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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Doing Business As
St Luke's University Hospital

Number and street (or P O box if mail is not delivered to street address) | Room/suite
801 OSTRUM STREET

City or town, state or country, and ZIP + 4
BETHLEHEM, PA 180151000

D Employer identification number
23-1352213

E Telephone number
(484) 526-4000

G Gross receipts $ 688,485,650

F Name and address of principal officer
THOMAS P LICHTENWALNER
801 OSTRUM STREET
BETHLEHEM, PA 180151000

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW SLHN ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1872 | **M** State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE COMPASSIONATE, EXCELLENT QUALITY AND COST EFFECTIVE HEALTHCARE TO THE RESIDENTS OF THE COMMUNITIES WE SERVE REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY

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**	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	16
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	5,848
6	Total number of volunteers (estimate if necessary)	**6**	1,223
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**	

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	10,464,337	5,735,327
9	Program service revenue (Part VIII, line 2g)	650,884,574	652,707,121
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	16,790,048	23,617,731
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,755,543	5,638,767
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	682,894,502	687,698,946
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	460,141	674,195
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)	306,730,225	311,278,579
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)	337,151,310	330,806,742
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	644,341,676	642,759,516
19	Revenue less expenses Subtract line 18 from line 12	38,552,826	44,939,430

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	1,116,306,829	1,292,517,730
21	Total liabilities (Part X, line 26)	688,461,201	930,951,701
22	Net assets or fund balances Subtract line 21 from line 20	427,845,628	361,566,029

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

****** | 2013-05-06
Signature of officer | Date

THOMAS P LICHTENWALNER VP FINANCE/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4
WithumSmithBrown PC
465 South St Ste 200
Morristown, NJ 079606497

EIN ▶

Phone no ▶ (973) 898-9494

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO PROVIDE COMPASSIONATE, EXCELLENT QUALITY AND COST EFFECTIVE HEALTHCARE TO THE RESIDENTS OF THE COMMUNITIES WE SERVE REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY
PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

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 $ 71,570,185 including grants of $ 0) (Revenue $ 69,998,123)

General medicine coordinated care is provided for patients in both an outpatient and inpatient setting, in which care is managed by hospitalists Emphasis is also placed on health promotion and disease prevention Preventive and healthy living medical education, routine care of common medical illnesses and ongoing management and coordination of care for complex disease states is provided PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

4b (Code) (Expenses $ 54,524,725 including grants of $ 0) (Revenue $ 51,795,502)

Cardiovascular medicine St Luke's Heart and Vascular Center offers a full spectrum of advanced heart and vascular services generally available only at major metropolitan teaching hospitals The hospital's heart care program has earned Chest Pain Center accreditation and Joint Commission Certification for heart failure It has repeatedly earned the highest overall open-heart surgery quality rating from the Society of Thoracic Surgeons and was named one of the nation's 50 Top Cardiovascular Hospitals by Thomson Reuters The National Committee for Quality Assurance has awarded the hospital's clinics for the underserved special recognition in the area of heart and stroke care PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

4c (Code) (Expenses $ 52,603,245 including grants of $ 0) (Revenue $ 61,015,289)

General surgery hospital surgeons, combined with available leading-edge surgical technologies, provide patients with some of the most advanced surgical care available today St Luke's has one of the nation's oldest and most experienced minimally invasive robotic surgery programs and was the first in the U S to offer a "guarantee" for robotic prostatectomy Other innovative advanced surgical techniques are offered for a wide range of conditions, such as surgery resulting from trauma injuries, neurosurgical pain management and bariatric surgery PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

4d Other program services (Describe in Schedule O)
(Expenses $ 399,852,851 including grants of $ 674,195) (Revenue $ 469,898,207)

4e **Total program service expenses** ▶ $ 578,551,006

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	747		
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**	5,848		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate 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 aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	20		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	16		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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 See Additional Data Table

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

THOMAS P LICHTENWALNER
801 OSTRUM STREET
BETHLEHEM, PA 180151000
(484) 526-4000

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

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

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

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

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

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

☐ Check this box if neither the organization nor any related organizations compensated any current or former 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			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								9,949,102	0	1,305,066

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 ▶ 283

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
JG PETRUCCI COMPANY INC 171 STATE ROUTE 173 SUITE 201 ASBURY, NJ 08802	CONSTRUCTION	19,764,387
NORTH STAR CONSTRUCTION 7562 PEN DRIVE SUITE 100 ALLENTOWN, PA 18106	CONSTRUCTION	14,636,677
PROGRESSIVE PHYSICIAN ASSOCIATES 3735 NAZARETH ROAD SUITE 206 EASTON, PA 18052	PROF PHYSICIAN SVCS	12,362,782
ANESTHESIA SPECIALISTS OF BETHLEHEM PO BOX 5520 BETHLEHEM, PA 18015	PROF PHYSICIAN SVCS	5,133,528
SODEXO INC AFFILIATES PO BOX 360170 PITTSBURGH, PA 152516170	FOOD/DIETARY SVCS	4,878,227

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 106

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	401,396			
	e	Government grants (contributions)	1e	740,959			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,592,972			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		5,735,327			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	541900	645,785,584	645,785,584		
	b	OTHER HEATHCARE RELATED REVENUE	900099	6,921,537	6,921,537		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		652,707,121			
	3	Investment income (including dividends, interest and other similar amounts)		22,443,811			22,443,811
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	1,485,043				
	b	Less rental expenses					
	c	Rental income or (loss)	1,485,043				
	d	Net rental income or (loss)		1,485,043			1,485,043
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	1,960,624				
	b	Less cost or other basis and sales expenses	216,666 / 570,038				
	c	Gain or (loss)	1,743,958 / -570,038				
	d	Net gain or (loss)		1,173,920			1,173,920
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a 8,479				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		8,479			8,479
	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	DIETARY REVENUE	722210	2,268,038			2,268,038
	b	TUITION REVENUE	611600	1,724,859			1,724,859
	c	CLEANING REVENUE	812900	152,348			152,348
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		4,145,245			
	12	**Total revenue.** See Instructions		687,698,946	652,707,121		29,256,498

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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	674,195	674,195		
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	7,987,504	7,188,754	798,750	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	239,697,958	215,728,162	23,969,796	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	16,296,340	14,666,706	1,629,634	
9	Other employee benefits	31,743,799	28,569,419	3,174,380	
10	Payroll taxes	15,552,978	13,997,680	1,555,298	
11	Fees for services (non-employees)				
a	Management	2,373,917	2,136,525	237,392	
b	Legal	58,790	52,911	5,879	
c	Accounting	12,984	11,686	1,298	
d	Lobbying	382,293	344,064	38,229	
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	159,208	143,287	15,921	
12	Advertising and promotion	508,219	457,397	50,822	
13	Office expenses	17,740,372	15,966,335	1,774,037	
14	Information technology	881,260	793,134	88,126	
15	Royalties . .	0			
16	Occupancy	6,516,325	5,864,693	651,632	
17	Travel	1,145,017	1,030,515	114,502	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	16,101,707	14,491,536	1,610,171	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	43,908,639	39,517,775	4,390,864	
23	Insurance	7,087,156	6,378,440	708,716	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	119,003,779	107,103,401	11,900,378	
b	OTHER SERVICES/SUPPORT	35,954,579	32,359,121	3,595,458	
c	PURCHASED SERVICES	26,103,466	23,493,119	2,610,347	
d	UTILITIES	7,186,190	6,467,571	718,619	
e					
f	All other expenses	45,682,841	41,114,580	4,568,261	
25	**Total functional expenses.** Add lines 1 through 24f	642,759,516	578,551,006	64,208,510	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		17,220	1	20,635
	2	Savings and temporary cash investments		74,090,443	2	54,922,289
	3	Pledges and grants receivable, net		981,228	3	2,707,995
	4	Accounts receivable, net		104,476,336	4	123,943,919
	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)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		62,305,139	7	241,329,351
	8	Inventories for sale or use		11,106,608	8	13,768,109
	9	Prepaid expenses and deferred charges		7,593,169	9	11,572,834
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 960,705,039			
	b	Less accumulated depreciation	10b 487,521,803	425,329,939	10c	473,183,236
	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		382,275,669	13	321,201,330
	14	Intangible assets		68,466	14	43,466
	15	Other assets See Part IV, line 11		48,062,612	15	49,824,566
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,116,306,829	16	1,292,517,730
Liabilities	17	Accounts payable and accrued expenses		169,102,010	17	205,199,052
	18	Grants payable		0	18	0
	19	Deferred revenue		2,593,708	19	1,603,462
	20	Tax-exempt bond liabilities		411,428,810	20	413,218,612
	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		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		105,336,673	25	310,930,575
	26	**Total liabilities.** Add lines 17 through 25		688,461,201	26	930,951,701
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		388,069,392	27	321,053,773
	28	Temporarily restricted net assets		19,708,039	28	18,983,273
	29	Permanently restricted net assets		20,068,197	29	21,528,983
		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		427,845,628	33	361,566,029
	34	Total liabilities and net assets/fund balances		1,116,306,829	34	1,292,517,730

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	687,698,946
2	Total expenses (must equal Part IX, column (A), line 25)	2	642,759,516
3	Revenue less expenses Subtract line 2 from line 1	3	44,939,430
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	427,845,628
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-111,219,029
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	361,566,029

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

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 **section 170(b)(1)(A)(i).**

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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	
Total									

Part II **Support Schedule for Organizations Described in IRC 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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 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 the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—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 IRC 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 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.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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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, line 35c (Proxy Tax), then

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

Name of the organization	Employer identification number
ST LUKE'S HOSPITAL OF BETHLEHEM PA	23-1352213

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 on behalf of or in opposition to candidates for public office 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 funtion activities ▶ $ _____

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

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

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

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

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

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

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

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

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

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 non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable 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)).

		(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?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		355,714
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		26,579
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			382,293
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
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 carryover 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) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible 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, and Part II-B, line 1i Also, complete this part for any additional information

Identifier	Return Reference	Explanation
LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, QUESTION 1	THE ORGANIZATION PAID A CONSULTING FIRM $102,000 IN ORDER TO INFORM AND EDUCATE LEGISLATORS REGARDING MEDICARE AND MEDICAL ASSISTANCE REIMBURSEMENT AS WELL AS OTHER HEALTHCARE ISSUES IN ADDITION, THE ORGANIZATION IS A MEMBER OF THE HOSPITAL AND HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA WHICH ENGAGES IN LOBBYING EFFORTS ON BEHALF OF ITS MEMBER HOSPITALS A PORTION OF THE DUES PAID TO THIS ORGANIZATION HAS BEEN ALLOCATED TO LOBBYING ACTIVITIES PERFORMED ON BEHALF OF THE ORGANIZATION THIS ALLOCATION AMOUNTED TO $26,579 THE ORGANIZATION ALSO ALLOCATES A PORTION OF TOTAL COMPENSATION OF TWO ST LUKE'S UNIVERSITY HEALTH NETWORK SENIOR MANAGEMENT PERSONNEL THE TOTAL AMOUNT OF THIS EXPENSE ALLOCATED TO LOBBYING ACTIVITIES WAS $253,714 THIS ORGANIZATION PAYS ALL EXPENSES, INCLUDING LOBBYING, ON BEHALF OF ALL AFFILIATES WITHIN THE ST LUKE'S UNIVERSITY HEALTH NETWORK AND CHARGES THESE AFFILIATES FOR THESE COSTS LOBBYING EXPENDITURES TO ST LUKE'S UNIVERSITY HEALTH NETWORK AFFILIATES REPRESENTED $97,062 OF THE $382,293 REPORTED ON THIS FEDERAL FORM 990

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 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 HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	39,776,236	31,778,170			
b Contributions	3,211,916	3,998,132			
c Investment earnings or losses	464,531	6,549,596			
d Grants or scholarships					
e Other expenditures for facilities and programs	2,940,427	2,549,662			
f Administrative expenses					
g End of year balance	40,512,256	39,776,236			

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

- a Board designated or quasi-endowment ▶ 46 860 %
- b Permanent endowment ▶ 53 140 %
- c Term endowment ▶

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

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

4 Describe in Part 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		73,836,767		73,836,767
b Buildings		447,679,656	201,682,581	245,997,075
c Leasehold improvements		14,734,194	6,096,796	8,637,398
d Equipment		373,864,684	278,479,151	95,385,533
e Other		50,589,738	1,263,275	49,326,463
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				473,183,236

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) MONEY MARKET FUNDS	15,685,499	F
(2) GOVERNMENT SECURITIES	9,743,751	F
(3) CORPORATE BONDS	34,214,016	F
(4) COMMON & PREFERRED STOCK	100,128	F
(5) MUTUAL FUNDS	257,017,116	F
(6) CASH & EQUIVALENTS	4,440,820	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	321,201,330	

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ADVANCE FROM THIRD PARTY PAYOR	2,099,500
DUE TO THIRD PARTIES	10,598,585
CURRENT PORTION OF PENSION COS	4,888,084
DUE TO AFFILIATES	187,312,265
ASSET RETIREMENT OBLIGATION	3,247,932
CHARITABLE GIFT ANNUITIES	7,858,399
SWAP CONTRACT LIABILITY	83,210,652
SELF INSURANCE COSTS	11,357,524
OTHER LIABILITIES	357,634
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	310,930,575

