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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 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
ST LUKE'S HOSPITAL ANDERSON CAMPUS

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 801 OSTRUM STREET Suite

Room/suite

City or town, state or province, country, and ZIP or foreign postal code
BETHLEHEM, PA 18015

D Employer identification number
45-4394739

E Telephone number
(484) 526-4000

G Gross receipts $ 143,917,851

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

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 SLHN ORG

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

L Year of formation 2013

M State of legal domicile PA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE COMPASSIONATE, EXCELLENT QUALITY AND COST EFFECTIVE HEALTHCARE TO THE RESIDENTS OF THE COMMUNITIES WE SERVE IN A NON-DISCRIMINATORY MANNER

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	700
6	Total number of volunteers (estimate if necessary)	**6**	48
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	0	317,211
9	Program service revenue (Part VIII, line 2g)	0	141,816,958
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0	46,757
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	159,819
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0	142,340,745
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	2,479
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	43,630,374
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	0	77,661,062
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	0	121,293,915
19	Revenue less expenses Subtract line 18 from line 12	0	21,046,830

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	0	192,693,894
21	Total liabilities (Part X, line 26)	0	156,326,198
22	Net assets or fund balances Subtract line 21 from line 20	0	36,367,696

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 — 2015-05-11 — Date

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Scott J Mariani				P00642486
Firm's name ▶ WithumSmithBrown PC			Firm's EIN ▶	
Firm's address ▶ 465 South St Ste 200 Morristown, NJ 079606497			Phone no (973) 898-9494	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 20,837,320 including grants of $ 0) (Revenue $ 20,569,345)

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

4b (Code) (Expenses $ 16,922,330 including grants of $ 0) (Revenue $ 18,313,442)

Infusion chemo The specialists at St Luke's know that cancer is a journey St Luke's cancer doctors work closely with a leading team of radiation oncologists, regional physicians, oncology nurses and cancer support staff PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

4c (Code) (Expenses $ 11,248,852 including grants of $ 0) (Revenue $ 12,456,003)

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

4d Other program services (Describe in Schedule O)
(Expenses $ 60,156,271 including grants of $ 2,479) (Revenue $ 90,478,168)

4e **Total program service expenses** ▶ 109,164,773

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or 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? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
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? *If "Yes," complete Schedule I, Parts I and III*	**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? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 . .	**1a**	0		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	**1c**			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	**2a**	700		
b	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)	**2b**		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	**3a**			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	**3b**			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	**4a**			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	**5a**			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	**5b**			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	**5c**			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	**6a**			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	**6b**			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	**7a**			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	**7b**			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	**7c**			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	**7e**			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	**7f**			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	**7g**			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	**7h**			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	**8**			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	**9a**			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	**9b**			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	**12a**			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	**13a**			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	**14a**			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	**14b**			

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

Check if Schedule O contains a response 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	**1a**	17		
	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				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	15		
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	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

Check if Schedule O contains a response 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) CHARLES D SAUNDERS MD CHAIRMAN - DIRECTOR	1 0	X		X				0	0	0
(2) SAMUEL R GIAMBER MD VICE CHAIRMAN - DIRECTOR	1 0	X		X				0	185,169	46,149
(3) RICHARD A ANDERSON DIRECTOR - PRESIDENT/CEO-SLHN	55 0	X		X				0	2,144,514	278,832
(4) REVEREND DR DOUGLAS W CALDWELL DIRECTOR	1 0	X						0	0	0
(5) FAUST E CAPOBIANCO DIRECTOR	1 0	X						0	0	0
(6) H CHRISTINA CONNAR DIRECTOR	1 0	X						0	0	0
(7) JOHN M DALY MD DIRECTOR	1 0	X						0	0	0
(8) ROBERT J GREY DIRECTOR	1 0	X						0	0	0
(9) KOSTAS KALOGEROPOULOS DIRECTOR	1 0	X						0	0	0
(10) THOMAS J MCGINLEY DIRECTOR	1 0	X						0	0	0
(11) DOUGLAS A MICHELS DIRECTOR	1 0	X						0	0	0
(12) ROBERT A OSTER DIRECTOR	1 0	X						0	0	0
(13) DANIEL P PETROZZO DIRECTOR	1 0	X						0	0	0
(14) TERENCE REILLY MD DIRECTOR	1 0	X						0	0	0
(15) ROBERT D RUMFIELD DIRECTOR	1 0	X						0	0	0
(16) LUANN B STAUFFER DIRECTOR	1 0	X						0	0	0
(17) DONALD E WIEAND ESQ DIRECTOR	1 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) THOMAS P LICHTENWALNER SVP FINANCE/CFO	55 0			X				0	660,466	207,102
(19) EDWARD R NAWROCKI PRESIDENT	55 0			X				0	449,647	58,317
(20) DARLA R FRACK VP PATIENT CARE SERVICES	55 0				X			157,229	0	28,261
(21) STEPHEN J SCHWARTZ PHARMACY MANAGER	55 0					X		146,714	0	28,803
(22) XIAOLING SONG MD SR PHYSICIST RADIOLOGY ONCOL	55 0					X		136,509	0	29,752
(23) COREY J SEYLER MD PHYSICIAN ASSISTANT	55 0					X		134,292	0	11,724
(24) SHANNA LEE DAWSON PHARMACIST CLINICAL SPECIALIST	55 0					X		122,319	0	27,410
(25) MICHELLE A BODINE PHARMACIST	55 0					X		118,697	0	27,590

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	815,760	3,439,796	743,940

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶6

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

Section B. Independent Contractors

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

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

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 ▶0

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	23,000			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	294,211			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		317,211			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	541900	140,523,178	140,523,178		
	b	OTHER HEALTHCARE RELATED REVENUE	541900	1,293,780	1,293,780		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		141,816,958			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		-192			-192
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	1,312,362				
	b	Less rental expenses	1,577,106				
	c	Rental income or (loss)	-264,744	0			
	d	Net rental income or (loss) . . . . . ▶		-264,744			-264,744
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		46,949			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)		46,949			
	d	Net gain or (loss) . . . . . ▶		46,949			46,949
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶		0			
		Miscellaneous Revenue	Business Code				
	11a	DIETARY REVENUE	722410	424,563			424,563
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		424,563			
	12	**Total revenue.** See Instructions . . . . . ▶		142,340,745	141,816,958		206,576

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	2,479	2,479		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	185,490	166,941	18,549	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	36,434,933	32,791,440	3,643,493	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,033,210	929,889	103,321	
9 Other employee benefits	3,860,220	3,474,198	386,022	
10 Payroll taxes	2,116,521	1,904,869	211,652	
11 Fees for services (non-employees)				
a Management	249,601	224,641	24,960	
b Legal	4,650	4,185	465	
c Accounting	0			
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	46,022	41,420	4,602	
12 Advertising and promotion	15,990	14,391	1,599	
13 Office expenses	2,077,541	1,869,787	207,754	
14 Information technology	86,898	78,208	8,690	
15 Royalties	0			
16 Occupancy	1,547,868	1,393,082	154,786	
17 Travel	16,876	15,188	1,688	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	27,030	24,327	2,703	
20 Interest	5,502,085	4,951,876	550,209	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	17,320,498	15,588,448	1,732,050	
23 Insurance	758,091	682,282	75,809	
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	26,023,223	23,420,901	2,602,322	
b OTHER SERVICES/SUPPORT	10,424,133	9,381,720	1,042,413	
c PURCHASED SERVICES	3,627,341	3,264,607	362,734	
d REPAIRS & MAINTENANCE	1,973,514	1,776,163	197,351	
e All other expenses	7,959,701	7,163,731	795,970	
25 **Total functional expenses.** Add lines 1 through 24e	121,293,915	109,164,773	12,129,142	0
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) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		0	1	2,250
	2	Savings and temporary cash investments		0	2	656,690
	3	Pledges and grants receivable, net		0	3	371,926
	4	Accounts receivable, net		0	4	28,281,133
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		0	8	1,669,498
	9	Prepaid expenses and deferred charges		0	9	390,661
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 200,966,396			
	b	Less accumulated depreciation	10b 42,115,143	0	10c	158,851,253
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	396,387
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		0	15	2,074,096
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		0	16	192,693,894
Liabilities	17	Accounts payable and accrued expenses		0	17	5,475,957
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	150,850,241
	26	**Total liabilities.** Add lines 17 through 25		0	26	156,326,198
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		0	27	35,643,856
	28	Temporarily restricted net assets		0	28	723,840
	29	Permanently restricted net assets		0	29	0
		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		0	33	36,367,696
	34	Total liabilities and net assets/fund balances		0	34	192,693,894

Part XI Reconcilliation 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	142,340,745
2	Total expenses (must equal Part IX, column (A), line 25)	2	121,293,915
3	Revenue less expenses Subtract line 2 from line 1	3	21,046,830
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	0
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	15,320,866
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	36,367,696

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?	2a		No
	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			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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			
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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **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
ST LUKE'S HOSPITAL ANDERSON CAMPUS

Employer identification number
45-4394739

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?

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

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

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(see instructions))**	**(iv)** Is the organization in col **(i)** listed in your governing document?		**(v)** Did you notify the organization in col **(i)** of your support?		**(vi)** Is the organization in col **(i)** organized in the U S ?		**(vii)** Amount of 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 III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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	Employer identification number
ST LUKE'S HOSPITAL ANDERSON CAMPUS	45-4394739

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
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?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		
i	Other activities?		No	
j	Total Add lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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
SCHEDULE C, PART II-B, QUESTION 1	THE ORGANIZATION IS AN AFFILIATE IN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK ST LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA PAYS ALL LOBBYING EXPENDITURES ON BEHALF OF ALL AFFILIATES WITHIN THE NETWORK AND ALLOCATES A PERCENTAGE OF THESE EXPENDITURES TO VARIOUS AFFILIATES THESE LOBBYING EXPENDITURES INCLUDE (1) PAYMENT TO AN OUTSIDE INDEPENDENT FIRM, (2) AN ALLOCATED PORTION OF THE DUES PAID TO THE HOSPITAL AND HEALTHSYSTEM ASSOCIATION OF PENNSYLVANIA AND (3) A PERCENTAGE OF TOTAL COMPENSATION OF TWO ST LUKE'S UNIVERSITY HEALTH NETWORK SENIOR MANAGEMENT PERSONNEL THE AMOUNT ALLOCATED TO THIS ORGANIZATION ATTRIBUTABLE TO LOBBYING ACTIVITY FOR THE YEAR ENDED JUNE 30, 2014 IS $44,172

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 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
ST LUKE'S HOSPITAL ANDERSON CAMPUS

Employer identification number
45-4394739

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

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

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

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

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

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

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

9 In Part 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
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

b If "Yes," explain the arrangement in Part 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	0				
b	Contributions	838,223				
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs	114,383				
f	Administrative expenses					
g	End of year balance	723,840				

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 0 %
- c Temporarily restricted endowment ▶ 100 000 %

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

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

		Yes	No
(i) unrelated organizations	3a(i)		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		24,087,573		24,087,573
b Buildings		117,247,327	15,880,197	101,367,130
c Leasehold improvements				
d Equipment		55,818,954	26,234,946	29,584,008
e Other		3,812,542		3,812,542
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				158,851,253

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

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

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
EST THIRD-PARTY PAYOR SETTLEMENT	959,836
CURRENT PORTION OF PENSION COSTS	46,405
DUE TO AFFILIATES	149,796,053
OTHER LIABILITIES	47,947
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	150,850,241

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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
SCHEDULE D, PART V, QUESTION 4	ENDOWMENT FUNDS ARE TO BE USED CONSISTENT WITH INTENT AND IN FURTHERANCE OF THE ORGANIZATION'S CHARITABLE TAX-EXEMPT PURPOSES

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ 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
ST LUKE'S HOSPITAL ANDERSON CAMPUS

Employer identification number
45-4394739

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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☐ 150% ☐ 200% ☑ Other 300 %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,232,705	0	1,232,705	1 020 %
b Medicaid (from Worksheet 3, column a)			9,754,003	6,099,388	3,654,615	3 010 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			10,986,708	6,099,388	4,887,320	4 030 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			75,775	0	75,775	0 060 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			3,044,748	0	3,044,748	2 510 %
j **Total.** Other Benefits			3,120,523	0	3,120,523	2 570 %
k **Total.** Add lines 7d and 7j			14,107,231	6,099,388	8,007,843	6 600 %

