117,311,093
Temporarily restricted net assets		
Contributions received	440,546	5,951,261
Warren beginning Temporary restricted Net Assets	331,278	-
Net realized gains on investments	-	192
Net unrealized (losses) gains on investments	(429,597)	5,894,750
Net assets released from restrictions	(1,873,644)	(3,136,484)
(Decrease) Increase in temporarily restricted net assets	(1,531,417)	8,709,719
Permanently restricted net assets		
Contributions received	3,465,567	1,221,252
Warren beginning permanentlyUnrestricted Net Assets	477,568	-
Net realized/unrealized (losses) gains on investments	(475,152)	228,243
Increase in permanently restricted net assets	3,467,983	1,449,495
(Decrease) Increase in net assets	(64,613,706)	127,470,307
Net assets		
Beginning of year	441,419,364	313,949,057
End of year	$ 376,805,658	$ 441,419,364

The accompanying notes are an integral part of these consolidated financial statements.

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows provided by operating activities		
Change in net assets	$ (64,613,706)	$ 127,470,307
Adjustments to reconcile change in net assets to net cash from operating activities		
Loss (Gain) on disposal of equipment	625,066	60,428
Depreciation and amortization	55,370,780	45,916,921
Equity losses from joint ventures and partnerships	(2,555,743)	(634,265)
Change in unrealized losses on unrestricted investments	10,565,680	(29,816,316)
Net realized gain on restricted investments	(1,776,785)	223,479
Net unrealized (gain) on restricted investments	2,359,553	(6,820,515)
Net realized loss on unrestricted investments	(8,021,278)	1,181,492
Pension adjustments	(59,803,582)	33,678,542
Swap contracts	24,664,376	(4,285,210)
Cumulative net effect of change in accounting	-	(2,782,024)
Restricted contributions received	(3,906,114)	(6,698,662)
Change in cash due to changes in operating assets and liabilities		
Patient accounts receivable	(34,549,270)	5,080,987
Other receivables	(6,430,386)	2,603,732
Inventories	(4,240,563)	469,289
Prepaid expenses	(5,027,076)	506,438
Other assets	(21,548,594)	(3,085,893)
Accounts payable and accrued liabilities	176,529,917	(81,135,469)
Patient credit balances	1,654,601	(653,825)
Net estimated third-party payor settlements	4,907,019	(10,997,401)
Deferred income	(656,804)	(210,929)
Net cash provided by operating activities	63,547,091	70,071,106
Cash flows used by investing activities		
Purchases of property, plant and equipment	(165,013,682)	(89,814,486)
Proceeds from sale of equipment	309,023	10,747
Increase/(Decrease) in assets whose use is limited, net	61,908,222	(39,252,329)
Sales of investments, net	(13,082,605)	(618,090)
Net cash used in investing activities	(115,879,042)	(129,674,158)
Cash flows provided by (used in) financing activities		
Proceeds from issuance of long-term debt	51,281,490	1,024,944
Repayments of long-term debt	(3,727,177)	(4,445,490)
Repurchase of St Luke's 2007 Series Bonds	(305,000)	(545,000)
Proceeds from restricted contributions	3,906,113	6,698,662
Net cash provided by (used in) financing activities	51,155,426	2,733,116
Increase (decrease) in cash	(1,176,525)	(56,869,936)
Cash and cash equivalents		
Beginning of year	82,725,894	139,595,830
End of year	$ 81,549,369	$ 82,725,894
Construction in progress included in accounts payable	$ 1,094,811	$ 12,817,160
Interest Paid	$ 17,318,509	$ 14,449,660

The accompanying notes are an integral part of these consolidated financial statements

1. Organization, Mission and Basis of Presentation

St. Luke's University Health Network, Inc. ("Parent") is a not-for-profit, tax-exempt corporation which controls the following acute care hospitals, organization of physician practices, and other health care related organizations serving the western New Jersey and Eastern Pennsylvania regions

- St. Luke's Hospital of Bethlehem, Pennsylvania ("St. Luke's Hospital"), which includes the following entities:
  - St. Luke's University Health Network Insurance Company ("SLRRG")
  - St. Luke's Hospital of Bethlehem, Pennsylvania Ambulatory Surgery, Ltd.
  - Cancer Immunotherapies, LLC
  - St. Luke's Eighth & Eaton Holding's, Inc.
  - Eighth & Eaton Professional Building, L.P.
  - St Luke's HomeStar Services, LLC
  - St. Luke's AirMed, LLC
  - St. Luke's VNA ("VNA"), which includes the following two entities:
    - VNA Home Health and Hospice
    - HomeStar Medical Equipment and Infusion Services
- St. Luke's Quakertown Hospital
- St. Luke's Physician Group, Inc.
- St. Luke's Emergency and Transport Services
- Quakertown Rehabilitation Center DBA St. Luke's Rehabilitation Center
  - New Valley Rehab, LLC
- Carbon-Schuylkill Community Hospital, Inc. DBA St. Luke's Miners Memorial Medical Center ("MMMC")
- St. Luke's Warren Hospital Inc.
  - Warren PA Professional Alliance, Inc.
  - St. Luke's Warren Hospital Foundation, Inc.
  - Warren Risk Retention Group, Inc.
  - Warren Healthcare Alliance, P.C

- Hillcrest Emergency Services, Inc

- Two Rivers Enterprises, Inc.

- Hillcrest Management Services Organization, Inc

The Parent and controlled entities are referred to collectively as the St. Luke's University Health Network, Inc. (the "Network").

The Network also participates in various joint ventures and partnerships. These arrangements enable the Network to provide healthcare services to the broader community through involvement in other healthcare organizations

Merger

On January 31, 2012, St. Luke's University Health Network, Inc. purchased Warren Healthcare, Inc., a not-for-profit holding company. Warren Healthcare, Inc. and its subsidiaries became a part of the St. Luke's corporate system (the "Merger") The subsidiaries include: (a) Warren Hospital, a not-for-profit acute care facility located in Phillipsburg, New Jersey, (b) Warren Risk Retention Group, the Company's for profit captive insurance company, (c) Warren PA Professional Alliance, Inc ("PA Alliance", a for profit professional corporation); (d) Warren Health Care Alliance, P.C. ("WHCA", a for profit professional corporation); and (e) Hillcrest Emergency Services, P.C. ("Hillcrest ER", a for profit professional corporation). PA Alliance and WHCA provide outpatient health care services in Pennsylvania and New Jersey. Hillcrest ER was organized as a separate legal entity and provides all the emergency services within the Hospital. These entities, in the aggregate, are considered members of the St. Luke's Warren consolidated group and their related financial data is presented in the Supplemental Schedules pages 36 through 47. Also, included in the accompanying consolidated financial statements are: (a) the Warren Hospital Foundation, Inc (the "Foundation"), a not-for-profit charitable foundation, (b) Hillcrest Management Services Organization, Inc. ("MSO"), a for-profit company that provides administrative services and support to affiliates and other third parties, and (c) Two Rivers Enterprises, Inc. ("Two Rivers"), a for-profit company that holds real property and interests in real estate entities.

In connection with the Merger. (a) St Luke's committed to provide $25 million of equity funding to Warren; (b) the Warren hospital name was changed to St Luke's Warren Hospital, Inc , the parent's name was changed to St Luke's Warren Healthcare, Inc and the Foundation was renamed St. Luke's Warren Hospital Foundation, Inc The equity funding will be periodically provided to Warren in the future for working capital purposes, funding of defined benefit plan obligations and capital expenditures.

St. Luke's University Health Network had $2,210,000 ($846,000 in FY 2012 and $1,364,000 in FY 11) and Warren Healthcare, Inc. had $421,000 in costs prior to the acquisition.

There were no transactions recognized separately from the acquisition of assets and assumptions of liabilities in the business combination. As a result of revaluing assets and liabilities at the time of purchase, Warren recognized $22,360,680 in asset valuation changes. Warren Healthcare, Inc. had a Net Asset deficit of $13,156,778 as of the acquisition date, which was recorded as Goodwill on January 31, 2012

Revenues attributable to Warren Healthcare, Inc since the acquisition date that are included in the statement of activities for the reporting period

		FY 12
Patient Revenue	$	52,522,025
Other Operating Revenue	$	1,335,026
Nonoperating Revenue	$	(3,124,145)

Changes in unrestricted net assets, changes in temporarily restricted net assets, and changes in permanently restricted net assets attributable to the acquisition of Warren Healthcare, Inc since the acquisition date that are included in the statement of activities for the reporting period

	FY 12
unrestricted net assets	$ 16,445,820
temporarily restricted net assets	$ 331,278
permanently restricted net assets	$ 477,568

Comparative revenues of the combined entity as though the acquisition of Warren Healthcare, Inc occurred at the beginning of the annual reporting period.

	FY 12	FY 11
Patient Revenue	$1,002,307,767	$ 937,696,817
Other Operating Revenue	$ 25,559,382	$ 26,593,217
Nonoperating Revenue	$ 12,362,930	$ (3,229,434)

Comparative changes in unrestricted net assets, changes in temporarily restricted net assets, and changes in permanently restricted net assets as though the acquisition date for Warren Healthcare, Inc occurred at the beginning of the annual reporting period

	FY 12	FY 11
unrestricted net assets	$ 329,195,893	$ 395,746,158
temporarily restricted net assets	$ 21,162,130	$ 22,693,547
permanently restricted net assets	$ 26,447,635	$ 22,979,652

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Health Care Organizations*, and other pronouncements applicable to nor-for-profit healthcare organizations.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent and its controlled entities. The Parent exercises control over its controlled entities through the appointment of members to the controlled entities' Board of Trustees ("Board") The accounts of the controlled entities have been included in the consolidated financial statements to reflect the results of operations of entities under common control All significant intercompany balances and 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents include cash management funds with original maturities of three months or less, excluding amounts whose use is limited by Board designation or other arrangements under trust agreements The carrying value of cash and cash equivalents approximates market value.

Investments and Investment Income
Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including interest, dividends and realized gains and losses on unrestricted investments), is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on unrestricted investments are reported below the excess of revenues over expenses within net asset changes. Realized and unrealized gains and losses on donor restricted investments are reported as changes in temporarily and permanently restricted net assets as stipulated by the donor.

The Network conducted an analysis and evaluation of securities for any potential "other than temporary impairment" of investments. If the decline in the market value of an investment below cost was deemed to be other than temporary, an adjustment would be made to reduce the cost basis of the investment(s) and a realized loss would be recorded in the excess of revenue over expenses The Network did not have an "other than temporary impairment" adjustment for the years ended June 30, 2012 and 2011

Investment income and the change in unrealized gains (losses) on investments was comprised of the following for the years ended June 30

	2012	2011
Interest and dividend income	$ 9,544,811	$ 8,034,975
Realized gains (losses) on sales of investments	$ 11,337,892	$ (1,517,665)
Net unrealized (losses) gains on investments	$(10,565,680)	$29,816,316

Assets Limited as to Use
Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the board of trustees for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes.

Inventories
Inventory is valued at average cost, net of reserves for obsolescence. Nonstock or nonstoreroom inventory is valued at the last purchase price or last in first out (LIFO).

Property and Equipment
Property and equipment acquisitions are recorded at cost for purchased items and fair value at the date of contribution for contributed items. Depreciation is expensed over the estimated useful life of each

class of depreciable asset and is computed using the straight-line method Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated statements of operations. Interest costs incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of constructing those assets. Upon sale or retirement, the cost and related accumulated depreciation of such assets are removed from the accounts and any resulting gain or loss realized is credited or charged to income for the period. Expenditures for maintenance and repairs are expensed as incurred. Significant renewals, improvements and betterments are capitalized.

