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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form
Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013, 2013, and ending 12-31-2013

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

SAINT LUKES EAST HOSPITAL

Doing Business As

SAINT LUKE'S EAST-LEE'S SUMMIT

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

100 NE SAINT LUKES BLVD

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

LEES SUMMIT, MO 64086

F Name and address of principal officer

RONALD BAKER
100 NE SAINT LUKES BLVD
LEES SUMMIT,MO 64086

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates 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

2004

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																																																																
	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>12</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>9</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>1,220</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>154</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7,767</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>0</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	12	4	Number of independent voting members of the governing body (Part VI, line 1b)	9	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	1,220	6	Total number of volunteers (estimate if necessary)	154	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7,767	7b	Net unrelated business taxable income from Form 990-T, line 34	0																																														
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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

2014-11-17

Date

RONALD BAKER CEO

Type or print name and title

Prnt/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ☐

Firm's EIN ☐

Firm's address ☐

Phone no

Paid Preparer Use Only

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

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

SAINT LUKE'S EAST HOSPITAL IS A FAITH-BASED, NOT-FOR-PROFIT COMMUNITY HOSPITAL COMMITTED TO THE HIGHEST LEVELS OF EXCELLENCE IN PROVIDING HEALTH CARE AND HEALTH SERVICES IN A CARING ENVIRONMENT AS A MEMBER OF SAINT LUKE'S HEALTH SYSTEM, WE ARE COMMITTED TO ENHANCING THE PHYSICAL, MENTAL, AND SPIRITUAL HEALTH OF THE COMMUNITIES WE SERVE

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

If "Yes," describe these changes on Schedule O

4a	(Code) (Expenses \$ 134,118,984 including grants of \$ 8,302,632) (Revenue \$ 171,375,687)
	SAINT LUKE'S EAST HOSPITAL (SLEH) IS A FULL SERVICE, 141 BED HOSPITAL AND OUTPATIENT CAMPUS PROVIDING ACUTE AND GENERAL HEALTH CARE TO THE COMMUNITY. 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 HOSPITAL HAD 35,000 INPATIENT DAYS AND PROVIDED APPROXIMATELY 103,000 OUTPATIENT AND EMERGENCY SERVICES. EMERGENCY SERVICES ARE PROVIDED 24 HOURS A DAY, 7 DAYS A WEEK AND ARE STAFFED BY BOARD-CERTIFIED EMERGENCY PHYSICIANS. THE HOSPITAL ALSO PROVIDES HEALTH RELATED ACTIVITIES AND SERVICES IN SUPPORT OF THE COMMUNITY, INCLUDING BUT NOT LIMITED TO SOCIAL WORK SERVICES, SPIRITUAL SERVICES, AND COMMUNITY EDUCATION / HEALTH FAIRS.

[illegible]

4e	Total program service expenses	134,118,984
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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	No
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 other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
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 25a</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	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	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	Yes	
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		No
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 or note to any line 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" to line 3b, 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 or note to any line 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	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	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 ▶CFO 100 NE SAINT LUKES BLVD LEES SUMMIT,MO 64086 (816) 347-5000

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

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

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

List all of the organization's **former** officers, key employees, 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) LAURA E MAXWELL DIRECTOR - VICE CHAIR	2 00	X		X				0	0	0
(2) ROBERT BONNEY DIRECTOR	2 00 50 00	X						0	570,503	467,536
(3) HERBERT A DEMPSEY SR MD DIRECTOR	2 00	X						0	0	0
(4) GERALD F DUGAN MD DIRECTOR	2 00	X						0	0	0
(5) THOMAS D JACKSON DIRECTOR-CHAIRMAN	2 00	X		X				0	0	0
(6) LESSIE THOMPSON DIRECTOR	2 00	X						0	0	0
(7) MICHELE R SPILKER DIRECTOR-SECR/TREAS	2 00	X		X				0	0	0
(8) KEITH ASEL DIRECTOR	2 00	X						0	0	0
(9) ALBERT TRANCHILLA JR DIRECTOR	2 00	X						0	0	0
(10) WILLIAM J SIMPSON DIRECTOR	2 00	X						0	0	0
(11) RON BAKER DIR - PRES & CEO	50 00	X		X				312,666	0	60,811
(12) ELIZABETH BLACKWELL NILL DIRECTOR	2 00	X						0	0	0
(13) JOSEPH STASI CFO	50 00			X				257,120	0	54,925
(14) GLORIA SOLIS CNO	40 00			X				233,751	0	44,770
(15) JOHN CLABAUGH HR DIRECTOR	40 00					X		130,740	0	7,073
(16) EDWARD GROTE PHARMACIST	40 00					X		145,327	0	27,411
(17) TROY OLLER PHARMACIST	40 00					X		135,248	0	26,203

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	1,486,123	570,503	728,139

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 21

		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
JE DUNN CONSTRUCTION INC 929 HOLMES KANSAS CITY MO 64106	CONSTRUCTION & CONSTRUCTION MANAGEMENT	14,185,172
ACIBOLAND INC 1421 E 104TH STREET STE 100 KANSAS CITY MO 64131	ARCHITECTS	9,995,971
TURNER CONSTRUCTION COMPANY 2345 GRAND BLVD STE 1000 KANSAS CITY MO 64108	CONSTRUCTION & CONSTRUCTION MANAGEMENT	5,771,875
MCCOWN GORDON CONSTRUCTION 422 ADMIRAL BLVD KANSAS CITY MO 64106	CONSTRUCTION & CONSTRUCTION MANAGEMENT	5,053,106
FAVORITE HEALTHCARE STAFFING 8700 STATE LINE RD LEAWOOD KS 66206	TEMPORARY STAFFING SVCS	1,149,441

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 ►21

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d					
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	549				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	549				
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 622110	158,029,686	158,029,686		
	b	LEE'S SUMMIT SURGERY C	621400	5,206,277	5,206,277		
	c	MEDICAL OFFICE BLDG RE	531120	3,403,537	3,403,537		
	d	EHR MEANINGFUL USE FUN	621500	1,914,982	1,914,982		
	e	REGIONAL LAB	622110	29,146	21,379	7,767	
	f	All other program service revenue		2,799,826	2,799,826		
	g	Total. Add lines 2a-2f	171,383,454				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	143,340			143,340
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		171,527,343	171,375,687	7,767	143,340	

Part IX

Statement of Functional Expenses

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

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

☒

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.	8,302,632	8,302,632		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	964,043		964,043	
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.	45,591,422	42,405,182	3,162,458	23,782
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,433,103	1,305,987	127,116	
9	Other employee benefits.	7,283,070	6,103,486	1,179,584	
10	Payroll taxes.	3,121,345	2,844,482	276,863	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	492,013		492,013	
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).	16,341,330	10,967,328	5,237,002	137,000
12	Advertising and promotion.	31,706	8,282	23,424	
13	Office expenses.	3,396,831	3,182,969	203,584	10,278
14	Information technology.	556,216	164,306	391,910	
15	Royalties.				
16	Occupancy.	2,692,724	2,573,215	119,509	
17	Travel.	53,403	29,851	22,574	978
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	53,056	32,582	20,474	
20	Interest.	5,101,814	4,922,831	178,983	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	13,478,841	13,353,313	125,528	
23	Insurance.	379,172	198,794	180,378	
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	22,178,380	22,154,221	24,159	
b	SHARED SERVICES-SLHS	13,263,000	5,100,917	8,162,083	
c	BAD DEBTS	8,905,437	8,905,437		
d	SWAP RELATED COSTS	1,003,779	968,212	35,567	
e	All other expenses	731,407	594,957	134,184	2,266
25	Total functional expenses. Add lines 1 through 24e.	155,399,724	134,118,984	21,106,436	174,304
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		23,776,743	1	17,888,572
	2	Savings and temporary cash investments		769,167	2	1,251,964
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		19,254,548	4	20,269,562
	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		2,523,696	8	2,382,560
	9	Prepaid expenses and deferred charges		993,415	9	782,660
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a291,393,069			
	b	Less accumulated depreciation	10b81,031,296	193,413,921	10c	210,361,773
	11	Investments—publicly traded securities		275,777	11	2,208,843
	12	Investments—other securities See Part IV, line 11		2,938,223	12	1,028,157
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		6,603,654	15	6,441,898
	16	Total assets. Add lines 1 through 15 (must equal line 34)		250,549,144	16	262,615,989
Liabilities	17	Accounts payable and accrued expenses		16,886,104	17	14,125,254
	18	Grants payable			18	
	19	Deferred revenue		581,449	19	0
	20	Tax-exempt bond liabilities		137,122,895	20	156,199,403
	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		12,160,293	25	12,591,668
	26	Total liabilities. Add lines 17 through 25		166,750,741	26	182,916,325
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		83,587,920	27	79,463,653
	28	Temporarily restricted net assets		210,483	28	236,011
	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		83,798,403	33	79,699,664
	34	Total liabilities and net assets/fund balances		250,549,144	34	262,615,989

Part XI

Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	171,527,343
2	Total expenses (must equal Part IX, column (A), line 25)	2	155,399,724
3	Revenue less expenses Subtract line 2 from line 1	3	16,127,619
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	83,798,403
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	-20,226,358
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	79,699,664

Part XII

Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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	2a	No
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	2b	Yes
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	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?	3a	Yes
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes

SCHEDULE A

(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization SAINT LUKES EAST HOSPITAL	Employer identification number 56-2488077
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Part I

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

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

1	☐	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	☐	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	☒	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	☐	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state _____
5	☐	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
6	☐	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	☐	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II)
8	☐	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	☐	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
10	☐	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	☐	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated
e	☐	By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
f	☐	If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
g	☐	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

Part IV **Supplemental Information.** 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

Return Reference	Explanation	
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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

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 EAST HOSPITAL

Employer identification number
56-2488077

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) 2010	(b) 2011	(c) 2012	(d) 2013	(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		258
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.			258
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).