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)			12,044,755		12,044,755	1 870 %
b Medicaid (from Worksheet 3, column a)			89,058,734	63,592,707	25,466,027	3 960 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			101,103,489	63,592,707	37,510,782	5 830 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			6,363,416	2,819,442	3,543,974	0 550 %
f Health professions education (from Worksheet 5)			44,490,384	14,334,603	30,155,781	4 690 %
g Subsidized health services (from Worksheet 6)			17,802,599	10,805,058	6,997,541	1 090 %
h Research (from Worksheet 7)			16,452		16,452	
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,561,997		1,561,997	0 240 %
j **Total** Other Benefits			70,234,848	27,959,103	42,275,745	6 570 %
k **Total.** Add lines 7d and 7j			171,338,337	91,551,810	79,786,527	12 400 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	8,075,707		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	807,571		
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	160,186,080		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	142,717,954		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	17,468,126		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (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 THE CENTER FOR ORAL				
2 & MAXILLOFACIAL				
3 SURGERY & IMPLANT	ORAL SURGERY	50 000 %		50 000 %
4 DIALYSIS LIMITEDLLC	DIALYSIS	50 000 %		50 000 %
5 ST LUKE'S NORTH				
6 DIALYSIS CENTERLP	DIALYSIS	49 500 %		49 500 %
7				
8				
9				
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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? 3

	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 HOSPITAL - BETHLEHEM CAMPUS 801 OSTRUM STREET BETHLEHEM,PA 180151000	X	X		X		X	X		
2	ST LUKE'S HOSPITAL - ALLENTOWN CAMPUS 1736 W HAMILTON STREET ALLENTOWN,PA 18104	X	X		X			X		
3	ST LUKE'S HOSPITAL - ANDERSON CAMPUS 1872 RIVERSIDE CIRCLE EASTON,PA 18045	X	X					X		

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)

ST LUKE'S HOSPITAL - BETHLEHEM CAMPUS

Name of Hospital Facility:

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 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 question 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 those 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 ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in 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 CHNA			
g ☐ Prioritization of health needs in the 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 together with 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 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 %			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	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	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon 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	Yes	
15	Check all of the following collection 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 or arrests			
	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	Yes	
	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 question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ 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)*

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?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 it's 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?	**20**		No
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 services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

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)

ST LUKE'S HOSPITAL - ALLENTOWN CAMPUS

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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 question 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 those 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 ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in 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 CHNA			
g ☐ Prioritization of health needs in the 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 together with 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 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 %			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	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	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon 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	Yes	
15	Check all of the following collection 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 or arrests			
	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	Yes	
	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 question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ 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)*

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?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 it's 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?	**20**	Yes	
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 services provided to that patient?	**21**	Yes	
If "Yes," explain in Part VI			

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)

ST LUKE'S HOSPITAL - ANDERSON CAMPUS

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 3

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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 question 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 those 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 ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in 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 CHNA			
g ☐ Prioritization of health needs in the 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 together with 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 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 %			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	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	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon 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	Yes	
15	Check all of the following collection 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 or arrests			
	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	Yes	
	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 question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ 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)*

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?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 it's 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?	**20**		No
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 services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **43**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
2		
3		
4		
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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 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

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

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

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

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

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

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, LINE 6A	Not applicable

Identifier	ReturnReference	Explanation
FINANCIAL ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFITS AT COST	SCHEDULE H, PART I, LINE 7	The Mckesson, Horizon performance management costing application was the tool utilized to determine the cost of financial assistance, unreimbursed Medicaid, Medicaid HMO, and subsidized health services The entire activity was costed through the Mckesson HPM application, to include inpatient, outpatient, emergency room, and all payers Costing consisted of allocating cost from the departmental level down to the service item level Once costs were determined at the service item level, we then aggregated encounters into the defined targeted groups For determination of the unreimbursed costs for Medicaid, Medicaid HMO, and subsidized services reported on Part I, Line 7, we excluded charity care, bad debt, and all overlapping cases reported elsewhere We utilized the ratio of patient care cost to charges to determine the charity care and bad debt costs The development of the ratio conforms to the Form 990 instructions The Medicare shortfall/surplus was determined using the Medicare complex cost reporting form utilizing allowable Medicare costs No costs relating to subsidized healthcare services are attributable to any physician clinics

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	St Luke's Hospital of Bethlehem, Pennsylvania has direct involvement in numerous community building activities that promote and improve the health status and general betterment of the communities served by the hospital 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 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

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, LINE 4	Bad debt expense was calculated using the organization's bad debt expense from its audited financial statements, net of accounts written off at charges and multiplied by its cost to charge ratio 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 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 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

Identifier	ReturnReference	Explanation
MEDICARE	SCHEDULE H, PART III, LINE 8	Medicare costs were derived from the Medicare cost report filed by the organization Bad d ebt is community benefit and associated costs are includable on the Form 990, Schedule H, Part I The organization feels that bad debt is community benefit and associated costs are includable on the Form 990, Schedule H, Part I As outlined more fully below the organiza tion 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 pur poses 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 promulgate d by the IRS The community benefit standard is the current standard for a hospital for re cognition 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 organizati on under 501(c)(3) of the IRC Although there is no definition in the tax code for the ter m "charitable", a regulation promulgated by the department of the treasury provides some g uidance and states that "[t]he term charitable is used in 501(c)(3) in its generally accep ted legal sense," and provides examples of charitable purposes, including the relief of th e poor or unprivileged, the promotion of social welfare, and the advancement of educatio n, 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 "charita ble" to hospitals, it has been left to the IRS to determine the criteria hospitals must me et to qualify as IRC 501(c)(3) charitable organizations The original standard was known a s the charity care standard This standard was replaced by the IRS with the community bene fit 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 ca re standard " under the standard, a hospital had to provide, to the extent of its financia l ability, free or reduced-cost care to patients unable to pay for it A hospital that exp ected full payment did not, according to the ruling, provide charity care based on the fac t that some patients ultimately failed to pay The ruling emphasized that a low level of c harity care did not necessarily mean that a hospital had failed to meet the requirement si nce that level could reflect its financial ability to provide such care The ruling also n oted that publicly supported community hospitals would normally qualify as charitable orga nizations because they serve the entire community, and a low level of charity care would n ot 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 69-5 45, 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 R uling 69-545, which is known as the "community benefit standard," hospitals are judged on whether they promote the health of a broad class of individuals in the community The ruli ng involved a hospital that only admitted individuals who could pay for the services (by t hemselves, private insurance, or public programs such as Medicare), but operated a full-ti me 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 I RS 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 th e promotion of health, like the relief of poverty and the advancement of education and rel igion, is one of the purposes in the general law of charity that is deemed beneficial to t he community as a whole even though the class of beneficiaries eligible to receive a direc t benefit from its activities does not include all members of the community, such as indig ent members of the community, provided that the class is not so small that its relief is n ot of benefit to the community The IRS concluded that the hospital was "promoting the hea lth of a class of persons that is broad enough to benefit the community" because its emerg ency 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 fu

Identifier	ReturnReference	Explanation
MEDICARE	SCHEDULE H, PART III, LINE 8	nds were used to improve patient care, expand hospital facilities, and advance medical tra ining, 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 qu alified physicians Bad debt is community benefit and associated costs are includable on t he Form 990, Schedule H, Part I The American Hospital Association ("AHA") feels that bad debt is community benefit and thus includable on the Form 990, Schedule H, Part I This or ganization agrees with the AHA position As outlined in the aha letter to the IRS dated Au gust 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 tha t hospitals provide by counting bad debt as quantifiable community benefit Both the AHA a nd this organization also feel that patient bad debt is a community benefit and thus inclu dable on the Form 990, Schedule H, Part I There are compelling reasons that patient bad d ebt should be counted as quantifiable community benefit as follows - a significant majori ty of bad debt is attributable to low-income patients, who, for many reasons, decline to c omplete the forms required to establish eligibility for hospitals' charity care or financi al assistance programs A 2006 congressional budget office ("cbo") report, nonprofit hospi tals 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 c harity 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 com es through their emergency department, regardless of ability to pay Patients who have out standing bills are not turned away, unlike other industries Bad debt is further complicat ed by the auditing industry's standards on reporting charity care Many patients cannot or do not provide the necessary, extensive documentation required to be deemed charity care by auditors As a result, roughly 10% of bad debt is pending charity care - the cbo concl uded that its findings "support the validity of the use of uncompensated care [bad debt an d charity care] as a measure of community benefits" assuming the findings are generalizabl e nationwide, the experience of hospitals around the nation reinforces that they are gener alizable As outlined by the AHA, despite the hospital's best efforts and due diligence, p atient bad debt is a part of the hospital's mission and charitable purposes Bad debt repr esents part of the burden hospitals shoulder in serving all patients regardless of race, c olor, creed, sex, national origin, religion or ability to pay In addition, the hospital i nvests significant resources in systems and staff training to assist patients that are in need of financial assistance

Identifier	ReturnReference	Explanation
DEBT COLLECTION POLICY	SCHEDULE H, PART III, LINE 9B	Accounts considered to be charity care are not included in the bad debt expense, but rathe r, are accounted for as an allowance against the organization's patient service revenue S t Luke's financial assistance program St Luke's is a non-profit organization dedicated t o the care and treatment of the sick and the prevention of illness The first consideratio n in the admission and placement or treatment of a patient is the medical needs of the pat ient Patients shall be provided and encouraged to obtain medically necessary care regardl ess of ability to pay or eligibility for financial assistance However, all patients will be required to pay for the care which they receive if they are financially able to do so Advance payment will not be required for any medically necessary service Some individuals fail to obtain necessary care due to financial concerns In order to encourage such patie nts to obtain appropriate care, St Luke's shall operate a Financial Assistance program fo r the uninsured indigent population and a discount program for all other uninsured patient s All patients presenting for medically necessary services with no insurance will have th e opportunity to qualify for St Luke's Financial Assistance Program Services excluded fr om the program include but are not limited to, cosmetic, bariatric, IVF, IUDs, tubal ligat ions, sleep study St Luke's reserves the right to exclude services if upon review it is determined that they are not medically necessary In addition, patients scheduled for elec tive procedures or studies will be assessed for medical need and timing for the procedure along with ability to pay for a portion of the procedure Eligibility for the Pa Fair Care program will be reviewed and application required if eligible Medical Assistance applica tion may be required and completed prior to service for elective cases Patients receiving inpatient or high dollar outpatient services will be evaluated for Medical Assistance eli gibility in order to qualify for the St Luke's Hospital Financial Assistance Program Ind ividuals will not be eligible for financial assistance if Medical Assistance coverage is d enied due to lack of cooperation (i e , timeliness or failure to produce required document ation) Any patient payments made for services that subsequently receive Medical Assistanc e approval will be refunded to the patient Financial Assistance Individuals with family i ncome at or below 300% of the current federal poverty guidelines may be eligible for a 100 % financial assistance allowance on the cost of their medically necessary services, after a minimum copay amount for certain outpatient services as follows, Clinic visits, includin g the hospital family practice centers, rural health centers, women's and children's clini cs = $10 Other programs within the clinics may establish a flat rate minimum amount due f or elective procedures that are at or below the Medical Assistance fee schedule for patien ts not eligible for Medical Assistance but are under the 300% federal poverty guidelines Urgent care center visits = $15 Emergency room visits= $25 Patients with income exceeding 300% of federal poverty guidelines will automatically receive an 80% discount on hospital charges No proof of income is required for this discount and this is not considered Finan cial Assistance Patients with routine co-pays and deductibles from managed care and comme rcial insurances are not eligible for financial assistance or a discount unless a financia l hardship can be proven Patients having limited benefit coverage through insurance and w ho demonstrate a financial hardship may be eligible for the Financial Assistance program Patients who have received financial assistance in the past but who are having services th at are elective or high dollar procedures, visits will be required to comply with the proc ess of Medical Assistance eligibility or eligibility for programs such as Pa Fair Care Ca se by case decisions will be made re financial liability in each instance Determining Eli gibility for Financial Assistance Designated business service department employees will ut ilize independent third party income estimation software information as the determinant of eligibility The income estimation software application utilized by St Luke's is based u pon a statistically validated methodology to provide income and family size determination This information is then automatically cross-walked to St Luke's financial assistance el igibility matrix ranging from 0% to 300% of the current federal poverty guidelines to dete rmine the level of financial assistance to be applied When insufficient information is re turned via the software application, the manual process below will be utilized to determin e eligibility In determining family income and family size, a family unit will be defined as immediate family members /significant other/domestic partner living in the household All income of occupants will be considered in dete