Long Lived Assets
The Network evaluates the carrying value of its long lived assets for impairment when impairment indicators are identified. In the event that the carrying value of a long-lived asset is not supported by the fair value, the network will recognize an impairment loss for the difference. Fair value is based on available market prices or discounted cash flows

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

Goodwill
Goodwill recorded in the accompanying consolidated balance sheets represents the excess of the fair market value of assets acquired over the purchase price Management reviews goodwill for impairment annually or when events and circumstances indicate that the carrying amount may not be recoverable.

In accordance with recently issued guidance, the Network has ceased amortizing previously recognized goodwill and performs annual impairment tests.

Deferred Financing Costs
Deferred financing costs represent costs incurred in connection with the issuance of bonds and are amortized over the life of the related debt using the effective interest method.

Annuity Contracts and Accrued Compensation Payable
The Network maintains a deferred compensation plan which provides supplemental retirement benefits for former officers and key management personnel. The Network has purchased annuity contracts to fund these benefits. These annuity contracts are included in the consolidated balance sheets at their current surrender value.

Self Insurance Reserves
Accrued insurance costs consist of discounted reserves for reported and incurred-but-not-reported (IBNR) claims related to medical malpractice incidents and the Network's self-insured retention for workers' compensation and employee health insurance incidents For the years ended June 30, malpractice reserves and workers compensation reserves are discounted using a discount rate of 4.60% and 4 60%, respectively, in 2012 and 6 07% and 6.07%, respectively, in 2011.

Gift Annuities
The Hospital receives assets from donors in exchange for the promise to make fixed payments, over a specified period of time, to a recipient as designated by the donor. The Hospital discounts (this past year the discount rate averaged 1.25%) the liability for annuity contracts based on the annuitant's estimated life expectancy. These amounts are included in other noncurrent liabilities on the balance sheets. Any restricted assets remaining at the end of the annuity contract are placed into an endowment fund and the earnings on those funds are available for the general operations of the Network. Any unrestricted assets remaining at the end of the annuity contract are available for the general operations of the Network The Network revalues the liability for annuity contracts quarterly and the related change is included as a change in net assets.

Temporarily and Permanently Restricted Net Assets
Temporarily restricted net assets include assets whose use by the Network has been limited by donors to a specific time period or purpose. Also included in temporarily restricted net assets are unrecognized gains and losses on permanently restricted net assets Permanently restricted net assets have been restricted by donors to be maintained by the Network in perpetuity

Donor Restricted Gifts
Unconditional promises to give cash and other assets to the Network are reported 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 the purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted gifts, grants and bequests in the accompanying consolidated financial statements.

Net Patient Service Revenue
The Network has agreements with third-party payors who provide payments to the Network at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted from established charges and per diem payments. 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 due to future audits, reviews and investigations 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 or as years are no longer subject to such audits, reviews and investigations

Included in net patient service revenue are changes in liability adjustments from third party payors with an overall net unfavorable adjustment of $4,907,019 for 2012 as compared to favorable adjustment of $10,997,400 for 2011.

In July 2010 the Pennsylvania General Assembly passed the Public Welfare Code amendment (Act 49) which was signed into law by the Governor, establishing a new program referred to as Medicaid Modernization. The program was subsequently approved by the federal Centers for Medicare and Medicaid Services. The program is designed to provide additional funding to Pennsylvania hospitals for the purpose of enhancing access to quality healthcare for qualifying Medicaid beneficiaries, helping to partially mitigate the losses incurred by hospitals resulting from low reimbursement rates. To accomplish this objective, for fiscal years 2011 through 2013, the program provides participating hospitals with improved inpatient fee-for-service hospital payments, establishes enhanced hospital payments through Medicaid managed care organizations (MCOs), and secures additional federal matching Medicaid funds through a Quality Care Assessment, under which hospitals pay the state a percentage of their net

inpatient revenue for fiscal year 2011 During 2012, after deducting the cost of the assessment due to the state, the Network recognized additional net patient service revenue of $4,175,651 from the Pennsylvania Medicaid Modernization program

Allowance for Doubtful Accounts
The Network records an allowance for doubtful accounts for estimated losses resulting from the unwillingness of patients to make payments for services. The allowance is determined by analyzing historical data and trends Accounts receivable are written off against the allowance for doubtful accounts when management determines that recovery is unlikely and collection efforts cease.

Charity Care
The Network provides care to all patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Charges for services to patients who meet the Network's guidelines for charity care are not reflected in the accompanying consolidated financial statements The charges associated with these services for charity care provided by the Network approximate $118,310,000 and $100,586,000 in 2012 and 2011, respectively. The costs incurred to provide such care is determined using a cost to charge ratio and were approximately $98,440,000 and $81,686,000 for 2012 and 2011, respectively

Excess of Revenue and Gains over Expenses
The consolidated statements of operations include the excess of revenue and gains over expenses. Changes in unrestricted net assets which are excluded from the excess of revenue and gains over expenses, consistent with industry practice, include assets released from donor restrictions to be used for purchases of property and equipment, donations of long-lived assets, net unrealized gains and losses on available for sale investments, pension adjustments, and change in fair market value of interest rate swaps meeting hedging criteria

Income Taxes
The Parent and its controlled hospital entities, are Pennsylvania and New Jersey not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. On such basis, the Parent and its controlled hospital entities will not incur any liability for federal income taxes, except for possible unrelated business income.

St Luke's University Health Network Insurance Company and Warren Risk Retention Group are taxable reciprocal insurers

St. Luke's HomeStar Services, LLC is a taxable distributor of medical equipment and pharmacy services.

Warren Health Care Alliance, P.C. PA Alliance, Hillcrest Emergency Services, P.C. and Two Rivers are for profit entities providing outpatient health care services in Pennsylvania and New Jersey. Prior to January 1, 2009, Warren Health Care Alliance, P.C and Hillcrest Emergency Services, P C elected, under the applicable provisions of the Internal Revenue Code and applicable state codes, to have the physician owner recognize their respective share of net income or loss on their individual tax returns Accordingly, Warren Health Care Alliance, P.C. and Hillcrest Emergency Services, P C. did not record a liability for Federal and state income taxes Effective January 1, 2009, Warren Health Care Alliance, P C. and Hillcrest Emergency Services, P C. commenced operating as a for profit "C" corporation The deferred tax assets arising from net operating losses and other temporary items generated by for profit entities, approximately $9 6 million at June 30, 2012, are subject to a full valuation allowance as the realization of such deferred tax assets cannot be considered more likely than not at June 30, 2012.

Interest Rate Swaps
The Network recognizes all derivative financial instruments in the balance sheet at fair value. The change in the fair value of derivatives that do not qualify for hedge accounting is recognized as a component of excess of revenues over expenses for the years ended June 30, 2012 and 2011. The change in the fair value of derivatives that qualify for hedge accounting are recognized through changes in unrestricted net assets on the statement of operations for the years ended June 30, 2012 and 2011

Revision
In 2012, St. Luke's determined that the estimated fair value of the total return interest rate swaps discussed in note 11 were not correct in that they did not reflect the estimated current market prices that would be considered in a termination payment as of the balance sheet date if St. Luke's were to elect to terminate the swaps without redeeming the bonds. Although St Luke's has no intention to do so, the agreements allow for this possibility and as a result must be taken into consideration in determining the estimated fair value of the swaps on a standalone basis. Management has evaluated this error and concluded that it was not material to any prior period As a result, a revision has been made to correct the previously issued financial statements to account for a related unrealized loss on the value of the swaps as follows

$ in thousands	As reported	Change	As revised
Consolidated Balance Sheet as of 6/30/2011			
Swap Contract liability	34,084	24,462	58,546
Total Liabilities	722,557	24,462	747,019
Unrestricted Net Assets	420,208	(24,462)	395,746
Consolidated Statement of Changes in Operations as of 6/30/2011			
Change in fair value of derivative instruments	3,518	(8,360)	(4,842)
Non-operating gains	12,253	(8,360)	3,893
Excess of revenues over expenses	35,726	(8,360)	27,366
Increase in unrestricted net assets	125,671	(8,360)	117,311
Increase in net assets	135,830	(8,360)	127,470
Net assets, beginning of the year	330,051	(16,102)	313,949
Net assets, end of year	465,881	(24,462)	441,419

3. Risks and Uncertainties

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time. Recently,

government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time.

4. Concentrations of Credit Risk

Financial instruments which subject the Network to concentrations of credit risk consist primarily of cash and cash equivalents, investments, assets limited as to use, and patient accounts receivable.

The Network maintains cash, investments and assets limited as to use in banks, which include cash equivalents consisting of overnight repurchase agreements. Amounts are invested in a variety of financial instruments. The related values, as presented in the consolidated financial statements, are subject to various market fluctuations which include changes in the equity markets, interest rate environment and the general economic conditions The FDIC insures funds up to $250,000 per depositor.

The Network's patient accounts receivable consist of unsecured amounts due for patient services billed to patients and other third-party payors such as Medicare, Medical Assistance, Blue Cross and various commercial insurance companies and managed care companies The primary service area of the Network is located in Lehigh, Northampton, Carbon, Schuylkill and Bucks Counties, Pennsylvania. The ability of these patients to pay is subject to changes in general economic conditions of the Network's service area. The Network performs ongoing credit evaluations and maintains reserves for potential credit losses.

The mix of receivables from patients and third-party payors at June 30, 2012 and 2011 was as follows

	2012	2011
Medicare	23.5%	20 1%
Medical Assistance	5.5%	6 3%
Blue Cross/Highmark Blue Shield	14.4%	18.1%
Commercial/HMO/Other (includes Medicare HMO)	30.9%	26.2%
Self pay (includes balances of patients filing for Medicaid eligibility, but not yet approved)	25.7%	29.3%
	100%	100%

5. Charity Care and Community Service

The Network maintains records to identify and monitor the level of charity care and community service it provides. These records include the amount of charges foregone based on established rates for services and the estimated cost of those services furnished under its charity care policy. Additionally, the Network sponsors certain other service programs and charity services which provide substantial benefit to the broader community Such programs include services to needy populations and support including: HIV treatments, medical and dental mobile vans, health fairs, community-based medical clinics, and teen pregnancy counseling

The Network also participates in the Medical Assistance program which makes payment for services provided to financially needy patients at rates which are less than the cost of such services Additionally, the Network provides services through the emergency room and clinics at a substantial loss.

6. Third-Party Agreements

For the years ended June 30, 2012 and 2011, payment arrangements with the Network and third-party payors were as follows:

Medicare
Payments to St. Luke's Hospital, St Luke's Quakertown Hospital, MMMC and St. Luke's Warren from the Medicare program for inpatient acute care services are made on a prospective basis Under this program, payments are made at a predetermined specific rate for each discharge based on the patient's diagnosis.

Outpatient services are reimbursed under the Ambulatory Payment Classification System except for clinical lab which is paid on a fee schedule and a prospective predetermined rate for renal.

Capital Blue Cross/Highmark Blue Shield
Inpatient services rendered to Capital Blue Cross/Highmark Blue Shield subscribers are reimbursed at prospectively determined per case rates St. Luke's Quakertown Hospital is subject to a retroactive adjustment under the current Capital Blue Cross contract. Outpatient services for Capital Blue Cross are reimbursed on an interim basis on a percentage of charges for St. Luke's Quakertown Hospital, MMMC's and payments are later reconciled using a cost report device. There is no final settlement process for St. Luke's Hospital.

Inpatient services rendered to Blue Cross/Highmark Blue Shield subscribers are reimbursed at a per case basis. Outpatient services are reimbursed based upon established fee schedules.

Medicaid
The Pennsylvania Medical Assistance program ("PMA") reimburses St. Luke's Hospital, St Luke's Quakertown Hospital, MMMC and St. Luke's Warren for inpatient services and capital costs on a prospective basis. Payments for inpatient services are made at a predetermined specific rate for each discharge based on the patient's diagnosis Outpatient services are reimbursed on the basis of an established fee schedule.