1	Were substantially all (90% or more) dues received nondeductible by members?	1	Yes	No
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

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.

Return Reference	Explanation
PART II-B, LINE 1	LINE F- PORTION OF DUES PAID TO HEALTHCARE RELATED ASSOCIATIONS USED TOWARD LOBBYING ACTIVITIES

Part IV

Explanation

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization SAINT LUKES EAST HOSPITAL	Employer identification number 56-2488077
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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

▶ \$ _____

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	210,483	190,950	163,716	125,921	81,417
b Contributions	88,600	91,800	71,500	85,500	75,200
c Net investment earnings, gains, and losses	218	345	668	1,006	1,074
d Grants or scholarships	35,450				
e Other expenditures for facilities and programs	27,828	72,604	44,916	48,704	31,759
f Administrative expenses	12	8	18	7	11
g End of year balance	236,011	210,483	190,950	163,716	125,921

- 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)

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. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,405,640		4,405,640
b Buildings		180,331,270	39,256,530	141,074,740
c Leasehold improvements		14,677,514	5,359,471	9,318,043
d Equipment		65,309,726	33,586,585	31,723,141
e Other		26,668,919	2,828,710	23,840,209
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				210,361,773

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information

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

Return Reference	Explanation
PART V, LINE 4	THE INTENDED USE OF ENDOWMENT FUNDS INCLUDES BUT IS NOT LIMITED TO MEDICAL STAFF DEVELOPMENT AND GENERAL OPERATIONS OF THE HOSPITAL
SCHEDULE D, PART XI, XII, AND XIII	THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN THE CONSOLIDATED AUDIT OF SAINT LUKE'S HEALTH SYSTEM

[illegible]

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.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SAINT LUKES EAST HOSPITAL

Employer identification number
56-2488077

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> 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 _____ % 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"?	3a Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4 Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	No
b	If "Yes," did the organization make it available to the public?	5c	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		6a	No
		6b	

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)			4,263,986	0	4,263,986	2 910 %
b Medicaid (from Worksheet 3, column a)			18,419,271	18,218,728	200,543	0 140 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs . .			22,683,257	18,218,728	4,464,529	3 050 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			156,279	30	156,249	0 110 %
f Health professions education (from Worksheet 5)			36,054	0	36,054	0 020 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			15,842	0	15,842	0 010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			67,933	0	67,933	0 050 %
j Total. Other Benefits			276,108	30	276,078	0 190 %
k Total. Add lines 7d and 7j . .			22,959,365	18,218,758	4,740,607	3 240 %

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		19,986	0	19,986	0.010 %
2	Economic development		14,244	0	14,244	0.010 %
3	Community support		47,323	510	46,813	0.030 %
4	Environmental improvements					
5	Leadership development and training for community members		1,091	0	1,091	0 %
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development		91,625	0	91,625	0.060 %
9	Other					
10	Total		174,269	510	173,759	0.110 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

8,905,437

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

0

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

37,280,593

6

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

6

47,512,079

7

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

7

-10,231,486

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐

Cost accounting system

☒

Cost to charge ratio

☐

Other

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(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 1 SAINT LUKES SURGICENTER-LEE'S SUMMIT LLC	OUTPATIENT SURGERY	51.000 %	0 %	43.350 %
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?
1

Name, address, primary website address, and state license number

		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
	See Additional Data Table										

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 EAST HOSPITAL

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

1

	Yes	No
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 Yes	
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 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in 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 Yes	
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	No
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 Yes	
a ☒ Hospital facility's website (list url) <u>WWW.SAINTLUKESHEALTHSYSTEM.ORG</u>		
b ☐ Other website (list url) _____		
c ☒ Available upon request from the hospital facility		
d ☐ 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 as of the end of the tax year)		
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	No
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	No
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 ☐ Residency			
i ☐ 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 individual'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 Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? 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 Section C)			

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 individuals regarding the individuals' bills
- d

☒

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☒

Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
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 individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section D. 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? 1

Name and address	Type of Facility (describe)
1 SAINT LUKES SURGICENTER - LEES SUMMIT 120 NE SAINT LUKES BLVD LEES SUMMIT,MO 64086	AMBULATORY SURGERY CENTER
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Provide the following information

- 1**Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2**Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3**Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4**Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5**Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6**Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7**State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	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, LN 7 COL(F)	TOTAL EXPENSE FROM FORM 990, PART IX, LINE 25, COLUMN (A) OF \$155,399,724 LESS BAD DEBT EXPENSE OF \$8,905,437 EQUALS TOTAL EXPENSE OF \$146,494,287 FOR PURPOSES OF CALCULATING LINE 7, COLUMN (F)

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	OUR HOSPITAL SPONSORS OR PARTICIPATES IN MANY COMMUNITY BUILDING ACTIVITIES WHICH PROMOTE THE HEALTH OF OUR COMMUNITY THESE ACTIVITIES INCLUDE FREE FLU SHOTS AVAILABLE TO THE PUBLIC, CHILD CARE SEAT SAFETY CHECKS, AND COLLECTING CLOTHING ARTICLES AND FOOD FOR LEE'S SUMMIT CARES OTHER SPONSORSHIPS OF COMMUNITY EVENTS INCLUDE COLLECTING FOOD DONATIONS FOR HARVESTERS TO FEED INDIVIDUALS IN NEED, IMPLEMENTATION AND EDUCATION OF GREEN INITIATIVES, CAREER SHADOWING, AND PARTICIPATION IN A HIGH SCHOOL CAREER ADVISORY PROGRAM WE ENCOURAGE OUR EMPLOYEES TO SERVE ON COMMUNITY BOARDS AND VOLUNTEER FOR ACTIVITIES THAT PROMOTE HEALTH IN THE COMMUNITY
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 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 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 RECORDED CONSISTENT WITH FINANCIAL STATEMENTS

Form and Line Reference	Explanation
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.

Form and Line Reference	Explanation
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
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 OBTAINS HIDI MARKET DATA AND OTHER OUTPATIENT MARKET DATA WITH THIS DATA, THE HOSPITAL IDENTIFIES SERVICES RECEIVED BY THE RESIDENTS OF OUR COMMUNITY (DEFINED BY OUR PRIMARY AND SECONDARY SERVICE AREAS) ANY PREDOMINANT SERVICES NOT CURRENTLY OFFERED BY THE HOSPITAL ARE CONSIDERED AT THIS TIME ANOTHER ELEMENT OF THE COMMUNITY ASSESSMENT CONSISTS OF QUARTERLY MEETINGS OF THE SENIOR ADVISORY COMMITTEE AND BUSINESS ADVISORY COMMITTEE OF BOARD OF DIRECTORS THROUGH FEEDBACK FROM THESE MEETINGS, COMMUNITY NEEDS ARE COMMUNICATED TO THE HOSPITAL AND CONSIDERED

Form and Line Reference	Explanation
PART VI, LINE 3	SEE RESPONSE TO PART V, LINE 14G
PART VI, LINE 4	SAINT LUKE'S EAST HOSPITAL IS LOCATED IN JACKSON COUNTY, MISSOURI, A SUBURB OF THE KANSAS CITY METROPOLITAN AREA WE GENERALLY DESCRIBE OUR COMMUNITY AS A 26 ZIP CODE SERVICE AREA

Form and Line Reference	Explanation
PART VI, LINE 5	THE BOARD OF DIRECTORS CONSISTS OF MEDICAL PROFESSIONALS, BUSINESS PROFESSIONALS AND ACTIVE COMMUNITY MEMBERS, NEARLY ALL OF WHOM RESIDE OR WORK IN THE COMMUNITY THE BOARD IS INVOLVED IN THE PLANNING AND COMMUNITY ASSESSMENT PROCESSES 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 10 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

Part III

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

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

Part IV Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.	
Return Reference	Explanation
PART I, LINE 2	GRANTS ARE PROVIDED TO QUALIFIED CHARITIES FOR GENERAL OPERATIONS AND TO BE USED IN FULFILLING THE EXEMPT PURPOSE OF THE GRANTEE CHARITABLE ORGANIZATION SUCH GRANTS FURTHER OR SUPPORT A CHARITABLE PURPOSE OF THE ORGANIZATION

