



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



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)	OMB No 1545-0047
	The organization may have to use a copy of this return to satisfy state reporting requirements	2012 Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization SAINT LUKES NORTHLAND HOSPITAL CORPORATION		D Employer identification number 44-0565393	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) 601 SOUTH 169 HIGHWAY	Room/suite	E Telephone number (816) 532-7382	
	City or town, state or country, and ZIP + 4 SMITHVILLE, MO 64089			
	F Name and address of principal officer KEVIN TRIMBLE 601 SOUTH 169 HIGHWAY SMITHVILLE, MO 64089		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.SAINTLUKESHEALTHSYSTEM.ORG				
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶			L Year of formation 1989	M State of legal domicile MO

Part I	Summary
---------------	----------------

Activities & Governance	1 Briefly describe the organization's mission or most significant activities HOSPITAL		
	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	12
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,022
	6 Total number of volunteers (estimate if necessary)	6	191
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	244,353
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	-112,840
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	332,673	442,617
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	115,467,999	126,083,898
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	149,370	83,336
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	0
	12	115,950,042	126,609,851
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,267,171	5,385,584
	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)	53,972,125	56,899,954
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	16b Total fundraising expenses (Part IX, column (D), line 25) <u>35,585</u>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	53,259,612	58,944,184
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	111,498,908	121,229,722
	19 Revenue less expenses Subtract line 18 from line 12	4,451,134	5,380,129
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	101,409,607	103,119,557
	21 Total liabilities (Part X, line 26)	56,089,317	53,354,175
	22 Net assets or fund balances Subtract line 21 from line 20	45,320,290	49,765,382

Part II Signature Block

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

Sign Here	Signature of officer				2013-11-15		
	KEVIN TRIMBLE CEO Type or print name and title				Date		
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date	Check ☐ if self-employed	PTIN
	Firm's name					Firm's EIN	
	Firm's address					Phone no	

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

SAINT LUKE'S NORTHLAND HOSPITAL CORPORATION IS A PART OF SAINT LUKE'S HEALTH SYSTEM, A FAITH BASED, NOT-FOR-PROFIT ALIGNED HEALTH SYSTEM COMMITTED TO THE HIGHEST LEVELS OF EXCELLENCE IN PROVIDING HEALTH CARE AND HEALTH RELATED SERVICES IN A CARING ENVIRONMENT WE ARE DEDICATED TO ENHANCING THE PHYSICAL, MENTAL, AND SPIRITUAL HEALTH OF THE COMMUNITIES WE SERVE

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 107,307,963 including grants of \$ 5,385,584) (Revenue \$ 125,839,545)

ALL PROGRAM SERVICE EXPENSES WERE INCURRED IN FURTHERANCE OF OUR MISSION, WHICH IS TO ENSURE THE HIGHEST LEVELS OF EXCELLENCE IN PROVIDING HEALTH CARE SERVICES TO ALL PATIENTS IN A CARING ENVIRONMENT IN 2012, THERE WERE 29,000 PATIENT DAYS AND 1,700 NEWBORN DAYS IN ADDITION, THE HOSPITAL PROVIDED 86,000 OUTPATIENT AND EMERGENCY SERVICES AS A VOLUNTARY, NONPROFIT, COMPREHENSIVE ORGANIZATION, SAINT LUKE'S NORTH HOSPITAL IS COMMITTED TO SERVING ALL WHO SEEK OUR SERVICES REGARDLESS OF THEIR SOCIOECONOMIC STATUS THE HOSPITAL PARTICIPATES IN THE MEDICAID AND MEDICARE PROGRAMS AND HAS CHARITY CARE POLICIES FOR ASSISTING PEOPLE WITHOUT ADEQUATE MEANS TO PAY FOR THEIR CARE THE BARRY ROAD CAMPUS IS AN 84-BED ACUTE CARE FACILITY LOCATED IN KANSAS CITY, MISSOURI THE SMITHVILLE CAMPUS PROVIDES URGENT CARE SERVICES TO THE COMMUNITY, AS WELL AS REHABILITATION, MENTAL HEALTH, AND POST-ACUTE CARE SERVICES BOTH CAMPUSES SERVE THE NORTHERN KANSAS CITY AREA

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses ▶ 107,307,963

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	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 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, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

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	12	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	10	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	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		
8a	The governing body?	8a	Yes
8b	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
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	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
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization THE ORGANIZATION 601 SOUTH 169 HIGHWAY SMITHVILLE, MO (816) 532-7164

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 Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) THOMAS L BROWN DIRECTOR-CHAIRMAN	1 00	X		X				0	0	0
(2) EUGENE RUIZ DIRECTOR-SECRETARY/TREASUR	1 00	X		X				0	0	0
(3) RAHUL JOSHI DIRECTOR	1 00	X						0	0	0
(4) GAYDEN F CARRUTH DIRECTOR/VICE CHAIRMAN	1 00	X		X				0	0	0
(5) KELLEY M MARTIN DIRECTOR	1 00	X						0	0	0
(6) WILLIAM PARKS DIRECTOR	1 00	X						0	0	0
(7) GINA LAWSON DO DIRECTOR	1 00 40 00	X						0	374,473	43,497
(8) LORA CHEATUM DIRECTOR	1 00	X						0	0	0
(9) MICHAEL SHORT DIRECTOR	1 00	X						0	0	0
(10) RYAN MCNELLIS MD DIRECTOR	1 00 40 00	X						0	302,865	27,411
(11) GEORGE RICHTER DIRECTOR - BEGIN 5/2012	1 00	X						0	0	0
(12) TWYLA WILSON DIRECTOR	1 00	X						0	0	0
(13) KEVIN TRIMBLE CHIEF EXECUTIVE OFFICER	50 00			X				344,569	0	63,574
(14) JULIE MURPHY CHIEF FINANCIAL OFFICER	50 00			X				255,699	0	45,707
(15) JEFF EYE CNO	50 00			X				193,110	0	15,619
(16) DON SIPES CEO SMITHVILLE HOSPITAL	5 00 45 00			X				0	339,041	55,262
(17) DANIEL WEED PHYSICIAN	40 00					X		495,921	0	32,729

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)							(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former				
(18) JENNIFER SVETLECIC PHYSICIAN	40 00					X		395,907	0	29,738	
(19) VANCE JERNSTROM PHYSICIAN	40 00					X		361,162	0	16,566	
(20) SALVATORE MICELI PHYSICIAN	40 00					X		355,392	0	31,253	
(21) MICHAEL WILLIAMSON PHYSICIAN	40 00					X		459,649	0	12,580	
1b Sub-Total											
c Total from continuation sheets to Part VII, Section A											
d Total (add lines 1b and 1c)								2,861,409	1,016,379	373,936	

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▶16

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
P1 GROUP INC 16210 W 108TH ST LENEXA KS 66219	MAINTENANCE	1,795,320
JE DUNN 929 HOLMES KANSAS CITY MO 64106	CONSTRUCTION & CONST MGMT	1,081,847
MOBILE CATARACT CARE OF KANSAS CITY LLC 5844 NW BARRY RD SUITE 200 KANSAS CITY MO 64154	MEDICAL SERVICES	963,050
AD VIVUM ANESTHESIOLOGY PC 8646 N OREGON AVE KANSAS CITY MO 64154	MEDICAL SERVICES	750,000
NORTHLAND WOMENS HEALTHCARE 5844 NW BARRY RD SUITE 310 KANSAS CITY MO 64154	MEDICAL SERVICES	392,707
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 ▶16		

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 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	288,971			
	e	Government grants (contributions)	1e	8,000			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	145,646			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		442,617			
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 622110	121,368,848	121,368,848		
	b	EHR MEANINGFUL USE FDS	622110	966,975	966,975		
	c	REGIONAL LAB SERVICES	621500	777,052	733,588	43,464	
	d	MEDICAL OFFICE RENT	531120	644,372	644,372		
	e	RENT FROM AFFILIATES	531120	628,154	628,154		
	f	All other program service revenue		1,698,497	1,497,608	200,889	
	g	Total. Add lines 2a-2f		126,083,898			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	83,336			83,336
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties					
6a		Gross rents	(i) Real	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)				
		d	Net rental income or (loss)				
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses				
		c	Gain or (loss)				
		d	Net gain or (loss)				
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events . . .					
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . . .					
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold	b				
c		Net income or (loss) from sales of inventory . . .					
	Miscellaneous Revenue	Business Code					
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See Instructions		126,609,851	125,839,545	244,353	83,336	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response 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.	5,372,502	5,372,502		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	13,082	13,082		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	918,279		918,279	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	44,425,549	42,922,508	1,503,041	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,736,501	1,643,773	92,728	
9	Other employee benefits.	6,860,798	6,438,767	422,031	
10	Payroll taxes.	2,958,827	2,800,828	157,999	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	217,307		217,307	
c	Accounting.	45,000		45,000	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	11,367,060	9,030,162	2,336,898	
12	Advertising and promotion.	26,540	5,500	21,040	
13	Office expenses.	3,208,925	2,603,555	569,785	35,585
14	Information technology.	325,359	168,754	156,605	
15	Royalties.				
16	Occupancy.	1,975,235	1,896,090	79,145	
17	Travel.	112,217	93,159	19,058	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	104,533	77,048	27,485	
20	Interest.	2,221,725	2,103,040	118,685	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	6,921,360	6,506,717	414,643	
23	Insurance.	400,485	172,382	228,103	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	MEDICAL SUPPLIES	13,087,222	13,087,222		
b	SHARED SERVICES- SLHS	9,610,000	3,187,288	6,422,712	
c	BAD DEBT	8,680,516	8,680,516		
d	OTHER EXPENSES	404,768	269,138	135,630	
e	All other expenses	235,932	235,932		
25	Total functional expenses. Add lines 1 through 24e.	121,229,722	107,307,963	13,886,174	35,585
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		100,594	1	56,335
	2	Savings and temporary cash investments		16,140,065	2	21,330,158
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		13,798,385	4	14,456,703
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,993,881	8	2,059,908
	9	Prepaid expenses and deferred charges		1,500,969	9	1,233,890
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a142,130,102			
	b	Less accumulated depreciation	10b80,659,668	63,720,471	10c	61,470,434
	11	Investments—publicly traded securities		885,039	11	58,605
	12	Investments—other securities See Part IV, line 11		438,961	12	624,394
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,831,242	15	1,829,130
	16	Total assets. Add lines 1 through 15 (must equal line 34)		101,409,607	16	103,119,557
Liabilities	17	Accounts payable and accrued expenses		6,829,381	17	7,872,947
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		43,896,482	20	42,410,317
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		5,363,454	25	3,070,911
	26	Total liabilities. Add lines 17 through 25		56,089,317	26	53,354,175
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		44,891,122	27	49,462,872
	28	Temporarily restricted net assets		429,168	28	302,510
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		45,320,290	33	49,765,382
	34	Total liabilities and net assets/fund balances		101,409,607	34	103,119,557

Part XI Reconciliation 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	126,609,851
2	Total expenses (must equal Part IX, column (A), line 25)	2	121,229,722
3	Revenue less expenses Subtract line 2 from line 1	3	5,380,129
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	45,320,290
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-935,037
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	49,765,382

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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
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?		No
3b	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		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
SAINT LUKES NORTHLAND HOSPITAL CORPORATION

Employer identification number
44-0565393

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. 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—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Explanation

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

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization SAINT LUKES NORTHLAND HOSPITAL CORPORATION	Employer identification number 44-0565393
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		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		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes	☐ No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)	(b)	
		Yes	No	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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		22,824
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			22,824
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	LINE F-PORTION OF DUES PAID TO HOSPITAL ASSOCIATIONS AND MEDICAL ORGANIZATIONS USED TOWARD LOBBYING ACTIVITIES

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
SAINT LUKES NORTHLAND HOSPITAL CORPORATION

Employer identification number
44-0565393

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes☐ No	

Part II

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

1

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

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

2

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

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

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	94,772	100,371	74,120	72,833	95,720
b Contributions	91,850	68,525	93,625	70,450	48,400
c Net investment earnings, gains, and losses	285	416	482	605	1,010
d Grants or scholarships					
e Other expenditures for facilities and programs	76,822	74,540	67,856	69,768	72,297
f Administrative expenses					
g End of year balance	110,085	94,772	100,371	74,120	72,833

2

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

a

Board designated or quasi-endowment ▶ 100 000 %

b

Permanent endowment ▶

c

Temporarily restricted endowment ▶

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

3a

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

(i) unrelated organizations

3a(i)

Yes

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 XIII the intended uses of the organization's endowment funds

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,591,240		2,591,240
b Buildings		65,121,710	37,253,847	27,867,863
c Leasehold improvements				
d Equipment		69,696,831	39,471,379	30,225,452
e Other		4,720,321	3,934,442	785,879
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				61,470,434

Schedule D (Form 990) 2012

Part XI 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 XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE INTENDED USE OF ENDOWMENT FUNDS INCLUDES BUT IS NOT LIMITED TO MEDICAL STAFF DEVELOPMENT, GENERAL OPERATIONS OF THE HOSPITAL, AND STUDENT SCHOLARSHIPS. THE ASSETS HELD AT THE UNRELATED ORGANIZATION REPRESENTS THE ORGANIZATION'S SHARE OF NET ASSETS AT SPELMAN MEDICAL FOUNDATION PER SFAS 136. SUCH ASSETS ARE REPORTED IN PART X, LINE 15.
		PART XI, XII, AND XIII, THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN THE CONSOLIDATED AUDIT OF SAINT LUKE'S HEALTH SYSTEM.