Other
The Network has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Network under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated payment arrangements

7. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date

The accounting guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Financial instruments measured at fair value are based on valuation techniques noted below consistent with fair value guidance The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Network for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows

Level 1 – Quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets. The Network does not adjust the quoted price for such assets and liabilities

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities Inputs are obtained from various sources including market participants, dealers, and brokers.

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

Interest rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. Certain interest rate swap arrangements have inputs which can generally be corroborated by market data and are therefore classified within level 2

The total return swaps are less liquid and inputs are unobservable and as such are classified within level 3. While the valuation of these less liquid derivatives may utilize some level 1 and/or level 2 inputs, they also include other unobservable inputs which are considered significant to the fair value determination At each measurement date, the Network updates the level 1 and level 2 inputs to reflect observable inputs, though the resulting gains and losses are reflected within level 3 due to the significance of the unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Network believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date

Financial instruments carried at fair value as of June 30, 2012, and 2011 are as follows:

	June 30, 2012			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Investments				
Money Market Funds	$ 25,694,780	$ -	$ -	$ 25,694,780
Government Securities	9,743,751	-	-	9,743,751
Corporate Bonds	38,081,521	-	-	38,081,521
Common & Preferred Stock	521,656	-	-	521,656
Mutual Funds	299,392,938	-	-	299,392,938
Total Investments	$ 373,434,646	$ -	$ -	$ 373,434,646
Derivative Financial Instruments				
Cost of Funds Hedge - Floating to Fixed Rate	$ -	$ 87,052,790	$ -	$ 87,052,790
Fixed Receiver Swaps	-	(18,256,196)	-	(18,256,196)
Total Return Swap	-	-	14,414,058	14,414,058
Interest Rate Swaps-liability	$ -	$ 68,796,594	$ 14,414,058	$ 83,210,652

	June 30, 2011			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Investments				
Money Market Funds	$ 34,438,169	$ -	$ -	$ 34,438,169
Government Securities	88,721,968	-	-	88,721,968
Corporate Bonds	1,060,000	-	-	1,060,000
Common & Preferred Stock	521,656	-	-	521,656
Mutual Funds	300,674,561	-	-	300,674,561
Total Investments	$ 425,416,354	$ -	$ -	$ 425,416,354
Derivative Financial Instruments				
Cost of Funds Hedge - Floating to Fixed Rate	$ -	$ 35,845,669	$ -	$ 35,845,669
Fixed Receiver Swaps	-	1,766,117	-	1,766,117
Total Return Swap	-	-	20,934,490	20,934,490
Interest Rate Swaps-liability	$ -	$ 37,611,786	$ 20,934,490	$ 58,546,276

The following table is a roll-forward for those financial instruments classified by the Network as Level 3 within the fair value hierarchy defined above:

	Interest Rate Swaps
Fair Value, June 30, 2010	$ (16,091,942)
Gains/(losses)	(4,842,548)
Fair Value, June 30, 2011	$ (20,934,490)
Gains/(losses)	6,520,432
Fair Value, June 30, 2012	$ (14,414,058)

All unrealized gains (losses) in the table above are reflected in the accompanying statement of operations

8. Investments in Joint Ventures and Partnerships

St. Luke's Hospital is a Class B member of the St. Luke's Physician Hospital Organization, Inc. ("PHO") The PHO has two classes of members. Class A members consist of primary care and specialist physicians and Class B members consist of member hospitals, St Luke's being the only Class B member hospital.

St. Luke's University Health Network holds a 50% interest in the Center for Oral and Maxillofacial Surgery and Implantology at St. Luke's, LLC, which was organized on May 12, 2005 and provides oral surgery services which enables the joint venture to respond to community needs

St. Luke's Hospital holds a 50% interest in Pocono MRI Imaging & Diagnostic Center, LLC, which was organized on June 15, 2010 and provides imaging and diagnostic services in the Pocono area.

The Network also maintains other investments in partnerships that provide various clinical and nonclinical services. The Network's investments in the partnerships are accounted for under the equity method. The total investments in joint ventures and partnerships of approximately $7,035,907 and $8,203,293 for the years ended June 30, 2012 and 2011, respectively, are included in other assets on the consolidated balance sheets.

9. Property and Equipment

Property and equipment and related accumulated depreciation at June 30, 2012 and 2011 consisted of the following

	2012	2011
Land	$ 85,716,102	$ 81,801,364
Buildings and improvements	594,405,094	396,720,655
Equipment	516,145,394	408,193,467
Parking garage	16,054,980	16,054,980
Total Property, Plant, & Equipment, gross	1,212,321,570	902,770,466
Less: Accumulated depreciation	671,938,339	531,273,585
Total Property, Plant & Equipment, net	540,383,231	371,496,881

Construction-in-progress (CIP)	55,867,851	113,351,419
Total Property, Plant & Equipment, net and CIP	$ 596,251,082	$ 484,848,300

Depreciation expense was approximately $52,963,636 and $43,931,075 for the years ended June 30, 2012 and 2011, respectively Interest that was capitalized was approximately $1,446,045 and $3,805,000 for the years ended June 30, 2012 and 2011, respectively.

Capital Leases
Included in fixed and movable equipment as of June 30, 2012 is approximately $9,691,544 of assets purchased under capital lease agreements. Accumulated amortization of such assets approximates $8,834,787 as of June 30, 2012.

10. Long-Term Debt

Long-term debt at June 30, 2012 and 2011 consisted of the following:

	2012	2011
Quakertown General Authority - 1996A Pooled Financing Loan issued by the Quakertown General Authority at a variable rate	$ 6,691,746	$ 8,092,321
Hospital Revenue Bonds, Series 2007, issued by the Lehigh County General Purpose Authority	128,500,000	128,805,000
Hospital Revenue Bonds, Series 2008A, issued by Northampton County General Purpose Authority, net of unamortized discount	172,537,877	172,449,786
Hospital Revenue Bonds, Series 2010A, 2010B, 2010C, issued by Northampton County General Purpose Authority	63,825,491	66,879,861
Hospital Revenue Bonds, Series 2012, issued by New Jersey Health Care Facilities Financing Authority-Warren Hospital	42,150,000	-
TD Bank, N A. Note Payable	27,505,583	29,049,134
Wells Fargo Equipment Finance, Inc	8,282,091	-
Various notes and mortgage notes payable at various interest rates	9,356,062	6,323,437
	458,848,850	411,599,539
Less Current portion	13,234,513	11,186,172
	$ 445,614,337	$ 400,413,367

Scheduled maturities, assuming no amounts are tendered that cannot be remarketed, for the years ending June 30 are as follows:

Fiscal Year	Long-Term Debt
2013	13,234,513
2014	8,175,903
2015	8,384,223
2016	9,761,667
2017	8,363,114
Thereafter	413,096,061
	461,015,481
Less. Amount of unamortized bond discount/imputed interest	2,166,631
	$ 458,848,850

The fair market value of outstanding debt as of June 30, 2012 is as follows:

	Par Amount	Fair Market Value
Quakertown General Authority 1996A Pooled Financing Loan	6,691,746	6,691,746
Series 2007	128,500,000	84,954,941
Series 2008	175,000,000	184,266,030
Series 2010	63,530,000	68,915,327
Series 2012	42,150,000	42,160,538
	$ 415,871,746	$ 386,988,582

The fair value of long-term debt is estimated using market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Quakertown General Authority – 1996A Pooled Financing Loan
On March 1, 1997, St. Luke's Hospital borrowed approximately $21,700,000 from the Quakertown General Authority. St. Luke's represents one of many borrowers who participated in the $77,900,000 Quakertown General Authority Variable Demand Revenue Bonds (Pooled Financing Program) Series of 1996A For security of the bondholders of the 1996A Bonds, the Quakertown General Authority entered into a Letter of Credit with PNC Bank National Association The Bonds were offered on the basis of the financial strength of PNC Bank National Association, not the individual borrowers of the 1996A Pooled Financing Program. The Bonds are seven day variable rate demand bonds that are remarketed by the remarketing agent (PNC Capital Markets) and if for some reason the Bonds could not be remarketed, then the Bonds would become Bank Bonds and held by the Bank until they were remarketed. During the time the Bonds are held by the Bank, St Luke's would continue with the loan according to the Loan agreement between St. Luke's and the Quakertown General Authority.

The proceeds from the borrowings on the 1996A Bond Pool were used to refinance previous borrowings from the Quakertown Variable Rate Demand Bond Pool Series 1995 and to finance certain capital

improvement projects. The term of the Loan is 238 months, payable in full by January 1, 2017 and will bear interest at a variable rate. At June 30, 2012 and 2011, the rate (including bond and obligated group expense) was 2 0% and 2.0%, respectively.

The obligation of St. Luke's to repay the Loan is evidenced by a note issued under and pursuant to the term of the amended 1987 Master Trust Indenture. The original trust indenture, lease agreement and all subsequent supplemental agreements contain certain covenants of the Obligated Group and the Quakertown Obligated Group including, but not limited to, covenants requiring that the Obligated Group and the Quakertown Obligated Group will generate net revenues, as defined, equal to at least 150% of annual debt service

Hospital Revenue Bonds, Series 2007
On February 21, 2007, the Lehigh County General Purpose Authority issued $266,310,000 of its Hospital Revenue Bonds, Series 2007 (the "2007 Bonds"). The proceeds of the 2007 Bonds were used by the Hospital to undertake various construction projects (primarily the expansion of St. Luke's Hospital in Allentown), purchase of capital equipment, refunding of previous bond offerings and to pay for certain costs and expenses related to the issuance of the bonds.

The Hospital entered into the Master Trust Indenture with the Master Trustee and is currently the sole member of the Obligated Group. Under the Master Trust Indenture, all of the Bonds previously issued by the Authority under the indenture are collateralized by notes issued by the Hospital. The 2007 Bonds are collateralized by a note issued by the Hospital under the Master Trust Indenture

The 2007 Bonds were issued in a quarterly reset variable rate mode. Each maturity will bear interest from the date of their delivery (February 21, 2007) or from the most recent Interest Payment Date to the next succeeding Interest Payment Date, at a per annum rate equal to (a) 67% of the Three-Month LIBOR Rate for such period plus (b) the per annum spread specified in the following table, except that the 2007 Bonds may not bear interest in any interest period at more than a maximum rate of 15% per annum

Term Bonds	Spread above 67% of the Three-Month LIBOR Rate
$110,420,000 Variable, due 8/15/2033 original $49,905,000 due 8/15/2033 after redemption – see note below	92 basis points
$155,890,000 Variable, due 8/15/2042 original $78,900,000 due 8/15/2039 after redemption – see note below	102 basis points

Interest is computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed The 2007 Bonds bear interest at the Index Rate until maturity or the earlier redemption thereof, and are not subject to conversion to another interest rate

Redemption of Series 2007 Bonds
A total of $305,000 of the Lehigh County General Purpose Authority Hospital Revenue Bonds, Series 2007 Term Bonds were cancelled as a result of St. Luke's purchasing and then redeeming them with payments credited against the sinking fund installments.

The Network recorded a Nonoperating realized gain of $88,334 on the bond purchases which is included as a Nonoperating gain in the FY 2012 Statement of Operations.

Hospital Revenue Bonds, Series 2008
On June 11, 2008, the Northampton County General Purpose Authority issued $175,000,000 of its Hospital Revenue Bonds, Series A of 2008 (the "2008 Bonds") under a Loan and Trust Agreement by and among the Northampton County General Purpose Authority, Saint Luke's Hospital and Wells Fargo Bank, National Association, as trustee.

The 2008 Bonds were issued to provide funds for various construction projects (primarily the construction of the St. Luke's Anderson Campus), purchase of capital equipment, purchase of land in Bethlehem Township and to pay for certain costs and expenses related to the issuance of the bonds.