Additional Data

Software ID:
Software Version:
EIN: 56-2488077
Name: SAINT LUKES EAST HOSPITAL

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SAINT LUKE'S MEDICAL GROUP (501C3 AFFILIATE) 901 E 104TH ST KANSAS CITY,MO 64031	43-1598353	501 C 3	1,415,895				SUPPORT FOR HEALTHCARE NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SAINT LUKE'S FOUNDATION 4225 BALTIMORE AVE KANSAS CITY, MO 64111	44-6014699	501 C 3	35,450				SUPPORT FOR HEALTHCARE NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SLCC INC (501C3 AFFILIATE) 901 E 104TH ST KANSAS CITY,MO 64031	27-1994652	501 C 3	4,785,390				SUPPORT FOR HEALTHCARE NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SLNC INC (501C3 AFFILIATE) 901 E 104TH ST KANSAS CITY,MO 64031	45-1470888	501C3	290,737				SUPPORT FOR HEALTHCARE NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SUMMIT ART 1301 NWDUNCAN RD BLUE SPRINGS,MO 64015	41-2147766	501 C 3	15,000				SUPPORT FOR COMMUNITY PROGRAMS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LEE'S SUMMIT MUNICIPAL BUILDING AUTHORITY 220 SE GREEN LEES SUMMIT,MO 64063	27-3907101	501 C 3	10,000				SUPPORT FOR COMMUNITY PROGRAMS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LEE'S SUMMIT DOWNTOWN ROTARY PO BOX 774 LEES SUMMIT,MO 64063	26-2456296	501 C 4	15,000				SUPPORT FOR COMMUNITY PROGRAMS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SAINT LUKES PHYSICIAN SPECIALISTS (501C3 AFFILIATE) 901 E 104TH ST KANSAS CITY,MO 64031	43-1933950	501 C 3	1,671,237				SUPPORT FOR HEALTHCARE NEEDS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ROTARY CLUB OF LEE'S SUMMIT PO BOX 785 LEES SUMMIT,MO 64081	43-1587933	501 C 4	15,000				SUPPORT FOR COMMUNITY PROGRAMS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CRISTO REY 211 W LINWOOD BLVD KANSAS CITY, MO 64111	20-2842522	501 C 3	6,250				SUPPORT FOR COMMUNITY EDUCATION PROGRAM

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SAINT LUKES EAST HOSPITAL

Employer identification number
56-2488077

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 ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ 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 directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?		
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☐ Compensation survey or study ☐ 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?	Yes	
4c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
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? If "Yes," to line 5a or 5b, describe in Part III		No
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? If "Yes," to line 6a or 6b, describe in Part III		No
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				
(1)ROBERT BONNEY DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	406,887	93,200	70,416	443,749	23,787	1,038,039	51,317
(2)RON BAKER DIR - PRES & CEO	(i)	248,331	45,109	19,226	35,760	25,051	373,477	16,708
	(ii)	0	0	0	0	0	0	0
(3)JOSEPH STASI CFO	(i)	200,839	28,233	28,048	29,397	25,528	312,045	16,586
	(ii)	0	0	0	0	0	0	0
(4)GLORIA SOLIS CNO	(i)	188,499	26,171	19,081	28,260	16,510	278,521	14,585
	(ii)	0	0	0	0	0	0	0
(5)EDWARD GROTE PHARMACIST	(i)	143,363	1,594	370	6,752	20,659	172,738	0
	(ii)	0	0	0	0	0	0	0
(6)TROY OLLER PHARMACIST	(i)	132,496	2,292	460	6,950	19,253	161,451	0
	(ii)	0	0	0	0	0	0	0
(7)CHRISTOPER GREATHOUSE PHARMACIST	(i)	135,938	6,872	212	7,313	14,138	164,473	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 4B	ROBERT BONNEY - \$370,489.457(F)DEFERRAL
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 AND DO NOT ACCRUE TO THE BENEFIT OF THE INDIVIDUALS UNTIL AFTER FINANCIAL RESULTS HAVE BEEN DETERMINED FOR THE CALENDAR YEAR. THIS INCENTIVE COMPENSATION IS EVALUATED AS PART OF THE REVIEW OF MARKET COMPETITIVE DATA AND REASONABLENESS OF OVERALL COMPENSATION AND BENEFITS.
SCHEDULE J, PART II	ROBERT BONNEY DID NOT RECEIVE COMPENSATION FOR DUTIES AS A DIRECTOR OR OFFICER OF THE FILING ORGANIZATION BUT RECEIVED COMPENSATION FROM A RELATED ORGANIZATION FOR SERVICES RENDERED TO THE RELATED ORGANIZATION.

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons
▶ Complete if the organization answered
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization
SAINT LUKES EAST HOSPITAL

Employer identification number
56-2488077

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2

Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

3

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ROCKHILL ORTHOPAEDICS	GERALD DUGAN IS AN OFFICER OF ROCKHILL ORTHOPAEDICS	1,478,941	MEDICAL OFFICE BUILDING RENT PAID TO SLEH		No
(2) ROCKHILL ORTHOPAEDICS	GERALD DUGAN IS AN OFFICER OF ROCKHILL ORTHOPAEDICS	500,000	LINE OF CREDIT TO ROCKHILL ORTHOPAEDICS SPECIALISTS		No

Part V Supplemental Information

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

Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
SAINT LUKES EAST HOSPITAL

Employer identification number
56-2488077

Return Reference	Explanation
PART V, LINE 1A, NUMBER REPORTED IN BOX 3 OF FORM 1096	SAINT LUKES EAST HOSPITAL (SLEH) IS PART OF SAINT LUKES HEALTH SYSTEM, AN INTEGRATED HEALTH SYSTEM THE MAJORITY OF SLEH VENDORS ARE PAID THROUGH A CENTRALIZED PAYMENT SYSTEM WITH 1099S ISSUED BY THE CENTRALIZED SERVICE ENTITY

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE SOLE CORPORATE MEMBER IS SAINT LUKE'S HEALTH SYSTEM, A 501(C)(3) ORGANIZATION

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE GOVERNING BODY IS ELECTED BY THE SOLE CORPORATE MEMBER

Return Reference	Explanation
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.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE 990 IS PREPARED JOINTLY BY ACCOUNTING STAFF OF THE ENTITY AND SAINT LUKE'S HEALTH SYSTEM (SYSTEM) TAX STAFF. THE RETURN IS REVIEWED BY THE ENTITY'S CFO OR CEO BEFORE FILING. THE 990 DRAFT WAS ALSO PRESENTED TO THE AUDIT COMMITTEE OF THE SYSTEM BOARD OF DIRECTORS FOR REVIEW. THE 990 IS PROVIDED TO THE ORGANIZATION'S BOARD MEMBERS BEFORE FILING WITH THE IRS.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	SAINT LUKE'S 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 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.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	ANNUALLY, THE SAINT LUKE'S HEALTH SYSTEM BOARD OF DIRECTORS' COMPENSATION COMMITTEE REVIEWS, DISCUSSES, SETS AND APPROVES COMPENSATION FOR THE ORGANIZATION'S TOP MANAGEMENT EXECUTIVE AND OTHER HIGHLY COMPENSATED OFFICERS. 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.

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S ARTICLES OF INCORPORATION AND AMENDMENTS THERETO ARE MADE AVAILABLE TO THE PUBLIC BY THE FILING OF THOSE DOCUMENTS WITH THE MO SECRETARY OF STATE. ALSO, THE ORGANIZATION IS INCLUDED WITHIN THE COMBINED FINANCIAL STATEMENTS OF SAINT LUKE'S HEALTH SYSTEM INC THAT ARE MADE AVAILABLE TO THE PUBLIC BY THE POSTING OF THOSE DOCUMENTS THROUGH EMMA AND ARE ATTACHED TO THIS RETURN. THE ORGANIZATION'S OTHER GOVERNING DOCUMENTS AND CONFLICTS OF INTEREST POLICY ARE NOT MADE AVAILABLE TO THE PUBLIC.

Return Reference	Explanation
FORM 990, PART VII, COLUMN E	ROBERT BONNEY DID NOT RECEIVE COMPENSATION FOR DUTIES AS A DIRECTOR OR OFFICER OF THE FILING ORGANIZATION BUT RECEIVED COMPENSATION FROM A RELATED ORGANIZATION FOR SERVICES RENDERED TO THE RELATED ORGANIZATION

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	OTHER PURCHASED SERVICES PROGRAM SERVICE EXPENSES 3,487,149 MANAGEMENT AND GENERAL EXPENSES 5,052,034 FUNDRAISING EXPENSES 137,000 TOTAL EXPENSES 8,676,183 PHYSICIAN REMUNERATION PROGRAM SERVICE EXPENSES 1,725,723 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,725,723 TEMPORARY STAFFING SERVICES PROGRAM SERVICE EXPENSES 1,400,230 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,400,230 LAUNDRY SERVICES PROGRAM SERVICE EXPENSES 402,208 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 402,208 MAINT & REPAIRS AND SERVICE CONTRACTS PROGRAM SERVICE EXPENSES 3,952,018 MANAGEMENT AND GENERAL EXPENSES 184,968 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 4,136,986

Return Reference	Explanation
FORM 990, PART XI, LINE 9	TRANSFER TO SAINT LUKE'S HEALTH SYSTEM FOR PENSION -254,143 EQUITY TRANSFER FROM ROS INC 5,000 RDG 1 BONDS PROCEEDS TRANSFER -19,977,216

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 16B, JOINT VENTURE	DURING 2013, THE ORGANIZATION PARTICIPATED IN A JOINT VENTURE ESTABLISHED SEVERAL YEARS AGO WHILE THE ORGANIZATION DID NOT ADOPT A WRITTEN POLICY REGARDING JOINT VENTURES BY THE END OF 2013, THE ORGANIZATION'S PROCEDURES INCLUDE OVERSIGHT AND REVIEW OF ANY JOINT VENTURES TO ENSURE EXEMPT STATUS IS PROTECTED THE ORGANIZATION HAS MAJORITY CONTROL AND/OR OPERATING AGREEMENT REQUIREMENTS FOR THE VENTURE TO OPERATE 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

Return Reference	Explanation
FORM 990, PART X, LINE 20, TAX-EXEMPT BOND LIABILITIES	THE AMOUNT REPORTED AS TAX-EXEMPT BONDS IS THE PORTION OF SAINT LUKE'S HEALTH SYSTEM BONDS ALLOCATED TO SAINT LUKE'S EAST HOSPITAL. REQUIRED INFORMATION FOR THE BONDS, INCLUDING SCHEDULE K, IS REPORTED IN THE SAINT LUKE'S 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" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
SAINT LUKES EAST HOSPITAL