Part II Community Building Activities Complete this 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			3,041,269		3,041,269	2 510 %
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**			3,041,269		3,041,269	2 510 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	11,675,488		
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	1,750,572		
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	38,460,350
6	Enter Medicare allowable costs of care relating to payments on line 5	6	38,706,274
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-245,924
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					
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)

Name of hospital facility or facility reporting group ST LUKE'S HOSPITAL ANDERSON CAMPUS

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) _____

			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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW SLHN ORG			
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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ 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?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ 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?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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?	**21**		No
If "Yes," explain in Part VI			
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?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

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? 2

	Name and address	Type of Facility (describe)
1	ST LUKE'S HOSPITAL ANDERSON CAMPUS MOB 1700 RIVERSIDE CIRCLE EASTON,PA 18045	OUTPATIENT SERVICES
2	ST LUKE'S HOSPITAL ANDERSON CANCER CTR 1600 RIVERSIDE CIRCLE EASTON,PA 18045	CANCER CENTER
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
SCHEDULE H, PART I, LINE 6A	Not applicable

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

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7I	INCLUDED IN SCHEDULE H, PART I, LINE 7I ARE AMOUNTS CONTRIBUTED TO BETHLEHEM TOWNSHIP AND OTHER PAYEES FOR CERTAIN PHYSICAL IMPROVEMENTS TO ROADWAYS SURROUNDING THE HOSPITAL THIS PROJECT AND AMOUNTS PAID BY THE HOSPITAL ARE DESIGNED TO IMPROVE ACCESS TO THE HOSPITAL BY THE SURROUNDING COMMUNITY AND AMBULANCES FOR EMERGENCY AND OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES AT THE HOSPITAL CAMPUS

Form and Line Reference	Explanation
SCHEDULE H, PART II	St Luke's Hospital Anderson Campus has direct involvement in numerous community building activities that promote and improve the health status and general betterment of the communities served by the hospital This is accomplished through service on state and regional advocacy committees and boards, volunteerism with local community-based non-profit advocacy groups, and participation in conferences and other educational activities to promote understanding of the root causes of health concerns This organization provides educational materials, conducts community health fairs and holds health education seminars and outreach sessions for its patients and for community providers Presentations are provided by physicians, nurses and other healthcare professionals In addition, Part II, Line 1 represents an amount attributable to surrounding roadway improvement costs as described in Part I, Line 7i above

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 4	Bad debt expense was calculated using the organization's bad debt expense from its audited financial statements The organization and its affiliates prepare and issue audited consolidated financial statements The system's allowance for doubtful accounts (bad debt expense) methodology and charity care policies are consistently applied across all hospital affiliates The attached text was obtained from the footnotes to the audited financial statements of the organization Patient accounts receivable The Network's patient accounts receivable consist of unsecured amounts due for patient services billed to patients and other third-party payors such as Medicare, Medical Assistance, Blue Cross and various commercial insurance companies and managed care companies The primary service area of the Network is located in Lehigh, Northampton, Carbon, Schuylkill and Bucks Counties, Pennsylvania The ability of these patients to pay is subject to changes in general economic conditions of the Network's service area The Network performs ongoing credit evaluations and maintains reserves for potential credit losses Charity care The Network provides care to all patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Charges for services to patients who meet the Network's guidelines for charity care are not reflected in the accompanying consolidated financial statements The charges associated with these services for charity care provided by the Network approximate $105,400,000 and $116,300,000 in 2014 and 2013, respectively The costs incurred to provide such care is determined using a cost to charge ratio and were approximately $89,066,000 and $98,330,000 for 2014 and 2013, respectively

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 8	Medicare costs were derived from the Medicare cost report filed by the organization Medic are underpayments and bad debt are community benefit and associated costs are includable o n the Form 990, Schedule H, Part I The organization feels that Medicare underpayments (sh ortfall) and bad debt are community benefit and associated costs are includable on the For m 990, Schedule H, Part I As outlined more fully below the organization believes that the se services and related costs promote the health of the community as a whole and are rende red in conjunction with the organization's charitable tax-exempt purposes and mission in p roviding medically necessary healthcare services to all individual's in a non-discriminato ry manner without regard to race, color, creed, sex, national origin, religion or ability to pay and consistent with the community benefit standard promulgated by the IRS The comm unity benefit standard is the current standard for a hospital for recognition as a tax-exe mpt and charitable organization under Internal Revenue Code ("IRC") 501(c)(3) The organiz ation is recognized as a tax-exempt entity and charitable organization under 501(c)(3) of the IRC Although there is no definition in the tax code for the term "charitable", a regu lation promulgated by the department of the treasury provides some guidance and states tha t "[t]he term charitable is used in 501(c)(3) in its generally accepted legal sense," and provides examples of charitable purposes, including the relief of the poor or unprivileged , the promotion of social welfare, and the advancement of education, religion, and science Note it does not explicitly address the activities of hospitals In the absence of expl icit statutory or regulatory requirements applying the term "charitable" to hospitals, it has been left to the IRS to determine the criteria hospitals must meet to qualify as IRC 5 01(c)(3) charitable organizations The original standard was known as the charity care sta ndard This standard was replaced by the IRS with the community benefit standard which is the current standard Charity care standard In 1956, the IRS issued Revenue Ruling 56-185, which addressed the requirements hospitals needed to meet in order to qualify for IRC 501 (c)(3) status One of these requirements is known as the "charity care standard " under th e standard, a hospital had to provide, to the extent of its financial ability, free or red uced-cost care to patients unable to pay for it A hospital that expected full payment did not, according to the ruling, provide charity care based on the fact that some patients u ltimately failed to pay The ruling emphasized that a low level of charity care did not ne cessarily mean that a hospital had failed to meet the requirement since that level could r eflect its financial ability to provide such care The ruling also noted that publicly sup ported community hospitals would normally qualify as charitable organizations because they serve the entire community, and a low level of charity care would not affect a hospital's exempt status if it was due to the surrounding community's lack of charitable demands Co mmunity benefit standard In 1969, the IRS issued Revenue Ruling 69-545, which "remove[d]" from Revenue Ruling 56-185 "the requirements relating to caring for patients without charg e or at rates below cost " under the standard developed in Revenue Ruling 69-545, which is known as the "community benefit standard," hospitals are judged on whether they promote t he health of a broad class of individuals in the community The ruling involved a hospital that only admitted individuals who could pay for the services (by themselves, private ins urance, or public programs such as Medicare), but operated a full-time emergency room that was open to everyone The IRS ruled that the hospital qualified as a charitable organizat ion because it promoted the health of people in its community The IRS reasoned that becau se the promotion of health was a charitable purpose according to the general law of charit y, it fell within the "generally accepted legal sense" of the term "charitable," as requir ed by Treas Reg 1 501(c)(3)-1(d)(2) The IRS ruling stated that the promotion of health, like the relief of poverty and the advancement of education and religion, is one of the p urposes in the general law of charity that is deemed beneficial to the community as a whol e even though the class of beneficiaries eligible to receive a direct benefit from its act ivities does not include all members of the community, such as indigent members of the com munity, provided that the class is not so small that its relief is not of benefit to the c ommunity The IRS concluded that the hospital was "promoting the health of a class of pers ons that is broad enough to benefit the community" because its emergency room was open to all and it provided care to everyone who could pay, whether directly or through third-part y reimbursement Other characteristics of the hosp

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 8	ital that the IRS highlighted included the following its surplus funds were used to impro ve patient care, expand hospital facilities, and advance medical training, education, and research, it was controlled by a board of trustees that consisted of independent civic lea ders, and hospital medical staff privileges were available to all qualified physicians Me dicare underpayments and bad debt are community benefit and associated costs are includabl e on the Form 990, Schedule H, Part I The American Hospital Association ("AHA") feels tha t Medicare underpayments (shortfall) and bad debt are community benefit and thus includabl e on the Form 990, Schedule H, Part I This organization agrees with the AHA position As outlined in the aha letter to the IRS dated August 21, 2007 with respect to the first publ ished draft of the new Form 990 and Schedule H, the AHA felt that the IRS should incorpora te the full value of the community benefit that hospitals provide by counting Medicare und erpayments (shortfall) and bad debt as quantifiable community benefit for the following re asons - PROVIDING CARE FOR THE ELDERLY AND SERVING MEDICARE PATIENTS IS AN ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD - MEDICARE, LIKE MEDICAID, DOES NOT PAY THE FULL COST OF CARE RECENTLY, MEDICARE REIMBURSES HOSPITALS ONLY 92 CENTS FOR EVERY DOLLAR THEY SPEND TO TAKE CARE OF MEDICARE PATIENTS THE MEDICARE PAYMENT ADVISORY COMMISSION ("MEDPAC") IN ITS MARCH 2007 REPORT TO CONGRESS CAUTIONED THAT UNDERPAYMENT WILL GET EVEN WORSE, WITH M ARGINS REACHING A 10-YEAR LOW AT NEGATIVE 5 4 PERCENT - MANY MEDICARE BENEFICIARIES, LIKE THEIR MEDICAID COUNTERPARTS, ARE POOR MORE THAN 46 PERCENT OF MEDICARE SPENDING IS FOR B ENEFICIARIES WHOSE INCOME IS BELOW 200 PERCENT OF THE FEDERAL POVERTY LEVEL MANY OF THOSE MEDICARE BENEFICIARIES ARE ALSO ELIGIBLE FOR MEDICAID - - SO CALLED "DUAL ELIGIBLES " THER E IS EVERY COMPELLING PUBLIC POLICY REASON TO TREAT MEDICARE AND MEDICAID UNDERPAYMENTS SI MILARLY FOR PURPOSES OF A HOSPITAL'S COMMUNITY BENEFIT AND INCLUDE THESE COSTS ON FORM 990 , SCHEDULE H, PART I MEDICARE UNDERPAYMENT MUST BE SHOULDERED BY THE HOSPITAL IN ORDER TO CONTINUE TREATING THE COMMUNITY'S ELDERLY AND POOR THESE UNDERPAYMENTS REPRESENT A REAL COST OF SERVING THE COMMUNITY AND SHOULD COUNT AS A QUANTIFIABLE COMMUNITY BENEFIT Both t he AHA and this organization also feel that patient bad debt is a community benefit and th us includable on the Form 990, Schedule H, Part I There are compelling reasons that patie nt bad debt should be counted as quantifiable community benefit as follows - a significan t majority of bad debt is attributable to low-income patients, who, for many reasons, decl ine to complete the forms required to establish eligibility for hospitals' charity care or financial assistance programs A 2006 congressional budget office ("cbo") report, nonprof it hospitals and the provision of community benefits, cited two studies indicating that "t he great majority of bad debt was attributable to patients with incomes below 200% of the federal poverty line " - the report also noted that a substantial portion of bad debt is p ending charity care Unlike bad debt in other industries, hospital bad debt is complicated by the fact that hospitals follow their mission to the community and treat every patient that comes through their emergency department, regardless of ability to pay Patients who have outstanding bills are not turned away, unlike other industries Bad debt is further c omplicated by the auditing industry's standards on reporting charity care Many patients c annot or do not provide the necessary, extensive documentation required to be deemed chari ty care by auditors As a result, roughly 10% of bad debt is pending charity care - the c bo concluded that its findings "support the validity of the use of uncompensated care [bad debt and charity care] as a measure of community benefits" assuming the findings are gene ralizable nationwide, the experience of