The Hospital entered into the Master Trust Indenture with the Master Trustee and is currently the sole member of the Obligated Group. Under the Master Trust Indenture all of the Bonds previously issued by the Lehigh County General Authority and the Quakertown General Authority are secured by notes issued by the Hospital. The 2008 Bonds will also be secured by a note issued by the Hospital under the Master Trust Indenture.

The 2008 Bonds of each maturity will bear interest from the date of their initial delivery or from the most recent Interest Payment Date to which interest thereon has been paid or duly provided for to the next succeeding Interest Payment Date, at a fixed rate:

Year (August 15)	Amount	Interest Rate	Yield
2019	$ 4,260,000	5.000 %	5 010 %
2020	4,480,000	5.000 %	5 110 %
2021	4,715,000	5.125 %	5 190 %
2022	4,965,000	5.250 %	5.260 %
2023	5,235,000	5.250 %	5.320 %
2024	5,520,000	5.250 %	5.370 %
2028	25,270,000	5.375 %	5.490 %
2035	59,960,000	5.500 %	5 600 %
2040	60,595,000	5 500 %	5.660 %

Interest on the 2008 Bonds will be payable on each August 15 and February 15, commencing on August 15, 2008 Interest on the 2008 Bonds will be computed on the basis of 360-day year of twelve 30 day months.

Hospital Revenue Bonds, Series 2010
On May 13, 2010, the Northampton County General Purpose Authority issued $69,730,000 of its Hospital Revenue Bonds The $69,730,000 Northampton County General Purpose Authority Hospital Revenue Bonds, consisting of $24,415,000 aggregate principal amount of Hospital Revenue Bonds Series 2010A (Saint Luke's Hospital Project), $10,390,000 aggregate principal amount of Hospital Revenue Bonds Series 2010B (Saint Luke's Hospital Project) and $34,925,000 aggregate principal amount of Hospital Revenue Bonds Series 2010C (Saint Luke's Hospital Project). The 2010 Bonds are issued under that certain Loan and Trust Agreement, dated as of June 1, 2008 by and among the Northampton County General Purpose Authority, Saint Luke's Hospital of Bethlehem, Pennsylvania and Wells Fargo Bank, National Association, as trustee, as amended and supplemented by a First Supplemental Loan and Trust Agreement, dated as of May 1, 2010

The 2010 Bonds were issued to provide funds for the refunding of previous bond offerings, the construction and equipping of a medical office building on the Anderson Campus, and to pay for certain costs and expenses related to the issuance of the bonds.

The Hospital requested that the Authority issue approximately $29,300,000 of its bonds (the "Private Placement Bonds") to TD Bank, N.A. in a private placement (the "Private Placement") to finance capital projects and reimburse the Hospital for expenditures previously made. The Private Placement Bonds are secured by a master note on a parity basis with the 2010 Bonds under the Master Trust Indenture.

Hospital Revenue Bonds, Series 2012
On January 31, 2012, the New Jersey Healthcare Facilities Financing Authority issued 42,150,000 "Series 2012" of its Revenue Bonds. In connection with the issuance, the borrower has entered into a Loan Agreement with the Authority dated January 1, 2012, pursuant to which the Borrower is obligated, among other things to make payments to the Trusteed sufficient to pay the principle or Redemption Price of and interest on the Series 2012 Bonds when due. As a security of its obligation to pay the principal and Redemption Price of interest on the Series 2012 Bonds when due, pursuant to the Trust Agreement, the Authority has assigned among other things, all its rights, tittle and interest in the Loan Agreement to the Trusteed for the benefits of the Registered Owners of the Series 2012 Bonds, subject to the reservation of certain rights by the Authority as described in the Trust Agreement.

The Series 2012 Bonds are being issued for the purpose of financing a portion of the cost of completing the acquisition of all of the ownership interests of St Luke's Warren Hospital, Inc., d/b/a St. Luke's Warren Hospital.

The Series 2012 Bonds are being issued and delivered to Allstate Insurance Company in exchange for the Series 2008A Bonds and Series 2008B Bonds, which will be cancelled and extinguished. The Network recorded a Nonoperating realized loss of $3,043,761 on the bond purchases which is included as a Nonoperating loss in the FY 2012 Statement of Operations.

11. Derivative Financial Instruments

In March 2008, the FASB issued new guidance intended to enhance the current disclosure framework for derivative instruments. This guidance requires disclosure of the underlying risk and accounting designation of derivative instruments. Specific required disclosures include (i) the organization's objective relative to the use of derivative instruments and the associated risk, (ii) a tabular presentation of derivative instruments' fair values and gain or loss position, and (iii) credit-risk-related contingent features. The new standard is effective for fiscal years and interim periods beginning after November 15, 2008 The Network has adopted this standard as of June 30, 2010

At June 30, 2012, two floating to fixed interest rate swaps were outstanding with notional amounts totaling $265 61 million and maturity dates ranging from August, 2033 to August, 2042 The bonds, issued in a quarterly reset LIBOR-based variable rate mode, will be swapped to a 4.60% fixed rate. The nature of the risk is to eliminate unpredictable variability of interest rate payments due to changes in the 3 month LIBOR rate as well as limit exposure to increases in short-term interest rates as well as significantly decrease borrowing costs (relative to a traditional fixed rate issuance). Based on the identical characteristics of the payment based index of the hedged item and the receipt based index on the interest rate swap, the hedge will exactly offset the variability of interest rates on the underlying bonds over the term of the swap transaction.

At June 30, 2012, three total return swaps were outstanding In December 2007, St. Luke's executed a total return swap on a $76 million portion of the outstanding Series 2007, 2042 term bond. In

September 2009, St. Luke's executed a total return swap on a $24 million portion of the outstanding Series 2007, 2033 term bond. Pursuant to these agreements, St. Luke's has guaranteed a price of 95 50% and 99.5%, respectively, on the underlying Bonds. St. Luke's has the right to call and redeem these bonds at any time as fully described in the Series 2007 Fifth Supplemental Trust Indenture. The swaps are recorded at the fair market value on the balance sheet and changes in value are posted through the excess of revenues and gains over expenses. In April 2010, St. Luke's executed a total return swap on a $34 93 million portion of the outstanding Series 2010, 2032 term bond.

At June 30, 2012, ten fixed receiver swaps were outstanding with notional amounts totaling $91.17 million and maturity dates ranging from August, 2032 to August, 2042 with fixed rates ranging from 3.28% to 3.48%. St. Luke's pays a rate based on the SIFMA index for each of these swaps.

The nature of the risk is to convert certain amounts of the two floating to fixed interest rate swaps to floating to floating interest rate obligations and to offset the negative periodic cash flows currently associated with the two floating to fixed interest rate swaps

12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2012 and 2011:

	2012	2011
Purchase of property and equipment	$ 1,373,915	$ 2,737,567
Health education	8,334,962	7,585,303
Research and development	152,088	136,710
Unrealized gains on restricted net assets for health care services	11,301,165	12,233,967
	$ 21,162,130	$ 22,693,547

Permanently restricted net assets at June 30, 2012 and 2011 were restricted to.

	2012	2011
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as other operating and nonoperating income)	$ 26,447,635	$ 22,979,652

Endowments

The Network's endowment consists of approximately $26,447,635 individual donor restricted endowment funds and $56,680,951 board-designated endowment funds for a variety of purposes plus the following where the assets have been designated for endowment: split interest agreements, and other net assets. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The net assets associated with endowment funds including funds

designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Trustees of the Network has interpreted the relevant PA state law as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Network classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds remain in the donor-restricted endowment fund until those amounts are appropriated for expenditure of the Network in a manner consistent with the standard of prudence prescribed by relevant PA state law In accordance with relevant PA state law, the Network considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Network and the donor restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Network

(7) The investment policies of the Network.

The Network had the following endowment activities during the year ended June 30, 2012 delineated by net asset class and donor-restricted versus Board-designated funds·

Endowment net asset composition by type of fund as of June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		$ 21,162,130	$ 26,447,635	$ 47,609,765
Board-designated endowment funds	$56,680,951			56,680,951
	$56,680,951	$ 21,162,130	$ 26,447,635	$104,290,716

Changes in endowment net assets for the year ended June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 56,245,052	$ 22,693,547	$ 22,979,652	$101,918,251
Investment return				
Investment income	1,484,883	65,080	1,051,888	2,601,851
Net depreciation (realized and unrealized)	(1,008,622)	(28,840)	(553,928)	(1,591,390)
Total investment return	476,261	36,240	497,960	1,010,461
Gifts	159,638	771,823	3,743,135	4,674,596
Income released to General Fund for operations	-	(1,760,050)	(1,552,542)	(3,312,592)
Transfer balance of net depreciation to unrestricted	-	(579,430)	579,430	-
Other Miscellaneous Transfers	(200,000)		200,000	-
Endowment net assets, end of year	$ 56,680,951	$ 21,162,130	$ 26,447,635	$104,290,716

Changes in endowment net assets for the year ended June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 45,133,182	$ 13,983,828	$ 21,530,157	$ 80,647,167
Investment return				
Investment income	1,093,438	59,992	756,096	1,909,526
Net depreciation (realized and unrealized)	9,204,802	(15,254)	6,031,533	15,221,081
Total investment return	10,298,240	44,738	6,787,629	17,130,607
Gifts	681,790	5,951,261	1,221,253	7,854,304
Income released to General Fund for operations	(43,500)	(3,130,201)	(540,126)	(3,713,827)
Transfer balance of net depreciation to unrestricted	175,340	5,843,921	(6,019,261)	-
Endowment net assets, end of year	$ 56,245,052	$ 22,693,547	$ 22,979,652	$101,918,251

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowments Only)

Permanently restricted net assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by relevant PA State law

Permanent Endowment	$ 26,257,468
Mortgage Endowment	190,167
Total endowment assets classified as permanently restricted net assets	$ 26,447,635

Endowment Funds with Deficits
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were $0 as of June 30, 2012 and 2011

Return Objectives and Risk Parameters
The Network has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The Network expects its endowment funds over time, to provide an average rate of return approximating the S&P 500 Stock Index (domestic portion), MSCI EAFE Index (international portion) and Lehman Brothers Intermediate Government/Corporate Index (bond portion). Actual returns in any given year may vary from the index return amounts.

Strategies Employed for Achieving Investment Objectives
To achieve its long-term rate of return objectives, the Network relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends) The Network targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives
The Board of Trustees of the Network determines the method to be used to appropriate endowment funds for expenditure Calculations are performed for individual endowment funds at a rate of 4.5 percent of a three-year moving average market value with a minimum increase of 0% and a maximum increase of 10% per year over the previous year's spending amount. The total is reduced by the income distributed from the endowment fund in accordance with the preferences/restrictions made by the donors. The corresponding calculated spending allocations are distributed annually by June 30. In establishing this policy, the Board considered the expected long term rate of return on its endowment. Accordingly, over the long term, the Network expects the current spending policy to allow it's endowment to grow at an average of 8% percent annually, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

13. Contingencies

Operating Leases
The Network leases certain medical, office and information technology equipment used in its operations. Total rental expense for all operating leases for the years ended June 30, 2012 and 2011 was approximately $11,250,548 and $12,345,884, respectively.

At June 30, 2012, the annual and total future minimum lease payments under noncancelable operating leases were as follows.

	Operating
2013	11,374,923
2014	10,286,745
2015	9,577,752
2016	8,395,526
2017	8,263,857
Later Years	16,970,752
Total minimum payments	64,869,555

Litigation
The Network and its controlled entities are involved in certain litigation which involves professional and general liability. In the opinion of management and in-house counsel, the ultimate liability, if any, will not have a material effect on the consolidated financial condition of the Network and its controlled entities.