Employer identification number
56-2488077

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproporionate 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) ST LUKES SURGICENTER-LEES SUMMIT LLC 11221 ROE AVENUE STE 230 OVERLAND PARK, KS 66211 47-0853481	HEALTH CARE	MO	SAINT LUKES EAST HOSPITAL	RELATED	4,900,830	3,344,126		No		Yes		51 000 %
(2) MEDICAL PLAZA PARTNERS LP 4320 WORNALL ROAD SUITE 410 KANSAS CITY, MO 64111 43-1357824	OWN AND OPERATE MEDICAL OFFICE BUILDING	MO	N/A									
(3) SAINT LUKES SOUTH SURGERY CENTER LLC 11221 ROE AVENUE STE 230 OVERLAND PARK, KS 66211 20-1721929	HEALTH CARE	KS	N/A									
(4) FAMILY ADVOCATES LLC 10918 ELM AVENUE KANSAS CITY, MO 64134 20-2739036	FOSTER CARE	MO	N/A									
(5) SAINT LUKES CARDIOLOGY SERVICES LLC 901 E 104TH ST KANSAS CITY, MO 64131 26-3726426	HEALTH CARE	MO	N/A									
(6) SAINT LUKES - GI DIAGNOSTICS LLC 4321 WASHINGTON SUITE 5700 KANSAS 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" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) SAINT LUKES HEALTH SYSTEM RISK RETENTION GROUP 901 E 104TH ST KANSAS CITY, MO 64131 37-1471890	INSURANCE	SC	N/A	C					No
(2) ST LUKES HEALTH VENTURES INC 901 E 104TH ST KANSAS CITY, MO 64131 43-1278476	ACCOUNTING	MO	N/A	C					No
(3) MEDICAL PLAZA MANAGEMENT INC 4320 WORNALL ROAD SUITE 410 KANSAS CITY, MO 64111 43-1352317	MEDICAL OFFICE BUILDING MANAGEMENT	MO	N/A	C					No
(4) VENTURE FINANCIAL SERVICES INC 9500 E 63RD STREET SUITE 202 RAYTOWN, MO 64133 43-1605740	COLLECTIONS	MO	N/A	C					No

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

1

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

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

Yes

1b

Yes

1c

No

1d

Yes

1e

No

1f

No

1g

Yes

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

Yes

1s

Yes

2

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ST LUKE'S SURGICENTER - LEE'S SUMMIT LLC	A	1,478,941	FMV RENT - HOSPITAL CAMPUS
(2) ST LUKE'S SURGICENTER - LEE'S SUMMIT LLC	S	5,514,534	LLC CASH DISTRIBUTIONS

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

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

Return Reference	Explanation
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

Additional Data

Software ID:

Software Version:

EIN: 56-2488077

Name: SAINT LUKES EAST HOSPITAL

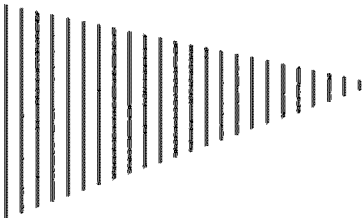
Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) SAINT LUKES HEALTH SYSTEM INC 901 E 104TH ST KANSAS CITY, MO 64131 43-1747502	HEALTH SYSTEM	KS	501(C)(3)	509(A)(3) - TYPE 1	ST LUKES HOSPITAL OF KANSAS CITY		No
(1) ST LUKES HOSPITAL OF KANSAS CITY 4401 WORNALL ROAD KANSAS CITY, MO 64111 44-0545297	HEALTH CARE	MO	501(C)(3)	170B1AIII			No
(2) SAINT LUKES NORTHLAND HOSPITAL CORPORATION 601 SOUTH 169 HIGHWAY SMITHVILLE, MO 64089 44-0565393	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM		No
(3) SAINT LUKES SOUTH HOSPITAL INC 12300 METCALF AVENUE OVERLAND PARK, KS 66213 48-1203262	HEALTH CARE	KS	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM		No
(4) 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
(5) CRITTENTON 10918 ELM AVENUE KANSAS CITY, MO 64134 44-0545808	HEALTH CARE	MO	501(C)(3)	170B1AIII	ST LUKES HOSPITAL OF KANSAS CITY		No
(6) 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
(7) ST LUKES OF TRENTON 701 EAST FIRST TRENTON, MO 64683 43-1707306	HEALTH CARE	MO	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM		No
(8) 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
(9) CABOT WESTSIDE HEALTH CENTER 901 E 104TH ST KANSAS CITY, MO 64131 44-0546280	HEALTH CARE	MO	501(C)(3)	170B1AVI	SAINT LUKES HEALTH SYSTEM		No
(10) MIDWEST EAR INSTITUTE INC 4200 PENNSYLVANIA SUITE 100 KANSAS CITY, MO 64111 48-0905027	HEALTH CARE	KS	501(C)(3)	170B1AIII	ST LUKES HOSPITAL OF KANSAS CITY		No
(11) 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
(12) SAINT LUKES CUSHING HOSPITAL 711 MARSHALL LEAVENWORTH, KS 66048 48-0543792	HEALTH CARE	KS	501(C)(3)	170B1AIII	SAINT LUKES HEALTH SYSTEM		No
(13) SAINT LUKES CARE 901 E 104TH ST KANSAS CITY, MO 64131 26-0185090	HEALTH CARE	MO	501(C)(3)	509A3 TYPE 1	SAINT LUKES HEALTH SYSTEM		No
(14) 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
(15) SAINT LUKES COLLEGE OF HEALTH SCIENCES 624 WESTPORT ROAD KANSAS CITY, MO 64111 27-2716128	POST SECONDARY NURSING EDUCATION	MO	501(C)(3)	170B1AII	ST LUKES HOSPITAL OF KANSAS CITY		No
(16) SLCC INC 4330 WORNALL ROAD KANSAS CITY, MO 64111 27-1994652	HEALTH CARE	KS	501(C)(3)	170B1A111	SAINT LUKES HEALTH SYSTEM		No
(17) SLNC INC 4401 WORNALL ROAD KANSAS CITY, MO 64111 45-1470888	HEALTH CARE	KS	501(C)(3)	170B1A111	SAINT LUKES HEALTH SYSTEM		No

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**Saint Luke's Health System, Inc.
Years Ended December 31, 2013 and 2012
With Report of Independent Auditors**

Ernst & Young LLP



**Building a better
working world**

Saint Luke's Health System, Inc.
Consolidated Financial Statements and Supplementary Information
Years Ended December 31, 2013 and 2012

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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, 2013 and 2012, 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, 2013 and 2012, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of operations are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

April 9, 2014

Saint Luke's Health System, Inc.

Consolidated Balance Sheets

	December 31	
	2013	2012
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 213,437	\$ 183,507
Short-term investments <i>(Note 5)</i>	95,968	114,787
Accounts receivable, less allowance for uncollectible accounts of \$46,209 in 2013 and \$42,071 in 2012	155,061	153,230
Other receivables	15,783	15,490
Inventories	24,416	21,514
Prepaid expenses	12,801	12,824
Total current assets	517,466	501,352
 Property and equipment, net <i>(Note 4)</i>	 915,450	 885,214
 Investments <i>(Note 5)</i>	 296,984	 243,087
 Assets limited as to use <i>(Note 5)</i> :		
Board-designated	856	695
Held by trustee:		
Under self-insurance arrangements	22,205	22,089
Indenture agreements	10	47
Restricted by donor or grantor	12,701	11,510
Total assets limited as to use	35,772	34,341
 Other assets:		
Investment in affiliates	14,273	14,058
Interest in net assets of Foundation	156,762	135,981
Deferred financing costs, net	7,337	7,799
Other	42,789	36,038
Total other assets	221,161	193,876
Total assets	<u>\$ 1,986,833</u>	<u>\$ 1,857,870</u>

	December 31	
	2013	2012
	<i>(In Thousands)</i>	
Liabilities and net assets		
Current liabilities:		
Current maturities of long-term debt <i>(Note 6)</i>	\$ 11,071	\$ 10,615
Accounts payable	60,934	61,756
Payroll-related liabilities	60,214	55,424
Estimated third-party payor settlements	24,058	13,262
Defined contribution plan obligations	14,143	14,100
Other	34,520	40,386
Total current liabilities	204,940	195,543
Reserve for self-insured risks <i>(Note 9)</i>	21,010	22,539
Long-term debt, less current maturities <i>(Note 6)</i>	569,428	552,019
Interest rate swap contracts	21,111	36,508
Pension obligation	21,140	55,020
Other noncurrent liabilities	19,620	14,076
Total liabilities	857,249	875,705
Net assets:		
Saint Luke's Health System, Inc.	956,883	832,222
Noncontrolling interest	3,238	2,452
Total unrestricted	960,121	834,674
Temporarily restricted <i>(Note 11)</i>	130,866	108,918
Permanently restricted <i>(Note 11)</i>	38,597	38,573
Total net assets	1,129,584	982,165
 Total liabilities and net assets	 <u>\$ 1,986,833</u>	 <u>\$ 1,857,870</u>

See accompanying notes.

Saint Luke's Health System, Inc.