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 9B	Accounts considered to be charity care are not included in the bad debt expense, but rathe r, are accounted for as an allowance against the organization's patient service revenue S t Luke's financial assistance program St Luke's is a non-profit organization dedicated t o the care and treatment of the sick and the prevention of illness The first consideratio n in the admission and placement or treatment of a patient is the medical needs of the pat ient Patients shall be provided and encouraged to obtain medically necessary care regardl ess of ability to pay or eligibility for financial assistance However, all patients will be required to pay for the care which they receive if they are financially able to do so Advance payment will not be required for any medically necessary service Some individuals fail to obtain necessary care due to financial concerns In order to encourage such patie nts to obtain appropriate care, St Luke's shall operate a Financial Assistance program fo r the uninsured indigent population and a discount program for all other uninsured patient s All patients presenting for medically necessary services with no insurance will have th e opportunity to qualify for St Luke's Financial Assistance Program Services excluded fr om the program include but are not limited to, cosmetic, bariatric, IVF, IUDs, tubal ligat ions, sleep study St Luke's reserves the right to exclude services if upon review it is determined that they are not medically necessary In addition, patients scheduled for elec tive procedures or studies will be assessed for medical need and timing for the procedure along with ability to pay for a portion of the procedure Eligibility for the Pa Fair Care program will be reviewed and application required if eligible Medical Assistance applica tion may be required and completed prior to service for elective cases Patients who meet a hardship exemption for the Affordable Care Act (ACA) may apply for Financial Assistance upon signing an attestation form of hardship eligibility Patients receiving inpatient or high dollar outpatient services will be evaluated for Medical Assistance eligibility and A CA in order to qualify for the St Luke's Hospital Financial Assistance Program Individua ls will not be eligible for financial assistance if Medical Assistance or ACA coverage is denied due to lack of cooperation (i e , timeliness or failure to produce required documen tation) Any patient payments made for services that subsequently receive Medical Assistan ce approval will be refunded to the patient Financial Assistance Individuals with family income at or below 300% of the current federal poverty guidelines may be eligible for a 10 0% financial assistance allowance on the cost of their medically necessary services, after a minimum copay amount for certain outpatient services as follows, Clinic visits, includi ng the hospital family practice centers, rural health centers, women's and children's clin ics = $10 Other programs within the clinics may establish a flat rate minimum amount due for elective procedures that are at or below the Medical Assistance fee schedule for patie nts not eligible for Medical Assistance but are under the 300% federal poverty guidelines Urgent care center visits = $15 Emergency room visits= $25 Uninsured patients with income exceeding 300% of federal poverty guidelines will automatically receive an 80% discount o n hospital charges No proof of income is required for this discount and this is not consi dered Financial Assistance Patients with routine co-pays and deductibles from managed car e and commercial insurances are not eligible for financial assistance or a discount unless a financial hardship can be proven Patients having limited benefit coverage through insu rance and who demonstrate a financial hardship may be eligible for the Financial Assistanc e program Patients who have received financial assistance in the past but who are having services that are elective or high dollar procedures, visits will be required to comply wi th the process of Medical Assistance eligibility or eligibility for programs such as ACA Case by case decisions will be made re financial liability in each instance Determining E ligibility for Financial Assistance Designated business service department employees will utilize independent third party income estimation software information as the determinant of eligibility The income estimation software application utilized by St Luke's is based upon a statistically validated methodology to provide income and family size determinatio n This information is then automatically cross-walked to St Luke's financial assistance eligibility matrix ranging from 0% to 300% of the current federal poverty guidelines to de termine the level of financial assistance to be applied When insufficient information is returned via the software application, the manual process below will be utilized to determ ine eligibility In determining family income and

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 9B	family size, a family unit will be defined as immediate family members /significant other/ domestic partner living in the household All income of occupants will be considered in de terming total household income In determining income the following will be considered - Wages - Pension - Annuities - Social Security - Interest, Dividend, and other Investment Income such as Capital Gains - Unemployment Compensation - Workers Comp - Disability Bene fits - Child Support - Alimony - Public Assistance - Net Rental Income (Income Less Expens es) as calculated for Federal Tax purposes Assets may be considered in determining eligibi lity and the level of discount approved for financial assistance Designated business serv ice department employees may also discuss financial assistance with patients who upon rece iving a billing statement express an inability to pay for services rendered Financial ass istance applications may be supplied to these patients along with the information regardin g required documentation or the income estimation software may be used to determine eligib ility status Medical Indigence Assessment If the patient does not qualify for any of the financial assistance categories identified above, but the medical expenses exceed an abili ty to pay, the patient will be encouraged to write a hardship letter to be submitted to th e Associate Vice President of Finance for consideration of a hardship write-off of all or part of the outstanding medical liability In the case of foreign visitors, the hospital w ill attempt to identify the person who sponsored the visitor's entry into the United State s If the sponsor is legally responsible for the visitor's medical bills, the hospital wil l apply its normal collection efforts in attempting to collect from the sponsor Applicati on for financial assistance will be based on the sponsor's income St Luke's Hospital res erves the right to deny an application for financial assistance based upon lack of reasona bly required documentation or the submission of fraudulent documentation If information i s not provided, an application may be denied unless the information was not provided for r easons beyond the applicant's control In these cases the patient will not be eligible for the financial assistance program Notification to Patient All patients receiving inpatien t or high dollar OP services will receive a notice of determination from the business offi ce with the amount of financial assistance granted and any remaining financial liability Patients may provide documentation if they feel the automatic estimation of income and ass ets is incorrect or incomplete The business office will assess and revise the determinati on as appropriate for future encounters based on the software information provided All pa tient statements will have the phone number to call for patients having difficulty meeting financial obligations St Luke's credit and collection policy The Credit and Collection policy is established and is to be administered in accordance with the mission and values of the hospital as well as federal and state law The policy is designed to promote approp riate access to medical care for all patients regardless of their ability to pay while mai ntaining the Network's fiscal responsibility to maximize reimbursement and minimize bad de bt All medically necessary hospital services are provided without consideration of abilit y to pay and are not delayed pending application and/or approval of Medical Assistance or St Luke's Financial Assistance Program Advance payment is not required for any medically necessary service This Credit and Collection policy is intended to take into account eac h individual's ability to contribute to the cost of his or her care Patients will be assi sted in obtaining health insurance coverage from privately and publicly funded sources whe never possible All Patient Business Service department representatives will be educated o n all aspects of the Credit and Collecti

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

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

Form and Line Reference	Explanation
Schedule H, Part VI, Question 4	St Luke's Hospital Anderson Campus's primary service area consists of an urban population in Northampton County in southeastern Pennsylvania with a total population of 299,791 The average household income is $60,097 and 9 7 percent of the population has income below the poverty level Four hospitals serve the primary service area and six percent of hospital gross revenues are Medicaid patients and four percent are uninsured Northampton consists of the following groups 88 7% of the population was Caucasian, 11 7% of the population were Hispanics and Latinos of any race and 6 1% were black or African American Easton has been designated a medically underserved area

Form and Line Reference	Explanation
Schedule H, Part VI, Question 5	The organization and the entire St Luke's University Health Network promote the health of the community on a daily basis throughout the year The network coordinates and offers numerous community benefit programs, activities and support groups to the community Please refer to schedule o for a detailed community benefit statement

Form and Line Reference	Explanation
Schedule H, Part VI, Question 6	Outlined below is a summary of the entities which comprise the St Luke's University Healt h Network Not for-profit St Luke's University Health Network entities St Luke's Health Network, Inc St Luke's Health Network, Inc is the tax-exempt parent of the St Luke's University Health Network ("St Luke's") This integrated healthcare delivery system consi sts of a group of affiliated healthcare organizations This organization is the sole membe r or stockholder of each affiliated entity St Luke's is an integrated network of healthc are providers throughout the states of Pennsylvania and New Jersey St Luke's Health Netw ork, Inc is an organization recognized by the Internal Revenue Service as tax-exempt purs uant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Intern al Revenue Code 509(a)(3) As the parent organization, St Luke's Health Network, Inc str ives to continually develop and operate a multi-hospital healthcare network which provides substantial community benefit through the provision of a comprehensive spectrum of health care services to the residents of Pennsylvania and New Jersey and surrounding communities St Luke's Health Network, Inc ensures that its network provides medically necessary hea lthcare services to all individuals regardless of race, color, creed, sex, national origin , religion or ability to pay No individuals are denied necessary medical care, treatment or services St Luke's active hospitals include St Luke's Hospital of Bethlehem, PA, St Luke's Quakertown Hospital, Carbon-Schuylkill Community Hospital, Inc , St Luke's Hospit al Anderson Campus and St Luke's Warren Hospital Each of these hospitals operates consis tently with the following criteria outlined in IRS Revenue Ruling 69-545 1 Each provides medically necessary healthcare services to all individuals regardless of ability to pay, including charity care, self-pay, Medicare and Medicaid patients, 2 Each operates an acti ve emergency room for all persons, which is open 24 hours a day, 7 days a week, 365 days p er year, 3 Each maintains an open medical staff, with privileges available to all qualifi ed physicians, 4 Control of each rests with its board of directors and the board of direc tors of St Luke's Health Network, Inc Both boards are comprised of a majority of indepen dent civic leaders and other prominent members of the community, and 5 Surplus funds are used to improve the quality of patient care, expand and renovate facilities and advance me dical care, programs and activities St Luke's Hospital of Bethlehem, Pennsylvania St Lu ke's Hospital of Bethlehem, Pennsylvania is comprised of two non-profit hospital campuses a 480-bed campus in Bethlehem, Pennsylvania and a 158 bed campus in Allentown, Pennsylvan ia St Luke's Hospital of Bethlehem, Pennsylvania is recognized by the Internal Revenue S ervice as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its char itable purposes, the organization provides medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, St Luke's Hospital of Bethlehem, Pennsylvania operates consistently with the criteria outlined in IRS Revenue Ruling 69-545 Cancer Immunotherapies, L L C A limit ed liability company disregarded for federal income tax purposes owned by St Luke's Hospi tal of Bethlehem, Pennsylvania This entity is currently inactive St Luke's Airmed, L L C A limited liability company disregarded for federal income tax purposes owned by St Lu ke's Hospital of Bethlehem, Pennsylvania This entity is currently inactive St Luke's Ho mestar Services, L L C A limited liability company disregarded for federal income tax pur poses owned by St Luke's Hospital of Bethlehem, Pennsylvania This entity provides outpat ient services in Bethlehem, Pennsylvania St Luke's Windgap Property, L L C A limited li ability company disregarded for federal income tax purposes owned by St Luke's Hospital o f Bethlehem, Pennsylvania This entity is currently inactive Pocono MRI Imaging and Diagn ostic Center, L L C A limited liability company disregarded for federal income tax purpos es owned by St Luke's Hospital of Bethlehem, Pennsylvania This entity provides outpatien t services in Bethlehem, Pennsylvania Evantage Health, L L C A limited liability company disregarded for federal income tax purposes owned by St Luke's Hospital of Bethlehem, Pe nnsylvania This entity is currently inactive St Luke's Hospital Anderson Campus St Luk e's Hospital Anderson Campus is a 108-bed non-profit hospital located in Easton, Pennsylva nia St Luke's Hospital Anderson Campus is recognized by the Internal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its charitable pur poses, the organization provides medically necessary healthcare services to all individual s regardless of race, color, creed, sex, national