Identifier	ReturnReference	Explanation
DEBT COLLECTION POLICY	SCHEDULE H, PART III, LINE 9B	rmining total household income In determining income the following will be considered - Wages - Pension - Annuities - Social Security - Interest, Dividend, and other Investment I ncome such as Capital Gains - Unemployment Compensation - Workers Comp - Disability Benefi ts - Child Support - Alimony - Public Assistance - Net Rental Income (Income Less Expenses) as calculated for Federal Tax purposes Assets may be considered in determining eligibili ty and the level of discount approved for financial assistance Designated business servic e department employees may also discuss financial assistance with patients who upon receiv ing a billing statement express an inability to pay for services rendered Financial assis tance applications may be supplied to these patients along with the information regarding required documentation or the income estimation software may be used to determine eligibil ity status Medical Indigence Assessment If the patient does not qualify for any of the fi nancial assistance categories identified above, but the medical expenses exceed an ability to pay, the patient will be encouraged to write a hardship letter to be submitted to the Associate Vice President of Finance for consideration of a hardship write-off of all or pa rt of the outstanding medical liability In the case of foreign visitors, the hospital wil l attempt to identify the person who sponsored the visitor's entry into the United States If the sponsor is legally responsible for the visitor's medical bills, the hospital will apply its normal collection efforts in attempting to collect from the sponsor Application for financial assistance will be based on the sponsor's income St Luke's Hospital reser ves the right to deny an application for financial assistance based upon lack of reasonabl y required documentation or the submission of fraudulent documentation If information is not provided within 30 days of a request, an application may be denied unless the informat ion was not provided for reasons beyond the applicant's control In these cases the patien t will not be eligible for the financial assistance program Notification to Patient All p atients receiving inpatient or high dollar OP services will receive a notice of determinat ion from the business office with the amount of financial assistance granted and any remai ning financial liability Patients may provide documentation if they feel the automatic es timation of income and assets is incorrect or incomplete The business office will assess and revise the determination as appropriate for future encounters based on the software in formation provided All patient statements will have the phone number to call for patients having difficulty meeting financial obligations St Luke's credit and collection policy The Credit and Collection policy is established and is to be administered in accordance wi th the mission and values of the hospital as well as federal and state law The policy is designed to promote appropriate access to medical care for all patients regardless of thei r ability to pay while maintaining the Network's fiscal responsibility to maximize reimbur sement and minimize bad debt All medically necessary hospital services are provided witho ut consideration of ability to pay and are not delayed pending application and/or approval of Medical Assistance or St Luke's Financial Assistance Program (see Administrative Poli cy No 111) Advance payment is not required for any medically necessary service This Cre dit and Collection policy is intended to take into account each individual's ability to co ntribute to the cost of his or her care Patients will be assisted in obtaining health ins urance coverage from privately and publicly funded sources whenever possible All Patient Business Service department representatives will be educated on all aspects of the Credit and Collection policy and are expected to administer the policy on a regular and consisten t basis Patient Business Service repres

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTIONS 1J, 3, 4, 5C, 6I & 7	Not applicable

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B,QUESTIONS 9,10,11H,15E,16E,17E,18D,20&21	Not applicable

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTION 13G	Other measures to publicize the hospital's financial assistance policy include individual financial counseling meetings with patients without health insurance to review the financial assistance policy and to discuss payment options

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTION 19D	Individuals with family income at or below 300% of the current federal poverty guidelines may be eligible for a 100% financial assistance allowance on the cost of their medically necessary services, after a minimum copay amount for certain outpatient services as follows, Clinic visits, including the hospital family practice centers, rural health centers, women's and children's clinics = $10 Other programs within the clinics may establish a flat rate minimum amount due for elective procedures that are at or below the Medical Assistance fee schedule for patients not eligible for Medical Assistance but are under the 300% federal poverty guidelines Urgent care center visits = $15 Emergency room visits= $25 Patients with income exceeding 300% of federal poverty guidelines will automatically receive an 80% discount on hospital charges No proof of income is required for this discount and this is not considered Financial Assistance

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, QUESTION 2	St Luke's University Health Network's department of community health oversees assessment of the healthcare needs of the communities served by hospitals within the network, including this organization The department is led by Dr Bonnie Coyle, board certified in preventative medicine, with 16 years' experience in public and preventative health Analysis of information from the following sources is part of the department's ongoing health needs assessment process vital statistics, Pennsylvania Department of Health data, hospital discharge data, the Robert Wood Johnson County health profiles and other county data available from various other state agencies In addition, the department collects ongoing statistics from its comprehensive community outreach initiatives and from financial support for the Bethlehem partnership for a health community Established in 1996 by the board of directors of St Luke's University Health Network, the partnership is a national model for collaborative efforts to improve access to healthcare services Currently more than 165 participating/funding agencies, representing local business, government, educational and community organizations are actively involved in partnership programs which serve the greater Lehigh Valley Through community ownership and shared responsibility, the partnership strives to enhance the physical, mental, emotional and spiritual wellness of individuals and communities, thereby improving the quality of life for all The department's healthcare needs assessment process is enhanced by data obtained through the Bethlehem partnership's various school-based programs, such as numbers of children failing dental and vision examinations and number of children not receiving medical examinations The department also utilizes guidelines for adolescent preventive services (gaps) in the Bethlehem partnership's various mobile van service programs to collect data on risk factors for students and to monitor community health problems For example, data has been tracked on risk factors such as smoking, obesity, seatbelt use and drug and alcohol use Gaps is also used on an ongoing basis to build modify programs Most recently, the network has contracted with the Lehigh Valley Research Consortium to conduct a formal health needs assessment for the greater Lehigh Valley and Upper Bucks County area, served by St Luke's Hospital (Allentown/Bethlehem), St Luke's Quakertown Hospital and the Visiting Nurse Association of St Luke's The process will be completed by the IRS required date

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, QUESTION 3	As a not for-profit entity, St Luke's Hospital of Bethlehem, Pennsylvania's first consideration in the admission and placement or treatment of any patient is the patient's medical needs Some patients hesitate to obtain necessary care because of their financial concerns In order to encourage such patients to obtain appropriate care, in December 2008, the network's board of directors redesigned the network's charity care program for patient system access to discounted hospital services This policy is updated annually The network also established a community benefit tracking system to comply with new IRS Form 990 guidelines (effective 2009) to report community benefit activities/expenditures The charity care program is widely communicated in both English and Spanish A bilingual notice of the program is posted in all outpatient and inpatient registration areas All patient statements include a number for patients to call if they are having difficulty paying their bills St Luke's website has extensive information regarding the financial assistance program, including eligibility guidelines and contact information Additionally, St Luke's financial counselors assess each patient for eligibility for coverage through medical assistance, chip, adult basic and other programs Bilingual counselors are available

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, QUESTION 4	St Luke's Hospital of Bethlehem, Pennsylvania's primary service area consists of an urban population in Lehigh and Northampton Counties in southeastern Pennsylvania with a total population of 647,232 The average household income is $55,340 and 10 5 percent of the population has income below the poverty level Seven hospitals serve the primary service area and 19 percent of hospital discharges are Medicaid patients and 3 percent are uninsured As of the 2008 American community survey conducted by the U S Census Bureau, the Lehigh Valley consisted of the following groups 87 1% of the population was Caucasian, 11 3% of the population were Hispanics and Latinos of any race and 4 6% were black or African American South Bethlehem, Easton and Tamaqua have been designated medically underserved areas Population growth from 2000 to 2030, projected by the Lehigh Valley planning commission, is as follows ages 0 to 54 years, 9%, ages 55 to 64 years, 49%, ages 65 to 74 years, 76% and ages 75+, 57%

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, QUESTION 5	The organization and the entire St Luke's University Health Network promote the health of the community on a daily basis throughout the year The network coordinates and offers numerous community benefit programs, activities and support groups to the community Please refer to schedule o for a detailed community benefit statement

Identifier	ReturnReference	Explanation
AFFILIATED HEALTHCARE SYSTEM	SCHEDULE H, PART VI, QUESTION 6	OUTLINED BELOW IS A SUMMARY OF THE ENTITIES WHICH COMPRISE THE ST LUKE'S UNIVERSITY HEALT H NETWORK NOT FOR-PROFIT ST LUKE'S UNIVERSITY HEALTH NETWORK ENTITIES 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 CONSI STS OF A GROUP OF AFFILIATED HEALTHCARE ORGANIZATIONS THIS ORGANIZATION IS THE SOLE MEMBE R OR STOCKHOLDER OF EACH AFFILIATED ENTITY ST LUKE'S IS AN INTEGRATED NETWORK OF HEALTHC ARE 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 CONTINUA LLY DEVELOP AND OPERATE A MULTI-HOSPITAL HEALTHCARE NETWORK WHICH PROVIDES SUBSTANTIAL COM MUNITY BENEFIT THROUGH THE PROVISION OF A 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 INDIVID UALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY N O 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 H OSPITALS OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545 1 EACH PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARD LESS 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, 3 EACH MAINTAINS AN OPEN MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS, 4 CONTROL OF EACH RESTS WITH ITS BOARD OF DIRECTOR S 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, A ND 5 SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE F ACILITIES AND ADVANCE MEDICAL CARE, PROGRAMS AND ACTIVITIES ST LUKE'S QUAKERTOWN HOSPITA L ST LUKE'S QUAKERTOWN HOSPITAL IS A 62-BED NON-PROFIT HOSPITAL LOCATED IN QUAKERTOWN, PE NNSYLVANIA ST LUKE'S QUAKERTOWN HOSPITAL IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE A S AN INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION PURSUANT TO ITS CHARITABLE P URPOSES, THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDU ALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY 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AN INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION PURSUANT TO ITS CHA RITABLE PURPOSES, THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY T O PAY MOREOVER, ST LUKE'S WARREN HOSPITAL, INC OPERATES CONSISTENTLY WITH THE CRITERIA OUTLINED IN IRS REVENUE RULING 69-545 ST LUKE'S WARREN HEALTHCARE, INC ST LUKE'S WARRE N HEALTHCARE, INC IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EX EMPT 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 CHARITABL E 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 RECOGNIZE D BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTE

Identifier	ReturnReference	Explanation
AFFILIATED HEALTHCARE SYSTEM	SCHEDULE H, PART VI, QUESTION 6	RNAL REVENUE CODE 509(A)(3) THE ORGANIZATION SUPPORTS ST LUKE'S WARREN HOSPITAL, A RELAT ED INTERNAL REVENUE CODE SECTION 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 ST LUKE'S PHYSICIAN GROUP, INC IS AN ORGANIZATION REC OGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 50 1(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(3) THE O RGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY ST LUKE'S EMERG ENCY & TRANSPORT SERVICES, INC ST LUKE'S EMERGENCY & TRANSPORT SERVICES, INC IS AN ORGA NIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REV ENUE 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 IN DIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO P AY QUAKERTOWN REHABILITATION CENTER QUAKERTOWN REHABILITATION CENTER IS AN ORGANIZATION R ECOGNIZED 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)(I II) THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY NEW VA LLEY 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 HEALT H/HOSPICE, INC VISITING NURSE ASSOCIATION OF ST LUKE'S - HOME HEALTH/HOSPICE, INC IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNA L 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 INDIV IDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY HOMESTAR MEDICAL EQUIPMENT AND INFUSION SERVICES, INC HOMESTAR MEDICAL EQUIPMENT AND INF USION 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 PURSUAN T TO INTERNAL REVENUE CODE 509(A)(2) THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTH CARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, R ELIGION OR ABILITY TO PAY ST LUKE'S HOSPITAL AND HEALTH NETWORK AUXILIARY, INC ST LUKE 'S HOSPITAL AND HEALTH NETWORK AUXILIARY, INC IS AN ORGANIZATION RECOGNIZED BY THE INTERN AL 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 I S DESIGNED TO SUPPORT THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF ST LUKE'S UNIVERS ITY HEALTH NETWORK FOR-PROFIT ST LUKE'S UNIVERSITY HEALTH NETWORK ENTITIES EIGHTH & EAT ON 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, PENNSYLVANIA THIS ENTITY SERVES AS THE JOINT VENTURE VEHICLE FOR A MEDICAL OFFICE BUILDING JOINTLY OWNED WITH OTHERS ST LUKE'S EIGHTH & EATON HOLDINGS, I NC AN ENTITY WHOSE SOLE SHAREHOLDER IS ST LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA TH E ENTITY WAS INCORPORATED TO SERVE AS TH

Identifier	ReturnReference	Explanation
State Filing of Community Benefit Report	Schedule H, Part VI, Question 7	Not applicable The entity and related provider organizations are located in Pennsylvania No community benefit report is filed with the state of Pennsylvania

Additional Data

Software ID:
Software Version:
EIN: 23-1352213
Name: ST LUKE'S HOSPITAL OF BETHLEHEM PA

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **43** Name and address	Type of Facility (Describe)
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **43** Name and address	Type of Facility (Describe)
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
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ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **43** Name and address	Type of Facility (Describe)
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS
ST LUKE'S NORTH 153 BRODHEAD ROAD BETHLEHEM,PA 18017	OUTPATIENT SERVICES - VARIOUS