14. Functional Expenses

The Network provides general health care services to residents within its geographic location Expenses related to providing these services for the years ended June 30, 2012 and 2011 are approximately as follows:

	2012	2011
Health care services	$ 841,891,867	$ 615,481,048
General and administrative	93,492,125	202,542,674
	$ 935,383,992	$ 818,023,722

15. Pension Plan

Defined Benefit Plan
The Network entities, excluding St. Luke's Warren employees who have a separate plan (see Defined Benefit Plan St. Luke's Warren Employees note below), have a noncontributory defined benefit pension plan ("Plan") covering substantially all employees of the Network who were hired prior to January 1, 2009 (see New Pension Plan 401(a) note below) Plan benefits are based on years of service and the employee's average annual earned income during the highest 60 consecutive months in the last ten years of credited service prior to retirement or termination. The Network's policy is to fund annually at least the minimum amount required by the Employee Retirement Income Security Act of 1974

In connection with a redesign of the network's (excluding St. Luke's Warren employees) retirement plans, the Finance Committee of the Board approved amendments to end benefit accruals in the qualified defined benefit pension plan after December 31, 2014. Benefits to be earned by participants under this plan prior to January 1, 2015 are not anticipated to be affected The network recorded a curtailment loss of $361,116 for the fiscal year end June 30, 2012. The network estimates that pension liabilities will decrease by about $56 million as a result of this change.

Defined Benefit Plan St. Luke's Warren Employees
St. Luke's Warren sponsors a noncontributory defined benefit plan covering substantially all employees of St. Luke's Warren Hospital Benefits are generally based on the employee's compensation and years of service. The Hospital adopted a formal plan to cease the accrual of service benefits for Plan participants effective May 31, 2007. The Hospital's funding policy provides that payments to the Plan shall be equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974, plus any additional amounts which may be approved by the Network.

Savings Plan
In 2007, St. Luke's Warren established a 401(k) plan for qualified employees Contributions to this plan are based on a defined formula of 3% of an employee's contribution. St. Luke's Warren has recorded a reserve of $711,140 for the year ended June 30, 2012. This liability is included in accrued compensation payable on the 2012 consolidated balance sheet.

401(a) Plan
All (non-St. Luke's Warren) employees hired before January 1, 2009 remain participants in the noncontributory defined benefit pension plan (see Pension Plan, above).

All employees hired after January 1, 2009, are provided with a defined contribution plan 401(a) of which St. Luke's will contribute a percentage of the employee's salary based on the employee's years of service as follows:

Years of Service	% of Annual Salary
1 through 5	2 5%
6 through 10	4.0%
11 through 15	5.5%
16+ years	7.0%

The Network has recorded a reserve of $868,789 for the year ended June 30, 2012. This liability is included in accrued compensation payable on the 2012 consolidated balance sheet.

Retirement Plan 401(k)
As of January 1, 2009, a 401(k) retirement savings plan replaces the 403(b) retirement savings plan for employees of St. Luke's HomeStar Services, LLC, a for-profit organization.

Pension Plan Financial Components
The net pension cost for all Plans and Plan participants (including St. Luke's Warren for the period January 31, 2012 through June 30, 2012), during the years ended June 30, 2012 and 2011, includes the following components·

Change in benefit obligation	2012	2011
Benefit obligation at beginning of year	$ 320,228,197	$ 292,696,550
Warren obligation at beginning of year	58,606,215	-

Service cost	16,916,986	17,144,457
Interest cost	20,517,526	17,620,584
Benefits paid	(8,803,724)	(4,859,198)
Actuarial loss (gain)	51,234,348	(2,374,196)
Plan amendment	(1,167,040)	-
Benefit obligation at end of year	$ 457,532,508	$ 320,228,197

Change in plan assets	**2012**	**2011**
Fair value of plan assets at beginning of year	$ 224,569,725	$ 158,542,226
Warren fair value of plan assets at beginning of year	35,894,490	-
Actual return on plan assets	6,555,118	37,568,633
Employer contributions	34,177,486	33,318,064
Benefits paid	(8,803,724)	(4,859,198)
Fair value of plan assets at end of year	$ 292,393,095	$ 224,569,725
Funded status at end of year	$ (165,139,413)	$ (95,658,472)

Amounts recognized in the statement of financial position consist of:

	2012	**2011**
Noncurrent assets	$ -	$ -
Current liabilities	(320,000)	(2,235,000)
Noncurrent liabilities	(164,819,413)	(93,423,472)
Net amount recognized in statement of financial position	$ (165,139,413)	$ (95,658,472)

Amounts recognized in unrestricted net assets consist of:

	2012	**2011**
Unrecognized Net loss (gain)	$ 144,245,154	$ 62,728,940
Transition obligation (asset)	-	-
Prior service cost (credit)	-	591,965
Accumulated other comprehensive income	$ 144,245,154	$ 63,320,905

The accumulated benefit obligation for all defined benefit pension plans was $443,452,135 and $272,009,702 at June 30, 2012 and 2011, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2012	**2011**
Projected benefit obligation	$ 457,532,508	$ 320,228,197
Accumulated benefit obligation	443,452,135	272,009,702
Fair value of plan assets	292,393,095	224,569,725

Components of net periodic benefit cost and other amounts recognized in unrestricted net assets:

Total pension benefit cost	**2012**	**2011**

Service cost	$ 16,916,986	$ 17,144,457
Interest cost	20,517,525	17,620,584
Expected return on plan assets	(20,387,261)	(13,215,056)
Amortization of net (gain) loss	4,016,828	6,640,135
Amortization of transition obligation (asset)	-	-
Amortization of prior service cost (credit)	230,849	310,635
Net periodic benefit cost	$ 21,294,927	$ 28,500,755
Curtailment loss	361,116	-
Settlement loss	1,270,005	-
Total pension cost	$ 22,926,048	$ 28,500,755

Other changes in plan assets and benefit obligations recognized in unrestricted net assets.

Net loss (gain)	$ 65,682,380	$ (26,727,773)
Amortization of loss (gain)	(5,286,833)	(6,640,135)
Amortization of transition obligation	-	-
Amortization of prior service cost	(591,965)	(310,635)
Total recognized in unrestricted net assets	$ 59,803,582	$ (33,678,543)
Total recognized in net periodic benefit cost and unrestricted net assets	$ 82,729,630	$ (5,177,788)

The estimated net loss, transition obligation and prior service cost for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are $10,640,789, $0 and $0, respectively.

Weighted-average assumptions used to determine benefit obligations at June 30, 2012:

Discount rate	4 60%
Discount rate - Warren	4.64%
Rate of compensation increase	3.50%

Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30, 2012:

Expected long-term return on plan assets	8.00%
Rate of compensation increase	3.50%
Discount rate	6.13%
Discount rate - Warren	4.64%

Plan Assets

The St. Luke's Pension Plans weighted-average asset allocations at June 30, 2012 and 2011, by asset category, are as follows:

	Plan Assets at June 30	
	2012	2011
Asset category		
Equity securities	69 %	69 %
Debt securities	31 %	31 %
	100 %	100 %

The Investments are broadly diversified in assets which over time provide the opportunity for appreciation and rising levels of income The precise mix of assets is determined jointly by the Investment Committee and recommended to the Board of Trustees The Investment Committee has discretion over the selection of individual securities and the weighting of the investments.

Equities
The Investment Committee directs that a reasonable diversification be maintained and in no case shall any single investment represent more than 5% of market value of the portfolios. At no time will less than 60% nor more than 80% of the combined market value of the funds be invested in equity or equivalent securities. This total equity will be weighted with a minimum of 20% and maximum of 70% U.S. Stocks and a minimum of 10% and maximum of 40% in International Stocks. Any exceptions are mutually agreed upon by the Manager and the Investment Committee either prior to the event or as soon as is practical.

Fixed Income
All fixed income securities purchased or retained by the Fund Manager are rated by at least one of the two recognized credit rating agencies (Moody's or Standard & Poor's) as "BBB" or better. Other "investment grade" issues, as defined by the rating agencies, but which may be unrated, may be purchased or retained so long as they represent no more than 5% of the market value of the portfolios. Other than obligations of the United States Government or its agencies and instrumentalities, no fixed income obligation shall represent more than 5% of the total market value of the portfolios. The Investment Committee directs that at no time will less than 10% nor more than 40% of the combined market value of the funds be invested in fixed income securities. Any exceptions are mutually agreed upon by the Fund Manager and the Investment Committee either prior to the event or as soon as practical.

Cash Equivalent, Money Market and Other Holdings
All cash is invested in short term interest bearing securities or other cash equivalent investments. Other than obligations of the United States Government and its Agencies or instrumentalities all such investments in corporate obligations, commonly known as commercial paper, shall both carry an investment rating by a recognized rating agency of A-1 or P-1. Any exceptions to the above guidelines are mutually agreed upon by the Fund Manager and the Investment Committee either prior to the event or as soon as is practical The Finance and Investment Committees direct that at no time more than 10% of the combined market value of the funds be invested in cash or cash equivalents

Other investments not covered in the above guidelines (i.e., real estate), may be purchased and/or held at the request of the Investment Committee with the concurrence of the Investment Manager or at the recommendation of the Investment Manager with the concurrence of the Investment Committee.

Cash Flows

Contributions

The Network expects to contribute $29,636,363 to its pension plans in the 2013 fiscal year.

Estimated Future Benefit Payments

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

2013	$ 9,786,435
2014	12,081,413
2015	13,505,858
2016	15,486,113
2017-2022	125,297,945
	$ 176,157,764

The following table presents the Plan's financial instruments as of June 30, 2012, measured at fair value on a recurring basis using the fair value hierarchy defined in note 7:

June 30, 2012	Quoted Prices in Active Markets (Level 1)	Total Fair Value
Investments		
Money Market Funds	$ 906,434	$ 906,434
Government Securities	90,154,286	90,154,286
Common & Preferred Stock	201,332,375	201,332,375
Total Investments	$ 292,393,095	$ 292,393,095

16. Insurance Coverage

Effective December 13, 2001, the Parent, established St. Luke's Health Network Insurance Company; a wholly-owned captive insurance company licensed by the State of Vermont providing claims-made coverage for professional and general liability coverages for the Network. St. Luke's converted its fronted captive to a risk retention group ("RRG") effective July 1, 2003. On January 1, 2005, the RRG was converted from a nonprofit risk retention group to a reciprocal risk retention group. As a reciprocal risk retention group, the St. Luke's Health Network Insurance Company is also permitted to provide primary medical professional liability coverage on an occurrence basis to independent physicians and physician's practices Under this structure, each insured is a subscriber of the St. Luke's Health Network Insurance Company, a Reciprocal Risk Retention Group ("SLHNIC"). Only subscribers of the St. Luke's University Health Network will be issued Class A subscriber units. Class A Subscribers of SLHNIC maintain control over SLHNIC. At June 30, 2012 and June 30, 2011, the Network was covered through the SLHNIC by a Hospital Professional Liability policy, with primary limits of $500,000 for each medical incident and $2,500,000 in the aggregate and with Physicians Professional Liability coverage with primary limits of $500,000 for each occurrence, and $1,500,000 in the aggregate. SLHNIC also provides institutional subscribers with excess layer professional liability coverage on a claims-made basis. This coverage is provided for losses limited to $4 million for each medical incident in excess of $1 million with an annual aggregate of $4 million. The reserve for malpractice claims maintained at June 30, 2012 and 2011 was approximately $33,595,578 and $28,341,585, and was estimated using a discount rate of 3.75% and 3.75%, respectively. The discount for Class A and Class B subscribers was $4,314,809 and $3,205,204 for June 30, 2012 and 2011, respectively.

Warren Risk Retention Group, Inc provided St. Luke's Warren hospital professional liability and general liability coverage up to a limit of $1 million per claim with an annual aggregate limit of $3 million on a claims-made basis Warren Risk Retention Group, Inc. also provides physicians' professional liability insurance on a claims-made basis to voluntary attending physicians working with the Hospital. Limits offered were $500,000 per each claim with a $1.5 million annual aggregate per physician in Pennsylvania or $1 million per each claim with a $3 million annual aggregate per physician in New Jersey. Losses from unasserted claims and incidents that may have occurred but have not been identified are accrued as of June 30, 2012 in the amount of $3,305,776 and are included in self-insurance reserves in the accompanying consolidated balance sheets.