Form and Line Reference	Explanation
Schedule H, Part VI, Question 6	origin, religion or ability to pay Moreover, St Luke's Hospital Anderson Campus operates consistently with the criteria outlined in IRS Revenue Ruling 69-545 St Luke's Quakerto wn Hospital St Luke's Quakertown Hospital is a 62-bed non-profit hospital located in Quak ertown, Pennsylvania St Luke's Quakertown Hospital is recognized by the Internal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its ch aritable purposes, the organization provides medically necessary healthcare services to al l individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, St Luke's Quakertown Hospital operates consistently with the criteria o utlined in IRS Revenue Ruling 69-545 Carbon-Schuylkill Community Hospital, Inc Carbon-Sc huylkill Community Hospital, Inc is a 45-bed non-profit acute care hospital located in Co aldale, Pennsylvania Carbon-Schuylkill Community Hospital, Inc is recognized by the Inte rnal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursua nt to its charitable purposes, the organization provides medically necessary healthcare se rvices to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, Carbon-Schuylkill Community Hospital, Inc operates consiste ntly with the criteria outlined in IRS Revenue Ruling 69-545 St Luke's Hospital Monroe C ampus St Luke's Hospital Monroe Campus is currently under construction and is a proposed 108-bed non-profit community hospital located in bartonsville, Pennsylvania, Monroe County St Luke's Hospital Monroe Campus is recognized by the Internal Revenue Service as an In ternal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its charitable purposes , the organization will provide medically necessary healthcare services to all individuals regardless of race, color, creed, sex, national origin, religion or ability to pay when c onstruction is completed, likely in 2016 St Luke's Warren Hospital, Inc St Luke's Warr en Hospital, Inc is a 198-bed non-profit acute care hospital located in Phillipsburg, New Jersey St Luke's Warren Hospital, Inc is recognized by the Internal Revenue Service as an Internal Revenue Code 501(c)(3) tax-exempt organization Pursuant to its charitable pu rposes, the organization provides medically necessary healthcare services to all individua ls regardless of race, color, creed, sex, national origin, religion or ability to pay Mor eover, St Luke's Warren Hospital, Inc operates consistently with the criteria outlined i n IRS Revenue Ruling 69-545 St Luke's Warren Hospital Foundation, Inc St Luke's Warren Hospital Foundation, Inc is an organization recognized by the Internal Revenue Service a s tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation p ursuant to Internal Revenue Code 509 (a)(3) The organization supports St Luke's Warren Ho spital, a related Internal Revenue Code Section 501(c)(3) tax-exempt organization, and its affiliates in providing medically necessary healthcare services to the community in a non -discriminatory manner regardless of race, color, creed, sex, national origin, religion or ability to pay St Luke's Physician Group, Inc St Luke's Physician Group, Inc is an o rganization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Revenue Code 5 09(a)(3) The organization provides medically necessary healthcare services to all individ uals regardless of race, color, creed, sex, national origin, religion or ability to pay S t Luke's Emergency & Transport Services, Inc St Luke's Emergency & Transport Services, Inc is an organization recognized by the Internal Revenue Service as tax-exempt pursuant to Internal Revenue Code 501(c)(3) and as a non-private foundation pursuant to Internal Re venue Code 170(b)(1)(a)(iii) The organi

Form and Line Reference	Explanation
SCHEDULE H, PART VI, QUESTION 7	Not applicable The entity and related provider organizations are located in Pennsylvania and New Jersey No community benefit report is required to be filed with either Pennsylvania or New Jersey

Additional Data

Software ID:
Software Version:
EIN: 45-4394739
Name: ST LUKE'S HOSPITAL ANDERSON CAMPUS

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION B, QUESTIONS 1J, 5C, 6I	Not applicable

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION B, QUESTIONS 3 & 4	THE COALITION OF HOSPITALS HELD FOUR SEPARATE PUBLIC MEETINGS IN THE LEHIGH VALLEY THAT INCLUDED MEMBERS OF THE ALLENTOWN AND BETHLEHEM BUREAUS OF HEALTH, MANY MEMBERS OF THE PUBLIC AND HEALTHCARE PROFESSIONALS INCLUDING THOSE NOT AFFILIATED WITH OUR HOSPITALS AS AN ACTIVE MEMBER OF THE HEALTH CARE COUNCIL OF THE LEHIGH VALLEY ("HCCLV"), ST LUKE'S HEALTH NETWORK WORKED IN COLLABORATION WITH FOUR OTHER REGIONAL, NON-PROFIT ACUTE AND POST-ACUTE CARE HOSPITALS AND THE DOROTHY RIDER POOL TRUST TO DEVELOP THE REGION'S COMMUNITY HEALTH NEEDS ASSESSMENT THE HOSPITAL PARTNERS OF THE HCCLV INCLUDE - SACRED HEART HEALTHCARE SYSTEM - LEHIGH VALLEY HEALTH NETWORK - ST LUKE'S UNIVERSITY HEALTH NETWORK - GOOD SHEPHERD REHABILITATION HOSPITAL - KIDSPEACE THE HCCLV'S APPROACH TO THE CHNA INCORPORATES BEST PRACTICE STANDARDS RECOMMENDED BY THE AMERICAN PUBLIC HEALTH ASSOCIATION ("APHA") AND THE ASSOCIATION FOR COMMUNITY HEALTH IMPROVEMENT ("ACHI") AND HAS ACTIVELY PARTNERED WITH MANY STAKEHOLDERS, COMMUNITY BASED ORGANIZATIONS AND COMMUNITY MEMBERS THE DOROTHY RIDER POOL TRUST REACHED OUT TO TWO COMMUNITY-BASED ORGANIZATIONS, THE HISPANIC CENTER LEHIGH VALLEY IN BETHLEHEM AND THE RESURRECTED COMMUNITY DEVELOPMENT CORPORATION IN ALLENTOWN, AS ORGANIZATIONS TRUSTED WITHIN EACH COMMUNITY TO HOST THE FORUMS THESE ORGANIZATIONS PUBLICIZED THE EVENTS AMONG STAKEHOLDERS, RECRUITED ATTENDEES, ORGANIZED REFRESHMENTS FROM LOCAL INDEPENDENT VENDORS, AND PROVIDED WELCOME AND INTRODUCTIONS AT THE START OF EACH FORUM

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
SCH H, PART V, SECTION B, QUESTION 7	THE REQUIRED COMMUNITY HEALTH NEEDS ASSESSMENT ("CHNA") WAS COMPLETED AND MADE WIDELY AVAILABLE PRIOR TO FISCAL YEAR END JUNE 30, 2013 A MULTI-DISCIPLINARY TEAM MET AND THROUGH A RIGOROUS PROCESS AN IMPLEMENTATION PLAN WAS ADOPTED TO MEET CERTAIN OF THE IDENTIFIED UNMET NEEDS WHICH WERE WITHIN THE HOSPITAL'S MISSION AND ABILITY TO POSITIVELY IMPACT PLEASE SEE ATTACHED ADOPTED IMPLEMENTATION PLAN HOSPITALS ARE NOT REQUIRED TO, NOR CAN THEY MEET ALL UNMET NEEDS IN THE COMMUNITY ANY UNMET NEEDS NOT ADDRESSED BY THE ADOPTED IMPLEMENTATION PLAN ARE ALREADY BEING ADDRESSED IN THE SERVICE AREA BY THE HOSPITAL, OTHER HEALTHCARE PROVIDERS, GOVERNMENT, AND LOCAL NON-PROFIT ORGANIZATIONS, AMONGST OTHERS THERE HAVE BEEN NO NEW PROGRAMS IMPLEMENTED BY THE HOSPITAL DURING THE CURRENT YEAR THAT ADDRESS THE UNMET NEEDS IDENTIFIED IN THE ATTACHED IMPLEMENTATION PLAN OUR PRIORITY UNMET NEEDS IN THE IMPLEMENTATION PLAN ARE INTEGRAL TO OUR COMMUNITY BENEFIT STRATEGY ST LUKE'S LEADERS CONTINUE TO MONITOR NEW PROGRAM DEVELOPMENTS AND SERVICES

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
SCH H, PART V, SECTION B, QUESTIONS 10,11,12H,16E,17E,18E,19C,19D,21&22	Not applicable

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION B, QUESTION 14G	Other measures to publicize the hospital's financial assistance policy include individual financial counseling meetings with patients without health insurance to review the financial assistance policy and to discuss payment options

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
SCHEDULE H, PART V, SECTION B, QUESTION 20D	Individuals with family income at or below 300% of the current federal poverty guidelines may be eligible for a 100% financial assistance allowance on the cost of their medically necessary services, after a minimum copay amount for certain outpatient services as follows, Clinic visits, including the hospital family practice centers, rural health centers, women's and children's clinics = $10 Other programs within the clinics may establish a flat rate minimum amount due for elective procedures that are at or below the Medical Assistance fee schedule for patients not eligible for Medical Assistance but are under the 300% federal poverty guidelines Urgent care center visits = $15 Emergency room visits= $25 Uninsured Patients with income exceeding 300% of federal poverty guidelines will automatically receive an 80% discount on hospital charges No proof of income is required for this discount and this is not considered Financial Assistance

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, 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
ST LUKE'S HOSPITAL ANDERSON CAMPUS

Employer identification number
45-4394739

Part I Questions Regarding Compensation

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

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

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

Note. The sum of columns (B)(i)-(iii) 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)SAMUEL R GIAMBER MD VICE CHAIRMAN - DIRECTOR	**(i)**	0	0	0	0	0	0	0
	(ii)	174,213	0	10,956	42,955	3,194	231,318	0
(2)RICHARD A ANDERSON DIRECTOR - PRESIDENT/CEO-SLHN	**(i)**	0	0	0	0	0	0	0
	(ii)	891,372	535,122	718,020	258,553	20,279	2,423,346	405,321
(3)THOMAS P LICHTENWALNER SVP FINANCE/CFO	**(i)**	0	0	0	0	0	0	0
	(ii)	384,776	186,231	89,459	197,313	9,789	867,568	0
(4)EDWARD R NAWROCKI PRESIDENT	**(i)**	0	0	0	0	0	0	0
	(ii)	266,821	116,066	66,760	28,408	29,909	507,964	0
(5)DARLA R FRACK VP PATIENT CARE SERVICES	**(i)**	132,231	24,856	142	4,792	23,469	185,490	0
	(ii)	0	0	0	0	0	0	0
(6)STEPHEN J SCHWARTZ PHARMACY MANAGER	**(i)**	135,945	10,683	86	4,472	24,331	175,517	0
	(ii)	0	0	0	0	0	0	0
(7)XIAOLING SONG MD SR PHYSICIST RADIOLOGY ONCOL	**(i)**	123,781	12,588	140	4,161	25,591	166,261	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 VII AND SCHEDULE J	TAXABLE COMPENSATION REPORTED HEREIN IS DERIVED FROM 2013 FORMS W-2
SCHEDULE J, PART I, QUESTION 3	Compensation Review Executive compensation for the health network consists of fixed salary, at-risk compensation and other deferred compensation arrangements Total compensation for network executives is approved annually by the network's Board of directors The recommended compensation is established through a multi-faceted approach including use of an independent consultant engaged on an ongoing basis by the Board of DIRECTORS and who works directly with the Executive Compensation Committee of the board Also included is the review of forms 990 and compensation surveys of other comparable healthcare organizations Bonus/Incentive The at-risk compensation is approved by the Executive Compensation Committee of the board and is based on several qualitative and quantitative components, including Joint Commission, Pennsylvania Department of Health and Pennsylvania Trauma Systems Foundation accreditations, evidence-based hospital process of care measures, outcome measures, such as patient satisfaction, mortality rate, and length of stay, efficiency measures as demonstrated by cost-per-adjusted discharge and net income Other Reportable Compensation Other benefits include deferred compensation benefits that had accumulated over years of service and was reported and distributed in accordance with vesting requirements and Internal Revenue Service rules and regulations Deferred Compensation Deferred compensation represents retirement benefits earned during the reporting period, yet not recognized as compensation on the employee's 2013 form W-2 Nontaxable Benefits Health and welfare benefits Compensation Reported on prior 990 Total compensation reported on prior formS 990 represented recognition of deferred compensation benefits that had accumulated over years of service and was reported and distributed in accordance with vesting requirements and Internal Revenue Service rules and regulations The amount was reported in Schedule J, column b(iii)-other compensation
SCHEDULE J, PART I, QUESTION 4B	THE AMOUNT REFLECTED IN COLUMN B(III) FOR THE FOLLOWING INDIVIDUAL INCLUDES AMOUNTS RELATING TO PARTICIPATION IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP") THE INDIVIDUAL HAS SATISFIED BOTH THE AGE AND THE YEARS OF SERVICE REQUIREMENTS SPECIFIED BY THE SERP THE AMOUNT OUTLINED HEREIN WAS INCLUDED IN THE INDIVIDUAL'S 2013 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES RICHARD A ANDERSON, $405,321 COLUMN B(III) FOR CERTAIN INDIVIDUALS INCLUDED IN SCHEDULE J, PART II INCLUDES A VESTED CAPITAL ACCUMULATION ACCOUNT AMOUNT FOR POST-RETIREMENT DEATH BENEFITS WHICH WAS INCLUDED IN EACH INDIVIDUAL'S 2013 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES THE DEFERRED COMPENSATION AMOUNT IN COLUMN C FOR THE FOLLOWING INDIVIDUALS INCLUDES UNVESTED BENEFITS IN AN INTERNAL REVENUE CODE SECTION 457(F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) WHICH ARE SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE ACCORDINGLY, THE INDIVIDUALS MAY NEVER ACTUALLY RECEIVE THIS UNVESTED BENEFIT AMOUNT THE AMOUNTS OUTLINED HEREIN WERE NOT INCLUDED IN THE INDIVIDUAL'S 2013 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES RICHARD A ANDERSON, $225,938 AND THOMAS P LICHTENWALNER, $128,749
SCHEDULE J, PART I, QUESTIONS 6a AND 6B	The executive compensation package for the health network consists of both a fixed salary and additional at-risk compensation that is based on several qualitative and quantitative components The components of the at-risk compensation plan includes JCAHO, Department of Health and Trauma Center accreditations, evidence based hospital process of care measures, outcome measures such as patient satisfaction, mortality rate, and length of stay, efficiency measures as demonstrated by cost per adjusted discharge and finally net income
SCHEDULE J, PART I, QUESTION 7	CERTAIN INDIVIDUALS INCLUDED IN SCHEDULE J, PART II RECEIVED AT-RISK COMPENSATION DURING CALENDAR YEAR 2013 WHICH AMOUNTS WERE INCLUDED IN COLUMN B(II) HEREIN AND IN EACH INDIVIDUAL'S 2013 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES PLEASE REFER TO THIS SECTION OF THE FORM 990, SCHEDULE J FOR THIS INFORMATION BY PERSON BY AMOUNT
SCHEDULE J, PART II, COLUMN F	THE AMOUNT REPORTED IN SCHEDULE J, PART II, COLUMN F FOR THE FOLLOWING INDIVIDUAL INCLUDE VESTED BENEFITS IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("SERP") BECAUSE THE AMOUNT WAS NO LONGER SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE, THUS A TAXABLE EVENT OCCURRED FOR TAX REPORTING PURPOSES THIS AMOUNT WAS TREATED AS TAXABLE INCOME AND REPORTED ON THE INDIVIDUAL'S 2013 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES RICHARD A ANDERSON, $405,321, HOWEVER, THIS INDIVIDUAL DID NOT ACTUALLY RECEIVE ALL OF THESE FUNDS THIS AMOUNT WAS REPORTED ON PRIOR YEAR FORMS 990 AS ACCRUED NON-TAXABLE DEFERRED COMPENSATION