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

2012

Open to Public Inspection

Name of the organization
SAINT LUKES NORTHLAND HOSPITAL CORPORATION

Employer identification number
44-0565393

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☐ 200% ☒ Other <u>13300 0000000000 %</u>	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		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 eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	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

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,966,090		6,966,090	6 190 %
b Medicaid (from Worksheet 3, column a)			17,473,050	13,926,419	3,546,631	3 150 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			24,439,140	13,926,419	10,512,721	9 340 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			320,959		320,959	0 290 %
f Health professions education (from Worksheet 5)			29,798		29,798	0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			137,479		137,479	0 120 %
j Total Other Benefits			488,236		488,236	0 440 %
k Total. Add lines 7d and 7j			24,927,376	13,926,419	11,000,957	9 780 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

No

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

8,680,516

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

26,610,013

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

34,628,954

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-8,018,941

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

9b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
2

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	SAINT LUKES NORTHLAND HOSPITAL-BARRY 5830 NW BARRY ROAD KANSAS CITY, MO 64154	X	X					X			
2	SAINT LUKES NORTHLAND HOSPITAL-SMV 601 S 169 HIGHWAY SMITHVILLE, MO 64089	X						X		REHABILITATION AND BEHAVIORAL HEALTH	

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

SAINT LUKES NORTHLAND HOSPITAL-BARRY

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
a ☐ A definition of the community served by the hospital facility		
b ☐ Demographics of the community		
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d ☐ How data was obtained		
e ☐ The health needs of the community		
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g ☐ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h ☐ The process for consulting with persons representing the community's interests		
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j ☐ Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
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 CHNA, indicate how (check all that apply to date)		
a ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b ☐ Execution of the implementation strategy		
c ☐ Participation in the development of a community-wide plan		
d ☐ Participation in the execution of a community-wide plan		
e ☐ Inclusion of a community benefit section in operational plans		
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g ☐ Prioritization of health needs in its community		
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>133 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☒ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?		17	No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the 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)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☒ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

SAINT LUKES NORTHLAND HOSPITAL-SMV

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

2

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
a ☐ A definition of the community served by the hospital facility		
b ☐ Demographics of the community		
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d ☐ How data was obtained		
e ☐ The health needs of the community		
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g ☐ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h ☐ The process for consulting with persons representing the community's interests		
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j ☐ Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
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 CHNA, indicate how (check all that apply to date)		
a ☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b ☐ Execution of the implementation strategy		
c ☐ Participation in the development of a community-wide plan		
d ☐ Participation in the execution of a community-wide plan		
e ☐ Inclusion of a community benefit section in operational plans		
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g ☐ Prioritization of health needs in its community		
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>133 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☒ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the 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)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☒ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

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

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

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

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2

Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3

Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4

Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5

Promotion of community health. Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6

Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7

State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8

Facility reporting group(s). If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 7 COST OF CHARITY CARE AND UNREIMBURSED HEALTH SERVICES WERE CALCULATED USING THE APPROPRIATE COST TO CHARGE RATIO FROM THE HOSPITAL'S COST REPORT
		PART I, L7 COL(F) TOTAL EXPENSE FROM FORM 990, PART IX, LINE 25, COLUMN (A) OF \$121,229,722 LESS BAD DEBT EXPENSE OF \$8,680,516 EQUALS TOTAL EXPENSE OF \$112,549,206 FOR PURPOSES OF CALCULATING LINE 7, COLUMN (F),
		PART III, LINE 4 FINANCIAL STATEMENT FOOTNOTE REGARDING BAD DEBT EXPENSE THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, CONSIDERING BUSINESS AND GENERAL ECONOMIC CONDITIONS IN ITS SERVICE AREA, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE (INCLUDING COPAYMENT AND DEDUCTIBLE AMOUNTS FROM PATIENTS), THE SYSTEM ANALYZED CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS, THE SYSTEM RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE ACCOUNTS ARE WRITTEN OFF WHEN ALL REASONABLE INTERNAL AND EXTERNAL COLLECTION EFFORTS HAVE BEEN PERFORMED THESE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS AND ARE ADJUSTED AS NEEDED IN FUTURE PERIODS ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE BAD DEBT IS REPORTED CONSISTENT WITH FINANCIAL STATEMENTS
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS WERE CALCULATED USING A COST-TO-CHARGE RATIO DIRECTLY FROM THE MEDICARE COST REPORT SHORTFALLS ARISE FROM PAYMENTS THAT ARE LESS THAN WHAT IT COSTS TO PROVIDE THE CARE AND SERVICES WE ACCEPT ALL MEDICARE PATIENTS KNOWING THE COST OF PROVIDING THE CARE MAY EXCEED THE FUNDS WE RECEIVE FROM MEDICARE FOR THE SERVICE OUR SHORTFALL IS CONSIDERED TO BE COMMUNITY BENEFIT MEDICARE SHORTFALLS MUST BE ABSORBED BY THE HOSPITAL IN ORDER TO CONTINUE TREATING THE ELDERLY IN OUR COMMUNITY ADDITIONALLY, IT IS IMPLIED IN INTERNAL REVENUE SERVICE REVENUE RULING 69-545 THAT TREATING MEDICARE PATIENTS IS A COMMUNITY BENEFIT REVENUE RULING 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR TAX-EXEMPT HOSPITALS, INDICATES THAT PARTICIPATION IN PUBLICLY-FINANCED PROGRAMS, SUCH AS MEDICARE, IS EVIDENCE THAT A HOSPITAL MEETS THE COMMUNITY BENEFIT STANDARD
		PART III, LINE 9B IF A PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE THE ACCOUNT IS ADJUSTED ACCORDINGLY ANY REMAINING BALANCE WOULD BE COLLECTED UNDER THE DEBT COLLECTION POLICY OUR COLLECTION POLICIES ARE THE SAME FOR ALL PATIENTS ALTHOUGH WE ARE NOT LEGALLY BOUND BY THE FAIR DEBT COLLECTION PRACTICES ACT, THE PRINCIPLES ADDRESSED ARE GENERALLY FOLLOWED
	PART III, LINE 2, BAD DEBT	BAD DEBT EXPENSE IS REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION STATEMENT 15 IS FOLLOWED TO THE EXTENT IT ALIGNS WITH GAAP
SAINT LUKES NORTHLAND HOSPITAL-BARRY		PART V, SECTION B, LINE 14G THE HOSPITAL FOLLOWS THE SAINT LUKE'S HEALTH SYSTEM POLICIES FOR UNINSURED IN ADDITION TO THESE POLICIES, THE HOSPITAL PROVIDES EDUCATION ON FINANCIAL ASSISTANCE ELIGIBILITY TO PATIENTS AND PERSONS WHO MAY BE BILLED FOR SERVICES THROUGH MANY SOURCES INCLUDING THE SLHS WEB SITE, INFORMATION ON BILLING STATEMENTS, INFORMATION UPON CHECK-INLOCATED IN THE ADMITTING PATIENT PACKETS, ON OUR B-131 RELEASE TO TREAT FORMS SIGNED BY ALL PATIENTS REQUESTING SERVICES, AND VISITS BY SOCIAL WORKER TEAMS WHEN AN INPATIENT AS WELL AS FOLLOW UP CALLS AFTER DISCHARGE FINANCIAL ASSISTANCE OR MEDICAID APPLICATIONS ARE REQUESTED ON ALL UNINSURED PATIENTS PRIOR TO DISCHARGE THE HOSPITAL ALSO CONTRACTS WITH ELIGIBILITY ENROLLMENT SERVICE COMPANIES TO SCREEN ALL UNINSURED PATIENTS, ANY PATIENT IDENTIFIED BY A SOCIAL WORKER OR CASE MANAGER AS WELL AS ALL PATIENTS THAT REQUEST ASSISTANCE IN APPLYING FOR MEDICAID OR OTHER GOVERNMENT COVERAGE
SAINT LUKES NORTHLAND HOSPITAL-SMV		PART V, SECTION B, LINE 14G THE HOSPITAL FOLLOWS THE SAINT LUKE'S HEALTH SYSTEM POLICIES FOR UNINSURED IN ADDITION TO THESE POLICIES, THE HOSPITAL PROVIDES EDUCATION ON FINANCIAL ASSISTANCE ELIGIBILITY TO PATIENTS AND PERSONS WHO MAY BE BILLED FOR SERVICES THROUGH MANY SOURCES INCLUDING THE SLHS WEB SITE, INFORMATION ON BILLING STATEMENTS, INFORMATION UPON CHECK-INLOCATED IN THE ADMITTING PATIENT PACKETS, ON OUR B-131 RELEASE TO TREAT FORMS SIGNED BY ALL PATIENTS REQUESTING SERVICES, AND VISITS BY SOCIAL WORKER TEAMS WHEN AN INPATIENT AS WELL AS FOLLOW UP CALLS AFTER DISCHARGE FINANCIAL ASSISTANCE OR MEDICAID APPLICATIONS ARE REQUESTED ON ALL UNINSURED PATIENTS PRIOR TO DISCHARGE THE HOSPITAL ALSO CONTRACTS WITH ELIGIBILITY ENROLLMENT SERVICE COMPANIES TO SCREEN ALL UNINSURED PATIENTS, ANY PATIENT IDENTIFIED BY A SOCIAL WORKER OR CASE MANAGER AS WELL AS ALL PATIENTS THAT REQUEST ASSISTANCE IN APPLYING FOR MEDICAID OR OTHER GOVERNMENT COVERAGE
		PART VI, LINE 2 THE HOSPITAL ASSESSES COMMUNITY NEEDS ON AN ANNUAL BASIS IN NUMEROUS WAYS, INCLUDING THROUGH ITS COMPREHENSIVE, DATA DRIVEN, ANNUAL STRATEGIC PLANNING PROCESS THE HOSPITAL MEETS WITH STAFF, VOLUNTEERS, PATIENTS, BOARD MEMBERS AND PHYSICIANS THE FEEDBACK PROVIDED BY THESE GROUPS IS COMMUNICATED TO HOSPITAL MANAGEMENT AND CONSIDERED WHEN DETERMINING THE NEEDS OF THE COMMUNITY THE HOSPITAL ALSO WORKS WITH THE PATIENT ADVOCATE AND MARKETING DEPARTMENTS TO DETERMINE FEEDBACK RECEIVED FROM THE COMMUNITY REGARDING ITS NEEDS THIS FEEDBACK IS ALSO COMMUNICATED TO HOSPITAL MANAGEMENT AND EVALUATED DURING THE ANNUAL BUDGET AND STRATEGIC PLANNING PROCESS
		PART VI, LINE 3 SEE RESPONSE TO SCHEDULE H, PART V, LINE 14G
		PART VI, LINE 4 THE BARRY ROAD CAMPUS IS AN 84-BED ACUTE CARE FACILITY LOCATED IN KANSAS CITY, MISSOURI THE SMITHVILLE CAMPUS PROVIDES URGENT CARE SERVICES TO THE COMMUNITY, AS WELL AS REHABILITATION, MENTAL HEALTH, AND POST-ACUTE CARE SERVICES BOTH CAMPUSES SERVE THE NORTHERN KANSAS CITY AREA
		PART VI, LINE 5 THE BOARD OF DIRECTORS IS MADE UP OF MEDICAL AND BUSINESS PROFESSIONALS, ALMOST ALL OF WHOM RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA THEY ARE INVOLVED IN THE COMMUNITY NEEDS ASSESSMENT PROCESS, IN FUNDRAISING, AND IN GENERAL STEWARDSHIP MEDICAL STAFF PRIVILEGES ARE OFFERED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY
		PART VI, LINE 6 THE HOSPITAL IS AFFILIATED WITH SAINT LUKE'S HEALTH SYSTEM, WHICH CONSISTS OF 11 AREA HOSPITALS AND SEVERAL PRIMARY AND SPECIALTY CARE PRACTICES, AND PROVIDES A RANGE OF INPATIENT, OUTPATIENT, AND HOME CARE SERVICES FOUNDED AS A FAITH-BASED, NOT-FOR-PROFIT ORGANIZATION, OUR MISSION INCLUDES A COMMITMENT TO THE HIGHEST LEVELS OF EXCELLENCE IN HEALTH CARE AND THE ADVANCEMENT OF MEDICAL RESEARCH AND EDUCATION THE HEALTH SYSTEM IS AN ALIGNED ORGANIZATION IN WHICH THE PHYSICIANS AND HOSPITALS ASSUME RESPONSIBILITY FOR ENHANCING THE PHYSICAL, MENTAL, AND SPIRITUAL HEALTH OF PEOPLE IN THE METROPOLITAN KANSAS CITY AREA AND THE SURROUNDING REGION