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) EASTERN PENSYLVANIA EMS COUNCIL4801 KERNSVILLE ROAD SUITE 100 OREFIELD,PA 18069	23-1988814	501(C)(3)	9,762				PROGRAM SUPPORT
(2) BOROUGH OF FOUNTAIN HILL941 LONG STREET FOUNTAIN HILL,PA 18015			76,597				PROGRAM SUPPORT
(3) BETHLEHEM TOWNSHIP 4225 EASTON AVENUE BETHLEHEM,PA 18020			90,000				PROGRAM SUPPORT
(4) LEHIGH VALLEY ROAD RUNNERS INCPO BOX 592 ALLENTOWN,PA 18105	23-2377635	501(C)(3)	32,660				PROGRAM SUPPORT
(5) CITY OF BETHLEHEM10 EAST CHURCH STREET BETHLEHEM,PA 18018			7,408				PROGRAM SUPPORT
(6) COMMUNICATION SYSTEMS INC10900 RED CIRCLE DRIVE MINNETONKA,MN 55343			15,160				PROGRAM SUPPORT
(7) GREATER LEHIGH VALLEY CHAMBER OF COMMERCE561 MAIN STREET SUITE 200 BETHLEHEM,PA 18018	23-0337580	501(C)(3)	8,135				PROGRAM SUPPORT
(8) LEHIGH VALLEY ECONOMIC DEVELOPMENT CORP2158 AVENUE C SUITE 200 BETHLEHEM,PA 18017	23-2798276	501(C)(3)	13,000				PROGRAM SUPPORT
(9) LIBERTY HIGH SCHOOL GRENADIER BAND1115 LINDEN STREET BETHLEHEM,PA 18018			6,000				PROGRAM SUPPORT
(10) ZOELLNER ARTS CENTER420 E PACKER AVENUE BETHLEHEM,PA 18015			5,550				PROGRAM SUPPORT
(11) JD ECKMAN INC4781 LOWER VALLEY ROAD ATGLEN,PA 19310			350,000				PROGRAM SUPPORT

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 7

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

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

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

Identifier	Return Reference	Explanation
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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 23-1352213
Name: ST LUKE'S HOSPITAL OF BETHLEHEM PA

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EASTERN PENSYLVANIA EMS COUNCIL4801 KERNSVILLE ROAD SUITE 100 OREFIELD,PA 18069	23-1988814	501(C)(3)	9,762				PROGRAM SUPPORT
BOROUGH OF FOUNTAIN HILL941 LONG STREET FOUNTAIN HILL,PA 18015			76,597				PROGRAM SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BETHLEHEM TOWNSHIP4225 EASTON AVENUE BETHLEHEM,PA 18020			90,000				PROGRAM SUPPORT
LEHIGH VALLEY ROAD RUNNERS INCPO BOX 592 ALLENTOWN,PA 18105	23-2377635	501(C)(3)	32,660				PROGRAM SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CITY OF BETHLEHEM 10 EAST CHURCH STREET BETHLEHEM,PA 18018			7,408				PROGRAM SUPPORT
COMMUNICATION SYSTEMS INC10900 RED CIRCLE DRIVE MINNETONKA,MN 55343			15,160				PROGRAM SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GREATER LEHIGH VALLEY CHAMBER OF COMMERCE561 MAIN STREET SUITE 200 BETHLEHEM,PA 18018	23-0337580	501(C)(3)	8,135				PROGRAM SUPPORT
LEHIGH VALLEY ECONOMIC DEVELOPMENT CORP2158 AVENUE C SUITE 200 BETHLEHEM,PA 18017	23-2798276	501(C)(3)	13,000				PROGRAM SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LIBERTY HIGH SCHOOL GRENADIER BAND 1115 LINDEN STREET BETHLEHEM,PA 18018			6,000				PROGRAM SUPPORT
ZOELLNER ARTS CENTER420 E PACKER AVENUE BETHLEHEM,PA 18015			5,550				PROGRAM SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
JD ECKMAN INC 4781 LOWER VALLEY ROAD ATGLEN,PA 19310			350,000				PROGRAM SUPPORT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) RICHARD A ANDERSON	(i)	898,916	338,524	566,210	225,011	19,369	2,048,030	482,122
	(ii)	0	0	0	0	0	0	0
(2) JAN S HELLER	(i)	148,327	0	298	3,716	2,325	154,666	0
	(ii)	0	0	0	0	0	0	0
(3) JOEL D FAGERSTROM	(i)	490,918	143,406	24,802	7,376	29,336	695,838	0
	(ii)	0	0	0	0	0	0	0
(4) THOMAS P LICHTENWALNER	(i)	437,319	126,188	24,705	153,612	9,142	750,966	0
	(ii)	0	0	0	0	0	0	0
(5) JEFFREY A JAHRE MD	(i)	381,607	239,838	27,097	57,463	19,876	725,881	0
	(ii)	0	0	0	0	0	0	0
(6) ROBERT P ZIMMEL	(i)	326,114	93,046	761,339	84,430	8,642	1,273,571	745,718
	(ii)	0	0	0	0	0	0	0
(7) ROBERT E MARTIN	(i)	325,340	98,542	23,192	39,357	29,552	515,983	0
	(ii)	0	0	0	0	0	0	0
(8) CAROL A KUPLEN RN MSN	(i)	332,798	96,839	5,528	62,215	25,067	522,447	0
	(ii)	0	0	0	0	0	0	0
(9) ROBERT L WAX ESQ	(i)	295,829	94,157	5,425	11,384	26,488	433,283	0
	(ii)	0	0	0	0	0	0	0
(10) EDWARD NAWROCKI	(i)	310,033	95,077	453	17,892	27,552	451,007	0
	(ii)	0	0	0	0	0	0	0
(11) FRANK FORD	(i)	259,054	72,758	22,414	43,246	18,361	415,833	0
	(ii)	0	0	0	0	0	0	0
(12) JOSEPH C MEROLA MD	(i)	460,175	137,837	146,173	147,177	17,989	909,351	126,515
	(ii)	0	0	0	0	0	0	0
(13) MARC A GRANSON MD	(i)	455,443	136,765	27,147	37,944	19,190	676,489	0
	(ii)	0	0	0	0	0	0	0
(14) MICHAEL D GROSSMAN MD	(i)	521,407	0	1,953	24,366	26,791	574,517	0
	(ii)	0	0	0	0	0	0	0
(15) WILLIAM S HOFF MD	(i)	500,308	0	1,045	24,366	26,893	552,612	0
	(ii)	0	0	0	0	0	0	0
(16) BRIAN A HOEY MD	(i)	494,075	0	681	32,328	26,610	553,694	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
COMPENSATION INFORMATION	PART VII AND SCHEDULE J	TAXABLE COMPENSATION REPORTED HEREIN IS DERIVED FROM 2011 FORMS W-2
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 1A	THE 0RGANIZATION MAINTAINS A MEMBERSHIP IN A COUNTRY CLUB FOR BUSINESS PURPOSES THE COUNTRY CLUB REQUIRES THAT AN INDIVIDUAL IS NAMED AS THE MEMBER, ACCORDINGLY THE ORGANIZATION HAS DESIGNATED ITS PRESIDENT/CEO, CURRENTLY RICHARD A ANDERSON, AS THE MEMBER DURING 2011, MR ANDERSON DID NOT USE THE COUNTRY CLUB FOR ANY PERSONAL USE OR BENEFIT
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 3	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 Bonus/Incentive The at-risk compensation is approved by the Executive Compensation Committee of the board and is based on several qualitative and quantitative components, including Joint Commission, Pennsylvania Department of Health and Pennsylvania Trauma Systems Foundation accreditations, evidence-based hospital process of care measures, outcome measures, such as patient satisfaction, mortality rate, and length of stay, efficiency measures as demonstrated by cost-per-adjusted discharge and net income Other Reportable Compensation Other benefits include deferred compensation benefits that had accumulated over years of service and was reported and distributed in accordance with vesting requirements and Internal Revenue Service rules and regulations Deferred Compensation Deferred compensation represents retirement benefits earned during the reporting period, yet not recognized as compensation on the employee's 2011 form W-2 Nontaxable Benefits Health and welfare benefits Compensation Reported on prior 990 Total compensation reported on prior formS 990 represented recognition of deferred compensation benefits that had accumulated over years of service and was reported and distributed in accordance with vesting requirements and Internal Revenue Service rules and regulations The amount was reported in Schedule J, column b(iii)-other compensation
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 4B	THE AMOUNT REFLECTED IN COLUMN B(III) FOR THE FOLLOWING INDIVIDUALS INCLUDES AMOUNTS RELATING TO PARTICIPATION IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP") THE INDIVIDUALS HAVE SATISFIED BOTH THE AGE AND THE YEARS OF SERVICE REQUIREMENTS SPECIFIED BY THE SERP THE AMOUNTS OUTLINED HEREIN WERE INCLUDED IN EACH INDIVIDUAL'S 2011 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES RICHARD A ANDERSON, $482,122, ROBERT P ZIMMEL, $745,718 AND JOSEPH C MEROLA, M D $126,515 THE DEFERRED COMPENSATION AMOUNT IN COLUMN C FOR THE FOLLOWING INDIVIDUALS INCLUDES UNVESTED BENEFITS IN AN INTERNAL REVENUE CODE SECTION 457(F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) WHICH ARE SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE ACCORDINGLY, THE INDIVIDUALS MAY NEVER ACTUALLY RECEIVE THIS UNVESTED BENEFIT AMOUNT THE AMOUNTS OUTLINED HEREIN WERE NOT INCLUDED IN THE INDIVIDUAL'S 2011 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES RICHARD A ANDERSON, $147,300, THOMAS P LICHTENWALNER, $79,138, ROBERT P ZIMMEL, $27,953, CAROL A KUPLEN, RN, MSN, $26,936 AND JOSEPH C MEROLA, M D , $84,759
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTIONS 6a AND 6B	The executive compensation package for the health network consists of both a fixed salary and additional at-risk compensation that is based on several qualitative and quantitative components The components of the at-risk compensation plan includes JCAHO, Department of Health and Trauma Center accreditations, evidence based hospital process of care measures, outcome measures such as patient satisfaction, mortality rate, and length of stay, efficiency measures as demonstrated by cost per adjusted discharge and finally net income
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 7	CERTAIN INDIVIDUALS INCLUDED IN SCHEDULE J, PART II RECEIVED AT-RISK COMPENSATION DURING CALENDAR YEAR 2011 WHICH AMOUNTS WERE INCLUDED IN COLUMN B(II) HEREIN AND IN EACH INDIVIDUAL'S 2011 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES PLEASE REFER TO THIS SECTION OF THE FORM 990, SCHEDULE J FOR THIS INFORMATION BY PERSON BY AMOUNT CERTAIN INDIVIDUALS INCLUDED IN THIS FORM 990 RECEIVED A VACATION SELL BACK AND/OR TERM PAY OUT DURING THE CALENDAR YEAR 2011 THIS AMOUNT WAS INCLUDED IN THEIR RESPECTIVE 2011 FORM W-2 AND INCLUDED IN SCHEDULE J, PART II, COLUMN B(III), WHERE APPLICABLE
COMPENSATION INFORMATION	SCHEDULE J, PART II, COLUMN F	THE AMOUNTS REPORTED IN SCHEDULE J, PART II, COLUMN F FOR THE FOLLOWING INDIVIDUALS INCLUDE VESTED BENEFITS IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP") BECAUSE THE AMOUNTS WERE NO LONGER SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE, THUS A TAXABLE EVENT OCCURRED FOR TAX REPORTING PURPOSES THESE AMOUNTS WERE TREATED AS TAXABLE INCOME AND REPORTED ON EACH INDIVIDUAL'S 2011 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES RICHARD A ANDERSON, $482,122, ROBERT P ZIMMEL, $745,718 AND JOSEPH C MEROLA, M D $126,515, HOWEVER, THESE INDIVIDUALS DID NOT ACTUALLY RECEIVE ALL OF THESE FUNDS THESE AMOUNTS WERE REPORTED ON PRIOR YEAR FORMS 990 AS ACCRUED NON-TAXABLE DEFERRED COMPENSATION

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 23-1352213
Name: ST LUKE'S HOSPITAL OF BETHLEHEM PA

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
RICHARD A ANDERSON	(I)	898,916	338,524	566,210	225,011	19,369	2,048,030	482,122
	(II)	0	0	0	0	0	0	0
JAN S HELLER	(I)	148,327	0	298	3,716	2,325	154,666	0
	(II)	0	0	0	0	0	0	0
JOEL D FAGERSTROM	(I)	490,918	143,406	24,802	7,376	29,336	695,838	0
	(II)	0	0	0	0	0	0	0
THOMAS P LICHTENWALNER	(I)	437,319	126,188	24,705	153,612	9,142	750,966	0
	(II)	0	0	0	0	0	0	0
JEFFREY A JAHRE MD	(I)	381,607	239,838	27,097	57,463	19,876	725,881	0
	(II)	0	0	0	0	0	0	0
ROBERT P ZIMMEL	(I)	326,114	93,046	761,339	84,430	8,642	1,273,571	745,718
	(II)	0	0	0	0	0	0	0
ROBERT E MARTIN	(I)	325,340	98,542	23,192	39,357	29,552	515,983	0
	(II)	0	0	0	0	0	0	0
CAROL A KUPLEN RN MSN	(I)	332,798	96,839	5,528	62,215	25,067	522,447	0
	(II)	0	0	0	0	0	0	0
ROBERT L WAX ESQ	(I)	295,829	94,157	5,425	11,384	26,488	433,283	0
	(II)	0	0	0	0	0	0	0
EDWARD NAWROCKI	(I)	310,033	95,077	453	17,892	27,552	451,007	0
	(II)	0	0	0	0	0	0	0
FRANK FORD	(I)	259,054	72,758	22,414	43,246	18,361	415,833	0
	(II)	0	0	0	0	0	0	0
JOSEPH C MEROLA MD	(I)	460,175	137,837	146,173	147,177	17,989	909,351	126,515
	(II)	0	0	0	0	0	0	0
MARC A GRANSON MD	(I)	455,443	136,765	27,147	37,944	19,190	676,489	0
	(II)	0	0	0	0	0	0	0
MICHAEL D GROSSMAN MD	(I)	521,407	0	1,953	24,366	26,791	574,517	0
	(II)	0	0	0	0	0	0	0
WILLIAM S HOFF MD	(I)	500,308	0	1,045	24,366	26,893	552,612	0
	(II)	0	0	0	0	0	0	0
BRIAN A HOEY MD	(I)	494,075	0	681	32,328	26,610	553,694	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