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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	Employer identification number
ST LUKE'S HOSPITAL ANDERSON CAMPUS	45-4394739

Return Reference	Explanation	
	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	St Luke's Hospital Anderson Campus ("SL-Anderson") is a Joint Commission-accredited, not- for-profit, 108-licensed bed acute care hospital located and providing care primarily to r esidents of Lehigh, Northampton and Monroe counties in Pennsylvania and Warren County in N ew Jersey In FY '14, SL-Anderson provided care for 7,065 admissions and observations, 36, 942 ED visits, and 143,053 outpatient visits and is recognized by the IRS as an Internal R evenue Code Section 501(c)(3) tax-exempt organization Pursuant to its charitable purposes , SL-Anderson provides medically necessary healthcare services to all individuals in a non -discriminatory manner regardless of race, color, creed, sex, national origin, religion or ability to pay Moreover, SL-Anderson operates consistently w ith the follow ing criteria o utlines in the IRS Revenue Ruling 69-545 1 SL-Anderson provides medically necessary heal thcare services to all individuals regardless of ability to pay, including charity care, s elf-pay, Medicare and Medicaid patients, 2 SL-Anderson operates an active emergency room for all persons, w hich is open 24 hours a day, 7 days a w eek, 365 days per year, 3 SL-And erson maintains an open medical staff, w ith privileges available to all qualified physicia ns, 4 Control of SL-Anderson rests w ith its Board of Trustees and the Board of Trustees o f St Luke's Health Netw ork, Inc , d b a St Luke's University Health Netw ork. Both board s are comprised of a majority of independent civic leaders and other prominent members of the community, as w ell as physicians on the Hospital/Netw ork medical staff, and 5 Surplus funds are used to improve the quality of patient care, expand and renovate facilities and advance medical care, programs and activities The operations of SL-Anderson, as show n th rough the factors outlined above and other information contained herein, clearly demonstra te that the use and control of SL-Anderson is for the benefit of the public and that no pa rt of the income or net earnings of the organization inures to the benefit of any private individual nor is any private interest being served other than incidentally SL-Anderson o pened on November 11, 2011 and w as the first new , non-replacement hospital in Pennsylvania in more than four decades SL-Anderson is located on a 500-acre site ow ned by St Luke's University Health Netw ork In addition to SL-Anderson, the first phase of site development includes an outpatient cancer center and a medical office building From the day it opene d, SL-Anderson has been embraced by the public Admissions and ED visits have consistently exceeded projections, FY' 14 admissions w ere 134 percent above FY '12 and FY '14 ED visit s increased by 150 percent over the same period Demand for services necessitated an 11,00 0 sq ft, $5 9 million ED expansion, doubling capacity from 30,000 to 60,000 annual visits , a $5 million addition of 36 new inpatient beds for the provision of specialized care for oncology patients, increasing the number of private patient rooms from 72 to 108-licensed beds A $4 million operating room expansion w as completed in late 2013, expansion of the OR and an additional interventional suite The outpatient cancer center offers radiation o ncology, neurosurgical oncology, medical oncology, surgical oncology, infusion and genetic s counseling A tranquil landscape, featuring a pond and w alkw ays, is adjacent to the canc er center The Infusion Therapy Department expanded from 9 to 13 bays to meet patient dema nd for service The medical office building provides imaging, physical therapy, laboratory and other outpatient testing, health and fitness center and offices for a w ide range of p hysician specialists, including a new ly expanded heart and vascular center During FY '14, SL-Anderson began expansion of Freemansburg Avenue, the primary access to the Hospital ca mpus, at a total cost of $35 million then the project is completed SL-Anderson is service oriented w ith a goal to reduce patient and family stress and anxiety and to provide a cal m and reassuring environment by meeting, and often exceeding, their personal needs Softer lighting is used in the hallw ays and the dcor is done in relaxing earth tones, available amenities include flat screen televisions, free WiFi service, daily new spaper delivery, p lush robes, iPads to connect to the internet, a recliner and comfortable sofa bed in every room and an afternoon tea service SL-Anderson also focuses on making its services easy t o access For example, MRI appointments are available on Saturdays and Sunday and all-digi tal mammography is offered at 6 30 am to accommodate w orking w omen St Luke's University Health Netw ork has partnered w ith the Rodale Institute to develop an organic produce farm located on the Anderson Campus The farm w ill be used to provide locally grow n organic pro duce in Netw ork cafeterias and w ill be served to patients, employees, and visitors Workin g w ith the Rodale Institute to develop the St Luk

Return Reference	Explanation	
	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	e's Rodale Institute Organic Farm allows St Luke's to continue providing patients with a holistic healthcare experience that creates a positive atmosphere for health and healing By providing patients, visitors, and staff members with local grown organic produce, St Luke's demonstrates a commitment to the environment and promoting the health and well-being of our patients and the community Excess produce is sold to staff members and the community allowing these individuals to make healthy eating choices in their own homes, contributing to healthier lifestyles SL-Anderson offers INTRABEAM Intraoperative Radiation Therapy (IORT) and is one of only about 50 hospitals nationwide to acquire this system to treat early-stage breast cancer IORT delivers a full course of radiation treatment to the tumor site immediately following breast cancer surgery, potentially saving a patient from having to undergo the typical six weeks of radiation therapy after surgery SL-Anderson Specialty Services include - Cardiac Catheterization - Cardiology - Emergency Services - Endocrinology - Endoscopies - Gynecology - Infusion Services - Lithotripsy - Neurology/Neurosurgery - Oncology/Hematology - Orthopedics, Joint and Muscle disorders - Pain Management - Perinatal Services - Pulmonary Critical Care - Radiation Oncology - Radiology (advanced, interventional) - Renal Dialysis - Sports Medicine, Physical and Occupational Therapy, Rehabilitation - Surgery (general, specialty and laparoscopic) - Urology - Urogynecology - Vascular Services - Women's Imaging Center Mission ------- The mission of SL-Anderson is to provide compassionate, excellent quality and cost-effective healthcare to residents of the communities served regardless of race, color, creed, sex, national origin, religion or ability to pay The mission of SL-Anderson is an unwavering commitment to excellence as we care for the sick and injured, educate physicians, nurses and other healthcare providers, and improve access to care in the communities we serve, regardless of a patient's ability to pay for their care Community Outreach ---------- In keeping with its commitment to the communities it serves SL-Anderson annually reaches more than 12,500 people through its community outreach endeavors The Hospital offers a variety of free screenings/services for community-run events throughout the year Community outreach, includes, but is not limited to, the following - utilized numerous media outlets to educate the community about health issues that may impact them, - conducted a wide range of educational programs, - conducted/participated in a variety of regional health fairs, - provided numerous free health screenings, - conducted sports injury educational programs, and - hosted the Better Breathers Support Group

Return Reference	Explanation
CORE FORM, PART III, QUESTION 2	ST LUKE'S HOSPITAL ANDERSON CAMPUS OPENED ON NOVEMBER 11, 2011 THE ACTIVITY OF THIS ORGANIZATION HAD PREVIOUSLY BEEN REPORTED ON THE ST LUKE'S HOSPITAL OF BETHLEHEM, PENNSYLVANIA FORM 990 ST LUKE'S HOSPITAL ANDERSON CAMPUS HAS NOW RECEIVED ITS OWN EIN AND, ACCORDINGLY, IS FILING A SEPARATE FORM 990 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Return Reference	Explanation
CORE FORM, PART III, QUESTION 4D	EXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O

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

Return Reference	Explanation
CORE FORM, PART VI, SECTION B, QUESTION 11b	THE ORGANIZATION IS AN AFFILIATE IN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK ST LUKE'S HEALTH NETWORK, INC IS THE PARENT ENTITY OF THE NETWORK THE ORGANIZATION'S FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY (ITS BOARD OF DIRECTORS) PRIOR TO THE FILING WITH THE IRS IN ADDITION, THE ST LUKE'S UNIVERSITY HEALTH NETWORK FINANCE COMMITTEE WAS UPDATED AS TO THIS ORGANIZATION'S CURRENT YEAR FORM 990 PRIOR TO FILING ST LUKE'S HEALTH NETWORK, INC BOARD OF DIRECTORS HAS DELEGATED TO THE FINANCE COMMITTEE THE RESPONSIBILITY TO OVERSEE AND COORDINATE THE FEDERAL FORM 990 PREPARATION AND FILING PROCESS FOR THE TAX-EXEMPT AFFILIATES OF THE NETWORK AS PART OF THE ORGANIZATION'S FEDERAL FORM 990 TAX RETURN PREPARATION PROCESS THE ORGANIZATION HIRED A PROFESSIONAL CPA FIRM WITH EXPERIENCE AND EXPERTISE IN BOTH HEALTHCARE AND NOT-FOR-PROFIT TAX RETURN PREPARATION TO PREPARE THE FEDERAL FORM 990 THE CPA FIRM'S TAX PROFESSIONALS WORKED CLOSELY WITH THE ORGANIZATION'S VICE PRESIDENT FINANCE AND SENIOR VICE PRESIDENT FINANCE AND VARIOUS OTHER INDIVIDUALS OF THE NETWORK TO OBTAIN THE INFORMATION NEEDED IN ORDER TO PREPARE A COMPLETE AND ACCURATE TAX RETURN THE CPA FIRM PREPARED A DRAFT FEDERAL FORM 990 AND FURNISHED IT TO THE ORGANIZATION'S INTERNAL WORKING GROUP, INCLUDING, BUT NOT LIMITED TO, THOSE INDIVIDUALS OUTLINED ABOVE, FOR THEIR REVIEW THE ORGANIZATION'S INTERNAL WORKING GROUP AND OTHER INDIVIDUALS REVIEWED THE DRAFT FEDERAL FORM 990 AND DISCUSSED QUESTIONS AND COMMENTS WITH THE CPA FIRM REVISIONS WERE MADE TO THE DRAFT FEDERAL FORM 990 WHERE NECESSARY AND A FINAL DRAFT WAS FURNISHED BY THE CPA FIRM TO THE ORGANIZATION'S INTERNAL WORKING GROUP AND VARIOUS OTHER INDIVIDUALS FOR FINAL REVIEW AND APPROVAL PRIOR TO PRESENTATION OF THE FEDERAL FORM 990 TO THE MEMBERS OF THE ST LUKE'S HEALTH NETWORK, INC FINANCE COMMITTEE FOLLOWING THE FINANCE COMMITTEE'S REVIEW THE FINAL FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY PRIOR TO THE FILING WITH THE IRS