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
SAINT LUKES NORTHLAND HOSPITAL CORPORATION

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

2012

Open to Public
Inspection

Employer identification number
44-0565393

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SAINT LUKE'S MEDICAL GROUP - AFFILIATED 501(C)(3) 6750 ANTIOCH SUITE 210 SHAWNEE MISSION, KS 66204	43-1598353	501(C)(3)	1,852,569				OPERATING FUNDS
(2) SPELMAN MEDICAL FOUNDATION 5810 NW BARRY ROAD KANSAS CITY,MO 64154	43-1270223	501(C)(3)	21,100				CONTRIBUTION
(3) SLNC INC - AFFILIATED 501C3 4401 WORNALL ROAD KANSAS CITY,MO 64111	27-1994652	501(C)(3)	175,773				OPERATING FUNDS
(4) SLCC INC - AFFILIATED 501C3 4330 WORNALL ROAD SUITE 2000 KANSAS CITY,MO 64111	27-1994652	501(C)(3)	2,233,137				OPERATING FUNDS
(5) NORTHLAND HEALTHCARE ACCESS PO BOX 14414 PARKVILLE,MO 64152	43-1578121	501(C)(3)	22,500				CONTRIBUTION
(6) ST LUKES HOSPITAL OF KANSAS CITY 4401 WORNALL ROAD KANSAS CITY,MO 64111	44-0545297	501(C)(3)	1,050,523				OPERATING FUNDS

2

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

6

3

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

0

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) ADVANCED EDUCATION IN MEDICAL FIELD - SCHOLARSHIP	12	12,000			

Part IV

Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 SCHOLARSHIPS ARE GIVEN TO HIGH SCHOOL GRADUATES PURSUING ADVANCED EDUCATION IN THE MEDICAL FIELD BASED ON ACADEMICS GRANTS ARE ALSO PROVIDED TO QUALIFIED 501(C) (3) CHARITIES ALL DONEE INFORMATION IS KEPT AS PART OF THE HOSPITAL BOOKS AND RECORDS

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2012

Open to Public Inspection

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.

Name of the organization
SAINT LUKES NORTHLAND HOSPITAL CORPORATION

Employer identification number
44-0565393

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e.g., maid, chauffeur, chef)		
1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.		
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?		
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
4a Receive a severance payment or change-of-control payment?		No
4b Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
4c Participate in, or receive payment from, an equity-based compensation arrangement?		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:		
5a The organization?		No
5b Any related organization?		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:		
6a The organization?		No
6b Any related organization?		No
If "Yes," to line 6a or 6b, describe in Part III.		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	Yes	
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part IIISupplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	PART I, LINE 7	THE ORGANIZATION HAS ADOPTED A MANAGEMENT INCENTIVE COMPENSATION PLAN FOR CERTAIN MEMBERS OF SENIOR AND MIDDLE MANAGEMENT TO PROMOTE EFFECTIVE MANAGEMENT OF OPERATIONS, QUALITY OF CARE AND SERVICE, AND OPTIMAL USE OF RESOURCES. THE INCENTIVES ARE CALCULATED AS A PERCENTAGE OF BASE SALARY CONTINGENT ON ACHIEVING QUALITY, PATIENT SATISFACTION, EMPLOYEE RETENTION, FINANCIAL AND OTHER OPERATIONAL PERFORMANCE TARGETS ESTABLISHED BY THE BOARD'S COMPENSATION COMMITTEE ON AN ANNUAL BASIS. INCENTIVE AWARDS ARE PAID AT THE DISCRETION OF THE BOARD OF DIRECTORS. THIS INCENTIVE COMPENSATION IS EVALUATED AS PART OF THE REVIEW OF MARKET COMPETITIVE DATA AND REASONABLENESS OF OVERALL COMPENSATION AND BENEFITS.
SUPPLEMENTAL INFORMATION	PART III	GINA LAWSON AND RYAN MCNELLIS DID NOT RECEIVE COMPENSATION FOR DUTIES AS A DIRECTOR OR OFFICER OF THE FILING ORGANIZATION BUT RECEIVED COMPENSATION FROM RELATED ORGANIZATIONS FOR SERVICES RENDERED TO THE RELATED ORGANIZATIONS. REPORTABLE COMPENSATION FROM RELATED ORGANIZATIONS FOR DON SIPES IS FOR SERVICES RENDERED TO THE FILING AND RELATED ORGANIZATIONS.

Software ID:

Software Version:

EIN: 44-0565393

Name: SAINT LUKES NORTHLAND HOSPITAL CORPORATION

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				
GINA LAWSON DO	(i)	0	0	0	0	0	0	0
	(ii)	313,072	60,833	568	20,000	23,497	417,970	0
RYAN MCNELLIS MD	(i)	0	0	0	0	0	0	0
	(ii)	215,166	85,660	2,039	11,250	16,161	330,276	0
KEVIN TRIMBLE	(i)	249,969	71,297	23,303	40,560	23,014	408,143	14,888
	(ii)	0	0	0	0	0	0	0
JULIE MURPHY	(i)	198,500	41,219	15,980	36,159	9,548	301,406	12,368
	(ii)	0	0	0	0	0	0	0
JEFF EYE	(i)	163,127	28,841	1,142	8,705	6,914	208,729	0
	(ii)	0	0	0	0	0	0	0
DON SIPES	(i)	0	0	0	0	0	0	0
	(ii)	235,195	66,841	37,005	37,870	17,392	394,303	17,999
DANIEL WEED	(i)	492,934	0	2,987	10,000	22,729	528,650	0
	(ii)	0	0	0	0	0	0	0
JENNIFER SVETLECIC	(i)	391,991	2,500	1,416	10,000	19,738	425,645	0
	(ii)	0	0	0	0	0	0	0
VANCE JERNSTROM	(i)	358,701	0	2,461	10,000	6,566	377,728	0
	(ii)	0	0	0	0	0	0	0
SALVATORE MICELI	(i)	233,038	120,997	1,357	11,250	20,003	386,645	0
	(ii)	0	0	0	0	0	0	0
MICHAEL WILLIAMSON	(i)	459,216	0	433	5,000	7,580	472,229	0
	(ii)	0	0	0	0	0	0	0

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

2012

Open to Public Inspection

Name of the organization SAINT LUKES NORTHLAND HOSPITAL CORPORATION	Employer identification number 44-0565393
--	--