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) Pool financing	
							Yes	No	Yes	No	Yes	No
A	LEHIGH COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	5248055C8	02-21-2007	266,310,000	REFUND, ALLENTOWN & EQUIPMENT		X		X		X
B	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RAA2	06-11-2008	175,000,000	ANDERSON, LAND & EQUIPMENT		X		X		X
C	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RBF0	05-13-2010	24,415,000	REFUND, ANDERSON & EQUIPMENT		X		X		X
D	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RAA1	05-13-2010	10,390,000	REFUND, ANDERSON & EQUIPMENT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	0
2	Amount of bonds defeased	0	0	0	0
3	Total proceeds of issue	266,310,000	175,000,000	24,415,000	10,390,000
4	Gross proceeds in reserve funds	10,340,306	18,471,629	2,531,969	1,077,500
5	Capitalized interest from proceeds	6,241,731	9,130,000	0	0
6	Proceeds in refunding escrow	2,663,140	0	21,026,176	8,947,858
7	Issuance costs from proceeds	0	2,053,609	455,665	193,912
8	Credit enhancement from proceeds	0	0	0	0
9	Working capital expenditures from proceeds	120,616,807	0	0	0
10	Capital expenditures from proceeds	0	146,175,468	3,158,279	1,344,032
11	Other spent proceeds	0	0	0	0
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2011	2011	2011	2011

		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		X		X		X
15	Were the bonds issued as part of an advance refunding issue?	X		X		X		X	
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		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		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		X
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
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		X		X		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		X			X		X
2	Is the bond issue a variable rate issue?	X			X		X		X
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		X
b	Name of provider	BANK OF AMERICA		0		0			
c	Term of hedge	8 9							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider	0		0		0		0	
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		X		X		X	
6	Did the bond issue qualify for an exception to rebate?		X		X		X		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)

Identifier	Return Reference	Explanation
TAX-EXEMPT BONDS	SCHEDULE K	PLEASE REFER TO THE SCHEDULE O SUPPLEMENTAL NARRATIVE INFORMATION WITH RESPECT TO CORE FORM, PART X, LINE 20, TAX-EXEMPT BOND LIABILITIES

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

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) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY	23-1352213	66353RBC7	05-13-2010	34,925,000	REFUND, ANDERSON & EQUIPMENT		X		X		X
B	NEW JERSEY HEALTHCARE FINANCING AUTHORITY	22-1987084	64579FX73	01-31-2012	42,150,000	ACQUISITION OF WARREN HOSPITAL		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0		
2	Amount of bonds defeased	0	0		
3	Total proceeds of issue	34,925,000	42,150,000		
4	Gross proceeds in reserve funds	3,621,913	4,545,676		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrow	30,077,377	42,150,000		
7	Issuance costs from proceeds	651,817	201,248		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	4,517,835	0		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	0	0		
13	Year of substantial completion	2011	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		X				
15	Were the bonds issued as part of an advance refunding issue?	X		X					
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

		A		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		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
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		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		X				
2	Is the bond issue a variable rate issue?		X	X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X				
b	Name of provider	BANK OF AMERICA		0					
c	Term of hedge	5							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider	0		0					
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?	X		X					
6	Did the bond issue qualify for an exception to rebate?		X		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)

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PARK AVE QUAKERTOWN LP	DIRECTOR - WARNER	859,643	LEASE OF OFFICE SPACE		No
(2) STEVENS LEE	DIRECTOR - WIEAND, JR	98,024	LEGAL SERVICES		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV	ANDREW F S WARNER IS A DIRECTOR OF THIS ORGANIZATION THIS ORGANIZATION UTILIZED THE SERVICES OF HIS COMPANY, PARK AVE QUAKERTOWN, L P , DURING THE FISCAL YEAR ENDED JUNE 30, 2012 TOTAL FEES PAID TO PARK AVE QUAKERTOWN, L P WERE $859,643 SERVICES WERE RENDERED AT FAIR MARKET VALUE RATES PURSUANT TO ARM'S LENGTH NEGOTIATIONS DONALD E WIEAND, ESQ IS A DIRECTOR OF THIS ORGANIZATION THIS ORGANIZATION UTILIZED THE SERVICES OF HIS COMPANY, STEVENS & LEE, DURING THE FISCAL YEAR ENDED JUNE 30, 2012 TOTAL FEES PAID TO STEVENS & LEE WERE $98,024 SERVICES WERE RENDERED AT FAIR MARKET VALUE RATES PURSUANT TO ARM'S LENGTH NEGOTIATIONS

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization	Employer identification number
ST LUKE'S HOSPITAL OF BETHLEHEM PA	23-1352213

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	St Luke's University Hospital of Bethlehem, Pennsylvania is comprised of three campuses in Lehigh County, Pennsylvania one in Bethlehem ("SL-Bethlehem") d b a as St Luke's Univ ersity Hospital, one in Allentown ("SL-Allentown"), d b a St Luke's Allentown Hospital, and one in Bethlehem Township, d b a as St Luke's Anderson Hospital ("SL-Anderson) St Luke's University Hospital is recognized by the IRS as an internal revenue code section 50 1(c)(3) tax-exempt organization Pursuant to its charitable purposes, St Luke's Universit y Hospital provides medically necessary healthcare services to all individuals in a non-di scriminatory manner regardless of race, color, creed, sex, national origin, religion or ab ility to pay Moreover, St Luke's University Hospital operates consistently w ith the foll ow ing criteria outlined in IRS revenue ruling 69-545 1 St Luke's University Hospital pr ovides medically necessary healthcare services to all individuals regardless of ability to pay, including charity care, self-pay, Medicare and Medicaid patients, 2 St Luke's Univ ersity Hospital operates an active emergency room for all persons, w hich is open 24 hours a day, 7 days a w eek, 365 days per year, 3 St Luke's University Hospital maintains an op en medical staff, w ith privileges available to all qualified physicians, 4 Control of St Luke's University Hospital rests w ith its board of trustees and the board of trustees of St Luke's Health Network, Inc , d b a St Luke's University Health Network Both boards are comprised of a majority of independent civic leaders and other prominent members of th e 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 The operations of St Luke's University Hospital, as show n through the factors outlined above and other i nformation contained herein, clearly demonstrate that the use and control of St Luke's Un iversity Hospital is for the benefit of the public and that no part of the income or net e arnings of the organization inures to the benefit of any private individual nor is any pri vate interest being served other than incidentally St Luke's University Hospital - Bethl ehem ---------- ---------- St Luke's University Hospital - Bethlehem ("SL-Bethlehem"), founded in 1872 and located in Bethlehem, Pennsylvania, is a tertiary c are, teaching hospital SL-Bethlehem offers more than 90 medical specialties and has 480 l icensed acute care beds, including16 licensed acute rehabilitation beds In FY '12, there w ere 28,941 admissions, 586,700 outpatient registrations and 65,495 ED visits In FY '12, $34 million w as invested in technologic and facility improvements In December 2008, St L uke's completed the construction of a new 16,827 sq/ft Health and Fitness Center in Hanove r Tow nship The new fitness center includes an indoor running track, all new state of the art fitness equipment, and fully equipped locker rooms This modern fitness center not onl y serves St Luke's employees, but also serves the community w ith a total membership excee ding 1,400 In FY '11, SL-Bethlehem initiated a major expansion into Monroe County w ith th e purchase of Pocono MRI & Imaging Center and Pocono Medical Associates of Monroe County, w hich includes five primary care physicians, seven physician specialists and three physici an assistants Areas of exceptional medical expertise include - level I adult trauma cent er fully accredited by Pennsylvania Trauma Systems Foundation, more than 2,400 annual tra uma patients, 1 68% mortality rate for severely injured patients represents top decile per formance, significantly better than peer group as measured by National Trauma Data Bank of the American College of Surgeons, aero-medical transport services, extensive published re search - oncology St Luke's Cancer Centers at Allentow n, Bethlehem, Anderson hospitals provide care to approximately 2,211 new patients each year, first and only cancer program in Pennsylvania to earn the American College of Surgeons' highest quality recognition for three consecutive years (2004, 2007, 2010), only Pennsylvania program to receive aw ard in 2010, aw ard is top distinction attainable by caners programs across the U S , fellow ship-t rained surgical oncologists, medical oncologists, radiation oncologists, breast surgeon, t horacic surgeon, gynecologic oncologist, neurosurgical oncologist, advanced programs for m elanoma (internationally recognized melanoma investigator), lung, breast, prostate, gyneco logic and gastrointestinal cancers and tumors of the brain and spine - cardiology and car diovascular surgery multiple-year recipient of highest rating for cardiac bypass surgery, represents top decile performance achieved by only 6 percent of U S hospitals (Society o f Thoracic Surgeons), region's first accredited Chest Pain Center, region's first Joint Co mmission-certified heart failure program and one o

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	f two certified for stroke programs, comprehensive surgical services excluding heart trans plants, established St Luke's Heart Valve Center, St Luke's Atrial Fibrillation Center, St Luke's Vascular Center and St Luke's Women's Heart Center, offering multidisciplinary approaches to diagnosis and treatment options St Luke's was selected as one of the few hospitals in the U S to offer Transaortic Valve Replacement (TAVR), a catheter-based valv e replacement procedure, the first institution in the region approved to perform the TAVR procedure independently St Luke's is also one of the region's busiest sites for thoracic stent graft repair of thoracic aortic diseases resulting from trauma or aneurysms In FY '12, St Luke's was named one of the 50 Top Cardiovascular Hospitals in the nation by Thom son Reuters St Luke's Heart & Vascular Center has offices in Allentown, Bethlehem, Coald ale, Easton, East Stroudsburg, Quakertown and Wind Gap - neuroscience coordinated care i s provided for neurology, neurosurgery, neuro rehabilitation, stroke, pain management, psy chology and sleep services accredited stroke center (Allentown/Bethlehem), additional cen ters of excellence include balance center, headache center, epilepsy center (including an Epilepsy Monitoring Unit), memory disorders center, movement disorders center, normal pre ssure hydrocephalus center, brain and spine tumor center, multiple sclerosis center, and s leep disorders center -orthopaedics advanced expertise in total joint replacement and re construction, computer-assisted minimally invasive surgery, primary and reconstructive sur gery of the spine, sports injuries, diseases and conditions of the shoulder, hand and elbo w, traumatic injuries, comprehensive sports medicine - radiology/interventional services enterprise agreement w ith GE Healthcare, making St Luke's one of only a few healthcare ne tworks in the country partnering w ith GE to develop new imaging technology through the use of all-digital systems In addition, St Luke's is an international show site for GE, bri nging physicians from all of the w orld to visit the Netw ork and observe procedures being p erformed by advanced equipment St Luke's w as first in U S to install GE Discovery IGS 7 30 Hybrid Operating Room, an interventional suite that combines the best of imaging and su rgical technology in one operating room, first hospital in Pennsylvania to earn American C ollege of Radiology recognition in cardiac MRI, regional breast center provides diagnostic mammograms and higher-level breast imaging A fully accredited vascular lab offers the la test ultrasound imaging, the Logic 9, w hich provides 3-D ultrasound images for optimal dia gnosis - w omen's/children's health specialized care for high-risk pregnancy, one of the region's most utilized obstetrical services (Allentow n/Bethlehem), tw o neonatal intensive care units (Allentow n/Bethlehem), pediatric specialty care provided by St Christopher's H ospital for Children and St Luke's Pediatric Endocrinology and Gastroenterology - roboti c/minimally invasive surgery Pennsylvania's most experienced robotic surgical teams, St Luke's is the first hospital in the nation to offer patients "surgical guarantees " This u nique program is provided for robotic prostatectomy and minimally invasive surgery for pel vic prolapse, St Luke's fellow ship-trained gynecologic oncologist performs robotic surger y for gynecologic cancers St Luke's fellow ship-trained gynecologic oncologist performs r obotic surgery for gynecologic cancers