Return Reference	Explanation
CORE FORM, PART VI, SECTION B, QUESTION 12	THE ORGANIZATION HAS A WRITTEN CONFLICT OF INTEREST POLICY AND REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH THAT POLICY THE POLICY REQUIRES THAT A CONFLICT OF INTEREST DISCLOSURE FORM CONSISTENT WITH BEST GOVERNANCE PRACTICES AND INTERNAL REVENUE SERVICE GUIDELINES BE CIRCULATED TO OFFICERS, DIRECTORS, AND KEY EMPLOYEES ANNUALLY THE NETWORK'S CORPORATE COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT/GENERAL COUNSEL ASSUME RESPONSIBILITY FOR THE COMPLETION OF THE CONFLICT OF INTEREST QUESTIONNAIRES AND ENFORCEMENT WITH THE POLICY IF A DIRECTOR DISCLOSES AN INTEREST THAT COULD GIVE RISE TO A CONFLICT, THE DIRECTOR'S POTENTIAL CONFLICT MAY BE DISCLOSED TO THE BOARD OF DIRECTORS, WHICH EVALUATES THE CONFLICT AND ITS POTENTIAL IMPACT ON THE DIRECTOR'S PARTICIPATION ON THE BOARD AFTER CONSULTATION AND DISCUSSION, THE BOARD OF DIRECTORS MAY TAKE ACTION, IF APPROPRIATE AND NECESSARY, TO ADDRESS ANY SUCH CONFLICT IN A MANNER CONSISTENT WITH THE ORGANIZATION'S CONFLICT OF INTEREST POLICY

Return Reference	Explanation
CORE FORM, PART VI, SECTION b, QUESTION 15	Compensation Review Executive compensation for the health network consists of fixed salary, at-risk compensation and other deferred compensation arrangements Total compensation for network executives is approved annually by the network's Board of directors The recommended compensation is established through a multi-faceted approach including use of an independent consultant engaged on an ongoing basis by the Board of DIRECTORS and who works directly with the Executive Compensation Committee of the board Also included is the review of forms 990 and compensation surveys of other comparable healthcare organizations Please refer to the schedule J, part III response to Schedule J, Part I, Question 3 for a more detailed description

Return Reference	Explanation
CORE FORM, PART VI, SECTION C, QUESTION 19	THE ORGANIZATION'S FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS CAN BE OBTAINED AND REVIEWED THROUGH THE COMMONWEALTH OF PENNSYLVANIA SECRETARY OF STATE.

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

Return Reference	Explanation
CORE FORM, PART VII, SECTION A, COLUMN B	THE ORGANIZATION IS AN AFFILIATE IN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK THE NETWORK INCLUDES BOTH FOR-PROFIT AND NOT FOR-PROFIT ORGANIZATIONS CERTAIN BOARD OF DIRECTOR MEMBERS, OFFICERS AND/OR DIRECTORS LISTED ON CORE FORM, PART VII AND SCHEDULE J OF THIS FORM 990 MAY HOLD SIMILAR POSITIONS WITH BOTH THIS ORGANIZATION AND OTHER AFFILIATES WITHIN THE NETWORK THE HOURS SHOWN ON THIS FORM 990 FOR BOARD MEMBERS WHO RECEIVE NO COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, REPRESENTS THE ESTIMATED HOURS DEVOTED PER WEEK FOR THIS ORGANIZATION TO THE EXTENT THESE INDIVIDUALS SERVE AS A MEMBER OF THE BOARD OF DIRECTORS OF OTHER RELATED ORGANIZATIONS IN THE NETWORK, THEIR RESPECTIVE HOURS PER WEEK PER ORGANIZATION ARE APPROXIMATELY ONE HOUR THE HOURS REFLECTED ON PART VII OF THIS FORM 990, FOR BOARD MEMBERS WHO RECEIVE COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY AND PAID OFFICERS, REFLECT TOTAL HOURS WORKED PER WEEK ON BEHALF OF THE NETWORK, NOT SOLELY THIS ORGANIZATION

Return Reference	Explanation
CORE FORM, PART VII, SECTION B	This organization is an affiliate within the St Luke's UNIVERSITY Health Network, a tax-exempt integrated healthcare delivery NETWORK This organization's Form 990 reflects no top five independent contractors for services and that no Forms 1099 were filed with the Internal Revenue Service A tax-exempt affiliate within the St Luke's Hospital & Health Network, St Luke's Hospital of Bethlehem, Pennsylvania, pays all outstanding accounts payable invoices on behalf of this organization In conjunction with this service, St Luke's Hospital of Bethlehem, Pennsylvania also prepares and issues Forms 1099 to these vendors receiving payments where applicable and also files these Forms 1099 with the Internal Revenue Service St Luke's Hospital of Bethlehem, Pennsylvania allocates these payments to this organization via an intercompany account

Return Reference	Explanation
CORE FORM, PART XI, QUESTION 9	OTHER CHANGES IN NET ASSETS OR FUND BALANCES INCLUDE - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASES OF PROPERTY AND EQUIPMENT, $300,589, - OTHER CAHNGES IN UNRESTRICTED NET ASSETS, ($2,224,120), - CHANGE IN ADDITIONAL PENSION LIABILITY, ($412,614), - PLEDGES RECEIVED - TEMPORARILY RESTRICTED, ($222,537), - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASES OF PROPERTY AND EQUIPMENT - TEMPORARILY RESTRICTED, ($90,459), - NET ASSETS RELEASED FROM RESTRICTIONS USED FOR OPERATIONS - TEMPORARILY RESTRICTED, ($25,212), - ALLOWANCE FOR PLEDGES WRITTEN OFF AND ACTUAL WRITE-OFFS - TEMPORARILY RESTRICTED, $1,287, AND - TRANSFER OF ASSETS, LIABILITIES AND FUND BALANCE FROM ST LUKE'S HOSPITAL OF BETHLEHEM PA, A RELATED INTERNAL REVENUE CODE SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION, $17,993,932

Return Reference	Explanation
CORE FORM, PART XII, QUESTION 2	THE ORGANIZATION IS AN AFFILIATE WITHIN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY NETWORK THE NETWORK'S PARENT ENTITY IS ST LUKE'S HEALTH NETWORK, INC AN INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TAXPAYER AND ALL AFFILIATES FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013, RESPECTIVELY AND ISSUED A CONSOLIDATED FINANCIAL STATEMENT WITH CONSOLIDATING SCHEDULES BY ENTITY AN UNQUALIFIED OPINION WAS ISSUED EACH YEAR BY THE INDEPENDENT CPA FIRM THE NETWORK'S FINANCE COMMITTEE ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE NETWORK'S CONSOLIDATED FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT AUDITOR

Return Reference	Explanation
CORE FORM, PART XII, QUESTION 3	THIS ORGANIZATION IS AN AFFILIATE IN THE ST LUKE'S UNIVERSITY HEALTH NETWORK ("NETWORK") THE NETWORK'S FINANCE COMMITTEE ENGAGED AN INDEPENDENT ACCOUNTING FIRM TO PREPARE AND ISSUE A NETWORK WIDE CONSOLIDATED A-133 AUDIT THIS ORGANIZATION WAS INCLUDED IN THE NETWORK WIDE A-133 AUDIT

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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
ST LUKE'S HOSPITAL ANDERSON CAMPUS

Employer identification number
45-4394739

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	(g) 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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) WIND GAP PROF 3435 WINCHESTER ROAD SUITE 300 ALLENTOWN, PA 181042284 23-2641715	HEALTHCARE SVCS	PA	BETHLEHEM					No			No	

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) ST LUKE'S HEALTH NETWORK INSURANCE COMP 801 OSTRUM STREET BETHLEHEM, PA 180151000 75-2993150	FINANCIAL VEHICLE	VT	N/A	C CORP					No
(2) ST LUKE'S PHYSICIAN HOSPITAL ORG INC 801 OSTRUM STREET BETHLEHEM, PA 180151000 23-2786818	HEALTHCARE SVCS	PA	N/A	C CORP					No
(3) HILLCREST EMERGENCY SERVICES PC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 20-4429976	HEALTHCARE SVCS	NJ	N/A	C CORP					No
(4) TWO RIVERS ENTERPRISES INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 52-1552606	REAL ESTATE	NJ	N/A	C CORP					No
(5) WARREN PA PROFESSIONAL ALLIANCE INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 20-2652788	HEALTHCARE SVCS	NJ	N/A	C CORP					No
(6) ST LUKE'S WARREN PHYSICIAN GROUP PC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-3837316	HEALTHCARE SVCS	NJ	N/A	C CORP					No
(7) WARREN RISK RETENTION GROUP INC 865 MEMORIAL PARKWAY PHILLIPSBURG, NJ 08865 20-0250315	FINANCIAL VEHICLE	VT	N/A	C CORP					No

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

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

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

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

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

Part VII Supplemental Information

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

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

Additional Data

Software ID:
Software Version:
EIN: 45-4394739
Name: ST LUKE'S HOSPITAL ANDERSON CAMPUS

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) ST LUKE'S HEALTH NETWORK INC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2384282	HEALTH SVCS	PA	501(c)(3)	509(A)(3)	NA		No
(1) ST LUKE'S HOSPITAL OF BETHLEHEM PA 801 OSTRUM STREET BETHLEHEM, PA 18015 23-1352213	HEALTH SVCS	PA	501(c)(3)	HOSPITAL	SLHN INC		No
(2) ST LUKE'S QUAKERTOWN HOSPITAL 801 OSTRUM STREET BETHLEHEM, PA 18015 23-1352203	HEALTH SVCS	PA	501(c)(3)	HOSPITAL	SLHN INC		No
(3) QUAKERTOWN REHABILITATION CENTER 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2543924	HEALTH SVCS	PA	501(c)(3)	170B1AIII	SLHN INC		No
(4) ST LUKE'S EMERGENCY & TRANSPORT SVCS 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2179542	HEALTH SVCS	PA	501(c)(3)	170B1AIII	SLHN INC		No
(5) ST LUKE'S PHYSICIAN GROUP INC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2380812	HEALTH SVCS	PA	501(c)(3)	509(A)(3)	SLHN INC		No
(6) VNA OF ST LUKE'S - HOME HEALTHHOSPICE 801 OSTRUM STREET BETHLEHEM, PA 18015 24-0795497	HEALTH SVCS	PA	501(c)(3)	509(A)(1)	BETHLEHEM		No
(7) HOMESTAR MEDICAL EQUIP & INFUSION SVCS 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2418254	INACTIVE	PA	501(c)(3)	509(A)(2)	VNA		No
(8) ST LUKE'S HHN AUXILIARY INC 801 OSTRUM STREET BETHLEHEM, PA 18015 23-2134479	FUNDRAISING	PA	501(c)(3)	170B1AIII	NA		No
(9) ST LUKE'S WARREN HOSPITAL INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-1494454	HEALTH SVCS	NJ	501(c)(3)	HOSPITAL	SLHN INC		No
(10) ST LUKE'S WARREN HOSPITAL FDN INC 185 ROSEBERRY STREET PHILLIPSBURG, NJ 08865 22-2522476	SUPPORT SLWH	NJ	501(c)(3)	509(A)(3)	SLWH INC		No
(11) ST LUKE'S HOSPITAL MONROE CAMPUS 801 OSTRUM STREET BETHLEHEM, PA 18015 46-5143606	INACTIVE	PA	501(C)(3)	HOSPITAL	SLHN INC		No
(12) CARBON-SCHUYLKILL COMMUNITY HOSPITAL 801 OSTRUM STREET BETHLEHEM, PA 18015 25-1550350	HEALTH SVCS	PA	501(C)(3)	HOSPITAL	SLHN INC		No

SLUHN - Anderson Campus Community Health Implementation Plan

Three Year Plan 2013-2016

Final – Approved by SLUHN Board of Directors 4/22/2013

Implementation Planning Task Force Members

Dale Kochard, Lehigh University
Darla Frack, St. Luke's University Health Network
Janet Tate, Bethlehem Area School District
Jessica Adams-Skinner, Lehigh Valley Hospital
Jill Pereira, United Way of the Lehigh Valley
Judy Maloney, Bethlehem Health Bureau
Nancy Kanuck, St. Luke's School of Nursing
Lorna Velazquez, Hispanic Centers of the Lehigh Valley
Mary Carr, Northampton County Drug & Alcohol
Cynthia Max, St. Luke's University Hospital
Paul Brunswick, Two Rivers & Health & Wellness
Paul Pierpoint, Northampton County College, Southside Campus
Rose J. Quiles, Latinos for Healthy Communities
Ross P. Marcus, Northampton County
Vivian Robledo-Shorey, Bethlehem Area School District
Dee Darragh, RN, Easton Area School District
Eileen Rugh, St. Luke's University Health Network
Bonnie Coyle, St. Luke's Community Health Department

Process

The Patient Protection and Affordable Care Act of 2010 requires all nonprofit hospitals to conduct a needs assessment of their local communities and develop an implementation plan to meet the priority needs every three years. St. Luke's University Health Network has a long history of promoting community health, and has actively partnered with the community to complete a comprehensive needs assessment and strategic plan for the Lehigh Valley area.