Identifier	Return Reference	Explanation
NUMBER REPORTED IN BOX 3 OF FORM 1096	FORM 990, PART V, LINE 1A	SAINT LUKES NORTHLAND HOSPITAL CORPORATION (SLNH) IS PART OF SAINT LUKES HEALTH SYSTEM, AN INTEGRATED HEALTH SYSTEM THE MAJORITY OF SLNH VENDORS ARE PAID THROUGH A CENTRALIZED PAYMENT SYSTEM WITH 1099S ISSUED BY THE CENTRALIZED SERVICE ENTITY
	FORM 990, PART VI, SECTION A, LINE 6	THE SOLE CORPORATE MEMBER IS SAINT LUKES HEALTH SYSTEM, A 501(C)(3) ORGANIZATION
	FORM 990, PART VI, SECTION A, LINE 7A	THE GOVERNING BODY IS ELECTED BY THE SOLE CORPORATE MEMBER,
	FORM 990, PART VI, SECTION A, LINE 7B	THE SOLE MEMBER HAS SPECIFIED RESERVE POWERS OVER MAJOR DECISIONS SUCH AS AMENDMENTS TO ARTICLES AND BYLAWS, DEBT, BUDGETS, CAPITAL EXPENDITURES AND STRATEGIC OPERATING DECISIONS AS PART OF AN INTEGRATED HEALTH SYSTEM, THE SOLE MEMBER ALSO PROVIDES VARIOUS MANAGEMENT AND SUPPORT FUNCTIONS TO THE ORGANIZATION
	FORM 990, PART VI, SECTION B, LINE 11	THE 990 IS PREPARED JOINTLY BY ACCOUNTING STAFF OF THE ENTITY AND SAINT LUKES HEALTH SYSTEM (SYSTEM) TAX STAFF THE RETURN IS REVIEWED BY THE ENTITY'S CFO OR CEO THE 990 DRAFT WAS ALSO PRESENTED TO THE AUDIT COMMITTEE OF THE SYSTEM BOARD OF DIRECTORS FOR REVIEW THE 990 WAS PROVIDED TO THE ORGANIZATION'S BOARD MEMBERS BEFORE FILING WITH THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	SAINT LUKES HEALTH SYSTEM AND ITS AFFILIATES, INCLUDING THE FILING ORGANIZATION, HAVE COMPREHENSIVE WRITTEN CONFLICT OF INTEREST POLICIES APPLICABLE TO ALL DIRECTORS, OFFICERS, AND EMPLOYEES ANY ACTUAL, POSSIBLE OR PERCEIVED CONFLICT OF INTEREST IS EXPECTED TO BE HANDLED THROUGH FULL AND TIMELY DISCLOSURE OF ANY SUCH INTEREST, TOGETHER WITH ABSENCE OF PERSUASION IN ANY DISCUSSION AND IN ANY VOTE WHEREIN THE INTEREST IS INVOLVED DISCLOSURE IS TO BE MADE WHEN THE INTEREST ARISES, AT ANY TIME THE INTEREST BECOMES A MATTER OF GOVERNING BOARD ACTION, AND THEN ANNUALLY THROUGH COMPLETION OF A CONFLICT OF INTEREST QUESTIONNAIRE THE SYSTEM VICE PRESIDENT OF INTERNAL AUDIT REVIEWS COMPLETED QUESTIONNAIRES AND FURTHER INVESTIGATES POSSIBLE CONFLICTS OF INTEREST A REPORT IS PROVIDED TO THE AUDIT COMMITTEE OF THE SYSTEM BOARD OF DIRECTORS AND ANY IDENTIFIED CONFLICT OF INTEREST IS REPORTED TO THE APPLICABLE ENTITY
	FORM 990, PART VI, SECTION B, LINE 15	ANNUALLY, THE SAINT LUKES HEALTH SYSTEM BOARD OF DIRECTORS' COMPENSATION COMMITTEE REVIEWS, DISCUSSES, SETS AND APPROVES COMPENSATION FOR THE ORGANIZATION'S TOP MANAGEMENT EXECUTIVES INDEPENDENT, EXTERNAL DIRECTORS SERVE ON THE COMPENSATION COMMITTEE AN INDEPENDENT COMPENSATION CONSULTING FIRM ANNUALLY PROVIDES A WRITTEN REPORT AND REASONABLENESS OPINION THE CONSULTANT REVIEWS THE SYSTEM'S EXECUTIVE COMPENSATION PHILOSOPHY AND ANALYZES MARKET COMPETITIVENESS (IN TOTAL AND BY EACH COMPENSATION AND BENEFIT ELEMENT) FOR THE EXECUTIVES USING APPROPRIATE COMPARABILITY DATA COMPENSATION COMMITTEE ACTIONS ARE CONTEMPORANEOUSLY DOCUMENTED THE PROCESS SATISFIES THE REBUTTABLE PRESUMPTION PROCEDURE COMPENSATION FOR OFFICERS NOT REVIEWED BY THE COMPENSATION COMMITTEE IS SET/APPROVED ANNUALLY BY SAINT LUKES HEALTH SYSTEM EXECUTIVE MANAGEMENT BASED ON MARKET COMPENSATION SURVEYS AND COMPARABILITY DATA PROVIDED BY AN INDEPENDENT COMPENSATION CONSULTING FIRM
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE NOT PUBLICLY AVAILABLE
		GINA LAWSON AND RYAN MCNELLIS DID NOT RECEIVE COMPENSATION FOR DUTIES AS A DIRECTOR OR OFFICER OF THE FILING ORGANIZATION BUT RECEIVED COMPENSATION FROM RELATED ORGANIZATIONS FOR SERVICES RENDERED TO THE RELATED ORGANIZATIONS REPORTABLE COMPENSATION FROM RELATED ORGANIZATIONS FOR DON SIPES IS FOR SERVICES RENDERED TO THE FILING AND RELATED ORGANIZATIONS
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	RISK RETENTION GROUP SSA DIVIDENDS -20,611 PENSION LIABILITY TRANSFER TO SAINT LUKES HEALTH SYSTEM -158,185 EQUITY IN AFFILIATES -165,718 CHANGE IN INTEREST IN ASSETS OF THE FOUNDATION - SFAS 136 -141,971 DISSOLUTION OF WHOLLY OWNED SUBSIDIARIES -448,551 RDG -1
JOINT VENTURE	FORM 990, PART VI, SECTION B, LINE 16B	THE ORGANIZATION HAS PROCEDURES IN PLACE TO ENSURE THE VENTURE OPERATES IN A MANNER CONSISTENT WITH THE ORGANIZATION'S EXEMPT MISSION AND FOR THE VENTURE TO NOT ENGAGE IN POLITICAL CANDIDATE CAMPAIGN ACTIVITY OR OTHER ACTIVITIES THAT WOULD JEOPARDIZE THE ORGANIZATION'S EXEMPTION
TAX EXEMPT BOND LIABILITIES	FORM 990, PART X, BALANCE SHEET, LINE 20	THE AMOUNT REPORTED AS TAX-EXEMPT BONDS IS THE PORTION OF SAINT LUKES HEALTH SYSTEM BONDS ALLOCATED TO SAINT LUKES NORTHLAND HOSPITAL REQUIRED INFORMATION FOR THE BONDS, INCLUDING SCHEDULE K, IS REPORTED IN THE SAINT LUKES HEALTH SYSTEM (EIN 43-1747502) IRS FORM 990

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

2012

Open to Public Inspection

Name of the organization
SAINT LUKES NORTHLAND HOSPITAL CORPORATION

Employer identification number
44-0565393

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SLN MEDICAL SPECIALISTS LLC 5830 NW BARRY ROAD KANSAS CITY, MO 64154 26-0178220	PHYSICIAN SERVICES - BILLING	MO	4,987,480	0	SAINT LUKES NORTHLAND HOSPITAL

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) 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	
(1) MEDICAL PLAZA PARTNERS LP 4320 WORNALL RD SUITE 410 KASAS CITY, MO 64111 43-1357824	OWN AND OPERATE MEDICAL OFFICE BUILDING	MO	N/A									
(2) MEDICAL PARK ASSOCIATES A LP (DISSOLVED DURING 2012) 601 S 169 HWY SMITHVILLE, MO 64089 43-1311049	OWN AND OPERATE MEDICAL OFFICE BUILDING	MO	SPELMAN DEVELOPMENT CORP	INVESTMENT	-55,741			No			No	8 250 %
(3) ST LUKE'S SURGICENTER-LEE'S SUMMIT LLC 11221 ROE AVE SUITE 230 OVERLAND PARK, KS 66211 47-0853481	HEALTH CARE	MO	N/A									
(4) SAINT LUKE'S SOUTH SURGERY CENTER LLC 11221 ROE AVE SUITE 230 OVERLAND PARK, KS 66211 20-1721929	HEALTH CARE	KS	N/A									
(5) FAMILY ADVOCATES LLC 10918 ELM AVE KASAS CITY, MO 64134 20-2739036	FOSTER CARE	MO	N/A									
(6) SAINT LUKE'S CARDIOLOGY SERVICES 10920 ELM AVE KASAS CITY, MO 64134 26-3726426	HEALTH CARE	MO	N/A									
(7) SAINT LUKE'S-GI DIAGNOSTICS LLC 4321 WASHINGTON SUITE 5700 KASAS CITY, MO 64111 27-4142549	HEALTH CARE	MO	N/A									

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) SPELMAN DEVELOPMENT CORPORATION (DISSOLVED DURING 2012) 601 S 169 HIGHWAY SMITHVILLE, MO 64089 43-1296007	MEDICAL OFFICE BUILDING RENTALS	MO	SAINT LUKES NORTHLAND HOSPITAL	C	-141,217		100 000 %		No
(2) SAINT LUKE'S HEALTH SYSTEM RISK RETENTION GROUP 10920 ELM AVENUE KANSAS CITY, MO 64134 37-1471890	INSURANCE	SC	N/A	C					No
(3) ST LUKE'S HEALTH VENTURES INC 10920 ELM AVENUE KANSAS CITY, MO 64134 43-1278476	ACCOUNTING	MO	N/A	C					No
(4) MEDICAL PLAZA MANAGEMENT INC 4320 WORNALL RD SUITE 410 KANSAS CITY, MO 64111 43-1352317	MEDICAL OFFICE BUILDING MANAGEMENT	MO	N/A	C					No
(5) VENTURE FINANCIAL SERVICES INC 6158 RAYTOWN TRAFFICWAY RAYTOWN, MO 64133 43-1605740	COLLECTIONS	MO	N/A	C					No

Part V

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

Yes

Yes

No

No

No

Yes

Yes

Yes

No

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-s)	(c) Amount involved	(d) Method of determining amount involved
(1) MEDICAL PARK ASSOCIATES	K	156,080	PAID FMV RENT TO MPA FOR OFFICES
(2) SPELMAN DEVELOPMENT CORPORATION	R	15,000	CONTRIBUTION TO EQUITY

Schedule R (Form 990) 2012

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.

[illegible]

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, LINE 1	SAINT LUKE'S HEALTH SYSTEM (SYSTEM) AND ITS AFFILIATED ENTITIES OPERATE AS A HIGHLY INTEGRATED HEALTH CARE DELIVERY SYSTEM THE SYSTEM MANAGES AND OPERATES RELATED HOSPITALS AND THEIR AFFILIATES AS A COMMON MISSION ORIENTED HEALTH CARE SYSTEM IN ORDER TO BETTER SERVE THE HEALTH-RELATED NEEDS OF GREATER KANSAS CITY AND SURROUNDING AREAS AS A RESULT, THERE ARE NUMEROUS INTERCOMPANY INTERACTIONS INCLUDING CENTRALIZED SUPPORT SERVICES AND SHARING OF RESOURCES AND COSTS

Software ID:

Software Version:

EIN: 44-0565393

Name: SAINT LUKES NORTHLAND HOSPITAL CORPORATION

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
SAINT LUKES HEALTH SYSTEM 10920 ELM AVENUE KANSAS CITY, MO 64134 43-1747502	HEALTH SYSTEM	KS	501(C)(3)	509(A)(3) - TYPE 1	ST LUKES HOSPITAL OF KANSAS CITY	No
SAINT LUKES HOSPITAL OF KANSAS CITY 4401 WORNALL ROAD KANSAS CITY, MO 64111 44-0545297	HEALTH CARE	MO	501(C)(3)	170B1AIII		No
SAINT LUKES SOUTH HOSPITAL INC 12300 METCALF AVE OVERLAND PARK, KS 66213 48-1203262	HEALTH CARE	KS	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SAINT LUKES EAST HOSPITAL 100 NE ST LUKES BLVD LEES SUMMIT, MO 64086 56-2488077	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SAINT LUKES MEDICAL GROUP 6750 ANTIOCH SUITE 210 SHAWNEE MISSION, KS 66204 43-1598353	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
CRITTENTON 10918 ELM AVE KANSAS CITY, MO 64134 44-0545808	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HOSPITAL	No
SAINT LUKES HEALTH SYSTEM HOME CARE AND HOSPICE 3100 BROADWAY SUITE 1000 KANSAS CITY, MO 64111 43-1127200	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SAINT LUKES HOSPITAL OF TRENTON 701 EAST FIRST TRENTON, MO 64683 43-1707306	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SAINT LUKES HOSPITAL OF GARNETT 421 SOUTH MAPLE GARNETT, KS 66032 74-2849611	HEALTH CARE	KS	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
CABOT WESTSIDE HEALTH CENTER 2121 SUMMIT KANSAS CITY, MO 64108 44-0546280	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
MIDWEST EAR INSTITUTE INC 4200 PENNSYLVANIA SUITE 100 KANSAS CITY, MO 64111 48-0905027	HEALTH CARE	KS	501(C)(3)	170B1AIII	SAINT LUKES HOSPITAL	No
SAINT LUKES HOSPITAL OF CHILLICOTHE 100 CENTRAL STREET CHILLICOTHE, MO 64601 43-1735565	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
CUSHING MEMORIAL HOSPITAL CORP 711 MARSHALL LEAVENWORTH, KS 66048 48-0543792	HEALTH CARE	KS	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SAINT LUKES CANCER INSTITUTE LLC 4401 WORNALL RD KANSAS CITY, MO 64111 43-1933950	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SAINT LUKES CARE 10920 ELM AVENUE KANSAS CITY, MO 64134 26-0185090	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
MEDICAL PLAZA IMAGING ASSOCIATES LLC 4401 WORNALL ROAD KANSAS CITY, MO 64111 43-1609584	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SAINT LUKES COLLEGE OF HEALTH SCIENCES 624 WESTPORT ROAD KANSAS CITY, MO 64111 27-2716128	POST SECONDARY NURSING EDUCATION	MO	501(C)(3)	170B1AIII	SAINT LUKES HOSPITAL	No
SLCC INC 4330 WORNALL ROAD SUITE 2000 KANSAS CITY, MO 64111 27-1994652	HEALTH CARE	KS	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM	No
SLNC INC 4401 WORNALL RD KANSAS CITY, MO 64111 45-1470888	HEALTH CARE	KS	APPLYING FOR 501(C)(	APPLYING FOR 170B1AI	SAINT LUKES HEALTH SYSTEM	No

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership[illegible]

CONSOLIDATED FINANCIAL STATEMENTS

Saint Luke's Health System, Inc
Years Ended December 31, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP



Saint Luke's Health System, Inc.
Consolidated Financial Statements
Years Ended December 31, 2012 and 2011

Contents

Report of Independent Auditors	1
Audited Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	9

Report of Independent Auditors

The Board of Directors
Saint Luke's Health System, Inc

We have audited the accompanying consolidated financial statements of Saint Luke's Health System, Inc and subsidiaries (the System), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Saint Luke's Health System and subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U S generally accepted accounting principles

Ernst + Young LLP

April 9, 2013

Saint Luke's Health System, Inc.