In August 2010, the FASB issued ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries.* This ASU requires that healthcare entities do not offset insurance recoveries against any related claim liabilities. This specifically applies to malpractice claims or similar contingent liabilities and is effective for the Hospital's year ended June 30, 2012. As a result of adopting this accounting pronouncement; St. Luke's University Health Network has recorded a receivable of approximately $8,030,614 for expected insurance indemnifications and a related liability for the accrued claims in the individual financial statements of the hospitals. As permitted, the St. Luke's University Health Network balance sheet as of June 30, 2011 has not been restated to reflect the adoption of this accounting pronouncement.

The Network participates in the Medical Care Availability and Reduction of Error ("Mcare") Fund, which is a Pennsylvania governmentally authorized entity that for fiscal year 2012 covers claims above $500,000 per medical incident up to $1,500,000 aggregate per hospital/insured physician subject to Mcare Fund coverage, as applicable The assessment for the Mcare Fund payable by the Network is based on the schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association ("JUA") multiplied by the annual assessment percentage. The Network recognizes its assessment as expense in the period incurred.

The Network maintains accrued insurance reserves for its self-insured portion of expected workers' compensation claims of approximately $5,881,595 and $5,494,218 for the years ended June 30, 2012 and 2011, respectively. The impact of the discount was $1,650,294 and $1,173,570 for the years ended June 30, 2012 and 2011, respectively

17. Cullen Litigation and Regulatory Proceedings

St. Luke's Hospital was originally named in 28 Pennsylvania lawsuits alleging that patients were harmed or killed by Charles Cullen, a nurse who was employed by St. Luke's from June 2000 to June 2002. Twenty-two of those lawsuits were discontinued or dismissed without any payments to the plaintiffs. An additional lawsuit was dismissed by the plaintiffs without a trial The plaintiffs in the five remaining lawsuits agreed to discontinue their cases against St. Luke's without a trial. With respect to all these cases, the Hospital denied any responsibility and vigorously defended itself. These matters are completed

18. Asset Retirement Obligations

In the year ended June 30, 2006, the Network adopted accounting guidance on Accounting for Conditional Asset Retirement Obligations. If a legal obligation to perform an asset retirement obligation exists but performance is conditional upon a future event, and the obligation can be reasonably estimated, then a liability should be recognized. Upon initial application of accounting regulatory guidance, the Network recognized $3,486,249 of conditional asset retirement obligation included within our liabilities in the consolidated balance sheet. For the year ended June 30, 2012, the Network recognized $7,805 in accretion and depreciation expense.

19. Subsequent Events

The Network has adopted FASB subsequent events guidelines. The objective of FASB is to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth

(1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements

(2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements

(3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

The Network has performed an evaluation of subsequent events through December 20, 2012, which is the date the financial statements were available to be issued

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2012

	St. Luke's University Health Network, Inc.	St. Luke's Hospital of Bethlehem, Pennsylvania	St. Luke's Physician Group	St. Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St. Luke's Warren Hospital	New Valley Rehab LLC
Assets									
Current									
Cash and cash equivalents		$ 60,620,063	$ 23,544	$ 26,676	$ 65		$ 3,139,218	$ 11,277,367	$ 112,666
Investment in controlled entities	371,457,606								
Patient accounts receivable, net		126,545,429	8,261,017	12,090,525	666,736		5,594,783	11,122,446	13,017
Other accounts receivable		6,418,989	1,101,065	41,111	23,748		30,190	4,158,535	562,473
Investments		59,330,152		16,454				2,159	
Inventories		13,768,109		851,812			780,093	1,549,582	
Prepaid expenses		11,788,418	1,239,106	309,836	25,062		302,958	1,371,673	7,686
Total current assets	371,457,606	278,471,140	10,624,732	13,336,414	715,611	-	9,847,242	29,481,762	695,842
Assets limited as to use									
Funds held by trustee		8,982,865						1,086,969	
Under bond indenture		35,767,541						3,484,726	
Board designated funds		216,789,627		1,361,605				9,214	
	-	261,540,033	-	1,361,605	-	-	-	4,580,909	-
Property and equipment, net		479,798,460	12,442,530	22,904,951	375,653		17,383,027	60,901,420	710,345
Goodwill, net		43,466	3,105,913					13,251,400	7,657,419
Due from affiliates		54,084,225				2,958,591			
Investments temporarily restricted as to use		16,661,027		178,509	27,204		776,976	543,318	
Investments permanently restricted as to use		23,066,932		2,893,132			10,005	477,568	
Deferred financing costs		5,439,851						257,709	
Annuity contracts		8,999,001							
Other assets		19,656,539		232,739			212,078	2,672,245	35,821
Total assets	$ 371,457,606	$1,147,760,674	$ 26,173,175	$ 40,907,350	$ 1,118,468	$ 2,958,591	$ 28,229,328	$112,166,331	$ 9,099,427

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2012

Schedule I

	St. Luke's Physician Group NJ	St. Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Assets										
Current										
Cash and cash equivalents		$ 357,089	$ 37,997	$ 109,157	$ 5,136	$ 5,645,689	$ 190,083	$ 4,619		$ 81,549,369
Investment in controlled entities									(371,457,606)	-
Patient accounts receivable, net			776,168	724,165	8,142					165,802,428
Other accounts receivable	232,365	5,475	261,961	213,872	248,619	631,934	2,272,310	180,821	(5,955,530)	10,427,918
Investments		225,399				1,772,186				61,346,350
Inventories										16,949,596
Prepaid expenses	41,667	850	134,534		209	54,587		100		15,276,686
Total current assets	274,032	588,813	1,210,660	1,047,194	262,106	8,104,396	2,462,393	185,540	(377,413,136)	351,352,347
Assets limited as to use										
Funds held by trustee										10,069,834
Under bond indenture										39,252,267
Board designated funds										218,160,446
	-	-	-	-	-	-	-	-	-	267,482,547
Property and equipment, net			51,265		6,334		19,644	1,657,453		596,251,082
Goodwill, net			179,709							24,237,907
Due from affiliates									(57,042,816)	-
Investments temporarily restricted as to use										18,187,034
Investments permanently restricted as to use										26,447,637
Deferred financing costs										5,697,560
Annuity contracts										8,999,001
Other assets									(2,000,010)	20,809,412
Total assets	$ 274,032	$ 588,813	$ 1,441,634	$ 1,047,194	$ 268,440	$ 8,104,396	$ 2,482,037	$ 1,842,993	$ (436,455,962)	$ 1,319,464,527

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2012

	St. Luke's Health Network, Inc.	Hospital of Bethlehem, Pennsylvania	St. Luke's Physician Group	St. Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St. Luke's Warren Hospital	New Valley Rehab LLC
Liabilities and Net Assets									
Current									
Accounts payable		$ 38,228,228	$ 2,013,378	$ 652,477	$ 20,900		$ 655,418	$ 10,581,037	$ 20,357
Accrued salaries, wages and taxes		9,161,812	10,180,482	450,099			422,961	1,938,297	43,969
Accrued vacation		18,976,382	4,091,154	1,072,101	105,205		1,010,949	2,997,168	
Current portion of self insurance reserves		16,680,545						93,243	
Deferred income		2,930,323			12,534		345,452		
Advance from third-party payors		2,099,500		38,400			260,201		
Patient credit balances		9,957,861		1,647,565			625,960		
Current portion of long-term debt		12,583,360	55,853				5,390	275,604	184,969
Current portion of pension costs		5,043,745	676,106	251,871	101		51,279	1,048,308	
Accrued interest on long-term debt		7,413,822						1,060,775	
Other Current Liabilities		359,817		365,353			47,052	2,819,690	
Estimated third-party payor settlements		10,598,585		1,777,437			3,848,215	1,932,695	
Total current liabilities	-	134,033,980	17,016,973	6,255,303	138,740	-	7,272,877	22,746,817	249,295
Due to affiliates			84,666,669	6,785,039	4,716,525		5,847,626	81,945	8,376,162
Long-term debt, net of current portion		400,635,252	34,562				17,997	42,494,634	404,458
Asset retirement obligation		3,247,932		65,030			246,799		
Accrued compensation payable		121,049,880	16,226,537	6,044,916	2,415		1,230,701	25,159,395	
Self insurance reserves		33,866,562						45,926	
Other noncurrent liabilities		7,879,660		46,375			36,308	1,443,179	
Swap Contracts		83,210,652							
Total liabilities	-	783,923,918	97,944,741	19,196,663	4,857,680	-	14,652,308	91,971,896	9,029,915
Net assets									
Unrestricted net assets (liabilities)	324,113,369	354,932,075	(71,771,566)	18,522,453	(3,766,416)	2,958,591	12,614,269	19,982,395	69,512
Warren Beginning Unrestricted net assets	(808,846)							(808,846)	
Less Amounts due from affiliates		(33,682,373)							
Net unrestricted net assets (liabilities)	323,304,523	321,249,702	(71,771,566)	18,522,453	(3,766,416)	2,958,591	12,614,269	19,173,549	69,512
Temporarily restricted net assets	20,830,852	19,520,123		295,103	27,204		952,746		
Warren Beginning Temporary Restricted net assets	874,596							543,318	
Permanently restricted net assets	25,970,067	23,066,931		2,893,131			10,005		
Warren Beginning Permanent Restricted net assets	477,568							477,568	
Total net assets (liabilities)	371,457,606	363,836,756	(71,771,566)	21,710,687	(3,739,212)	2,958,591	13,577,020	20,194,435	69,512
Total liabilities and net assets	$ 371,457,606	$1,147,760,674	$ 26,173,175	$ 40,907,350	$ 1,118,468	$ 2,958,591	$ 28,229,328	$112,166,331	$ 9,099,427

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2012

Schedule I

	St. Luke's Physician Group NJ	St. Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcreast Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Liabilities and Net Assets										
Current										
Accounts payable			$ 2,349,478	$ 168,066	$ 45,818		$ 2,885,730		$ (5,135,275)	$ 52,485,612
Accrued salaries, wages and taxes	17,857		314,475	879,128						23,409,080
Accrued vacation	4,952								-	28,257,911
Current portion of self insurance reserves						1,090,906				17,864,694
Deferred income										3,288,309
Advance from third-party payors										2,398,101
Patient credit balances										12,231,386
Current portion of long-term debt					107,642			21,695		13,234,513
Current portion of pension costs										7,071,410
Accrued interest on long-term debt										8,474,597
Other Current Liabilities		45,496	598,380		13,511	378,214		6,359,430	(3,689,126)	7,297,817
Estimated third-party payor settlements										18,158,932
Total current liabilities	22,809	45,496	3,262,333	1,047,194	166,971	1,469,120	2,885,730	6,381,125	(8,824,401)	194,170,362
Due to affiliates	251,223				4,479,191				(95,204,380)	-
Long-term debt, net of current portion					1,002,919			1,024,515		445,614,337
Asset retirement obligation										3,559,761
Accrued compensation payable										169,713,844
Self insurance reserves						2,214,870				36,127,358
Other noncurrent liabilities					240,000	617,033				10,262,555
Swap Contracts										83,210,652
Total liabilities	274,032	45,496	3,262,333	1,047,194	5,889,081	4,301,023	2,885,730	7,405,640	(104,028,781)	942,658,869
Net assets										
Unrestricted net assets (liabilities)		176,363	(1,820,699)		(5,620,641)	3,803,373	(403,693)	(5,562,647)	(318,221,999)	330,004,739
Warren Beginning Unrestricted net assets									808,846	(808,846)
Less Amounts due from affiliates									33,682,373	-
Net unrestricted net assets (liabilities)	-	176,363	(1,820,699)	-	(5,620,641)	3,803,373	(403,693)	(5,562,647)	(283,730,780)	329,195,893
Temporarily restricted net assets		35,676							(20,830,852)	20,830,852
Warren Beginning Temporary Restricted net assets		331,278							(1,417,914)	331,278
Permanently restricted net assets									(25,970,067)	25,970,067
Warren Beginning Permanent Restricted net assets									(477,568)	477,568
Total net assets (liabilities)	-	543,317	(1,820,699)	-	(5,620,641)	3,803,373	(403,693)	(5,562,647)	(332,427,181)	376,805,658
Total liabilities and net assets	$ 274,032	$ 588,813	$ 1,441,634	$ 1,047,194	$ 268,440	$ 8,104,396	$ 2,482,037	$ 1,842,993	$ (436,455,962)	$ 1,319,464,527