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	St Luke's Allentown Hospital ---------- St Luke's Allentown Hospital (SL-Allentown) was founded in 1945 as the Allentown Osteopathic Medical Center and is located in the west end of the city of Allentown In 1997, the Medical Center entered into a merger with St Luke's Since joining St Luke's, the 158-bed SL-Allentown has experienced triple digit increases in admissions and St Luke's has invested more than $150 million in technologic and facility improvements A five-story addition, opened in June 2003, included a 10,000-square-foot emergency department expansion, five state-of-the-art operating room suites, some of the most advanced imaging technology from GE Healthcare, the addition of a 10-bed intensive care unit and various support departments In January 2007, St Luke 's nationally-recognized cardiovascular program was introduced at SL-Allentown The comprehensive program includes emergency care for heart attacks, provides 24 hours-a-day, seven days-a-week cardiac testing, cardiac catheterization electrophysiology studies and other cardiac procedures by some of the most experienced physicians in the region SL-Allentown's bariatric surgery program has been designated a center of excellence by the American Society for Metabolic and Bariatric Surgery SL-Allentown provides extensive education and support programs for bariatric patients In August 2007, SL-Allentown opened an outpatient cancer center at the Integrated Health Campus in South Whitehall Township, adjacent to Allentown The center provides a very comfortable, inviting environment where patients can receive high quality, compassionate, comprehensive and coordinated outpatient cancer care under one roof SL-Allentown doubled its size and the size of the emergency department in September 2008 The renovation added six new ICU beds for critical care patients, 22 new medical/surgical beds, two cardiac catheterization laboratories, a 680-sq ft-open heart operating room suite and a post anesthesia unit (surgical recovery area) The New Beginnings Birthing Center underwent a significant renovation and expansion in the summer of 2009 Fifteen private post partum rooms were added to accommodate more than 1,400 annual births In early spring 2010 a new medical unit was opened, as well as a new wound management center with two new hyperbaric chambers, and in early April, a HomeStar retail pharmacy was added to fill prescriptions for patients, visitors and employees St Luke's has added outpatient facilities in close proximity to SL-Allentown to meet the community's healthcare needs These include, St Luke's Family Health Center, a women's health center, St Luke's Perinatal Center and St Luke's Women's Imaging Center, as well as specialty St Luke's physician practices for orthopedics, cardiology, pulmonology, nephrology and general surgery Out patient physical therapy is also provided Construction began in May 2012 to expand and enhance the Pediatric Clinic, increasing the square footage from 2,000 to 3,400 sq ft In December 2011, SL-Allentown acquired a 107,000-sq-ft facility in a highly visible area adjacent to Allentown for development of St Luke's West End Medical Center, an outpatient facility to supports SL-Allentown Phase I opened in spring 2013 Additionally, a new 360 space parking deck at SL-Allentown, to improve access for patients and visitors, was added in 2013 St Luke's Anderson Hospital ---------- St Luke's Anderson Hospital (Hospital), located in Bethlehem Township near the Route 33 interchange, opened on Nov 11, 2011 and was the first new hospital in Pennsylvania in more than four decades SL- Anderson is located on a 500-acre site owned by St Luke's University Health Network and is LEED Certified In addition to SL-Anderson, the first phase of site development includes an outpatient cancer center and a medical office building ED volume has been 100 percent above projections and admissions/observations 70 percent above projections since SL-Anderson opened Demand for ED services necessitated an 11,000-sq-ft expansion which opened in spring 2013 The new ED doubles capacity from 30,000 to 60,000 annual patient visits In FY '12 (a partial year of SL-Anderson operations), SL-Anderson experienced 3,015 inpatient admissions, 32,052 outpatient visits and 14,763 ED visits From the day it opened, SL-Anderson has been embraced by the public ED patient satisfaction scores are at the 73th percentile and inpatient satisfaction at the 93rd percentile An additional medical/surgical unit will open in June 2013, as well an additional operating room and cath lab space The outpatient Cancer Center offers radiation oncology, neurosurgical oncology, medical oncology, surgical oncology, infusion and genetics counseling A tranquil landscape, featuring a pond and walkways, is adjacent to the Cancer Center The Infusion Therapy Department expanded from 9 to 13 bays to meet patient demand for

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	services The Medical Office Building provides imaging, physical therapy, laboratory and other outpatient testing, a health and fitness center and offices for a wide range of physician specialists SL-Anderson is service oriented with a goal to reduce patient and family stress and anxiety and to provide a calm and reassuring environment by meeting, and often exceeding, their personal needs Softer lighting is used in the hallways and the dcor is done in relaxing earth tones, available amenities include plush robes, iPads to connect to the internet, a recliner and comfortable sofa bed in every room and an afternoon tea service SL-Anderson also focuses on making its services easy to access For example, MRI appointments are available on Saturdays and all-digital mammography is offered at 6 30 a m to accommodate working women Areas of advanced clinical expertise include Advanced imagin g technologies such as a wide-bore MRI that offers uncompromised image quality, and a high -definition, low -dose CT that reduces radiation exposure up to 50 percent --fewer than 50 of these CTs have been installed in the U S Normal Pressure Hydrocephalus (NPH) Center - the first of its kind in the region, the center provides a unique multi-disciplinary appro ach for early diagnosis and treatment for NPH, an increase in intracranial pressure due to an abnormal accumulation of cerebrospinal fluid in the ventricles of the brain Additiona lly, patients have access to tertiary and specialty care provided on site by physicians ba sed at St Luke's University Hospital as noted elsewhere in this document Background and statistical information ========== St Luke's was originally f ounded in 1872 to care for the workers at the steel foundries in Bethlehem Today, St Luk e's has grown into one of Pennsylvania's largest integrated healthcare networks and enjoys a national reputation for clinical excellence St Luke's provides services at more than 150 locations which include five Pennsylvania hospital sites and St Luke's Warren Hospita l in Phillipsburg, NJ More than 350 employed primary care, specialty care and hospitalist physicians provide services at more than 125 practice sites, as well as in all Network hospitals St Luke's also includes various outpatient testing and service facilities, home health, inpatient/outpatient hospice services, and other related organizations St Luke' s offers emergency and transport services in Pennsylvania and New Jersey and is the larges t hospital-based EMS unit in Pennsylvania In FY '12, St Luke's provided treatment and se rvices to 43,303 admissions and 3,801 observations for a cumulative 47,104 patients The m edical staff of St Luke's Pennsylvania hospitals includes 1,266 physicians with 96% of th em board certified The medical staff of St Luke's Warren Hospital is comprised of 243 ph ysicians St Luke's encompasses more than 8,600 employees, making St Luke's the region's second largest employer, and more than 1,350 volunteers Awards and Clinical Achievements ---------- The Network has received 59 significant awards for clini cal excellence and efficient management, as well as additional national and state recognit ion for clinical excellence These include, but are not limited to National Awards - Name d 2012 Thomson Reuters Top 50 Cardiovascular Hospital - Repeatedly earned highest overall open heart surgery quality rating from Society of Thoracic Surgeons Represents top decil e performance (mortality, length of stay, complications and evidence-based care), only 6 p ercent of U S hospitals achieve this distinction - Fully accredited Level I Adult Traum a Center (1 68 percent mortality, top decile, National Trauma Data Bank) - First and only PA cancer program to receive American College of Surgeons' highest quality recognition fo r three consecutive survey cycles, only PA program to receive award in 2010

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COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	- St Luke's Allentown/Bethlehem received Joint Commission's Disease Specific Care Certification for Stroke - Designated Center of Excellence by American Society for Metabolic and Bariatric Surgery and Surgical Review corporation, Medicare patients are required to utilize Center of Excellence bariatric programs, zero mortality, top decile performance length of stay - Only hospital in region named one of the nation's 100 Top Hospitals (Truven), St Luke's honored twice - Received 2012 American Heart Association Stroke Quality Achievement Award State Awards - Received seven HAP Achievement Awards (2010) most ever by one health care organization Community Support ---------- In keeping with their commitment to the communities they serve, St Luke's University Hospital, St Luke's Allentown Hospital and St Luke's Anderson Hospital offer a variety of free services/screenings for community-run events throughout the year Services offered include NCQA Certification - Highest number of physicians in the state to achieve certification in diabetes care Leader in P4P/VBP Initiatives - 2003 - 2009 CMS/Premier Hospital Quality Improvement Demonstration - Only participating hospital in the region - Received bonus payments in all five clinical areas in all six years - One of only 230 participating hospitals nationwide - Premier QUEST Demonstration Project - Three St Luke's hospitals are top performers in all three measures, evidence-based care, mortality, efficiency - SLB 9th lowest mortality of 157 hospitals nationwide - Highmark Quality BLUE 2011 and 2012 P4P Programs - Attained maximum achievement level for CAUTI, Stroke Care, Emergency Department throughput and Perinatal Care projects - Received awards for greatest percent improvement and highest overall compliance - 2013 CMS VBP Program - All eligible St Luke's Hospitals qualified for a payment reward based on performance in HCAHPS and 12 evidence-based care measures - Only 50 percent of hospitals nationwide qualified for reward payment Other Outstanding Achievements - Region's first and only medical school campus - 1st in the region to earn the distinction to perform TAVR procedures independently (without a proctor) - July 25, 2013 - Evidence-based care measures for Cardiac Surgery and AMI at 100 percent compliance for CY2012 - 100 percent performance for AMI Door-to-Procedure of 90 minutes for 24 consecutive months at all three St Luke's Cath Labs - A leader in state and national programs to improve Perinatal Care Current early elective delivery rate of 13 percent is well below the national rate of 5 percent - Central line associated blood stream infection rate is significantly better than the national rate as reported by CMS - 11th consecutive year as one of region's most utilized OB programs (Allentown/Bethlehem) - St Luke's (Allentown/Bethlehem) received the Inez and Edward Donnelly Award for children's advocacy in 2010 presented by Community Services for Children in recognition of St Luke's KidsCare centers and school-based programs The honor recognized St Luke's "for its care and compassion for children from low-income families" St Luke's and Temple University School of Medicine have developed the Medical School of Temple University/St Luke's University Health Network, the first and only medical school campus in the greater Lehigh Valley Enrolled students complete the first year at Temple, followed by years two, three and four at St Luke's University Hospital in Bethlehem The inaugural class began August, 2011, followed by the second class in August 2012 The courses and competencies of this program are identical to the requirements for students training the full four years at the Temple Campus in Philadelphia Students applying to the program are interviewed at St Luke's by St Luke's physicians, who are faculty members of the Temple University School of Medicine Admissions Committee Introduction to clinical medicine, interpersonal and communication skills, professionalism, multiculturalism, socioeconomic and social and ethical issues are taught throughout the four years as part of the doctoring course St Luke's physicians, who are Temple University School of Medicine faculty, teach the first year doctoring course in Philadelphia In the wake of the nation's greatest physician shortage in history, St Luke's expects to graduate 300 physicians in 10 years and retain 50 percent - 150 physicians - in the region served by St Luke's University Health Network St Luke's is also a comprehensive clinical teaching campus for the Temple University School of Medicine Third- and fourth-year medical students enrolled at Temple may complete their clinical rotations at St Luke's University Hospital Graduate medical education and other education programs ---------- ---------- St Luke's has a long history of involvement in medical education, especially graduate medical education and is

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COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	one of only 400 members of the prestigious Council of Teaching Hospitals St Luke's is d edicated to quality medical education coupled w ith compassionate patient-centered, technol ogically sophisticated care The goal of St Luke's graduate medical education program is to train young physicians w ho w ill have the know ledge and skills to enter private practice and/or go into fellow ships for further training Each year, more than 180 interns/residen ts/fellow s train at Luke's 23 fully accredited programs Medical education programs are con ducted primarily at the Bethlehem and Allentow n campuses St Luke's residency programs in clude dental, emergency medicine, family medicine, internal medicine, general surgery, ob stetrics and gynecology, orthopaedic surgery, pharmacy, podiatry, fellow ships include spo rts medicine, hospice and palliative care, geriatrics, cardiology, surgical critical care, podiatric dermatology St Luke's offers the follow ing advanced practitioner programs Ce rtified Registered Nurse Anesthetist Program (enrollees from La Salle University), Certifi ed Registered Nurse Practitioner Programs (enrollees from DeSales University, Drexel Unive rsity), Emergency Medicine PA/NP Fellow ships, Trauma/Surgical Critical Care PA/NP Fellow sh ips, Physician Assistant Program (enrollees from Clemson University, DeSales University, K ing's College, Penn State University) and Physician Assistant Observer Programs St Luke' s serves as a major training site for allied health professions, Y early, more than 200 all ied health students spend more than 55,000 hours at St Luke's - an average of 250 hours p er student Allied health professionals w ork in teams to facilitate functionality of the h ealthcare system through provision of a range of diagnostic, technical, therapeutic and di rect patient care and support services Allied health professionals train in many disciplı nes including lab, medical assistants, MRI, nuclear medicine, phlebotomy, physical/occupat ional therapy, athletic trainers, radiology and respiratory care Students from 22 college s, universities and technical institutes are enrolled in St Luke's programs St Luke's a lso trains students in surgical technology in its ow n School of Surgical Technology Addit ional educational programs include pastoral care, pharmacy and hospital administration in ternships St Luke's School of Nursing ---------- St Luke's University Hospital of Bethlehem, Pennsylvania w as the fourth hospital in the United States to opera te a school for nurses Established in 1884, St Luke's School of Nursing is the nation's oldest hospital-based, diploma school in continuous operation More than 4,000 nursing stu dents have successfully completed the program The School of Nursing is approved by the Pe nnsylvania State Board of Nursing and w as fully reaccredited in 1997 by the Accreditation Commission of the National League for Nursing More than 140 students are enrolled in the 20-month program In partnership w ith Moravian College in Bethlehem, St Luke's also offer s an accredited four-year BS in Nursing Program for more than 140 enrolled students and ac credited MS Nursing Programs in three areas Nurse Educator, Nurse Administrator, Clinical Nurse Leader More than 50 St Luke's nurses are enrolled in the Master's programs