Consolidated Balance Sheets

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
Assets		
Current assets		
Cash and cash equivalents	\$ 183,507	\$ 144,521
Short-term investments <i>(Note 5)</i>	114,787	149,167
Accounts receivable, less allowance for uncollectible accounts of \$24,871 in 2012 and \$18,970 in 2011	153,230	139,360
Other receivables	15,490	20,650
Inventories	21,514	19,396
Prepaid expenses	12,824	19,081
Total current assets	<u>501,352</u>	492,175
Property and equipment, net <i>(Note 4)</i>	885,214	836,524
Investments <i>(Note 5)</i>	243,087	216,617
Assets limited as to use <i>(Note 5)</i> :		
Board-designated	695	628
Held by trustee		
Under self-insurance arrangements	22,089	22,909
Indenture agreements	47	—
Restricted by donor or grantor	11,510	11,579
Total assets limited as to use	<u>34,341</u>	35,116
Other assets		
Investment in affiliates	14,058	12,695
Interest in net assets of foundations	135,981	125,819
Deferred financing costs, net	7,799	8,345
Other	36,038	38,100
Total other assets	<u>193,876</u>	184,959
Total assets	<u><u>\$ 1,857,870</u></u>	<u><u>\$ 1,765,391</u></u>

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
Liabilities and net assets		
Current liabilities		
Current maturities of long-term debt <i>(Note 6)</i>	\$ 10,615	\$ 10,368
Accounts payable	61,756	50,761
Payroll-related liabilities	55,424	49,237
Estimated third-party payor settlements	13,262	16,133
Defined contribution plan obligations	14,100	13,251
Other	40,386	36,371
Total current liabilities	195,543	176,121
Reserve for self-insured risks <i>(Note 9)</i>	22,539	24,090
Long-term debt, less current maturities <i>(Note 6)</i>	552,019	541,254
Interest rate swap contracts	36,508	35,814
Pension obligation	55,020	48,324
Other noncurrent liabilities	14,076	18,272
Total liabilities	875,705	843,875
Net assets		
Saint Luke's Health System, Inc	832,222	781,655
Noncontrolling interest	2,452	2,457
Total unrestricted	834,674	784,112
Temporarily restricted <i>(Note 11)</i>	108,918	98,898
Permanently restricted <i>(Note 11)</i>	38,573	38,506
Total net assets	982,165	921,516
 Total liabilities and net assets	 \$ 1,857,870	 \$ 1,765,391

See accompanying notes.

Saint Luke's Health System, Inc.

Consolidated Statements of Operations

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Unrestricted revenues and other support		
Patient service revenue <i>(Notes 2 and 3)</i>	\$ 1,220,199	\$ 1,099,805
Provision for bad debts <i>(Note 3)</i>	(49,254)	(34,959)
Net patient service revenue	1,170,945	1,064,846
Other revenue	66,392	59,049
Total unrestricted revenues and other support	1,237,337	1,123,895
Expenses		
Salaries and wages	548,175	501,932
Employee benefits	128,098	110,934
Supplies and other	432,218	388,774
Depreciation and amortization	74,835	65,749
Interest	21,626	17,328
Total expenses	1,204,952	1,084,717
Operating income	32,385	39,178
Other income (loss)		
Investment income and other, net	34,210	9,173
Income on investments in affiliates, net	6,303	6,411
Loss on interest rate swaps	(694)	(17,461)
Loss on bond refunding and defeasance	(655)	—
Other, net	(6,440)	(7,250)
Total other income (loss), net	32,724	(9,127)
Consolidated excess of revenues over expenses	65,109	30,051
Attributable to noncontrolling interest	(7,485)	(7,603)
Excess of revenues over expenses attributable to Saint Luke's Health System, Inc. and subsidiaries	57,624	22,448
Contributions of property, equipment, and other	2,673	1,453
Pension-related charges other than net periodic pension costs	(9,730)	(26,434)
Increase (decrease) attributable to Saint Luke's Health System, Inc. and subsidiaries unrestricted net assets	\$ 50,567	\$ (2,533)

See accompanying notes

Saint Luke's Health System, Inc.

Consolidated Statements of Changes in Net Assets

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Total	Controlling	Noncontrolling	Total	Controlling	Noncontrolling
	<i>(In Thousands)</i>					
Unrestricted net assets						
Excess of revenues over expenses	\$ 65,109	\$ 57,624	\$ 7,485	\$ 30,051	\$ 22,448	\$ 7,603
Contribution of property, equipment, and other	2,673	2,673	—	1,453	1,453	—
Pension-related charges other than net periodic pension costs	(9,730)	(9,730)	—	(26,434)	(26,434)	—
Other changes in unrestricted net assets	(7,490)	—	(7,490)	(6,733)	—	(6,733)
Increase (decrease) in unrestricted net assets	50,562	50,567	(5)	(1,663)	(2,533)	870
Temporarily restricted net assets						
Contributions	1,341	1,341	—	1,498	1,498	—
Investment income, net	474	474	—	1,288	1,288	—
Change in unrealized gain (loss) on investments, net	720	720	—	(3,680)	(3,680)	—
Net assets released from restrictions	(2,610)	(2,610)	—	(2,465)	(2,465)	—
Change in interest in temporarily restricted net assets of foundations	10,095	10,095	—	(1,673)	(1,673)	—
Increase (decrease) in temporarily restricted net assets	10,020	10,020	—	(5,032)	(5,032)	—
Permanently restricted net assets						
Change in interest in permanently restricted net assets of foundations	67	67	—	118	118	—
Increase in permanently restricted net assets	67	67	—	118	118	—
Increase (decrease) in net assets	60,649	60,654	(5)	(6,577)	(7,447)	870
Net assets at beginning of year	921,516	919,059	2,457	928,093	926,506	1,587
Net assets at end of year	<u>\$ 982,165</u>	<u>\$ 979,713</u>	<u>\$ 2,452</u>	<u>\$ 921,516</u>	<u>\$ 919,059</u>	<u>\$ 2,457</u>

See accompanying notes

Saint Luke's Health System, Inc.

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Operating activities		
Increase (decrease) in net assets	\$ 60,649	\$ (6,577)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	74,835	65,749
Loss on disposal and impairment of property and equipment	1,604	750
Provision for bad debt	49,254	34,959
Change in unrealized loss on interest rate swaps	694	17,461
Loss on bond refunding and defeasance	655	—
Pension-related charges other than net periodic pension costs	9,730	26,434
Restricted contributions	(1,341)	(1,498)
Changes in operating assets and liabilities		
Increase in accounts receivable	(63,124)	(44,844)
Decrease (increase) in other current assets	9,299	(3,627)
Decrease in investment securities classified as trading	20,988	49,268
(Increase) decrease in other noncurrent assets	(8,280)	14,206
Increase (decrease) in accounts payable	10,995	(3,510)
Increase in other current liabilities	8,180	26,077
(Decrease) increase in reserve for self-insured risks	(1,551)	216
Decrease in other noncurrent liabilities	(7,230)	(13,345)
Net cash provided by operating activities	<u>165,357</u>	<u>161,719</u>
Investing activities		
Purchase of assets for physician integration	—	(335)
Purchase of property and equipment, net	(125,129)	(137,270)
Increase in investment companies, net	(12,303)	(16,618)
Increase in investment in affiliates, net	(7,108)	(7,116)
Distributions from affiliates, net	5,745	4,820
Net cash used in investing activities	<u>(138,795)</u>	<u>(156,519)</u>

Saint Luke's Health System, Inc.

Consolidated Statements of Cash Flows (continued)

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Financing activities		
Payments and refunding of long-term debt	\$ (150,538)	\$ (10,176)
Proceeds from issuance of long-term debt	162,200	—
Deferred bond issuance costs	(579)	—
Restricted contributions	1,341	1,498
Net cash provided by (used in) financing activities	<u>12,424</u>	<u>(8,678)</u>
 Increase (decrease) in cash and cash equivalents	 38,986	 (3,478)
Cash and cash equivalents at beginning of year	144,521	147,999
Cash and cash equivalents at end of year	<u>\$ 183,507</u>	<u>\$ 144,521</u>
 Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 22,609</u>	<u>\$ 23,177</u>

See accompanying notes

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements

December 31, 2012

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies

Saint Luke's Health System, Inc. and subsidiaries (the System) consists of Saint Luke's Hospital of Kansas City (Saint Luke's), Saint Luke's Northland Hospital (North), Saint Luke's South Hospital (South), Saint Luke's East Hospital (East), and their direct and indirect subsidiaries. The corporate entity, Saint Luke's Health System, Inc. (the Corporation), contains the System's information technology, finance, marketing, and general management functions. The System and its primary operating entities are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Certain supporting subsidiaries are subject to federal and state income taxes.

The System's primary business operation includes acute and behavioral health-related services in both hospital and clinic settings. In addition, the System provides home care services and care to the terminally ill and manages properties utilized primarily for physician offices and clinics. Substantially all of the System's expenses relate to providing health care services.

The accompanying consolidated financial statements include the following primary operating entities:

- Saint Luke's Hospital of Kansas City (Saint Luke's)
- Saint Luke's Northland Hospital (North)
- Saint Luke's South Hospital (South)
- Saint Luke's East Hospital (East)
- Crittenton Children's Center (Crittenton)
- Cushing Memorial Hospital (Cushing)
- Saint Luke's Hospital of Chillicothe d/b/a Hedrick Medical Center (Hedrick)
- Saint Luke's Hospital of Trenton d/b/a Wright Memorial Hospital (Wright Memorial)
- Saint Luke's Hospital of Garnett d/b/a Anderson County Hospital (Anderson County)
- Saint Luke's Home Care and Hospice (Home Care and Hospice)
- Cabot Westside Health Center (Cabot)
- Saint Luke's Health System Risk Retention Group (RRG)
- Midwest Ear Institute
- Saint Luke's College of Health Sciences (College)
- Physician Corporations
 - Saint Luke's Medical Group (Medical Group)
 - Saint Luke's Cardiovascular Consultants (SLCC) as of June 1, 2010
 - Saint Luke's Neurological Consultants (SLNC) as of September 1, 2011
- Saint Luke's Health System, Inc. (the Corporation)

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

All significant intercompany transactions and balances have been eliminated in the consolidated financial statements

Anderson County, Hedrick, and Wright Memorial facilities are leased from the local community or government, while the System provides for the operations of these facilities. The financial position and results of operations of these facilities are included in the consolidated financial statements and include combined total net assets of \$33.8 million and \$29.9 million as of December 31, 2012 and 2011, respectively. These leases are evergreen leases, which require a one-year cancellation notice by either party. Currently, the System has no reason to believe that these arrangements will be terminated.

Accounting Policies

The System's accounting policies conform to U.S. generally accepted accounting principles (GAAP) applicable to health care organizations.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments generally with a maturity of three months or less when purchased, excluding assets limited as to use by Board designation or other arrangements under trust agreements.

Short-Term Investments

Short-term investments primarily are comprised of cash and cash equivalents, U.S. government obligations, corporate obligations, and corporate equity securities internally designated as current assets because such amounts are available to meet the System's cash requirements.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

Accounts Receivable

The System provides health care services through inpatient, outpatient, and ambulatory care facilities that provide services in the greater Kansas City metropolitan area and surrounding communities and grants credit to patients, substantially all of whom are local residents. The System generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under its health insurance programs, plans, and policies including, but not limited to, Medicare, Medicaid, health maintenance organizations, and commercial insurance policies.