Consolidated Statements of Operations

	Year Ended December 31	
	2013	2012
	<i>(In Thousands)</i>	
Unrestricted revenues and other support:		
Patient service revenue <i>(Notes 2 and 3)</i>	\$ 1,261,454	\$ 1,237,399
Provision for bad debts <i>(Note 3)</i>	(54,098)	(66,454)
Net patient service revenue	1,207,356	1,170,945
Electronic health record incentive	15,198	8,408
Other revenue	68,524	57,984
Total unrestricted revenues and other support	1,291,078	1,237,337
Expenses:		
Salaries and wages	565,825	548,175
Employee benefits	127,104	128,098
Supplies and other	459,647	432,218
Depreciation and amortization	80,949	74,835
Interest	22,095	21,626
Total expenses	1,255,620	1,204,952
Operating income	35,458	32,385
Other income (loss):		
Investment income and other, net	47,812	34,210
Income on investments in affiliates, net	5,152	6,303
Gain (loss) on interest rate swaps	15,397	(694)
Loss on bond refunding and defeasance	—	(655)
Other, net	(9,612)	(6,440)
Total other income, net	58,749	32,724
Consolidated excess of revenues over expenses	94,207	65,109
Attributable to noncontrolling interest	(6,687)	(7,485)
Excess of revenues over expenses attributable to Saint Luke's Health System, Inc. and subsidiaries	87,520	57,624
Contributions of property, equipment, and other	6,226	2,673
Pension-related changes other than net periodic pension costs	30,915	(9,730)
Increase attributable to Saint Luke's Health System, Inc. and subsidiaries unrestricted net assets	\$ 124,661	\$ 50,567

See accompanying notes.

Saint Luke's Health System, Inc.

Consolidated Statements of Changes in Net Assets

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Total	Controlling Noncontrolling	Total	Controlling Noncontrolling
	<i>(In Thousands)</i>			
Unrestricted net assets:				
Excess of revenues over expenses	\$ 94,207	\$ 87,520	\$ 6,687	\$ 57,624
Contribution of property, equipment, and other	6,226	6,226	-	2,673
Pension-related changes other than net periodic pension costs	30,915	30,915	-	(9,730)
Other changes in unrestricted net assets	(5,901)	-	(5,901)	-
Increase (decrease) in unrestricted net assets	125,447	124,661	786	50,567
				(5)
Temporarily restricted net assets:				
Contributions	1,827	1,827	-	1,341
Investment income, net	522	522	-	474
Change in unrealized gain on investments, net	1,131	1,131	-	720
Net assets released from restrictions	(2,289)	(2,289)	-	(2,610)
Change in interest in temporarily restricted net assets of foundation	20,757	20,757	-	10,095
Increase in temporarily restricted net assets	21,948	21,948	-	10,020
				-
Permanently restricted net assets:				
Change in interest in permanently restricted net assets of foundation	24	24	-	67
Increase in permanently restricted net assets	24	24	-	67
				-
Increase (decrease) in net assets	147,419	146,633	786	60,649
Net assets at beginning of year	982,165	979,713	2,452	921,516
Net assets at end of year	\$1,129,584	\$1,126,346	\$ 3,238	\$ 982,165
				\$ 979,713
				\$ 2,452

See accompanying notes.

Saint Luke's Health System, Inc.

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2013	2012
	<i>(In Thousands)</i>	
Operating activities		
Increase in net assets	\$ 147,419	\$ 60,649
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	80,949	74,835
Loss on disposal and impairment of property and equipment	300	1,604
Provision for bad debt	54,098	66,454
Change in unrealized (gain) loss on interest rate swaps	(15,397)	694
Loss on bond refunding and defeasance	—	655
Pension-related changes other than net periodic pension costs	(30,915)	9,730
Restricted contributions	(1,827)	(1,341)
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(55,929)	(80,324)
(Increase) decrease in other current assets	(3,172)	9,299
(Increase) decrease in investment securities classified as trading	(20,111)	20,988
(Increase) in other noncurrent assets	(27,658)	(8,280)
(Decrease) increase in accounts payable	(822)	10,995
Increase in other current liabilities	9,763	8,180
(Decrease) in reserve for self-insured risks	(1,529)	(1,551)
Increase (decrease) in other noncurrent liabilities	2,579	(7,230)
Net cash provided by operating activities	<u>137,748</u>	<u>165,357</u>
Investing activities		
Purchase of property and equipment, net	(111,485)	(125,129)
Increase in investment companies, net	(16,398)	(12,303)
Increase in investment in affiliates, net	(5,613)	(7,108)
Distributions from affiliates, net	5,398	5,745
Net cash used in investing activities	<u>(128,098)</u>	<u>(138,795)</u>

Saint Luke's Health System, Inc.

Consolidated Statements of Cash Flows (continued)

	Year Ended December 31	
	2013	2012
	<i>(In Thousands)</i>	
Financing activities		
Payments and refunding of long-term debt	\$ (10,730)	\$ (150,538)
Proceeds from issuance of long-term debt	29,190	162,200
Deferred bond issuance costs	(7)	(579)
Restricted contributions	1,827	1,341
Net cash provided by financing activities	<u>20,280</u>	<u>12,424</u>
 Increase in cash and cash equivalents	 29,930	 38,986
Cash and cash equivalents at beginning of year	183,507	144,521
Cash and cash equivalents at end of year	<u>\$ 213,437</u>	<u>\$ 183,507</u>
 Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 22,443</u>	<u>\$ 22,609</u>

See accompanying notes.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements

December 31, 2013

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 North Hospital (North)
- Saint Luke's South Hospital (South)
- Saint Luke's East Hospital (East)
- Crittenton Children's Center (Crittenton)
- Saint Luke's Cushing 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)
 - Saint Luke's Neurological Consultants (SLNC)
- 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 \$37.9 million and \$33.8 million as of December 31, 2013 and 2012, respectively. These leases are evergreen leases, which require a one-year cancelation notice by either party. Currently, the System has no reason to believe that these arrangements will be terminated.

In order to continue and further its charitable mission, and to serve the local community, Saint Luke's transferred the property and equipment of Cabot on November 1, 2013, and agreed to provide financial support totaling \$1.3 million through January 1, 2017, to an unrelated non-profit organization. For the period from January 1, 2013 to November 1, 2013, Cabot's revenue and operating loss (excluding allocated general overhead) were \$1.9 million and \$0.3 million, respectively. Cabot's facilities and equipment with a net book value of \$1.7 million have been written off as they were transferred at no consideration. A loss totaling \$3.3 million has been recognized in connection with this transaction, and is included in other income (loss) in the 2013 consolidated statement of operations.

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.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

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

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.

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.

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 allowance for uncollectible accounts as a percentage of accounts receivable increased from 21.5% at December 31, 2012, to 23.0% at December 31, 2013, primarily due to an industry trend of higher deductibles and coinsurance due from patients covered by third-party insurance.

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.

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. The amortization is included in depreciation expense.

Capitalized Interest

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

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

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

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.

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).

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'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, in particular those with fixed-interest rates, is affected. 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.

Interest in Net Assets of Foundation

Saint Luke's Foundation, Inc. (the Foundation) is deemed to be financially interrelated to Saint Luke's, North, South, East, Crittenton, Wright Memorial, Home Care and Hospice, Midwest Ear Institute, and the College for contributions received by the Foundation for which the donor has either specified a participating entity as the beneficiary or has not granted the Foundation variance power (temporarily or permanently restricted contributions received by the Foundation). Saint Luke's, North, South, Crittenton, Wright Memorial, Home Care and Hospice, Midwest Ear Institute, and the College record their interest in the net assets of the Foundation in the consolidated balance sheets under the caption "interest in net assets of Foundation," and as a component of temporarily and permanently restricted net assets. These net assets held by the Foundation 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.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

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

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.

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.

Electronic Health Record Incentive

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (EHR) technology. These provisions of ARRA are intended to promote the adoption and meaningful use of interoperable health information technology and qualified EHR technology.

The System recognizes revenue for the EHR incentive when it has reasonable assurance that it has demonstrated meaningful use of certified EHR technology for the applicable period and complied with the reporting conditions to receive the EHR incentive. The demonstration of meaningful use is based upon meeting a series of objectives, and varies between hospital facilities and physician practices and between Medicare and Medicaid programs. Additionally, meeting the objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages outlined by Centers for Medicare and Medicaid Services (CMS). During the years ended December 31, 2013 and 2012, the System recognized \$15.2 million and \$8.4 million of revenue related to EHR incentives.

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 incurs both capital expenditures and operating expenses in connection with the implementation of its EHR initiatives. The amounts and timing of these expenditures do not directly correlate with the timing of the System's recognition of EHR incentives as revenue.

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 changes 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 2012 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.