SLUHN commissioned the Lehigh Valley Research Consortium (LVRC) to conduct a comprehensive needs assessment of the Lehigh Valley Community and the St. Luke's Network service areas during 2011-12. Data were collected at both the Valley-side level, and were also stratified by geographic area to give a more clear picture for each hospital entity. For St. Luke's Anderson campus (SLAN), specific data were analyzed for Northampton County and for the Easton and Slate Belt areas. The needs assessment included two separate data collection strategies:

1. A random survey of Lehigh Valley and portions of Bucks and Montgomery County households
2. An analysis of existing community health measures and secondary data

The complete CHNA analysis and reports for SLAN are available on the SLAN website.

Community representatives from Northampton County and the SLAN service area were invited to participate in focus group discussions for the purpose of identifying priority health issues and creating an implementation plan to address the priority needs. The strategic planning process was conducted through four meetings held between May 2012 and September 2012, and included representatives with knowledge and expertise about the community and about the field of public health. The Task Force reviewed and evaluated the community health needs assessment (CHNA) data, identified the priority health needs for residents in the SLAN service area, identified root causes for the priority health issues, and suggested potential strategies to promote the health of local residents. Priority health areas identified were Mental Health, Adolescent Health, Elder Health, and Health Equity/Disparities. In addition, high rates of chronic disease and poor nutrition and physical activity levels were clearly identified in the community needs assessment. Community members commented on the need to include wellness issues in each of the four identified priority areas. Therefore, hospital representatives felt strongly that general wellness goals and objectives should also be included in the overall network and specific entity implementation plans. The implementation plan listed below incorporates ideas and recommendations suggested by the Task Force with already existing community health initiatives and network-wide plans.

In order to implement this community health implementation plan at SLAN with no additional staffing resources, a committee process will be developed to oversee and implement identified strategies. Members of this committee will meet at least two times per year to identify, research and implement effective strategies and to evaluate progress in meeting established goals. At a minimum, the committee will consist of:

Director, Community Health
CEO, Anderson Campus
VP, Patient Care Services, Anderson Campus
C/M representative
Social Worker
Case Manager involved with Patient Navigator models
ER representative
Development representative
Other staff as deemed appropriate for strategy implementation

Adolescent Health

Goal: Improve the healthy development, health, safety, and well-being of adolescents in the SLAN service area.

Objective 1: Build capacity for the Bethlehem Partnership for a Healthy Community to enhance adolescent health through a collaborative process, reaching schools in the SLAN service area.

Action Steps:

1. Participate in an Adolescent Health Task Force under the Bethlehem Partnership for a Healthy Community to review, refine, and implement the Adolescent Health Strategic Plan.
    a. Convene Task Force and finalize strategic plan by Fall 2013.
    b. Introduce adolescent report card and promote Initiative widely.
2. Develop and disseminate an Adolescent Report Card highlighting the critical health priority areas for adolescents.
    a. Introduce report card at a Call to Action meeting Fall 2013.
    b. Monitor data annually to identify priority areas, build community commitment and evaluate implemented strategies.

Objective 2: Implement strategies to promote strong families and communities in the SLAN service area to support adolescent health.

Action Steps:

1. Support and collaborate with early intervention/prevention initiatives to promote child/adolescent health outcomes.
    a. Continue to fund, implement and expand PAT, NFP, PATH and VNAC programs to support healthy youth development.
2. Support school-based models to provide family-oriented services in underserved neighborhoods.
    a. Collaborate with other agencies and businesses to promote the community school model in Northampton County, with a focus on the Bangor School District.
    b. Promote use and expansion of mobile dental, medical, and vision van programs in schools in SLAN's service area, with a focus on the Bangor School District.
3. Promote healthy youth development through positive job training and employment opportunities.
    a. Continue support to Adolescent Career Mentoring Initiatives, including School-to-Work, Next Steps and Health Career Exploration Programs.
    b. Promote collaboration with other community agencies to support established initiatives.

Objective 3: Ensure access to and utilization of comprehensive health care services for all adolescents in the SLAN service area, with a focus on at-risk adolescents.

Action Steps:

1. Continue to implement, monitor and evaluate use of Guidelines for Adolescent Preventive Services as part of Mobile Youth Services Program.
2. Implement at-risk program for youth with four or more risk domains to reduce percent of adolescents in this at-risk category.
3. Build population-based school health initiatives to reduce percent of adolescents who are considered at-risk for the six main domains.
4. Implement and expand Vision Initiative to Northampton County schools, with a focus on Bangor and Easton school districts, to reduce the percent of students with uncorrected vision problems.
5. Implement and expand the Dental Initiative to the Bangor School District or other underserved school districts as appropriate to reduce the percent of student with untreated tooth decay or who have not seen a dental provider in the past 12 months.

Objective 4: Implement initiatives to address the six priority health domains for adolescents: mental health; nutrition and physical activity; substance abuse; sexual health; injury prevention; violence prevention.

Action Steps

1. Explore opportunities to improve the domain of Mental Health for adolescents in the SLAN service area.
    a. Explore models to integrate mental health services with current adolescent health services.
    b. Promote awareness and understanding of resources for adolescent mental health issues to the general community.
2. Explore opportunities to improve the domain of Nutrition/Physical Activity for adolescents in the SLAN service area.
    a. Promote the Live Your Life Campaign through adolescent health initiatives.

Objective 5: Promote policy and advocacy efforts focused on adolescent health through the Bethlehem Partnership.

Mental Health

Goal: Improve mental health status for families and individuals in the SLAN service area through prevention and access to appropriate, quality mental health services.

Objective 1. As part of the SLUHN, support initiatives to increase the proportion of primary care facilities in the SLAN service area that provide mental health treatment through a collaborative care model or medical home/case management model.

Action Steps:

1. Explore adoption of best practice recommendations to incorporate mental health services within primary care offices in the SLAN service area.
2. Seek funding/support for a pilot project to implement collaborative care model in clinic setting serving low-income populations.

Objective 2. Increase depression screening by primary care providers in the SLAN service area for adolescents and adults.

Action Steps:

1. Identify current depression screening practices in SLUHN-owned primary care practices.
2. Identify and implement training and certification programs for providers in the SLUHN to address mental health issues.

Objective 3. Build capacity for community-wide approaches to addressing mental health needs in our local communities served by SLAN.

Action Steps:

1. Identify collaborative funding opportunities for community-wide strategies to promote mental health.
2. Secure funding for one community-wide initiative addressing mental health.

Objective 4. Investigate opportunities to support mental health counseling services within existing community schools and family center models in the Bangor School District or other underserved school districts.

Action Steps:

1. Support creation of mental health supports and services as part of the community school initiative in the Bangor School District.

Objective 5. Promote access to care for mental health services for the geriatric population.

Action Steps:

1. Open a geriatric mental health unit at Bethlehem campus to address the growing demand for mental health services for the elderly population served by SLAN.

Objective 6. Support and advocate for policy changes to improve access to mental health services.

1. Meet with insurers to advocate for comprehensive mental health services coverage and/or funding for innovative models.

Elder Health

Goal: Improve the health and well-being of elder residents in the SLAN service area.

Objective 1. Build capacity for community-wide approaches to addressing elder health needs in our local communities served by SLUHN .

Action Steps

1. Support the United Way of the Greater Lehigh Valley's Alliance on Aging to collaborate with local agencies to promote the health and well-being of older adults.
2. Identify existing Fall Prevention Initiatives and collaborate with other agencies to develop a community-wide comprehensive plan.
3. Work with local agencies to develop Seniors Helping Seniors Peer Support Networks for health and social service needs.

Objective 2. Adopt strategies in support of CDC's strategic plan to promote and preserve the health of older adults in the SLAN service area.

Action Steps

1. Explore opportunities for a patient navigator model to be incorporated into community and health care settings to promote elder health, specifically with a focus on:
    - Promoting healthy lifestyle behaviors such as tobacco cessation and getting regular physical activity.
    - Increasing the use of clinical preventive services.

- Addressing cognitive impairment.
- Addressing issues related to mental health.
- Providing education on planning for serious illness.

2. Open a geriatric mental health unit at Bethlehem campus to address the growing demand for mental health services for the elderly population served by SLAN.

Health Equity/Disparities

Goal: Achieve health equity, eliminate disparities, and promote health for all groups in the SLAN service area, including minorities, low income, and rural residents.

Objective 1. Increase awareness of the significance of health disparities, their impact on our local community, and the actions necessary to improve health outcomes for racial, ethnic and underserved populations.

Action Steps:

1. Create a task force of the Bethlehem Partnership to develop a strategic plan for Promoting Health Equity, based on national best practice guidelines.
2. Adopt at least one health equity measure into each existing Bethlehem Partnership program.

Objective 2. Improve health and healthcare outcomes for racial, ethnic and underserved populations.

Action Steps:

1. Continue community health programs, including mobile medical and dental van programs, Broughal HEARTS clinic, Donegan Family Center clinic, HIV clinic, Smoking Cessation clinic, Vision program and other Partnership programs aimed at reducing health disparities, and market widely to the SLAN community.
2. Comply with ACA provisions related to health insurance coverage for all patients.
3. Identify and apply for funding opportunities to increase the proportion of persons with a usual primary care provider and patient-centered medical homes.

Objective 3. Improve cultural and linguistic competency and the diversity of the health-related workforce at SLAN.

Action steps:

1. Support and adopt policies and recommendations to increase hiring of bilingual, bicultural staff.
2. Gain approval for implementing an interpretation and translation program which meets national standards (CLAS).

Objective 4. Improve data availability and coordination, utilization, and diffusion of research and evaluation outcomes.

Action steps:

1. Include racial and underserved population data collection in future hospital mandated needs assessments.
2. Work with Quality Department and other Departments with data abstraction responsibilities to assure hospital-wide data collection includes measures for racial, ethnic and underserved populations.
3. Partner with Lehigh University, LVRC and other Partnership members to invest in community-based participatory research and evaluation strategies to build capacity at the local level to end health disparities.

Wellness/Chronic Disease/Nutrition and Physical Activity

Goal: Improve nutritional status and physical activity levels and reduce chronic disease burden in the SLAN service area by creating a culture that supports healthy living.

Objective 1. Promote availability and consumption of fresh fruit and vegetables for employees and community members by supporting CSA and farmer's market initiatives at SLAN.

Action Steps.

1. Explore with other community organizations the feasibility of starting CSAs at SLAN.

Objective 2. Promote initiatives that support increased physical activity for employees and community members of the SLAN service area.

Action Steps:

1. Work with City of Bethlehem and BHB to support Let's Move City designation
2. Create walking paths at SLAN and promote community use of paths.

3. Promote use of Health and Fitness Center at SLAN for use by employees and the community.
4. Support and participate in network-wide employee wellness programs to increase physical activity, such as Wellness challenges.
5. Promote and support community wide activities which promote physical activity.

Objective 3. Support initiatives which reduce chronic disease levels in the SLAN service area.

1. Explore feasibility of developing a Diabetes Prevention Initiative in support of national goals at SLAN.
2. Develop a Healthy Business Initiative to promote healthier lifestyles through worksite programs in the SLAN service area.
3. Support coordinated network-wide employee wellness initiatives with implementation of programs at SLAN.