Accounts receivable are stated at net realizable value. The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, considering business and general economic conditions in its service area, trends in health care coverage, and other collection indicators. For receivables associated with services provided to patients who have third-party coverage (including copayment and deductible amounts from patients), the System analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts. For receivables associated with self-pay patients, the System records a provision for bad debts in the period of service on the basis of its past experience, which indicates that some patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. Accounts are written off when all reasonable internal and external collection efforts have been performed. These adjustments are accrued on an estimated basis and are adjusted as needed in future periods. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

The allowance for uncollectible accounts as a percentage of accounts receivable increased from 12% at December 31, 2011, to 14% at December 31, 2012, primarily due to an increase in self-pay receivables.

Inventories

Inventories consist primarily of medical supplies and pharmaceuticals and are stated at the lower of actual cost, generally on the first-in, first-out basis, or market.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Land improvement	8 to 20 years
Building and improvements	5 to 40 years
Equipment	3 to 15 years
Software	5 to 7 years

Leasehold improvements are amortized over the corresponding lease. And such amortization is included in depreciation expense.

Capitalized Interest

Interest cost incurred on tax-exempt borrowings designated for construction purposes, along with interest earned on such borrowed funds, is capitalized over the duration of the related construction projects. Imputed interest cost incurred on construction financed through internally generated funds or other borrowings is capitalized over the duration of the related construction projects when the project is material in cost and time. Capitalized interest is subsequently amortized over the lives of the related assets.

Asset Impairment

The System considers whether indicators of impairment are present and performs the necessary test to determine if the carrying value of an asset is appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified, except for any alternative investment impairments, which are recognized in investment income (loss), net.

Investments and Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under self-insurance arrangements and indenture agreements and restricted donations. Investments in equity and debt securities are measured at fair value.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

The System considers its investment securities as trading securities. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) from trading investments is recorded as other income (loss), which is included in excess of revenues over expenses, unless the income or loss is restricted by donor or law or derived from assets held by trustee under self-insurance arrangements or under indenture agreements. Gains and losses with respect to disposition of marketable securities are based on the specific-identification method.

Investment income earned by assets held by trustee under self-insurance arrangements and under indenture agreements is reported as other revenue. Restricted investment income and net gains or losses on investments of donor-restricted funds are added to or deducted from the appropriate restricted net asset balance.

The System also holds investment positions in other trusts, limited liability investment companies, and hedge funds of funds (collectively referred to as investment companies), which are reported using the equity method of accounting based on information provided by the respective investment companies. The values of investments held in investment companies are determined by the investment managers or general partners and may be based on estimates that require varying degrees of judgment and financial data supplied by the underlying investee funds. Generally, the net asset's value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The financial statements of the investees are audited annually by independent auditors. Changes in the equity method of investments in the investment companies are recorded in other income (loss).

The System's assets limited as to use are exposed to various kinds and levels of risk. Fixed income securities expose the System to interest rate risk, credit risk, and liquidity risk. As interest rates change, the current value of many fixed income securities is affected, particularly those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligation. Liquidity risk is affected by the willingness of market participants to buy and sell given securities.

Equity securities expose the System to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity market, both international and domestic. Performance risk is the risk associated with a company's operating performance. Liquidity risk, as previously defined, tends to be higher for international equities and equities related to small capitalized companies.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

Interest in Net Assets of Foundations

Saint Luke's Foundation, Inc and the Spelman Medical Foundation (the Foundations) are deemed to be financially interrelated organizations to Saint Luke's, North, South, East, Crittenton, Wright Memorial, Home Care and Hospice, Cabot, Midwest Ear Institute, and the College for contributions received by the Foundations for which the donor has either specified a participating entity as the beneficiary or has not granted the Foundations variance power (temporarily or permanently restricted contributions received by the Foundations) Saint Luke's, North, South, Crittenton, Wright Memorial, Home Care and Hospice, Cabot, Midwest Ear Institute, and the College record their interest in the net assets of the Foundations in the consolidated balance sheets under the caption "interest in net assets of foundations" and as a component of temporarily and permanently restricted net assets These net assets held by the Foundations are primarily restricted to support the related hospital's medical and research programs and provide funding for equipment and capital improvements

Deferred Financing Costs

Deferred financing costs are amortized over the period the debt is outstanding using the bonds outstanding method

Derivative Financial Instruments

As part of its debt management program, the System enters into interest rate swaps The System recognizes these derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value The accounting for changes in the fair value (i e , gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship

The System has not designated its derivatives as hedges, and the change in fair value of the interest rate swap contracts is recognized as a component of other income (loss) The System does not have any fair value hedges or hedges of a net investment in foreign operations

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors primarily for patient care, health care education, or property. Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity with the related investment income expendable to support the donor-designated purpose, which is primarily for patient care, health care education, or property.

Contributions, Bequests, and Pledges

Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year made. Restricted contributions and bequests are reported as additions to the appropriate restricted net asset category. Resources restricted by donors for plant replacement and expansion are added to unrestricted net assets to the extent expended within the period. Resources restricted by donors and grantors for specific operating purposes are reported in other revenue to the extent used within the period.

Performance Indicator

The System's performance indicator is excess of revenues over expenses, which includes all changes in unrestricted net assets other than the contribution of property, equipment, and other, pension-related charges other than net periodic pension costs, and other changes in net assets attributable to noncontrolling interest.

Operating and Other Income (Loss)

The System's primary mission is to meet the health care needs in its service areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Substantially all expenses are related to providing health care services to the community. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be other income (loss). Other income (loss) activities include investment income (loss), excluding assets held by trustee under self-insurance arrangements and indentured agreements, income or loss on investment in affiliates, gain or loss on interest rate swaps, and loss on bond refunding and defeasance.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

1. Background, Principles of Consolidation, and Summary of Significant Accounting Policies (continued)

Reclassifications

Certain balances in the 2011 consolidated financial statements have been reclassified to conform to the current year presentation. The effect of such reclassifications did not change total net assets or excess of revenues over expenses.

Adoption of Accounting Pronouncements

Effective January 1, 2012, the System adopted the authoritative guidance issued by the Financial Accounting Standards Board (FASB) that amended disclosure requirements related to fair value measurement. The guidance expands disclosures for Level 3 fair value measurements, addresses nonfinancial assets' highest and best use, and permits fair value adjustments for assets and liabilities with offsetting risks. Other than requiring additional disclosures, adoption of this new guidance did not have a material impact on the System's consolidated financial statements.

2. Charity Care

The System is dedicated to providing both services and leadership in caring for the needy and accepts all patients regardless of their ability to pay. The System provides such care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the System does not attempt to collect amounts initially determined to qualify as charity care, such charges are not included in net patient service revenue. The cost incurred in providing these services of approximately \$36.2 million and \$34.1 million in 2012 and 2011, respectively, is included in the System's operating expenses and is estimated using the prior year overall Medicare cost to charge ratio. In addition, the System provides care for medically indigent patients covered under the Medicaid welfare program at rates substantially below standard charges.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

3. Net Patient Service Revenue

Net patient service revenue as reflected in the accompanying consolidated statements of operations consists of the following

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Gross patient service charges		
Inpatient	\$ 2,025,370	\$ 1,826,829
Outpatient	1,576,977	1,394,070
Clinic	351,742	281,399
Total patient service charges	3,954,089	3,502,298
Less deductions from gross patient service charges		
Contractual adjustments		
Medicare	1,044,282	932,522
Managed care and other	1,351,799	1,186,181
Medicaid	212,925	171,704
Charity care	124,884	112,086
Patient service revenue	1,220,199	1,099,805
Less provision for bad debts	49,254	34,959
Net patient service revenue	\$ 1,170,945	\$ 1,064,846

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. For uninsured patients who do not qualify for charity care, the System recognizes revenue on the basis of its standard rates for services provided. Patient service revenue, net of contractual expense (but before provision for bad debts), is reported at the estimated net realizable amounts for patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

3. Net Patient Service Revenue (continued)

Patient service revenue, net of contractual expense (but before provision for bad debts), recognized from the System's major payor sources is summarized as follows

	Year Ended December 31	
	2012	2011
Patient service revenue, net of contractual expense		
Third-party payors	94%	94%
Self-pay payors	6	6
Total	100%	100%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Noncompliance with Medicare and Medicaid laws and regulations can make the System subject to significant regulatory action, including substantial fines and penalties, as well as exclusion from the Medicare and Medicaid programs. The System's net patient service revenue increased by approximately \$3.7 million and \$0.7 million in 2012 and 2011, respectively, due to revised estimates consisting primarily of retroactive third-party adjustments for years that are subject to audits, reviews, and investigations.

The mix of significant gross patient service charges and receivables from patients and third-party payors includes the following:

	Gross Patient Service Charges		Receivables From Patients and Third-Party Payors	
	Year Ended December 31		December 31	
	2012	2011	2012	2011
Medicare	46%	45%	33%	26%
Blue Cross/Blue Shield	16	16	13	15
Medicaid	11	11	7	7
Commercial/patients	27	28	47	52
Total	100%	100%	100%	100%

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

4. Property and Equipment

Property and equipment consist of the following

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
Land and improvements	\$ 55,562	\$ 52,065
Buildings	829,779	792,758
Fixed equipment	198,630	192,453
Movable equipment	326,616	308,436
Software	46,116	42,322
	1,456,703	1,388,034
Less accumulated depreciation	641,658	581,750
	815,045	806,284
Construction-in-progress	70,169	30,240
Total property and equipment, net	\$ 885,214	\$ 836,524

During 2012, the System entered into an agreement to install a new clinical information technology system with the total cost anticipated to be approximately \$119 million. The System's Board of Directors has approved certain construction, renovation, information systems, and other projects throughout the System. As of December 31, 2012, the System had outstanding construction and other commitments of \$41.7 million related to these projects. The System has capitalized \$0.7 million and \$5.7 million of interest expense for 2012 and 2011, respectively, related to construction projects.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

5. Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is as follows

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
Cash and cash equivalents	\$ 6,782	\$ 7,069
U S government and agency securities	3,201	15,861
Fixed income	15,745	93,347
Common trust fixed income funds	157,361	104,595
Common trust equity funds	53,877	46,555
International equity funds	35,837	30,222
Domestic equity securities	35,905	32,970
International equity securities	35,060	27,103
Private equity	20,634	14,390
Hedge funds of funds	27,693	27,124
Accrued interest receivable and other	120	1,664
Total	<u>\$ 392,215</u>	<u>\$ 400,900</u>
Presented as		
Short-term investments	\$ 114,787	\$ 149,167
Investments	243,087	216,617
Assets limited as to use	34,341	35,116
Total	<u>\$ 392,215</u>	<u>\$ 400,900</u>

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

5. Investments and Assets Limited as to Use (continued)

Common trust fixed income funds and common trust equity funds generally are redeemable in less than five days

Private equity funds are generally not available to be redeemed except as distributed by the fund. As of December 31, 2012, the System had committed \$25.3 million to additional investments in private equity funds. The majority of the hedge funds of funds held are redeemable on a quarterly basis with 60 days' notice. The System requested full redemption, effective March 31, 2009, of its investment in a hedge funds of funds with a fair value of \$12.7 million. Redemptions were received during 2011 and 2012 with a remaining fair value of \$1.3 million at December 31, 2012.