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 \$34.7 million and \$40.6 million in 2013 and 2012, 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	
	2013	2012
	<i>(In Thousands)</i>	
Gross patient service charges:		
Inpatient	\$ 2,153,260	\$ 2,025,370
Outpatient	1,712,862	1,576,977
Clinic	394,568	351,742
Total patient service charges	4,260,690	3,954,089
Less deductions from gross patient service charges:		
Contractual adjustments:		
Medicare	1,148,439	1,044,282
Managed care and other	1,528,881	1,348,299
Medicaid	199,577	183,125
Charity care	122,339	140,984
Patient service revenue	1,261,454	1,237,399
Less provision for bad debts	54,098	66,454
Net patient service revenue	\$ 1,207,356	\$ 1,170,945

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), which is recognized from the System's major payor sources, is summarized as follows:

	Year Ended December 31	
	2013	2012
Patient service revenue, net of contractual expense:		
Third-party payors	93%	94%
Self-pay payors	7	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 \$1.3 million and \$3.7 million in 2013 and 2012, 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	
	2013	2012	2013	2012
Medicare	47%	46%	36%	33%
Blue Cross/Blue Shield	17	16	13	13
Medicaid	10	11	6	7
Commercial/patients	26	27	45	47
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	
	2013	2012
	<i>(In Thousands)</i>	
Land and improvements	\$ 57,646	\$ 55,562
Buildings and improvements	900,874	829,779
Fixed equipment	205,519	198,630
Movable equipment	357,682	326,616
Software	52,405	46,116
	1,574,126	1,456,703
Less accumulated depreciation	710,595	641,658
	863,531	815,045
Construction-in-progress	51,919	70,169
Total property and equipment, net	\$ 915,450	\$ 885,214

During 2012, the System entered into an agreement to install a new clinical information technology system with the total cost of ownership 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, 2013, the System had outstanding construction and other commitments of \$42.2 million related to these 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	
	2013	2012
	<i>(In Thousands)</i>	
Cash and cash equivalents	\$ 13,414	\$ 6,782
U.S. government and agency securities	3,237	3,201
Fixed income	110,525	15,745
Common trust fixed income funds	72,807	157,361
Common trust equity funds	72,098	53,877
International equity funds	45,459	35,837
Domestic equity securities	12,935	24,536
International equity securities	27,528	35,060
Marketable real assets	15,581	11,369
Private equity	24,814	20,634
Hedge funds of funds	30,202	27,693
Accrued interest receivable and other	124	120
Total	<u>\$ 428,724</u>	<u>\$ 392,215</u>
Presented as:		
Short-term investments	\$ 95,968	\$ 114,787
Investments	296,984	243,087
Assets limited as to use	35,772	34,341
Total	<u>\$ 428,724</u>	<u>\$ 392,215</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, 2013, the System had committed \$22.5 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.

Investment return is summarized as follows:

	Year Ended December 31	
	2013	2012
	<i>(In Thousands)</i>	
Interest, dividends, and net realized gain, net	\$ 19,044	\$ 14,007
Change in unrealized gain, net	30,893	21,714
Total investment return	<u>\$ 49,937</u>	<u>\$ 35,721</u>
Included in other revenue	\$ 1,550	\$ 317
Included in investment income and other, net	46,734	34,210
Included in temporarily restricted net assets	1,653	1,194
Total investment return	<u>\$ 49,937</u>	<u>\$ 35,721</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	
	2013	2012
	<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 \$1,443 and \$1,518 at December 31, 2013 and 2012, respectively)	\$ 126,443	\$ 126,518
Series 2004A, fixed annual interest rate of 5.0%, payable in installments through 2019 (including unamortized premiums of \$1,494 and \$1,962 at December 31, 2013 and 2012, respectively)	46,604	53,387
Series 2005A and B, fixed annual interest rate ranging from 5.125% to 5.5%, payable in installments through 2035 (including unamortized premiums of \$207 and \$217 at December 31, 2013 and 2012, respectively)	100,207	100,217
Uninsured Health Facilities Revenue Bonds		
Series 2010A, fixed annual interest rate ranging from 5.0% to 5.25%, payable in installments through 2040 (including unamortized premiums of \$1,142 and \$1,184 at December 31, 2013 and 2012, respectively)	92,287	94,659
Series 2012A and B, variable rate demand bonds, annual interest rate of 0.98% and 0.66%, respectively, at December 31, 2013, and 1.02% and 0.73%, respectively, at December 31, 2012, payable in installments through 2040	140,000	140,000
Series 2012C, variable rate demand bonds, annual interest rate of 1.10% and 1.12% at December 31, 2013 and 2012, respectively, payable in installments through 2042	49,483	20,690
Other obligations	25,475	27,163
	<u>580,499</u>	<u>562,634</u>
Less current maturities	11,071	10,615
Total long-term debt, net of current maturities	<u>\$ 569,428</u>	<u>\$ 552,019</u>

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.

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 2008 A, B, and 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, and 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. Of the total commitment of \$50 million, the Corporation has received principal advances of \$49.5 million as of December 31, 2013, and borrowed the remaining commitment of \$0.5 million in January 2014. 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 \$4.3 million, and assuming that the variable rate debt will be remarketed, are as follows:

Year Ending December 31	Long-Term Debt
	<i>(In Thousands)</i>
2014	\$ 11,071
2015	11,623
2016	12,138
2017	12,754
2018	13,022
Thereafter	515,605
	<u>\$ 576,213</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, 2013 or 2012. 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 on the consolidated balance sheets are as follows:

Expiration Date	Fixed Rate	The System Receives	Notional Amount		Fair Value	
			2013	2012	2013	2012
			<i>(In Thousands)</i>		<i>(In Thousands)</i>	
2032	5.500%	LIBOR	\$ 60,300	\$ 60,300	\$ (14,675)	\$ (24,259)
2035	5.056	LIBOR	33,500	33,500	(6,436)	(12,249)
					<u>\$ (21,111)</u>	<u>\$ (36,508)</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	
		2013	2012
<i>(In Thousands)</i>			
Gain (loss) on interest rate swaps	Unrealized gain (loss)	\$ 15,397	\$ (694)
Other loss, net	Difference between cash paid and received	(4,469)	(4,822)

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, 2013, future noncancelable lease commitments consist of the following:

Year Ending December 31	Lease Commitments
	<i>(In Thousands)</i>
2014	\$ 6,150
2015	5,863
2016	5,715
2017	3,989
2018	3,219
Thereafter	27,684
	<u>\$ 52,620</u>

Rental expense under cancelable and noncancelable leases was \$16.3 million and \$14.4 million in 2013 and 2012, respectively.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

7. Fair Value Measurements

The System determines fair value as 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 Financial Accounting Standards Board'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.

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, 2013:

	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			
	(In Thousands)			
Assets				
Cash and cash equivalents	\$ 13,486	\$ 13,486	\$ -	\$ -
U.S. government and agency securities	4,253	-	4,253	-
Common trust fixed income funds	72,807	-	72,807	-
Common trust equity fund	72,753	-	72,753	-
Fixed income funds	111,546	111,546	-	-
Domestic equity securities	13,032	13,032	-	-
International equity securities	27,761	27,761	-	-
Marketable real assets	15,581	15,581	-	-
	331,219	\$ 181,406	\$ 149,813	\$ -
Reconciling Items				
Investments recorded on an equity basis	100,888			
Supplemental Executive Retirement Plan (SERP) assets	(3,507)			
Accrued interest and other	124			
Investments per balance sheet	\$ 428,724			
Liabilities				
Obligation under swap contracts	\$ (21,111)	\$ -	\$ (21,111)	\$ -

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	24,729	24,729	-	-
International equity securities	35,401	35,401	-	-
Marketable real assets	11,369	11,369	-	-
	<u>310,774</u>	<u>\$ 94,018</u>	<u>\$ 216,756</u>	<u>\$ -</u>
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 values of the securities included in Level 1 were determined through quoted market prices. The fair values of Level 2 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, 2013.

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 consolidated 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 \$378.0 million and \$410.0 million as of December 31, 2013 and 2012, 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 \$365.5 million and \$374.8 million as of December 31, 2013 and 2012, respectively. The estimated fair value of the System's variable rate bonds approximates the carrying amount of \$189.5 million and \$160.7 million as of December 31, 2013 and 2012, respectively.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans

The System has a frozen defined benefit pension plan (the Plan). 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. The System makes 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:

	<u>2013</u>	<u>2012</u>
	<i>(In Thousands)</i>	
Accumulated benefit obligation	<u>\$ 211,968</u>	<u>\$ 239,446</u>
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$ 239,446	\$ 221,137
Service cost	—	—
Interest cost	8,973	10,086
Plan amendments	(13,494)	—
Actuarial (gain) loss	(11,546)	18,872
Benefits paid	<u>(11,411)</u>	<u>(10,649)</u>
Projected benefit obligation at end of year	211,968	239,446
Change in plan assets		
Fair value of plan assets at beginning of year	189,568	178,962
Actual investment return on plan assets	18,144	21,255
Benefits paid	<u>(11,411)</u>	<u>(10,649)</u>
Fair value of plan assets at end of year	196,301	189,568
Pension obligation in noncurrent liabilities	<u>\$ (15,667)</u>	<u>\$ (49,878)</u>

During 2013, the Plan was amended such that effective for plan years beginning January 1, 2014, the interest credited annually to participant account balances is the greater of 4% and the 30-year Treasury rate at November 30 of the prior year.

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:

	<u>2013</u>	<u>2012</u>
	<i>(In Thousands)</i>	
Unrecognized actuarial losses	\$ 46,115	\$ 63,138
Unrecognized prior service credit	(13,494)	-
	<u>\$ 32,621</u>	<u>\$ 63,138</u>

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

	<u>2013</u>	<u>2012</u>
	<i>(In Thousands)</i>	
Unrecognized actuarial gains (losses)	\$ 17,023	\$ (9,515)
Amortization of prior service credit	13,494	-
	<u>\$ 30,517</u>	<u>\$ (9,515)</u>

The prior service credit included in unrestricted net assets and expected to be amortized into net periodic pension benefit cost during the year ending December 31, 2014 is \$0.4 million. An actuarial loss is expected to be recognized during the year ending December 31, 2014, of \$0.7 million.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

No plan assets are expected to be returned to the System during 2014.

	<u>2013</u>	<u>2012</u>
Weighted-average assumptions used to determine the projected benefit obligation for the year ended December 31		
Discount rate	4.41%	3.82%
Weighted-average assumptions used to determine net periodic benefit cost for the year ended December 31		
Discount rate	3.82%	4.72%
Expected long-term return on plan assets	7.50	7.50

The effect of the reduction in discount rate was to increase the projected benefit obligation at December 31, 2013 and 2012, by approximately \$9.6 million and \$18.1 million, respectively.