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COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	St Luke's Community Health Department's mission is to improve the health status and quali ty of life of the community, especially for individuals w ith limited resources St Luke's provides the administrative leadership, staff and financial support for the Bethlehem Par tnership for a Healthy Community Established in 1996 by the Board of Trustees of St Luke 's University Health Netw ork, the Partnership is a national model for collaborative effort s to improve access to health care services Currently more than 200 participating / fundi ng agencies, including those from local business, government, educational and community or ganizations, are actively involved in Partnership programs The Partnership philosophy is through community participation w ith shared responsibility, the physical, mental, emotiona l and spiritual w ellness of individuals and the quality of life in the community can be en hanced Services are provided primarily to at-risk and underserved children and adults thr ough St Luke's four mobile health/dental vans Under St Luke's leadership, Partnership a chievements for FY '12 included Mobile Youth Health Centers traveled to area high schools , middle schools and adolescent shelters and provided nearly 2,000 patient visits to 238 i ndividual uninsured students, Mobile Dental Center visited more than 30 schools and agenci es throughout the region and provided dental care to for 2,811 patient visits for low-inco me, at-risk children, provided specialized pediatric dental care and adult care at the Eas ton Dental Center for 3,995 patient visits, the Dental Health Center in South Bethlehem pr ovided care for 3,995 patient visits, provided primary and preventive care for low-income families through 2,583 patient visits at the Donegan Fow ler Family Center at Donegan Eleme ntary School in South Bethlehem [According to Gatew ay Health Plan, adolescent w ell-care vi sit (12-21 years) completion rate rose to 95 percent, as compared to the previous year at 88 percent and children's access to primary care physician increased to 94 percent vs 88 percent the previous year], provided tobacco cessation counseling to 339 clients, and pro vided free health screenings, prevention education and referral services provided to commu nity members living in low-income neighborhoods Other St Luke's Community Health Departm ent outreach efforts included programs designed to reduce minority health disparities such as a community-health center netw ork, access to culturally and linguistically responsive services and specific community-based services These initiatives are an extension of the Partnership's approach to set long-term strategies aimed at achieving measurable improveme nt in the health status of the Lehigh Valley's local minority community St Luke's Nurse- Family Partnership is an evidence-based, nurse home visiting program to improve the health , w ell-being and economic self-sufficiency of low-income, first-time parents and their chi ldren Care is provided in this voluntary prevention program by specially trained register ed nurses beginning early in the mother's pregnancy and continuing until her child's secon d birthday The Nurse-Family Partnership served 374 families residing in the Lehigh Valley (encompassing the cities of Allentow n, Bethlehem and Easton and the surrounding rural are as) during FY '12 Parent Advocate in the Home (PATH) provides health and supportive servi ces to families w ith children age 3 years or younger In FY '12, PATH provided 6,696 hours of services to 376 families through 3,435 visits A visiting nurse assists families to un derstand child growth and development, home safety, discipline, healthy eating, problem so lving and parenting This program focuses on early child development, nutrition, health an d preparing the families and their children to be ready for school The Visiting Nurse Adv ocate provides child health monitoring and child advocacy services to children living in t roubled homes in Northampton and Lehigh counties, in Southeastern Pennsylvania In FY '12, 8,568 hours of service w ere provided to 226 families In FY '12, the Community Health Dep artment provided HIV prevention education through its AIDS Service Center to 5,373 individ uals, HIV testing and counseling to 196 community members Case management and supportive services w ere provided to 305 clients accounting for 10,651 Netw ork patient visits through out the year St Luke's and Lehigh University formed a highly successful partnership in 2 009 to develop and implement Reading Rocks!, a reading supplemental/mentoring program for at-risk students at Donegan Elementary School in South Bethlehem St Luke's assumes all c osts associated w ith this program In FY '12, Reading Rocks! provided reading services to 383 students and collected 16,000 books to distribute to the children St Luke's offers a n extensive Netw ork of pediatric and adult medical and specialty clinics at various easily accessible locations In FY '12 more than 110,000

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COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	clinic patient visits were provided In December 2008, the Board of Trustees of St Luke's University Health Network redesigned the Network's Charity Care Program for patient access to discounted hospital services The Network has established a community benefit tracking system to comply with new IRS Form 990 Guidelines (effective 2009) to report community benefit activities / expenditures Additional community supported included, but is not limited to, the following -Opening of St Luke's Anderson Hospital community event 3,500 people attended the two-day Hospital Open House Weekend on Oct 15, 16, 2011, Hospital tours provided, screenings included blood pressure, bone density and children's height and weight checks, health and safety, Hospital technology and specialist service information provided, event services and programs provided through 120 hours of clinical service hours and 71 hours of non-clinical volunteer hours, 120 hours of nutritional services to prepare/serve food, 16 hours of security/housekeeping services Total cost $32,000 -St Luke's Anderson Campus Community Day, June 2, 2012, 1,300 people attended, activities included Hospital and St Luke's Health & Fitness Center tours, free screenings (dexa heel scans, cholesterol, grip strength testing, balance/fall, vascular, skin cancer, blood pressure, body composition analysis, sun safe information, family and friends CPR), children' activities focused primarily on safety, event services and programs provided through 64 hours of clinical service hours,132 hours non-clinical volunteer hours, 78 hours nutritional services to prepare/serve $3,500 in food, 8 hours of security/housekeeping services, $21,500 costs, excluding food - St Luke's hospitals in Allentown, Bethlehem and Bethlehem Township offered a full range of free health screenings, immunizations, educational programs, health fairs, first aid services, tours of hospital facilities and numerous other community programs These programs served 178,695 people -St Luke's employees also sponsor an annual childr en's winter coat drive, purchasing new coats and other articles of clothing for more than 100 children in need - Adolescent Career Mentoring Program the goal is to create a long- term impact both for low-income youth and the general minority community by increasing diversity of the workforce providing healthcare As of the end of FY '12, 24 youths from the Program were employed by St Luke's University Health Network -School-to-Work Program Now in its 15th year of operation, the program exposes at-risk youth to career options while strengthening language skills, 39 hospital departments participate in this program providing observational experiences for the students to explore potential careers while practicing their English 94 percent of enrolled students successfully completed the program and their collective average GPA rose from 2 9 percent in FY '11 to 3 1 in FY '12 The Health Career Exploration Program and the Next-Step Program build upon experiences and skills the students receive in the School-to-Work Program and give the youths the opportunity to work part-time within St Luke's, learning specific skills while gaining actual work experienc es -InfoLink toll-free health information telephone number more than 50,000 callers annu ally are assisted with a range of services including registration for free community healt h programs, screenings and other health services, referrals to physicians and information on St Luke's charity care program at a cost of $272,248 - television program St Luke' s produces a live, call-in weekly television program that highlights various healthcare to pics and weekly reaches more than 200,000 viewers at an annual cost of $104,954 St Luke' s physicians and other healthcare providers supply information on healthy living, health s creenings, advances in healthcare treatment and technology and related topics

Identifier	Return Reference	Explanation
OTHER PROGRAM SERVICES	CORE FORM, PART III, QUESTION 4D	EXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER 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

Identifier	Return Reference	Explanation
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

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION A, QUESTIONS 6 & 7	ST LUKE'S HEALTH NETWORK, INC IS THE SOLE MEMBER OF THIS ORGANIZATION ST LUKE'S HEALTH NETWORK, INC HAS THE RIGHT TO ELECT THE MEMBERS OF THIS ORGANIZATION'S BOARD OF TRUSTEES AND HAS CERTAIN RESERVED POWERS AS DEFINED IN THIS ORGANIZATION'S BYLAWS

Identifier	Return Reference	Explanation
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 DIRECTORS) PRIOR TO THE FILING WITH THE IRS IN ADDITION, THE ST LUKE'S UNIVERSITY HEALTH NETWORK FINANCE COMMITTEE WAS UPDATED AS TO THIS ORGANIZATION'S CURRENT YEAR FORM 990 PRIOR TO FILING 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 PRIOR TO THE FILING WITH THE IRS

Identifier	Return Reference	Explanation
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, DIRECTORS, 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 DIRECTOR DISCLOSES AN INTEREST THAT COULD GIVE RISE TO A CONFLICT, THE DIRECTOR'S POTENTIAL CONFLICT MAY BE DISCLOSED TO THE BOARD OF DIRECTORS, WHICH EVALUATES THE CONFLICT AND ITS POTENTIAL IMPACT ON THE DIRECTOR'S PARTICIPATION ON THE BOARD AFTER CONSULTATION AND DISCUSSION, THE BOARD OF DIRECTORS MAY TAKE ACTION, IF APPROPRIATE AND NECESSARY, TO ADDRESS ANY SUCH CONFLICT IN A MANNER CONSISTENT WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY

Identifier	Return Reference	Explanation
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 Please refer to the schedule J, part III response to Schedule J, Part I, Question 3 for a more detailed description

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION C, QUESTION 19	ST LUKE'S HEALTH NETWORK, INC , WHICH IS THE PARENT ENTITY OF THIS AFFILIATE, HAS ISSUED TAX-EXEMPT BONDS TO FINANCE VARIOUS CAPITAL IMPROVEMENT PROJECTS, RENOVATIONS AND EQUIPMENT IN CONJUNCTION WITH THE ISSUANCE OF THESE TAX-EXEMPT BONDS, THE ORGANIZATION'S FINANCIAL STATEMENTS WERE INCLUDED WITH THE TAX-EXEMPT BOND PROSPECTUS WHICH WAS MADE AVAILABLE TO THE GENERAL PUBLIC FOR REVIEW IN ADDITION, THE ORGANIZATION'S FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS CAN BE OBTAINED AND REVIEWED THROUGH THE COMMONWEALTH OF PENNSYLVANIA SECRETARY OF STATE

Identifier	Return Reference	Explanation
COMPENSATION INFORMATION DISCLOSURE	CORE FORM, PART VII AND SCHEDULE J	PART VII AND SCHEDULE J REFLECT CERTAIN BOARD MEMBERS AND OFFICERS RECEIVING COMPENSATION AND BENEFITS FROM A RELATED ORGANIZATION PLEASE NOTE THIS REMUNERATION WAS FOR SERVICES RENDERED AS FULL-TIME EMPLOYEES OF THIS ORGANIZATION AND RELATED ORGANIZATIONS AND NOT FOR SERVICES RENDERED AS A VOTING MEMBER OR OFFICER OF THIS ORGANIZATION'S BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
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 DIRECTOR MEMBERS, OFFICERS AND/OR DIRECTORS LISTED ON CORE FORM, PART VII AND SCHEDULE J OF THIS FORM 990 MAY HOLD SIMILAR POSITIONS WITH BOTH THIS ORGANIZATION AND OTHER AFFILIATES WITHIN THE NETWORK THE HOURS SHOWN ON 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

Identifier	Return Reference	Explanation
INDEPENDENT CONTRACTORS INFORMATION DISCLOSURE	CORE FORM, PART VII, SECTION B	This organization is an affiliate within the St Luke's UNIVERSITY Health Network, a tax-exempt integrated healthcare delivery NETWORK This organization pays all outstanding accounts payable invoices on behalf of MOST other affiliates within the St Luke's UNIVERSITY Health Network In conjunction with this service, this organization also prepares and issues Forms 1099 to these vendors receiving payments where applicable and also files these Forms 1099 with the Internal Revenue Service This organization allocates these payments to the other affiliates within the St Luke's Hospital & Health Network via an intercompany account

Identifier	Return Reference	Explanation
BALANCE SHEET RESTATEMENT	CORE FORM, PART X	In 2012, St Luke's determined that the estimated fair value of the total return interest rate swaps 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 This change has also been reflected in Part X of the Core Form of this Form 990

Identifier	Return Reference	Explanation
BALANCE SHEET	CORE FORM, PART X, LINE 20	THE 2007 SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES A CUSIP NUMBER IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THIS IS THE FOLLOWING 5248055D6 THE 2008A SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES CUSIP NUMBERS IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THESE ARE THE FOLLOWING 66353RAB0, 66353RAC8, 66353RAD6, 66353RAE4, 66353RAF1, 66353RAG9, 66353RAH7 AND 66353RAJ3 THE 2010A SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES CUSIP NUMBERS IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THESE ARE THE FOLLOWING 66353RBD5, 66353RBE3, 66353RAK0, 66353RAL8, 66353RAM6, 66353RAN4, 66353RAP9, 66353RAQ7, 66353RAR5, 66353RAS3, 66353RAT1, 66353RAU8, 66353RAV6, 66353RAW4, 66353RAX2, 66353RAY0 AND 66353RAZ7 THE 2010B SERIES TAX-EXEMPT BOND ISSUANCE INCLUDED IN SCHEDULE K, PART I INCLUDES A CUSIP NUMBER IN ADDITION TO THE ONE DISCLOSED IN SCHEDULE K, PART I, LINE (A), COLUMN (C) THIS IS THE FOLLOWING 66353RBB9