Investment return is summarized as follows:

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Interest, dividends, and net realized gain, net	\$ 14,007	\$ 28,972
Change in unrealized gain (loss), net	21,714	(20,980)
Total investment return	<u>\$ 35,721</u>	<u>\$ 7,992</u>
Included in other revenue	\$ 450	\$ 1,661
Included in investment income and other, net	34,077	8,723
Included in temporarily restricted net assets	1,194	(2,392)
Total investment return	<u>\$ 35,721</u>	<u>\$ 7,992</u>

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt

Long-term debt consists of the following obligations

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
FSA Insured Health Facilities Revenue Bonds		
Series 2003A and B, fixed annual interest rate of 5.5%, payable in installments through 2032 (including unamortized premiums of \$1,518 and \$1,594 at December 31, 2012 and 2011, respectively)	\$ 126,518	\$ 126,594
Series 2004A, fixed annual interest rate of 5.0%, payable in installments through 2019 (including unamortized premiums of \$1,962 and \$2,484 at December 31, 2012 and 2011, respectively)	53,387	59,924
Series 2005A and B, fixed annual interest rate ranging from 5.125% to 5.5% at December 31, 2012, payable in installments through 2035 (including unamortized premiums of \$217 and \$226 at December 31, 2012 and 2011, respectively)	100,217	100,226
Uninsured Health Facilities Revenue Bonds		
Series 2008A, B, and C, variable rate demand bonds, annual interest rate of 0.14% at December 31, 2011	—	140,000
Series 2010A, fixed annual interest rate ranging from 4.0% to 5.25% at December 31, 2012, payable in installments through 2040 (including unamortized premiums of \$1,184 and \$1,227 at December 31, 2012 and 2011, respectively)	94,659	96,947
Series 2012A and B, variable rate demand bonds, annual interest rate of 1.02% and 0.73%, respectively, at December 31, 2012, payable in installments through 2040	140,000	—
Series 2012C, variable rate demand bonds, annual interest rate of 1.12% at December 31, 2012, payable in installments through 2042	20,690	—
Other obligations	27,163	27,931
	562,634	551,622
Less current maturities	10,615	10,368
Total long-term debt, net of current maturities	\$ 552,019	\$ 541,254

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

The Master Trust Indenture (the MTI) dated as of December 1, 1996, with subsequent amendments, sets forth the covenants relating to and provides the terms and conditions upon which borrowings under the MTI may be issued and secured. The MTI provides that the borrowings under the MTI are the joint and several obligations of each of the members of the Obligated Group. Currently, the Corporation, Saint Luke's, North, South, and East are members of the Obligated Group and comply with covenants, undertakings, stipulations, and provisions contained in the MTI. The tax-exempt revenue bonds have been issued through Missouri Health & Educational Facilities Authority, the proceeds of which were used by the Corporation primarily to finance capital projects and to refinance existing indebtedness.

The obligation of the Corporation to make payments on the indebtedness under the MTI and any additional notes is a general obligation of the Obligated Group and any future members of the Obligated Group, which is not secured by a pledge or mortgage of, or security interest in, any assets of the Obligated Group or any future members of the Obligated Group. Nonetheless, the MTI imposes certain restrictions on the actions of the members of the Obligated Group for the benefit of all holders of notes issued under the MTI. Such terms include, among others, restrictions on liens on the property of the members of the Obligated Group, restrictions on the incurrence of additional indebtedness, maintenance of certain debt coverage and liquidity ratios, and provisions governing the transfer of the property of the members of the Obligated Group.

In 2011, the Corporation's unsecured variable rate debt was variable rate demand bonds, supported by an irrevocable letter of credit. During 2012, the Corporation issued Series 2012A and 2012B variable rate demand bonds in the amount of \$140.0 million. The proceeds of the Series 2012A and 2012B were used to refund the Series 2008A, B, C variable rate demand bonds. A loss on bond defeasance of \$0.7 million was recorded in other income (loss) related to the refunding of the Series 2008 A, B, C bonds.

The Series 2012A and Series 2012B bonds are in the amount of \$70.0 million each, with interest payable monthly and principal payable annually through 2040. The Series 2012A bonds were purchased by a bank with a seven-year commitment and a variable interest rate determined weekly based on the published London Interbank Offered Rate (LIBOR) rate. The Series 2012B bonds were purchased by a second bank with a five year commitment and a variable interest rate reset weekly based on the published Securities Industry and Financial Markets Association (SIFMA) rate.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

In 2012, the Corporation issued Series 2012C variable rate demand bonds, with interest payable monthly and principal payable in 2041 and 2042. The bonds are purchased by a bank affiliate as advances are requested by the Corporation through 2013. As of December 31, 2012, the Corporation has received principal advances of \$20.7 million with an additional commitment to borrow \$29.3 million by December 31, 2013. The owner has a ten-year commitment to hold these bonds and a variable interest rate determined weekly based on LIBOR. The proceeds of the 2012C bonds are being used for the payment of certain capital expenditures and reimbursement of prior capital expenditures.

Terms of the Series 2012A, B, and C bonds related to financial covenants and restrictions on members of the Obligated Group are materially the same as prior issues.

Scheduled annual principal payments on the System's long-term obligations, excluding the impact of unamortized bond premiums of \$4,881 thousand and assuming that the variable rate debt will be remarketed, are as follows:

Year Ending December 31	Long-Term Debt
	<i>(In Thousands)</i>
2013	\$ 10,615
2014	33,072
2015	9,850
2016	10,268
2017	10,782
Thereafter	483,166
	<u>\$ 557,753</u>

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

Interest Rate Swap Agreements

The System is a party to multiple interest rate swap contracts that effectively convert various variable rate demand bonds to fixed rates. Interest rate swap contracts between the System and a third party (counterparty) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and include counterparty credit risk, which is the risk that contractual obligations of the counterparties will not be fulfilled. Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Counterparty credit risk is managed by requiring high credit standards for the System's counterparties. The counterparties to the interest rate swap contracts are financial institutions that carry investment-grade credit ratings. The interest rate swap contracts contain collateral provisions applicable to both parties to mitigate credit risk. There was no collateral posted at December 31, 2012 or 2011. The System does not anticipate nonperformance by its counterparties.

The System's interest rate swap contracts and fair value of derivatives (not designated as hedging instruments) at December 31 are as follows:

Expiration Date	Fixed Rate	The System Receives	Notional Amount		Fair Value	
			2012	2011	2012	2011
			<i>(In Thousands)</i>		<i>(In Thousands)</i>	
2032	5.500%	LIBOR	\$ 60,300	\$ 60,300	\$ (24,259)	\$ (23,483)
2035	5.056%	LIBOR	33,500	33,500	(12,249)	(12,331)
					<u>\$ (36,508)</u>	<u>\$ (35,814)</u>

For the fair value leveling of these interest rate swaps, please refer to note 7.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

The effects of derivative instruments included in other income (loss) in the consolidated statements of operations for the years ended December 31 are as follows

Location of Loss on Derivatives Recognized in Excess of Revenues Over Expenses		Amount of Loss on Derivatives Recognized in Excess of Revenues Over Expenses	
		2012	2011
		<i>(In Thousands)</i>	
Loss on interest rate swaps	Unrealized loss	\$ (694)	\$ (17,461)
Other loss, net	Difference between cash paid and received	(4,822)	(4,807)

Operating Leases

The System leases facility space and certain diagnostic and other equipment under long-term operating leases as a normal part of its operation. At December 31, 2012, future noncancelable lease commitments consist of the following

Year Ending December 31	Lease Commitments
	<i>(In Thousands)</i>
2013	\$ 10,334
2014	8,698
2015	7,396
2016	6,370
2017	4,743
Thereafter	24,315
	<u>\$ 61,856</u>

Rental expense under cancelable and noncancelable leases was \$14.4 million and \$17.0 million in 2012 and 2011, respectively.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosures Topic of the FASB's Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the System's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments, and interest rate swap contracts. The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of financial instruments such as money market securities and listed equities.

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date. Instruments in this category include certain U.S. government agency and sponsored entity debt securities and interest rate swap contracts depending on the significance of the credit value adjustment.

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. In evaluating the significance of inputs, the System generally classifies assets or liabilities as Level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs, represent more than 10% of the fair value of the assets or liabilities. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Instruments in this category include interest rate swap contracts depending on the significance of the credit value adjustment.

Certain of the System's alternative investments are primarily made through limited liability company's (LLCs) and limited liability partnerships (LLPs), which provide the System with a proportionate share of the investment gains (losses). The System accounts for its ownership in the LLCs and LLPs under the equity method.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements (continued)

The fair value of financial assets and liabilities measured at fair value on a recurring basis was determined using the following inputs at December 31, 2012

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total Value			
<i>(In Thousands)</i>				
Assets				
Cash and cash equivalents	\$ 6,774	\$ 6,774	\$ –	\$ –
U S government and agency securities	4,139	–	4,139	–
Common trust fixed income funds	158,298	–	158,298	–
Common trust equity fund	54,319	–	54,319	–
Fixed income funds	15,745	–	15,745	–
Domestic equity securities	36,098	36,098	–	–
International equity securities	35,401	35,401	–	–
	310,774	\$ 78,273	\$ 232,501	\$ –
Reconciling Items				
Investments recorded on an equity basis	84,490			
Supplemental Executive Retirement Plan (SERP) assets	(3,169)			
Accrued interest and other	120			
Investments per balance sheet	<u>\$ 392,215</u>			
Liabilities				
Obligation under swap contracts	\$ (36,508)	\$ –	\$ –	\$ (36,508)

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements (continued)

The fair value of financial assets and liabilities measured at fair value on a recurring basis was determined using the following inputs at December 31, 2011

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total Value			
<i>(In Thousands)</i>				
Assets				
Cash and cash equivalents	\$ 7.079	\$ 7.079	\$ —	\$ —
U S government and agency securities	17.341	—	17.341	—
Common trust fixed income funds	104.595	—	104.595	—
Common trust equity fund	47.215	—	47.215	—
Fixed income funds	94.877	94.877	—	—
Domestic equity securities	33.234	33.234	—	—
International equity securities	27.485	27.485	—	—
	331.826	\$ 162.675	\$ 169.151	\$ —
Reconciling Items				
Investments recorded on an equity basis	72.187			
SERP assets	(4.777)			
Accrued interest and other	1.664			
Investments per balance sheet	<u>\$ 400.900</u>			
Liabilities				
Obligation under swap contracts	\$ (35.814)	\$ —	\$ —	\$ (35.814)

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements (continued)

The fair values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 securities (primarily fixed income securities) were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes as provided by third-party pricing services where quoted market values are not available. Level 2 investments include common trust fixed income funds, common trust equity funds, and U.S. government and agency securities. The fair values of the interest rate swap contracts are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved and are included in Level 2 or Level 3 depending on the significance of the credit value adjustment. Due to the volatility of the capital markets, there is a reasonable possibility of significant changes in fair value and additional gains (losses) in the near term subsequent to December 31, 2012.

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, other current assets, and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

The valuation for the estimated fair value of long-term debt is completed by a third-party service and takes into account a number of factors including but not limited to, any one or more of the following: (i) general interest rate and market conditions, (ii) macroeconomic and/or deal-specific credit fundamentals, (iii) valuation of other financial instruments which may be comparable in terms of rating, structure, maturity, and/or covenant protection, (iv) cash flow projections, which in turn are based on assumptions about certain parameters that include, but are not limited to, default, recovery, prepayment, and reinvestment rates, (v) administrator reports, asset manager estimates, broker quotations, and/or trustee reports, and (vi) comparable trades, where observable. Based on the inputs in determining the estimated fair value of debt, this liability is considered a Level 2. The estimated fair value of the System's fixed-rate bonds are based on quoted market prices for the same or similar issues and approximate \$410.0 and \$403.5 million as of December 31, 2012 and 2011, respectively, which included a consideration of third-party credit enhancement, of which there was no impact. The carrying amount of the System's fixed-rate bonds as recorded in the System's consolidated balance sheets was \$374.8 and \$383.7 million as of December 31, 2012 and 2011, respectively. The estimated fair value of the System's variable rate bonds approximates the carrying amount of \$160.7 million and \$140.0 million as of December 31, 2012 and 2011, respectively.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans

The System has a defined benefit pension plan (the Plan) covering substantially all employees who have attained age 21 with at least one year of service. Plan benefits are based on years of service and the employees' compensation. The Plan provides for payments commencing at age 65, with certain provisions for early retirement. Benefits under the Plan have been frozen. The System's policy is to make annual contributions to the Plan equal to the amounts accrued for pension liability within the range permitted.