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2011

	St. Luke's Health Network, Inc.	St. Luke's Hospital of Bethlehem, Pennsylvania	St. Luke's Physician Group	St. Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St. Luke's Warren Hospital	New Valley Rehab LLC
Assets									
Current									
Cash and cash equivalents	$ -	$ 79,601,001	$ 200,293	$ 797,386	$ 1,065	$ -	$ 2,126,149		
Investment in controlled entities	441,419,364								
Patient accounts receivable, net		106,639,906	8,443,769	11,095,525	693,026		4,380,932		
Other accounts receivable		3,654,223	198,370	40,384	23,086		81,468		
Investments		63,525,474		16,062					
Inventories		11,106,608		832,067			770,358		
Prepaid expenses		8,571,264	955,579	317,568	41,182		364,017		
Total current assets	441,419,364	273,098,476	9,798,011	13,098,992	758,359	-	7,722,924	-	-
Assets limited as to use									
Funds held by trustee		84,005,116							
Under bond indenture		34,289,421							
Board designated funds		221,541,294		1,533,660					
	-	319,835,831	-	1,533,660	-	-	-	-	-
Property and equipment, net		432,241,885	10,860,428	24,426,965	483,089		16,835,933		
Goodwill, net		68,466	7,268,246						
Due from affiliates		46,850,481				1,013,198			
Investments temporarily restricted as to use		16,686,303		153,837	1,698		683,838		
Investments permanently restricted as to use		21,279,548		1,690,199			9,905		
Deferred financing costs		5,541,791							
Annuity contracts		7,881,693							
Other assets		14,053,851		1,230,385		756,266	437,279		
Total assets	$ 441,419,364	$1,137,538,325	$ 27,926,685	$ 42,134,038	$ 1,243,146	$ 1,769,464	$ 25,689,879	$ -	$ -

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2011

Schedule I

	St. Luke's Physician Group NJ	St. Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcreast Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Assets										
Current										
Cash and cash equivalents									$ -	$ 82,725,894
Investment in controlled entities									(441,419,364)	-
Patient accounts receivable, net										131,253,158
Other accounts receivable										3,997,531
Investments										63,541,536
Inventories										12,709,033
Prepaid expenses										10,249,610
Total current assets	-	-	-	-	-	-	-	-	(441,419,364)	304,476,762
Assets limited as to use										
Funds held by trustee										64,005,116
Under bond indenture										34,289,421
Board designated funds										223,074,954
	-	-	-	-	-	-	-	-	-	321,369,491
Property and equipment, net										484,848,300
Goodwill, net										7,336,712
Due from affiliates									(47,863,679)	-
Investments temporarily restricted as to use										17,525,676
Investments permanently restricted as to use										22,979,652
Deferred financing costs										5,541,791
Annuity contracts										7,881,693
Other assets										16,477,781
Total assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (489,283,043)	$ 1,188,437,858

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2011

	St. Luke's Health Network, Inc.	Hospital of Bethlehem, Pennsylvania	St. Luke's Physician Group	St. Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St. Luke's Warren Hospital	New Valley Rehab LLC
Liabilities and Net Assets									
Current									
Accounts payable	$ -	$ 40,114,383	$ 1,641,890	$ 483,905	$ 16,354	$ -	$ 585,292		
Accrued salaries, wages and taxes		10,744,720	8,979,475	356,429			340,088		
Accrued vacation		18,478,546	3,551,231	1,015,437	99,198	-	1,055,227		
Current portion of self insurance reserves		14,129,862							
Deferred income		3,937,579			7,534				
Advance from third-party payors		2,099,500		38,400			260,201		
Patient credit balances		8,974,276		1,275,136			327,373		
Due to affiliates									
Current portion of long-term debt		11,129,292	51,829				5,051		
Current portion of pension costs		3,435,597	511,202	197,881	84		40,231		
Accrued interest on long-term debt		7,649,511							
Estimated third-party payor settlements		10,929,695		870,590			1,449,628		
Total current liabilities	-	131,622,961	14,735,627	4,237,778	123,170	-	4,063,091	-	-
Due to affiliates		84,558	56,480,411	12,684,202	4,414,752		7,882,129		
Long-term debt, net of current portion		400,299,518	90,435				23,414		
Asset retirement obligation		3,247,932		65,030			246,074		
Accrued compensation payable		82,454,333	12,268,859	4,749,156	2,023		965,553		
Self insurance reserves		28,687,901							
Other noncurrent liabilities		532,153		47,689			9,521		
Swap Contracts		58,546,276							
Total liabilities	-	705,475,632	83,575,332	21,783,855	4,539,945	-	13,189,782	-	-
Net assets									
Unrestricted net assets (liabilities)	395,746,165	424,152,277	(55,648,647)	17,392,973	(3,298,497)	1,769,464	11,378,595		
Less Amounts due from affiliates		(33,682,373)							
Net unrestricted net assets (liabilities)	395,746,165	390,469,904	(55,648,647)	17,392,973	(3,298,497)	1,769,464	11,378,595	-	-
Temporarily restricted net assets	22,693,547	20,313,241		1,267,011	1,698		1,111,597		
Permanently restricted net assets	22,979,652	21,279,548		1,690,199			9,905		
Total net assets (liabilities)	441,419,364	432,062,693	(55,648,647)	20,350,183	(3,296,799)	1,769,464	12,500,097	-	-
Total liabilities and net assets	$ 441,419,364	$1,137,538,325	$ 27,926,685	$ 42,134,038	$ 1,243,146	$ 1,769,464	$ 25,689,879	$ -	$ -

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2011

Schedule I

	St. Luke's Physician Group NJ	St. Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Liabilities and Net Assets										
Current										
Accounts payable									$ -	$ 42,841,824
Accrued salaries, wages and taxes										20,420,712
Accrued vacation									-	24,199,639
Current portion of self insurance reserves										14,129,862
Deferred income										3,945,113
Advance from third-party payors										2,398,101
Patient credit balances										10,576,785
Due to affiliates										-
Current portion of long-term debt										11,186,172
Current portion of pension costs										4,184,995
Accrued interest on long-term debt										7,649,511
Estimated third-party payor settlements										13,249,913
Total current liabilities	-	-	-	-	-	-	-	-	-	154,782,627
Due to affiliates									(81,546,052)	-
Long-term debt, net of current portion										400,413,367
Asset retirement obligation										3,559,036
Accrued compensation payable										100,439,924
Self insurance reserves										28,687,901
Other noncurrent liabilities										589,363
Swap Contracts										58,546,276
Total liabilities	-	-	-	-	-	-	-	-	(81,546,052)	747,018,494
Net assets										
Unrestricted net assets (liabilities)									(395,746,165)	395,746,165
Less Amounts due from affiliates									33,682,373	-
Net unrestricted net assets (liabilities)	-	-	-	-	-	-	-	-	(362,063,792)	395,746,165
Temporarily restricted net assets									(22,693,547)	22,693,547
Permanently restricted net assets									(22,979,652)	22,979,652
Total net assets (liabilities)	-	-	-	-	-	-	-	-	(407,736,991)	441,419,364
Total liabilities and net assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (489,283,043)	$ 1,188,437,858

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2012

	St. Luke's Health Network, Inc.	St. Luke's Hospital of Bethlehem, Pennsylvania	St. Luke's Physician Group	St. Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St. Luke's Warren Hospital	New Valley Rehab LLC
Net patient service revenue		$ 666,355,245	$112,805,709	$ 53,870,162	$ 2,782,074	$ 13,514	$ 40,565,933	$ 48,146,045	$ 334,275
Other operating revenue and gains		17,581,092	776,902	1,681,093	78,603		476,950	766,891	
Net assets released from restrictions used for operations		1,517,026	224,364	9,469			9,820		
Equity in net income from controlled entities	35,388,991								
Total revenue	35,388,991	685,453,363	113,806,975	55,560,724	2,860,677	13,514	41,052,703	48,912,936	334,275
Operating expenses									
Salaries and employee benefits		330,989,804	121,132,130	27,438,123	2,585,012		22,616,414	24,556,049	160,324
Supplies and other		243,120,200	33,832,043	19,370,545	589,415		13,275,926	16,941,620	32,953
Depreciation and amortization		44,480,192	2,310,931	3,606,842	153,615		2,462,335	2,228,139	69,641
Interest		16,290,850	17,853	137,947	3,734			1,141,724	1,845
Total expenses	-	634,881,046	157,292,957	50,553,457	3,331,778	-	38,354,675	44,867,532	264,763
Income (loss) from operations	35,388,991	50,572,317	(43,485,982)	5,007,267	(471,099)	13,514	2,698,028	4,045,404	69,512
Nonoperating gains (losses)									
Support of Physician Practices		(35,954,579)	37,875,365	(1,092,188)			(828,600)		
Unrestricted investment income from assets limited as to use		7,791,697		(1,813)					
Realized gain (loss) on unrestricted investment		8,103,256		50,025					
Unrestricted gifts, grants and bequests		107,599		(147,960)	4,225		5,850	240	
Unrestricted investment income from restricted net assets		276,602		(9,484)			(2,538)		
Unrestricted investment (loss) income		2,664,807				743,957	1,196	(337,922)	
Gain (loss) on disposal of property and equipment		(570,038)	31,316	(86,844)				500	
Restructuring Costs		(369,820)	(8,785)	(489)	(9)		(163,401)	(30,972)	
Pre-Acquisition/Merger Costs		(846,067)							
Donations to Other Organizations		(674,195)		(20,500)			(17,000)		
Unrealized gain (loss) on derivative		6,520,432							
Goodwill Impairment			(3,609,478)						
Gain on Retirement/Purchase of Bonds		88,334						(3,043,761)	
Nonoperating gains	-	(12,861,972)	34,288,418	(1,309,251)	4,216	743,957	(1,004,493)	(3,411,915)	-
Excess (deficiency) of revenue and gains in excess of expenses	35,388,991	37,710,345	(9,197,564)	3,698,016	(466,883)	757,471	1,693,535	633,489	69,512
Net assets released from restrictions used for purchase of property and equipment		1,345,310	3,651	84,411			67,671	95,608	
Net Asset Transfer To/From Affiliate		(19,390,280)						19,390,280	
Net assets released to Specific Purpose Fund									
Change in additional pension liability		(47,207,172)	(6,929,006)	(2,581,281)	(1,031)		(525,530)	(2,559,562)	
Warren Physician Practice Support								(1,464,806)	
Change in fair market value of total return SWAP		(31,184,808)							
Warren Beginning Unrestricted net assets								(808,846)	
Net unrealized gains on investments		(10,493,598)		(71,665)				(2,359)	
Extraordinary Gains/(Losses) principles						431,656			
	35,388,991	(69,220,203)	(16,122,919)	1,129,481	(467,914)	1,189,127	1,235,676	15,283,804	69,512
Increase (decrease) in unrestricted net assets	$ 35,388,991	$ (69,220,203)	$ (16,122,919)	$ 1,129,481	$ (467,914)	$ 1,189,127	$ 1,235,676	$ 15,283,804	$ 69,512