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	CORE FORM, PART XI, QUESTION 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCES INCLUDE - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASES OF PROPERTY AND EQUIPMENT, $1,345,013, - NET UNREALIZED losses ON INVESTMENTS, ($10,493,598), - CHANGE IN FAIR MARKET VALUE OF 2007 DERIVATIVE, ($31,184,808), - CHANGE IN ADDITIONAL PENSION LIABILITY, ($45,611,898), - TRANSFER BETWEEN ENTITIES, ($19,390,280), - PLEDGES RECEIVED - TEMPORARILY RESTRICTED, ($2,295,204), - NEW PLEDGES - TEMPORARILY RESTRICTED, $1,602,992, - NET UNREALIZED LOSSES ON INVESTMENTS - TEMPORARILY RESTRICTED, ($28,840), - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASES OF PROPERTY AND EQUIPMENT - TEMPORARILY RESTRICTED, ($489,692), - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR OPERATIONS - TEMPORARILY RESTRICTED, ($1,012,121), - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR CAPITAL CAMPAIGN - TEMPORARILY RESTRICTED, ($25,463), - INCOME TRANSFERRED TO OPERATIONS - TEMPORARILY RESTRICTED, ($65,080), - ALLOWANCE FOR PLEDGES WRITTEN OFF AND ACTUAL WRITE-OFFS - TEMPORARILY RESTRICTED, ($43,885), - APPRECIATION TRANSFER FROM ENDOWMENT - TEMPORARILY RESTRICTED, $(522,177), - INCOME TRANSFER FROM ENDOWMENT - TEMPORARILY RESTRICTED, $168,888, - NET UNREALIZED losses ON SALE OF INVESTMENTS - PERMANENTLY RESTRICTED, ($2,178,095), - INCOME RELEASED AND TRANSFERRED TO GENERAL FUND FOR OPERATIONS - PERMANENTLY RESTRICTED, ($1,373,867), - APPRECIATION TRANSFER TO TEMPORARILY RESTRICTED - PERMANENTLY RESTRICTED, $4,876, - APPRECIATION TRANSFER TO GENERAL FUND - PERMANENTLY RESTRICTED, $543,098, AND - INCOME TRANSFER TO TEMPORARILY RESTRICTED - PERMANENTLY RESTRICTED, ($168,888)

Identifier	Return Reference	Explanation
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 YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011, RESPECTIVELY AND ISSUED A CONSOLIDATED FINANCIAL STATEMENT WITH CONSOLIDATING SCHEDULES BY ENTITY AN UNQUALIFIED OPINION WAS ISSUED EACH YEAR 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

Identifier	Return Reference	Explanation
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

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST LUKE'S HOSPITAL OF BETHLEHEM PA

Employer identification number
23-1352213

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) CANCER IMMUNOTHERAPIES LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 20-8783508	INACTIVE	PA	0	0	BETHLEHEM
(2) ST LUKE'S AIRMED LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 27-4643964	INACTIVE	PA	0	0	BETHLEHEM
(3) ST LUKE'S HOMESTAR SERVICES LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 26-0369246	HEALTH SVCS	PA	16,069,116	7,420,229	BETHLEHEM
(4) ST LUKE'S WINDGAP PROPERTY LLC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2641715	INACTIVE	PA	0	0	BETHLEHEM

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) EIGHTH & EATON 801 OSTRUM STREET BETHLEHEM, PA 180151000 26-3017143	FINANCIAL VEHICLE	PA	BETHLEHEM	RELATED	4,379,623	0		No	0		No	99 990 %
(2) NEW VALLEY REHAB 2301 CHERRY LANE BETHLEHEM, PA 18015 13-4257049	HEALTHCARE SVCS	PA	QUAKERTWN REHAB					No			No	
(3) WIND GAP PROF 3435 WINCHESTER ROAD SUITE 300 ALLENTOWN, PA 181042284 23-2641715	HEALTHCARE SVCS	PA	BETHLEHEM	RELATED	0	0		No	0		No	67 000 %

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

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

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

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

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

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

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

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
TRANSACTIONS WITH RELATED ORGANIZATIONS	SCHEDULE R, PART V	AS OUTLINED IN SCHEDULE O, THIS ORGANIZATION ROUTINELY PAYS EXPENSES FOR VARIOUS AFFILIATES WITHIN THE ST LUKE'S HOSPITAL & HEALTH NETWORK IN THE ORDINARY COURSE OF BUSINESS THESE RELATED PARTY TRANSACTIONS ARE RECORDED ON THE REVENUE/EXPENSE AND BALANCE SHEET STATEMENTS OF THIS ORGANIZATION AND ITS AFFILIATES THESE ENTITIES WORK TOGETHER TO DELIVER HIGH QUALITY HEALTHCARE AND WELLNESS SERVICES TO THE COMMUNITIES IN WHICH THEY ARE SITUATED

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 23-1352213
Name: ST LUKE'S HOSPITAL OF BETHLEHEM PA

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512 (b)(13) controlled organization	
ST LUKE'S HEALTH NETWORK INC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2384282	HEALTH SVCS	PA	501(C)(3)	509(A)(3)	NA		No
ST LUKE'S QUAKERTOWN HOSPITAL 801 OSTRUM STREET BETHLEHEM, PA 18015 23-1352203	HEALTH SVCS	PA	501(C)(3)	HOSPITAL	SLHN INC		No
CARBON-SCHUYLKILL COMMUNITY HOSPITAL 801 OSTRUM STREET BETHLEHEM, PA 18015 25-1550350	HEALTH SVCS	PA	501(C)(3)	HOSPITAL	SLHN INC		No
QUAKERTOWN REHABILITATION CENTER 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2543924	HEALTH SVCS	PA	501(C)(3)	170B1AIII	SLHN INC		No
ST LUKE'S EMERGENCY & TRANSPORT SVCS 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2179542	HEALTH SVCS	PA	501(C)(3)	170B1AIII	SLHN INC		No
ST LUKE'S PHYSICIAN GROUP INC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2380812	HEALTH SVCS	PA	501(C)(3)	509(A)(3)	SLHN INC		No
VNA OF ST LUKE'S - HOME HEALTHHOSPICE 801 OSTRUM STREET BETHLEHEM, PA 18015 24-0795497	HEALTH SVCS	PA	501(C)(3)	509(A)(1)	BETHLEHEM	Yes	
HOMESTAR MEDICAL EQUIP & INFUSION SVCS 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2418254	INACTIVE	PA	501(C)(3)	509(A)(2)	VNA		No
ST LUKE'S HHN AUXILIARY INC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2134479	FUNDRAISING	PA	501(C)(3)	170B1AIII	NA		No
ST LUKE'S WARREN HOSPITAL INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-1494454	HEALTH SVCS	NJ	501(C)(3)	HOSPITAL	BETHLEHEM	Yes	
ST LUKE'S WARREN HEALTHCARE INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-2522478	HOLDING CO	NJ	501(C)(3)	509(A)(3)	SLHN INC		No
ST LUKE'S WARREN HOSPITAL FDN INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-2522476	SUPPORT SLWH	NJ	501(C)(3)	509(A)(3)	SLWH INC		No

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
ST LUKE'S EIGHTH & EATON HOLDINGS INC 801 OSTRUM STREET BETHLEHEM, PA 180151000 23-7192801	HEALTHCARE SVCS	PA	BETHLEHEM	C CORP	8	17	100 000 %
ST LUKE'S HEALTH NETWORK INSURANCE COMP 801 OSTRUM STREET BETHLEHEM, PA 180151000 75-2993150	FINANCIAL VEHICLE	VT	BETHLEHEM	C CORP	8,780,607	42,642,130	88 000 %
ST LUKE'S HOSP OF BETH PA AMBUL SURGERY 801 OSTRUM STREET BETHLEHEM, PA 180151000 23-3018850	HEALTHCARE SVCS	PA	BETHLEHEM	C CORP	0	0	100 000 %
ST LUKE'S PHYSICIAN HOSPITAL ORG 801 OSTRUM STREET BETHLEHEM, PA 180151000 23-2786818	HEALTHCARE SVCS	PA	BETHLEHEM	C CORP	8,861	737,446	50 000 %
HILLCREST EMERGENCY SERVICES PC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 20-4429976	HEALTHCARE SVCS	NJ	N/A	C CORP			
HILLCREST MANAGEMENT SERVICES ORG INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-2591084	BILLING & MGMT	NJ	N/A	C CORP			
TWO RIVERS ENTERPRISES INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 52-1552606	REAL ESTATE	NJ	N/A	C CORP			
WARREN PA PROFESSIONAL ALLIANCE INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 20-2652788	HEALTHCARE SVCS	NJ	N/A	C CORP			
ST LUKE'S WARREN PHYSICIAN GROUP PC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-3837316	HEALTHCARE SVCS	NJ	N/A	C CORP			
WARREN RISK RETENTION GROUP INC 865 MEMORIAL PARKWAY PHILLIPSBURG, NJ 08865 20-0250315	FINANCIAL VEHICLE	VT	N/A	C CORP			
HILLCREST PSYCHIATRIC SERVICES PC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 27-0634298	INACTIVE	NJ	N/A	C CORP			

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

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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		6,418,969	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	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		$ 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			64,666,669	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										18 156 932
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		64,005,116							
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	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									$ -	$ 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	3 331 776	-	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	(1 092 186)			(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)		$ (6 147)		$ (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)										431 656
principles										-
	-	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

Additional Data

Software ID:
Software Version:
EIN: 23-1352213
Name: ST LUKE'S HOSPITAL OF BETHLEHEM PA

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DAVID M LOBACH JR CHAIRMAN - DIRECTOR	1 0	X		X				0	0	0
CHARLES D SAUNDERS MD VICE CHAIRMAN - DIRECTOR	1 0	X		X				0	0	0
RICHARD A ANDERSON DIRECTOR - PRESIDENT/CEO	55 0	X		X				1,803,650	0	244,380
REVEREND DR DOUGLAS W CALDWELL DIRECTOR	1 0	X						0	0	0
FAUST CAPOBIANCO DIRECTOR	1 0	X						0	0	0
CHRISTINA CONNAR DIRECTOR	1 0	X						0	0	0
JOHN M DALY MD DIRECTOR	1 0	X						0	0	0
JAMES G GALLAGHER MD DIRECTOR	1 0	X						0	0	0
SAMUEL R GIAMBER MD DIRECTOR	1 0	X						0	0	0
JAN S HELLER DIRECTOR-VP FINANCE(EFF 9/11)	55 0	X		X				148,625	0	6,041
KOSTAS KALOGEROPOULOS DIRECTOR	1 0	X						0	0	0
THOMAS J MCGINLEY DIRECTOR	1 0	X						0	0	0
DOUGLAS A MICHELS DIRECTOR	1 0	X						0	0	0
ROBERT A OSTER DIRECTOR	1 0	X						0	0	0
ROBERT RUMFIELD DIRECTOR	1 0	X						0	0	0
ARTHUR SCOTT EDD DIRECTOR	1 0	X						0	0	0
KENNETH R SMITH DIRECTOR	1 0	X						0	0	0
REVEREND DR CHRISTOPHER M THOMFORDE DIRECTOR	1 0	X						0	0	0
ANDREW F S WARNER DIRECTOR	1 0	X						0	0	0
DONALD E WIEAND ESQ DIRECTOR	1 0	X						0	0	0
JOEL D FAGERSTROM EXECUTIVE VICE PRESIDENT/COO	55 0			X				659,126	0	36,712
THOMAS P LICHTENWALNER SVP FINANCE/CFO	55 0			X				588,212	0	162,754
JEFFREY A JAHRE MD SVP MEDICAL & ACADEMIC AFFAIRS	55 0			X				648,542	0	77,339
ROBERT P ZIMMEL SVP HUMAN RESOURCES	55 0				X			1,180,499	0	93,072
ROBERT E MARTIN SVP PLANNING	55 0				X			447,074	0	68,909

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CAROL A KUPLEN RN MSN SVP & CHIEF NURSING OFFICER	55 0				X			435,165	0	87,282
ROBERT L WAX ESQ SVP & GENERAL COUNSEL	55 0				X			395,411	0	37,872
EDWARD NAWROCKI PRESIDENT ANDERSON CAMPUS	55 0				X			405,563	0	45,444
FRANK FORD PRESIDENT ALLENTOWN CAMPUS	55 0				X			354,226	0	61,607
JOSEPH C MEROLA MD CHIEF OF OB/GYN	55 0					X		744,185	0	165,166
MARC A GRANSON MD CHIEF OF SURGERY	55 0					X		619,355	0	57,134
MICHAEL D GROSSMAN MD TRAUMA SURGEON	55 0					X		523,360	0	51,157
WILLIAM S HOFF MD TRAUMA SURGEON	55 0					X		501,353	0	51,259
BRIAN A HOEY MD TRAUMA SURGEON	55 0					X		494,756	0	58,938

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Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Amount
ADVANCE FROM THIRD PARTY PAYOR	2,099,500
DUE TO THIRD PARTIES	10,598,585
CURRENT PORTION OF PENSION COS	4,888,084
DUE TO AFFILIATES	187,312,265
ASSET RETIREMENT OBLIGATION	3,247,932
CHARITABLE GIFT ANNUITIES	7,858,399
SWAP CONTRACT LIABILITY	83,210,652
SELF INSURANCE COSTS	11,357,524
OTHER LIABILITIES	357,634