The following table sets forth the funded status of the Plan and accrued pension costs as of December 31.

	2012	2011
	<i>(In Thousands)</i>	
Accumulated benefit obligation	\$ 239,446	\$ 221,136
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$ 221,137	\$ 211,121
Service cost	—	—
Interest cost	10,086	10,570
Actuarial loss	18,872	9,503
Benefits paid	(10,649)	(10,057)
Projected benefit obligation at end of year	239,446	221,137
Change in plan assets		
Fair value of plan assets at beginning of year	178,962	190,814
Actual investment return on plan assets	21,255	(1,795)
Benefits paid	(10,649)	(10,057)
Fair value of plan assets at end of year	189,568	178,962
Pension obligation in noncurrent liabilities	\$ (49,878)	\$ (42,175)

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

Included in unrestricted net assets at December 31 are the following amounts that have not yet been recognized in net periodic pension cost

	2012	2011
	<i>(In Thousands)</i>	
Unrecognized actuarial losses	\$ 63,138	\$ 53,623

Changes in plan assets and benefit obligations included in unrestricted net assets for the years ended December 31 are as follows

	2012	2011
	<i>(In Thousands)</i>	
Unrecognized actuarial losses	\$ 9,515	\$ 25,792

An actuarial loss is expected to be recognized during the year ending December 31, 2013, of \$1.1 million

No plan assets are expected to be returned to the System during 2013

	2012	2011
Weighted-average assumptions used to determine the projected benefit obligation for the year ended December 31		
Discount rate	3.82%	4.72%
Rates of compensation increase	4.50	4.50
Weighted-average assumptions used to determine net periodic benefit cost for the year ended December 31		
Discount rate	4.72%	5.19%
Expected long-term return on plan assets	7.50	8.00
Rates of compensation increase	4.50	4.50

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

The effect of the reduction in discount rate was to increase the projected benefit obligation at December 31, 2012 and 2011, by approximately \$18.1 million and \$8.5 million, respectively.

	Year Ended December 31	
	2012	2011
	<i>(In Thousands)</i>	
Components of net periodic benefit cost		
Interest cost	\$ 10,086	\$ 10,570
Expected return on plan assets	(12,796)	(14,677)
Amortization of net actuarial loss	898	183
Net periodic pension income	<u>\$ (1,812)</u>	<u>\$ (3,924)</u>

The System's pension plan's weighted-average asset allocations at December 31, 2012 and 2011, by asset category are as follows:

Asset Category	Target Asset Allocation		Plan Assets	
	2012	2011	2012	2011
Domestic equity	25%	25%	25%	26%
International equity	25	25	25	23
Private equity	5	5	6	5
Fixed income	45	45	44	46

The System employs a total return investment approach, whereby a mix of marketable equity securities, common trust fixed income funds, common trust equity funds, and alternative investments are used to estimate a long-term return of plan assets for a prudent level of risk. The System's goal is to manage the duration of both assets and liabilities to meet changes in the liabilities. Risk tolerance is therefore established through careful consideration of plan liabilities and plan-funded status.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

The System determines an expected long-term rate of return for plan assets in consultation with its external investment advisor. The System reviews historical market performance by investment asset class along with current economic outlooks for asset class performance in order to estimate its long-term rate of return assumption. Peer data and historical returns are reviewed to check for reasonableness.

The fair value of pension plan assets was determined using the following inputs at December 31, 2012:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		<i>(In Thousands)</i>		
Cash and cash equivalents	\$ 2,198	\$ 2,198	\$ —	\$ —
Treasury bond	1,853	1,853	—	—
Common trust fixed income funds	32,442	—	32,442	—
Fixed income funds	28,149	28,149	—	—
Common trust equity fund	54,353	—	54,353	—
Domestic equity securities	13,139	13,139	—	—
International equity securities	47,984	23,664	—	24,320
Private equities	9,450	—	—	9,450
	\$ 189,568	\$ 69,003	\$ 86,795	\$ 33,770

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy defined above (in thousands)

Fair value at December 31, 2011	\$ 29,533
Purchases, issuances, and settlements	280
Sales	(1,170)
Realized gains	29
Unrealized gains	5,098
Fair value at December 31, 2012	<u>\$ 33,770</u>

The fair value of pension plan assets was determined using the following inputs at December 31, 2011

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<i>(In Thousands)</i>				
Cash and cash equivalents	\$ 3,521	\$ 3,521	\$ —	\$ —
Common trust fixed income funds	28,095	—	28,095	—
Fixed income funds	53,397	53,397	—	—
Common trust equity fund	32,111	—	32,111	—
Domestic equity securities	12,450	12,450	—	—
International equity securities	40,520	19,855	—	20,665
Private equities	8,868	—	—	8,868
	<u>\$ 178,962</u>	<u>\$ 89,223</u>	<u>\$ 60,206</u>	<u>\$ 29,533</u>

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy defined above (in thousands)

Fair value at December 31, 2010	\$ 23,767
Purchases, issuances, and settlements	13,630
Sales	(6,465)
Realized gains	127
Unrealized losses	(1,526)
Fair value at December 31, 2011	<u>\$ 29,533</u>

The System does not expect to make any contributions to its pension plan in 2013

The following benefit payments, which reflect expected future service and include the forecast of participants electing lump-sum payments, are expected to be paid

<u>Year Ending December 31</u>	Pension Benefits <i>(In Thousands)</i>
2013	\$ 21,000
2014	20,600
2015	19,100
2016	18,700
2017	19,100
2018 to 2022	71,600

The System participates in a 401(a) defined contribution retirement plan that covers substantially all employees meeting the eligibility requirements set forth under this plan. The System contributes an amount based on a percentage for eligible employees who contribute to the tax-deferred 403(b) plan or the 401(k) savings plan. In 2011, the System formed a defined contribution plan with an enhanced match. The System recorded expenses of \$22.5 million and \$21.4 million related to these plans during 2012 and 2011, respectively, which are included in employee benefits expense in the consolidated statements of operations.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

The System maintains a SERP with similar assumptions to the System's cash balance defined benefit plan. As of December 31, 2012 and 2011, the SERP's plan assets were \$3.2 million and \$4.8 million, respectively, and the SERP's benefit obligation was \$5.1 million and \$6.1 million, respectively. The System recorded expense of \$0.4 million and \$0.3 million related to the SERP during 2012 and 2011, respectively. Changes in plan assets and benefit obligations included in unrestricted net assets during 2012 and 2011 related to the SERP resulted in an actuarial loss of \$0.2 million and \$0.6 million, respectively.

9. Insurance and Self-Insured Risks

The System provides for medical malpractice and general liability exposure through a combination of self-insurance and third-party insurance carriers.

Professional and general liability coverage for Saint Luke's, North, and East, is provided through the Saint Luke's Hospital Trust (the Trust), a revocable trust fund. Through the Trust, these entities maintain a self-insured retention of \$3 million per occurrence and \$9 million in annual aggregate. Contributions to the Trust are made based on funding levels recommended by an independent actuary.

For entities participating in the Trust, expense is based on paid claims and the actuary's discounted estimate of the eventual cost of claim settlements, including estimates for claims that may have occurred during the periods but were not yet identified and reported, and the probable timing of the payment of these claims. Accrued malpractice losses were discounted at an annual rate of 4.0% at December 31, 2012, and 4.9% at December 31, 2011.

South established a trust (the SLS Trust) to self-insure professional liability risk beginning on January 1, 2005. Cushing established a trust (the CMH Trust) to self-insure professional liability risk beginning on April 1, 2007. The coverage provided by both the SLS Trust and the CMH Trust is \$200,000 per claim and \$600,000 in the aggregate.

The Kansas Health Care Stabilization Fund provides coverage in the amount of \$800,000 per claim and \$2.4 million in the aggregate. Claims-made excess coverage, as discussed below, is provided by a third-party insurance company for the other system entities. Prior acts coverage also is provided through each trust. The funding contributions to each trust were based on recommendations from an independent actuary. South and Cushing continue to insure general liability exposure through an insurance policy purchased from a third-party insurer.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

9. Insurance and Self-Insured Risks (continued)

Anderson County, Wright Memorial, Hedrick, and Crittenton obtain both general and professional liability coverage from a third-party insurer

Effective August 1, 2003, the System established the RRG to provide coverage to employed physicians and related staff. The RRG has the capacity to insure physicians who are not employed by the System. The RRG, which is domiciled in South Carolina, is wholly owned by the System and provides the first layer of coverage for such employed physicians up to a limit of \$250,000 per claim in Missouri and \$200,000 per claim in Kansas per physician. Coverage above those levels, up to \$1 million per claim and \$3 million annual aggregate and excess coverage, is provided by third-party insurers or the Kansas Health Care Stabilization Fund, as applicable. Certain of these policies are on a retrospective-rated premium basis, and premiums are accrued based on the ultimate cost of the experience to date of the provider. For premium assessment purposes, these participating entities are subject to the experience of a group of providers. Adjustments of estimated actual expenses, if any, are included in the period that such adjustments are determined. The RRG's expense is determined in a manner similar to Saint Luke's self-insured expense.

The System carries excess insurance coverage for general and professional liability exposures that is purchased from a third-party insurer. A modified claims-made excess policy with a built-in seven-year tail in the amount of \$25 million provides excess coverage for the Trust exposures only. An additional claims-made policy in the amount of \$25 million provides excess coverage over the primary layers for all the other entities. An additional layer of excess coverage in the amount of \$25 million is purchased to cover all of the System's entities for a total available excess coverage of \$50 million.

In the event the claims-made policies are not renewed or replaced with equivalent insurance coverage, claims based on occurrences during their term, but reported subsequently, will be uninsured. Management is currently not aware of any incidents that would result in losses, which could have a material adverse impact on the accompanying consolidated financial statements.

The System similarly provides for health insurance and workers' compensation coverage through a combination of self-insurance and third-party insurers. Liabilities have been established for known claims and estimated claims, which have been incurred but not reported.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

10. Transactions With Related Parties

Saint Luke's is a party to a financial guarantee with risk not reflected on the consolidated balance sheets. That arrangement is with Kansas City Orthopedic Institute, a related party. As of December 31, 2012 and 2011, the guaranteed liability totaled \$0.1 million and \$0.2 million, respectively. Saint Luke's believes the risk of loss associated with this guarantee to be minimal.

The System has adopted the provisions of ASC Topic 460 (formerly FSP FIN 45), which specifically includes minimum revenue guarantees granted to a business or its owners within its scope. The System enters into agreements with nonemployed physicians that include minimum revenue guarantees for up to 36 months. These guarantees were \$5.5 million and \$13.0 million as of December 31, 2012 and 2011, respectively, and are included in current and noncurrent assets and current and noncurrent liabilities on the accompanying consolidated balance sheets as appropriate. The net maximum amount of future payments that the System could be required to make under these guarantees is \$5.5 million and \$13.0 million at December 31, 2012 and 2011, respectively.

11. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
Purchase of equipment	\$ 1,545	\$ 1,371
Health care services	4,587	5,079
Health care education	2,539	2,295
Foundation net assets (Note 1)	100,248	90,153
	\$ 108,919	\$ 98,898

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

Proceeds from the following principal of these permanently restricted net assets are restricted to the following

	December 31	
	2012	2011
	<i>(In Thousands)</i>	
Health care services	\$ 2,588	\$ 2,588
Health care education	252	252
Foundation net assets <i>(Note 1)</i>	35,733	35,666
	\$ 38,573	\$ 38,506

12. Subsequent Events

The System evaluated events and transactions occurring subsequent to December 31, 2012 through April 9, 2013, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements.

Ernst & Young LLP

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 167,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit www.ey.com

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. This Report has been prepared by Ernst & Young LLP, a client serving member firm located in the United States.