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2012

Schedule II

	St. Luke's Physician Group NJ	St. Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcreast Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Net patient service revenue			$ 1,817,529	$ 2,674,106	$ (5,342)		$ (8,147)		$ (576,170)	$ 928,776,933
Other operating revenue and gains		150,202	5,495		9,499	488,255	1,078,800	31,500	(1,195,616)	21,929,666
Net assets released from restrictions used for operations										1,760,679
Equity in net income from controlled entities									(35,388,991)	-
Total revenue	-	150,202	1,823,024	2,674,106	4,157	488,255	1,072,653	31,500	(37,160,777)	952,467,278
Operating expenses										
Salaries and employee benefits		13,894	2,644,513	1,661,236	164		440,604			534,238,267
Supplies and other		82,555	1,068,245	1,012,870	66,038	284,853	239,366	82,006	(1,875,948)	328,122,687
Depreciation and amortization			18,988		3,598		6,584	29,915		55,370,780
Interest					22,204			36,101		17,652,258
Total expenses	-	96,449	3,731,746	2,674,106	92,004	284,853	686,554	148,022	(1,875,948)	935,383,992
Income (loss) from operations	-	53,753	(1,908,722)	-	(87,847)	203,402	386,099	(116,522)	(35,284,829)	17,083,286
Nonoperating gains (losses)										
Support of Physician Practices										-
Unrestricted investment income from assets limited as to use										7,789,884
Realized gain (loss) on unrestricted investment										8,153,281
Unrestricted gifts, grants and bequests										(30,046)
Unrestricted investment income from restricted net assets			2,073,537		152,019		(214,498)		(2,174,059)	101,579
Unrestricted investment (loss) income		1,431				(64,102)	12,519		500,920	3,522,806
Gain (loss) on disposal of property and equipment										(625,066)
Restructuring Costs										(573,476)
Pre-Acquisition/Merger Costs										(846,067)
Donations to Other Organizations										(711,695)
Unrealized gain (loss) on derivative										6,520,432
Goodwill Impairment										(3,609,478)
Gain on Retirement/Purchase of Bonds										(2,955,427)
Nonoperating gains	-	1,431	2,073,537	-	152,019	(64,102)	(201,979)	-	(1,673,139)	16,736,727
Excess (deficiency) of revenue and gains in excess of expenses	-	55,184	164,815	-	64,172	139,300	184,120	(116,522)	(36,957,968)	33,820,013
Net assets released from restrictions used for purchase of property and equipment										1,596,651
Net Asset Transfer To/From Affiliate										-
Net assets released to Specific Purpose Fund		(35,676)								(35,676)
Change in additional pension liability										(59,803,582)
Warren Physician Practice Support									1,464,806	-
Change in fair market value of total return SWAP										(31,184,808)
Warren Beginning Unrestricted net assets										(808,846)
Net unrealized gains on investments		1,942								(10,565,680)
Extraordinary Gains/(Losses) principles										431,656
	-	21,450	164,815	-	64,172	139,300	184,120	(116,522)	(35,493,162)	(66,550,272)
Increase (decrease) in unrestricted net assets	$ -	$ 21,450	$ 164,815	$ -	$ 64,172	$ 139,300	$ 184,120	$ (116,522)	$ (35,493,162)	$ (66,550,272)

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2011

	St. Luke's Health Network, Inc.	St. Luke's Hospital of Bethlehem, Pennsylvania	St. Luke's Physician Group	St. Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St. Luke's Warren Hospital	New Valley Rehab LLC
Net patient service revenue	$ -	$ 624,054,053	$100,715,516	$ 50,045,092	$ 2,785,922	$ 7,268	$ 40,713,742		
Other operating revenue and gains		17,855,185	1,301,345	1,736,024	90,759		542,319		
Net assets released from restrictions used for operations		1,812,693	201,663	7,500			1,870		
Equity in net income from controlled entities	27,365,859								
Total revenue	27,365,859	643,721,931	102,218,524	51,788,616	2,876,681	7,268	41,257,931	-	-
Operating expenses									
Salaries and employee benefits		325,090,171	103,331,134	26,310,850	2,427,911		21,833,505		
Supplies and other		213,821,349	32,439,096	18,294,716	576,904		14,149,949		
Depreciation and amortization		37,233,755	1,964,666	3,776,499	177,459		2,764,542		
Interest		13,598,666	23,011	158,090	4,319				
Total expenses	-	589,743,941	137,757,907	48,540,155	3,186,593	-	38,747,996	-	-
Income (loss) from operations	27,365,859	53,977,990	(35,539,383)	3,248,461	(309,912)	7,268	2,509,935	-	-
Nonoperating gains (losses)									
Support of Physician Practices		(29,205,691)	30,496,740	(940,444)			(350,605)		
Unrestricted investment income from assets limited as to use		6,168,315		75,227					
Realized gain (loss) on unrestricted investment		(1,135,881)		(33,909)					
Unrestricted gifts, grants and bequests		646,607		38,133	4,925		2,670		
Unrestricted investment income from restricted net assets		279,392		186,489			(1,320)		
Unrestricted investment (loss) income		2,743,889				1,300,570	4,675		
Gain (loss) on disposal of property and equipment		(60,428)							
Restructuring Costs		(53,363)		(397)			(219,369)		
Pre-Acquisition/Merger Costs		(1,364,005)							
Donations to Other Organizations		(367,420)	(200)	(54,500)					
Unrealized gain (loss) on derivative		(4,842,548)							
Gain on Retirement/Purchase of Bonds		153,950							
Nonoperating gains	-	(27,037,183)	30,496,540	(729,401)	4,925	1,300,570	(563,949)	-	-
Excess (deficiency) of revenue and gains in excess of expenses	27,365,859	26,940,807	(5,042,843)	2,519,060	(304,987)	1,307,838	1,945,986	-	-
Net assets released from restrictions used for purchase of property and equipment		6,330,380		105,915	34,000		575,348		
Extraordinary Gain on Sale of Ambulatory Surgery		13,058,999							
Change in additional pension liability		26,666,896	4,917,101	1,707,544	697		386,304		
Eighth & Eaton Professional Building, L.P Beginning Net Assets									
Change in fair market value of total return SWAP		9,127,758							
Net unrealized gains on investments		29,529,898		286,418					
Cumulative net effect of change in accounting principles		(72,643)	(2,706,407)		(2,974)				
	27,365,859	111,582,095	(2,832,149)	4,618,937	(273,264)	1,307,838	2,907,638	-	-
Increase (decrease) in unrestricted net assets	$ 27,365,859	$ 111,582,095	$ (2,832,149)	$ 4,618,937	$ (273,264)	$ 1,307,838	$ 2,907,638	$ -	$ -

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2011

Schedule II

	St. Luke's Physician Group NJ	St. Luke's Warren Hospital Foundation	Warren Healthcare Alliance PC	Hillcreast Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Net patient service revenue									$ (374,992)	$ 817,946,601
Other operating revenue and gains										21,525,632
Net assets released from restrictions used for operations										2,023,726
Equity in net income from controlled entities									(27,365,859)	-
Total revenue	-	-	-	-	-	-	-	-	(27,740,851)	841,495,959
Operating expenses										
Salaries and employee benefits										478,993,571
Supplies and other									(374,990)	278,907,024
Depreciation and amortization										45,916,921
Interest										13,784,086
Total expenses	-	-	-	-	-	-	-	-	(374,990)	817,601,602
Income (loss) from operations	-	-	-	-	-	-	-	-	(27,365,861)	23,894,357
Nonoperating gains (losses)										
Support of Physician Practices										-
Unrestricted investment income from assets limited as to use										6,243,542
Realized gain (loss) on unrestricted investment										(1,169,790)
Unrestricted gifts, grants and bequests										692,335
Unrestricted investment income from restricted net assets										464,561
Unrestricted investment (loss) income										4,049,134
Gain (loss) on disposal of property and equipment										(60,428)
Restructuring Costs										(273,129)
Pre-Acquisition/Merger Costs										(1,364,005)
Donations to Other Organizations										(422,120)
Unrealized gain (loss) on derivative										(4,842,548)
Gain on Retirement/Purchase of Bonds										153,950
Nonoperating gains	-	-	-	-	-	-	-	-	-	3,471,502
Excess (deficiency) of revenue and gains in excess of expenses	-	-	-	-	-	-	-	-	(27,365,861)	27,365,859
Net assets released from restrictions used for purchase of property and equipment										7,045,643
Extraordinary Gain on Sale of Ambulatory Surgery										13,058,999
Change in additional pension liability										33,678,542
Eighth & Eaton Professional Building, L P Beginning Net Assets										
Change in fair market value of total return SWAP										9,127,758
Net unrealized gains on investments										29,816,316
Cumulative net effect of change in accounting principles										(2,782,024)
	-	-	-	-	-	-	-	-	(27,365,861)	117,311,093
Increase (decrease) in unrestricted net assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (27,365,861)	$ 117,311,093

Form **8868**
(Rev. January 2012)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box . . . . . ▶ [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing *(e-file)*. You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit *www.irs.gov/efile* and click on *e-file for Charities & Nonprofits*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only . . . . . ▶ [ ]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Type or print File by the due date for filing your return See instructions.	Name of exempt organization or other filer, see instructions ST. LUKE'S WARREN HOSPITAL	Enter filer's identifying number, see instructions Employer identification number (EIN) or [X] 22-1494454
	Number, street, and room or suite no If a P O box, see instructions 185 ROSEBERRY STREET	Social security number (SSN) [ ]
	City, town or post office, state, and ZIP code For a foreign address, see instructions PHILLIPSBURG, NJ 08865-1684	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ TAXPAYER C/O WITHUMSMITH+BROWN

Telephone No. ▶ 973 898-9494 FAX No. ▶ 973 898-0686

- If the organization does not have an office or place of business in the United States, check this box . . . . . ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . . . . . ▶ [ ] If it is for part of the group, check this box . . . . . ▶ [ ] and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 02/15, 20 13, to file the exempt organization return for the organization named above The extension is for the organization's return for

▶ [ ] calendar year 20 ____ or

▶ [X] tax year beginning 01/01, 2012, and ending 06/30, 20 12

2 If the tax year entered in line 1 is for less than 12 months, check reason [ ] Initial return [ ] Final return [X] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	$
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit	3b	$
c	**Balance due.** Subtract line 3b from line 3a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	3c	$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

For Privacy Act and Paperwork Reduction Act Notice, see Instructions. Form **8868** (Rev 1-2012)

JSA
1F8054 4 000
10650N U600

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box . . . . . ▶ [X]

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1)

Part II **Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed)

Type or print / File by the due date for filing your return See instructions	Name of exempt organization or other filer, see instructions	Enter filer's identifying number, see instructions: Employer identification number (EIN) or
	ST. LUKE'S WARREN HOSPITAL	[X] 22-1494454
	Number, street, and room or suite no If a P O box, see instructions 185 ROSEBERRY STREET	Social security number (SSN) [ ]
	City, town or post office, state, and ZIP code For a foreign address, see instructions. PHILLIPSBURG, NJ 08865-1684	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ▶ TAXPAYER C/O WITHUMSMITH+BROWN
  Telephone No ▶ 973 898-9494 FAX No ▶ 973 898-0686
- If the organization does not have an office or place of business in the United States, check this box . . . . . ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box . . . . . ▶ [ ] If it is for part of the group, check this box . . . . . ▶ [ ] and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until 05/15, 20 13

5 For calendar year _____, or other tax year beginning 01/01, 20 12, and ending 06/30, 20 12

6 If the tax year entered in line 5 is for less than 12 months, check reason. [ ] Initial return [ ] Final return
[X] Change in accounting period

7 State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO GATHER THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE TAX RETURN.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a	$
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	$
c	**Balance Due.** Subtract line 8b from line 8a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions.	8c	$

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ [signature] Title ▶ TAXPREPARER Date ▶ 2/4/2013