	Year Ended December 31	
	<u>2013</u>	<u>2012</u>
	<i>(In Thousands)</i>	
Components of net periodic benefit income:		
Interest cost	\$ 8,973	\$ 10,086
Expected return on plan assets	(13,812)	(12,796)
Amortization of net actuarial loss	1,145	898
Net periodic pension income	<u>\$ (3,694)</u>	<u>\$ (1,812)</u>

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

The System's pension plan's weighted-average asset allocations at December 31, 2013 and 2012, by asset category are as follows:

Asset Category	Target Asset Allocation		Plan Assets	
	2013	2012	2013	2012
Domestic equity	25%	25%	23%	25%
International equity	25	25	26	25
Private equity	5	5	4	6
Fixed income	45	45	43	44
Marketable real assets	—	—	4	—

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.

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.

Saint Luke's Health System, Inc.

Notes to Consolidated Financial Statements (continued)

8. Retirement Plans (continued)

The fair value of pension plan assets was determined using the following inputs at December 31, 2013:

	<u>Fair Value Measurements Using</u>			
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>Fair Value</u>			
<i>(In Thousands)</i>				
Cash and cash equivalents	\$ 1,695	\$ 1,695	\$ -	\$ -
Treasury bond	1,910	1,910	-	-
Common trust fixed income funds	27,796	-	27,796	-
Fixed income funds	55,764	55,764	-	-
Common trust equity fund	31,251	-	31,251	-
Domestic equity securities	14,345	14,345	-	-
Marketable real assets	4,939	4,939	-	-
International equity securities	50,365	23,292	-	27,073
Private equities	8,236	-	-	8,236
	<u>\$ 196,301</u>	<u>\$ 101,945</u>	<u>\$ 59,047</u>	<u>\$ 35,309</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, 2012	\$ 33,770
Purchases, issuances, and settlements	600
Sales	(6,593)
Realized gains	801
Unrealized gains	6,731
Fair value at December 31, 2013	<u>\$ 35,309</u>

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

	<u>Fair Value Measurements Using</u>			
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>Fair Value</u>			
<i>(In Thousands)</i>				
Cash and cash equivalents	\$ 2,198	\$ 2,198	\$ —	\$ —
Treasury bond	1,853	1,853	—	—
Common trust fixed income funds	54,353	—	54,353	—
Fixed income funds	28,149	28,149	—	—
Common trust equity fund	32,442	—	32,442	—
Domestic equity securities	13,139	13,139	—	—
International equity securities	47,984	23,664	—	24,320
Private equities	9,450	—	—	9,450
	<u>\$ 189,568</u>	<u>\$ 69,003</u>	<u>\$ 86,795</u>	<u>\$ 33,770</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, 2011	\$ 29,533
Purchases, issuances, and settlements	280
Sales	(1,170)
Realized gains	29
Unrealized losses	5,098
Fair value at December 31, 2012	<u>\$ 33,770</u>

The System expects to contribute \$3.8 million to its pension plan in 2014.

The following benefit payments include the forecast of participants electing lump-sum payments that are expected to be paid:

<u>Year Ending December 31</u>	<u>Pension Benefits</u> <i>(In Thousands)</i>
2014	\$ 21,900
2015	20,700
2016	20,100
2017	20,400
2018	19,400
2019 to 2023	69,700

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 \$23.4 million and \$22.5 million related to these plans during 2013 and 2012, 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, 2013 and 2012, the SERP's plan assets were \$3.5 million and \$3.2 million, respectively, and the SERP's benefit obligation was \$5.5 million and \$5.1 million, respectively. The System recorded expense of \$0.4 million related to the SERP during 2013 and 2012. Changes in plan assets and benefit obligations included in unrestricted net assets during 2013 and 2012 related to the SERP resulted in an actuarial gain (loss) of \$0.4 million and \$(0.2) 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% at December 31, 2013 and December 31, 2012.

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 \$1 million per claim in Missouri and \$200,000 per claim in Kansas per physician. Coverage above the \$200,000 level in Kansas, up to \$1 million per claim and \$3 million annual aggregate, is provided by the Kansas Health Care Stabilization Fund, as applicable. Additional excess coverage noted below is provided to the employed physicians in the RRG.

Up until August 1, 2013, the RRG retained the first \$250,000 of loss and expense for the Missouri employed physicians. For the layer \$750,000 excess of the \$250,000, reinsurance has been purchased and with the exception of the first contract, the premium determined on a retrospective-rated basis and accrued on the ultimate cost of the experience to date of the providers. Policy year 2010/2013 is the remaining reinsurance contract subject to future adjustments from retrospective rating. 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 provided excess coverage for the Trust exposures until April 1, 2013, and an additional claims-made policy in the amount of \$25 million provided excess coverage over the primary layers for all the other entities. As of April 1, 2013, the Lead Excess Liability Program was consolidated into a single, claims-made policy in the amount of \$25 million. 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

The System has adopted the provisions of ASC Topic 460 (formerly FASB Staff Position 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 \$3.2 million and \$5.5 million as of December 31, 2013 and 2012, 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 \$3.2 million and \$5.5 million at December 31, 2013 and 2012, respectively.

11. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	December 31	
	2013	2012
	<i>(In Thousands)</i>	
Purchase of equipment	\$ 1,807	\$ 1,545
Health care services	5,147	4,587
Health care education	2,907	2,539
Foundation net assets <i>(Note 1)</i>	121,005	100,248
	<u>\$ 130,866</u>	<u>\$ 108,919</u>

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	
	2013	2012
	<i>(In Thousands)</i>	
Health care services	\$ 2,588	\$ 2,588
Health care education	252	252
Foundation net assets <i>(Note 1)</i>	<u>35,757</u>	<u>35,733</u>
	<u>\$ 38,597</u>	<u>\$ 38,573</u>

12. Subsequent Events

The System evaluated events and transactions occurring subsequent to December 31, 2013 through April 9, 2014, 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.

Supplementary Information

Saint Luke's Health System, Inc.

Consolidating Balance Sheet

December 31, 2013

	Saint Luke's	North	South	East	Crittendon	Cushing	Hedrick	Wright Memorial	Anderson County
					<i>(In Thousands)</i>				
Assets									
Current assets:									
Cash and cash equivalents	\$ 41,481	\$ 28,230	\$ 13,547	\$ 20,461	\$ 5,277	\$ 2,084	\$ 14,025	\$ 3,744	\$ 1,121
Short-term investments	67,473	-	-	-	8,928	-	-	-	-
Accounts receivable, net	80,537	12,718	13,773	23,906	2,872	3,415	5,697	3,151	1,975
Other receivables	9,230	105	139	991	58	1,383	144	423	412
Inventories	13,986	2,524	2,814	2,964	-	731	450	426	235
Prepaid expenses	1,806	231	341	1,042	159	131	155	374	152
Total current assets	214,513	43,808	30,614	49,364	17,294	7,744	20,471	8,118	3,895
Property and equipment, net	492,725	60,000	53,557	213,338	4,128	11,359	3,853	3,453	226
Investments	288,287	-	-	-	-	-	8,697	-	-
Assets limited as to use:									
Board-designated	-	-	-	-	856	-	-	-	-
Held by trustee:									
Under self-insurance arrangements	15,469	757	2,039	3,237	-	703	-	-	-
Indenture agreements	-	-	-	-	-	-	-	-	-
Restricted by donor or grantor	11,821	168	91	236	288	97	-	-	-
Total assets limited as to use	27,290	925	2,130	3,473	1,144	800	-	-	-
Other assets:									
Receivables from affiliates	29,783	470	173	475	21	159	169	81	45
Investment in affiliates	13,898	-	-	-	-	-	-	-	-
Interest in net assets of foundation	147,339	204	991	-	30	-	-	390	-
Deferred financing costs, net	4,362	792	316	1,848	-	19	-	-	-
Other	3,819	47	-	18	395	1,072	-	-	-
Total other assets	199,201	1,513	1,480	2,341	446	1,250	169	471	45
Total assets	\$ 1,222,016	\$ 106,246	\$ 87,781	\$ 268,516	\$ 23,012	\$ 21,153	\$ 33,190	\$ 12,042	\$ 4,166

Saint Luke's Health System, Inc.

Consolidating Balance Sheet (continued)

	Home Care and Hospice	Cabot	RRG	Midwest Ear Institute	College	Physician Corporations	Corporate	Eliminations	Saint Luke's Health System, Inc.
									(In Thousands)
Assets									
Current assets:									
Cash and cash equivalents	\$ 4,780	\$ 108	\$ 3,071	\$ 126	\$ 686	\$ 10,602	\$ 64,094	\$	\$ 213,437
Short-term investments			19,567						95,968
Accounts receivable, net	3,041	2		189		4,008		(223)	155,061
Other receivables	1	43	1,597	(2)	711	1,834	169	(1,455)	15,783
Inventories	286								24,416
Prepaid expenses			73	29	11	317	7,980		12,801
Total current assets	8,108	153	24,308	342	1,408	16,761	72,243	(1,678)	517,466
Property and equipment, net	10,771			44	5,492	7,100	49,404		915,450
Investments									296,984
Assets limited as to use:									
Board-designated									856
Held by trustee:									
Under self-insurance arrangements									22,205
Indenture agreements							10		10
Restricted by donor or grantor									12,701
Total assets limited as to use							10		35,772
Other assets:									
Receivables from affiliates	101	17		1	24	565	7,232	(39,316)	
Investment in affiliates							14,735	(14,360)	14,273
Interest in net assets of foundation									156,762
Deferred financing costs, net									7,337
Other			5,535			3,369	28,534		42,789
Total other assets	851	17	5,535	768	6,315	3,934	50,501	(53,676)	221,161
Total assets	\$ 19,730	\$ 170	\$ 29,843	\$ 1,154	\$ 13,215	\$ 27,795	\$ 172,158	\$ (55,354)	\$ 1,986,833

Saint Luke's Health System, Inc.

Consolidating Balance Sheet (continued)

	Saint Luke's	North	South	East	Crittendon	Cushing	Hedrick	Wright Memorial	Anderson County
					<i>(In Thousands)</i>				
Liabilities and net assets									
Current liabilities:									
Current maturities of long-term debt	\$ 7,117	\$ 1,516	\$ 1,227	\$ 1,211	\$ 395	\$ 26,281	\$ 2,447	\$ 872	\$ 1,440
Accounts payable	26,363	4,092	5,378	9,816	1,351	1,242	1,392	877	751
Payroll-related liabilities	24,145	4,248	3,140	6,029					
Estimated third-party payor settlements	14,572	1,158	60	7,010		(165)	761	586	76
Defined contribution plan obligations	1,282	242	189	233	85	55	69	55	48
Other	7,869	1,267	1,696	2,900	343	2,375	82	277	11
Total current liabilities	81,348	12,523	11,690	27,199	2,174	29,788	4,751	2,667	2,326
Reserve for self-insured risks	10,364	498	956	2,870		647			
Long-term debt, less current maturities	319,517	39,353	47,770	156,458		6,320			
Interest rate swap contracts									
Pension obligation									
Other noncurrent liabilities									
Total liabilities	412,948	52,437	60,486	186,607	2,410	37,844	4,751	4,037	2,713
Net assets:									
Saint Luke's Health System, Inc.	649,643	53,437	25,453	79,460	20,284	(16,788)	28,439	7,615	1,453
Noncontrolling interest	265		760	2,213					
Total unrestricted	649,908	53,437	26,213	81,673	20,284	(16,788)	28,439	7,615	1,453
Temporarily restricted	123,334	372	1,082	236	318	73		390	
Permanently restricted	35,826					24			
Total net assets	809,068	53,809	27,295	81,909	20,602	(16,691)	28,439	8,005	1,453
Total liabilities and net assets	\$ 1,222,016	\$ 106,246	\$ 87,781	\$ 268,516	\$ 23,012	\$ 21,153	\$ 33,190	\$ 12,042	\$ 4,166

Saint Luke's Health System, Inc.

Consolidating Balance Sheet (continued)

	Home Care and Hospice	Cabot	RRG	Midwest Ear Institute	College	Physician Corporations	Corporate	Eliminations	Saint Luke's Health System, Inc.
	<i>(In Thousands)</i>								
Liabilities and net assets									
Current liabilities:									
Current maturities of long-term debt	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable	609	89	98	1,011	91	2,149	19,119	(39,316)	11,071
Payroll-related liabilities	1,508	-	-	71	221	5,498	9,741	-	60,934
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	60,214
Defined contribution plan obligations	82	6	-	3	17	724	11,053	-	24,058
Other	162	1	9,710	(14)	877	585	8,057	(1,678)	14,143
Total current liabilities	2,361	96	9,808	1,071	1,206	8,956	47,970	(40,994)	34,520
									204,940
Reserve for self-insured risks			5,675						21,010
Long-term debt, less current maturities							10		569,428
Interest rate swap contracts							21,111		21,111
Pension obligation							21,140		21,140
Other noncurrent liabilities							14,606		19,620
Total liabilities	2,361	96	15,483	1,071	1,206	8,956	104,837	(40,994)	857,249
Net assets:									
Saint Luke's Health System, Inc.	16,619	74	14,360	(684)	5,718	18,839	67,321	(14,360)	956,883
Noncontrolling interest	-	-	-	-	-	-	-	-	3,238
Total unrestricted	16,619	74	14,360	(684)	5,718	18,839	67,321	(14,360)	960,121
Temporarily restricted	750	-	-	767	3,544	-	-	-	130,866
Permanently restricted	-	-	-	-	2,747	-	-	-	38,597
Total net assets	17,369	74	14,360	83	12,009	18,839	67,321	(14,360)	1,129,584
Total liabilities and net assets	\$ 19,730	\$ 170	\$ 29,843	\$ 1,154	\$ 13,215	\$ 27,795	\$ 172,158	\$ (55,354)	\$ 1,986,833

Saint Luke's Health System, Inc.

Consolidating Statement of Operations

Year Ended December 31, 2013

	Saint Luke's	North	South	East	Crittenton (In Thousands)	Cushing	Hedrick	Wright Memorial	Anderson County
Unrestricted revenues and other support									
Net patient service revenue	\$ 573,159	\$ 113,432	\$ 111,428	\$ 192,584	\$ 24,870	\$ 24,090	\$ 36,400	\$ 24,300	\$ 16,037
Electronic health record incentive	4,957	1,775	1,427	1,915		1,451	356	1,542	63
Other revenue	46,494	4,632	4,531	4,058	1,870	988	1,025	454	3,016
Total unrestricted revenues and other support	624,610	119,839	117,386	198,557	26,740	26,529	37,781	26,296	19,116
Expenses:									
Salaries and wages	235,897	45,156	34,274	62,113	14,406	12,949	14,640	9,139	7,358
Employee benefits	51,043	11,025	8,895	14,840	3,831	2,959	3,573	2,416	2,061
Supplies and other	281,571	50,445	60,993	80,432	6,566	14,841	16,127	12,673	8,989
Depreciation and amortization	37,580	6,900	4,979	14,031	416	1,437	1,327	1,094	60
Interest	13,738	2,157	1,146	5,125		1,052			26
Total expenses	619,838	115,683	110,287	176,541	25,219	33,238	35,667	25,322	18,494
Operating income (loss)	4,772	4,156	7,099	22,016	1,521	(6,709)	2,114	974	622
Other income (loss):									
Investment income and other, net	46,683	18	(17)	138	51	(1)	197	1	1
Income on investments in affiliates, net	5,152								
Gain on interest rate swaps									
Other, net	(4,934)	18	(1,127)	(1,012)	117	(167)	197	1	1
Total other income (loss), net	46,901	18	(1,144)	(874)	168	(168)	197	1	2
Excess (deficit) of revenues over expenses	51,673	4,174	5,955	21,142	1,689	(6,877)	2,311	975	624
Attributable to noncontrolling interest	(1,573)		(112)	(5,002)					
Excess (deficit) of revenues over expenses attributable to Saint Luke's Health System, Inc.	50,100	4,174	5,843	16,140	1,689	(6,977)	2,311	975	624
Contributions of property, equipment, and other	1,479	100	7	(20,015)	6		100	25	
Contributions to related organizations	(20,027)					8,000			
Pension-related changes other than net periodic pension costs									
Transfer of net assets	(1,737)	(300)	(206)	(254)	(99)	(61)	(75)	(56)	(49)
Increase (decrease) in Saint Luke's Health System unrestricted net assets	\$ 20,815	\$ 3,074	\$ 5,644	\$ (4,129)	\$ 1,596	\$ 1,062	\$ 2,316	\$ 944	\$ 575

Saint Luke's Health System, Inc.

Consolidating Statement of Operations (continued)

	Home Care and Hospice	Cabot	RRG	Midwest Ear Institute	College	Physician Corporations	Corporate	Eliminations	Saint Luke's Health System, Inc.
	(In Thousands)								
Unrestricted revenues and other support									
Net patient service revenue	\$ 24,907	\$	\$	\$ 1,235	\$	\$ 65,071	\$	\$ (157)	\$ 1,207,356
Electronic health record incentive						1,712			15,198
Other revenue	114		3,152	72	5,570	4,337	99,513	(111,302)	68,524
Total unrestricted revenues and other support	25,021		3,152	1,307	5,570	71,120	99,513	(111,459)	1,291,078
Expenses:									
Salaries and wages	13,509			593	2,778	73,221	39,792		565,825
Employee benefits	3,514			158	677	13,332	8,780		127,104
Supplies and other	7,357	202	4,004	780	1,433	(17,644)	41,175	(110,297)	459,647
Depreciation and amortization	447			12	524	2,210	9,924	(1)	80,949
Interest		99		19		1	(107)	(1,161)	22,095
Total expenses	24,827	301	4,004	1,562	5,412	71,120	99,564	(111,459)	1,255,020
Operating income (loss)	194	(301)	(852)	(255)	158		(51)		35,458
Other income (loss)									
Investment income and other, net	13		717				12	(1)	47,812
Income (loss) on investments in affiliates, net							(135)	135	5,152
Gain on interest rate swaps							15,397		15,397
Other, net		(1,987)					(504)	1	(9,612)
Total other income (loss), net	13	(1,987)	717				14,770	135	58,749
Excess (deficit) of revenues over expenses	207	(2,288)	(135)	(255)	158		14,719	135	94,207
Attributable to noncontrolling interest									(6,687)
Excess (deficit) of revenues over expenses attributable to Saint Luke's Health System, Inc.	207	(2,288)	(135)	(255)	158		14,719	135	87,520
Contributions of property, equipment, and other	3,652	5		1		851			6,226
Contributions to related organizations		3,212					28,830		30,915
Pension-related changes other than net periodic pension costs							30,915		30,915
Transfer of net assets	(83)	(7)		(4)	(18)	(415)	3,364		
Increase (decrease) in Saint Luke's Health System unrestricted net assets	\$ 3,776	\$ 922	\$ (135)	\$ (258)	\$ 140	\$ 436	\$ 77,828	\$ 135	\$ 124,661

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