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

Consolidated Financial Statements and Supplemental Information

June 30, 2014 and 2013

St. Luke's University Health Network, Inc. and Controlled Entities
Index
June 30, 2014 and 2013

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of St Luke's University Health Network, Inc and it's controlled entities (collectively, the "Network"), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statement of operations, changes in net assets and their cash flows for the years then ended

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, we consider internal control relevant to the Network's preparation and fair presentation of the consolidated 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 Network'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of St Luke's University Health Network, Inc and it's controlled entities at June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

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

PricewaterhouseCoopers LLP

October 31, 2014

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Balance Sheet
June 30, 2014 and 2013

	2014	2013
Assets		
Current		
Cash and cash equivalents	$ 79,281,175	$ 76,885,975
Patient accounts receivable, net of allowance for uncollectible accounts of $45,097,227 and $64,108,720, respectively	201,064,314	200,352,091
Other accounts receivable	12,555,169	7,922,929
Investments	88,431,526	64,339,935
Inventories	16,104,632	18,020,219
Prepaid expenses	21,107,295	17,939,420
Total current assets	418,544,111	385,460,569
Assets limited as to use, net of current portion		
Funds held by trustee	30,694,585	55,721,443
Under bond indenture	31,865,328	35,975,983
Board designated funds	280,290,293	245,808,543
	342,850,206	337,505,969
Property and equipment, net	629,387,369	618,382,126
Goodwill, net	34,886,729	31,836,348
Investments temporarily restricted as to use	29,112,021	23,246,639
Investments permanently restricted as to use	30,813,985	27,564,669
Deferred financing costs	6,772,124	6,872,570
Annuity contracts	15,347,341	11,497,695
Other assets	39,786,428	28,286,665
Total assets	$ 1,547,500,314	$ 1,470,653,250
Liabilities and Net Assets		
Current		
Accounts payable	$ 61,182,819	$ 57,821,988
Accrued salaries, wages and taxes	29,446,719	27,010,449
Accrued vacation and bonus	35,520,445	33,068,755
Current portion of self insurance reserves	19,404,786	19,059,744
Deferred income	4,441,143	3,744,655
Advance from third-party payors	2,398,101	2,398,101
Patient credit balances	10,935,159	18,312,107
Current portion of long-term debt	11,758,905	10,943,434
Current portion of accrued compensation payable	3,812,853	3,755,831
Accrued interest on long-term debt	10,093,300	8,625,460
Other Current Liabilities	14,808,683	5,576,580
Estimated third-party payor settlements	5,431,319	13,019,923
Total current liabilities	209,234,232	203,337,027
Long-term debt, net of current portion	502,918,395	509,838,008
Asset retirement obligation	3,561,211	3,560,486
Accrued compensation payable	91,508,461	90,139,947
Self insurance reserves	39,397,596	38,697,057
Swap contracts	67,932,360	66,942,036
Other noncurrent liabilities	13,637,798	10,987,224
Total liabilities	928,190,053	923,501,785
Net assets		
Unrestricted net assets	550,604,391	485,141,398
Temporarily restricted net assets	37,891,885	34,445,398
Permanently restricted net assets	30,813,985	27,564,669
Total net assets	619,310,261	547,151,465
Total liabilities and net assets	$ 1,547,500,314	$ 1,470,653,250

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

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Statement of Operations
Years Ended June 30, 2014 and 2013

	2014	2013
Revenues and gains		
Patient service revenue (net of contractual allowances and discounts)	$1,235,483,095	$1,183,242,414
Provision for bad debts	(123,382,063)	(100,673,411)
Net patient service revenue less provision for bad debts	1,112,101,032	1,082,569,003
Other operating revenue and gains	35,106,782	38,041,186
Net assets released from restrictions used for operations	2,472,852	1,439,002
Total revenue and gains	1,149,680,666	1,122,049,191
Operating expenses		
Salaries and employee benefits	633,842,716	616,820,978
Supplies and other	392,429,721	386,672,107
Depreciation and amortization	73,569,540	66,850,152
Interest	24,556,392	23,366,221
Total expenses	1,124,398,369	1,093,709,458
Income from operations	25,282,297	28,339,733
Nonoperating gains (losses)		
Unrestricted investment income from assets limited as to use	6,971,040	7,389,399
Realized gains on unrestricted investment	1,969,155	1,105,410
Gifts, grants and bequests	112,321	214,059
Unrestricted investment income from restricted net assets	263,059	249,493
Income from equity method investments	17,677,259	3,214,438
Gain/(loss) on disposal of property and equipment	1,991,700	(38,336)
Restructuring costs	(2,317,206)	(974,968)
Pre-acquisition/merger costs	-	(138)
Donations to other organizations	(606,785)	(498,834)
Change in fair value of derivative instruments	1,888,763	2,006,392
Goodwill impairment	(15,031)	(547,850)
Gain on retirement/purchase of bonds	-	1,088,875
Nonoperating gains	27,934,275	13,207,940
Excess of revenue and gains over expenses	53,216,572	41,547,673
Net assets released from restrictions used for purchase of property and equipment	9,322,002	1,799,151
Contribution of building	-	722,300
Other Changes in Unrestricted Assets	(2,224,120)	(886,251)
Loss on sale of joint venture	(19,312)	(2,661,253)
Net assets released to specific purpose fund	(163,817)	(89,873)
Pension adjustment	(23,621,237)	72,293,018
Beginning unrestricted net assets	-	293,351
Change in unrealized gains on investments	31,831,993	16,065,163
Change in fair market value of interest rate swaps	(2,879,088)	26,862,226
Increase in unrestricted net assets	$ 65,462,993	$ 155,945,505

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

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted net assets		
Excess of revenue and gains over expenses	$ 53,216,572	$ 41,547,673
Beginning unrestricted net assets	-	293,351
Net assets contributed and released from restrictions used for purchase of property and equipment	9,322,002	1,799,151
Contribution of building	-	722,300
Loss on sale of joint venture	(19,312)	(2,661,253)
Net assets released to specific purpose fund	(163,817)	(89,873)
Pension adjustment	(23,621,237)	72,293,018
Other changes in unrestricted assets	(2,224,120)	(886,251)
Change in unrealized gains on investments	31,831,993	16,065,163
Change in fair market value of derivatives	(2,879,088)	26,862,226
Increase in unrestricted net assets	65,462,993	155,945,505
Temporarily restricted net assets		
Contributions received	5,569,615	11,927,550
Net realized/unrealized gains on investments	7,265,417	4,159,787
Net assets released from restrictions	(9,388,545)	(2,804,069)
Increase in temporarily restricted net assets	3,446,487	13,283,268
Permanently restricted net assets		
Contributions received	2,836,308	1,434,687
Net realized/unrealized losses on investments	413,008	(317,653)
Increase in permanently restricted net assets	3,249,316	1,117,034
Increase in net assets	72,158,796	170,345,807
Net assets		
Beginning of year	547,151,465	376,805,658
End of year	$ 619,310,261	$ 547,151,465

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

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows provided by operating activities		
Change in net assets	$ 72,158,796	$ 170,345,807
Adjustments to reconcile change in net assets to net cash from operating activities		
(Gain) Loss on disposal of equipment	(1,991,700)	38,336
Depreciation and amortization	73,569,540	66,850,152
Equity gains from joint ventures	(17,766,404)	(47,530)
Change in unrealized gains on unrestricted investments	(31,831,993)	(16,065,163)
Net realized gain on restricted investments	(152,502)	(26,920)
Net unrealized gain on restricted investments	(7,525,923)	(3,924,384)
Net realized gain on unrestricted investments	(1,969,155)	(1,105,410)
Pension adjustments	23,621,237	(72,293,018)
Swap contracts	990,324	(16,268,616)
Other changes in unrestricted assets	2,224,120	886,251
Restricted contributions received	(3,405,923)	(13,362,237)
Provision for bad debts	123,382,063	100,673,411
Change in cash due to changes in operating assets and liabilities		
Patient accounts receivable	(124,094,286)	(135,223,074)
Other receivables	(4,632,240)	2,504,989
Inventories	1,915,587	(1,070,623)
Prepaid expenses	(3,167,875)	(2,662,734)
Other assets	(13,657,267)	(20,931,557)
Accounts payable and accrued liabilities	(2,285,532)	232,107
Patient credit balances	(7,376,948)	6,080,721
Net estimated third-party payor settlements	(7,588,604)	(5,137,009)
Deferred income	696,488	456,346
Net cash provided by operating activities	71,111,803	59,949,845
Cash flows used by investing activities		
Purchases of property, plant and equipment	(76,138,800)	(82,692,062)
Distributions from equity method investments	7,154,733	-
Proceeds from sale of equipment	36,635	1,095,762
Decrease in assets whose use is limited, net	(3,375,546)	(68,918,012)
Sales of investments, net	6,304,595	10,846,244
Net cash used in investing activities	(66,018,383)	(139,668,068)
Cash flows provided by (used in) financing activities		
Proceeds from issuance of long-term debt	5,851,288	105,716,853
Repayments of long-term debt	(11,955,431)	(1,874,261)
Repurchase of St Luke's bonds	-	(42,150,000)
Proceeds from restricted contributions	3,405,923	13,362,237
Net cash provided by financing activities	(2,698,220)	75,054,829
Increase (Decrease) in cash and cash equivalents	2,395,200	(4,663,394)
Cash and cash equivalents		
Beginning of year	76,885,975	81,549,369
End of year	$ 79,281,175	$ 76,885,975
Construction in progress included in accounts payable	$ 2,734,720	$ 5,192,818
Cash paid for interest	$ 23,868,761	$ 24,620,607

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

1. Organization, Mission and Basis of Presentation

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

- St Luke's Hospital of Bethlehem, Pennsylvania ("St Luke's Hospital"), which includes the following entities
  - St Luke's University Health Network Insurance Company ("SLRRG")
  - St Luke's Hospital of Bethlehem, Pennsylvania Ambulatory Surgery, Ltd
  - Cancer Immunotherapies, LLC
  - St Luke's Eighth & Eaton Holding's, Inc
  - Eighth & Eaton Professional Building, L P
  - St Luke's HomeStar Services, LLC
  - St Luke's AirMed, LLC
  - Pocono MRI Imaging & Diagnostic Center, LLC
  - St Luke's VNA ("VNA"), which includes the following two entities
    - VNA Home Health and Hospice
    - HomeStar Medical Equipment and Infusion Services
- St Luke's Quakertown Hospital
- St Luke's Physician Group, Inc
- St Luke's Emergency and Transport Services
- Quakertown Rehabilitation Center DBA St Luke's Rehabilitation Center
  - New Valley Rehab, LLC
- Carbon-Schuylkill Community Hospital, Inc DBA St Luke's Miners Memorial Medical Center ("MMMC")
- St Luke's Hospital - Anderson Campus
- St Luke's Warren Hospital Inc
  - Warren PA Professional Alliance, Inc
  - St Luke's Warren Hospital Foundation, Inc
  - St Luke's Warren Physician Group
  - Hillcrest Emergency Services, Inc
- Two Rivers Enterprises, Inc
- Hillcrest Management Services Organization, Inc

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

The Network also participates in various joint ventures and partnerships These arrangements enable the Network to provide healthcare services to the broader community through involvement in other healthcare organizations See Note 8 for additional information on investments in joint ventures and partnerships

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Health Care Organizations*, and other pronouncements applicable to not-for-profit healthcare organizations

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent and its controlled entities The Parent exercises control over its controlled entities through the appointment of members to the controlled entities' Board of Trustees ("Board") The accounts of the controlled entities have been included in the consolidated financial statements to reflect the results of operations of entities under common control All significant intercompany balances and transactions have been eliminated

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents

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

Investments and Investment Income

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

The Network conducted an analysis and evaluation of securities for any potential "other than temporary impairment" of investments If the decline in the market value of an investment below cost was deemed to be other than temporary, an adjustment would be made to reduce the cost basis of the investment(s) and a realized loss would be recorded in the excess of revenue over expenses The Network did not have an "other than temporary impairment" adjustment for the years ended June 30, 2014 and 2013

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

	2014	2013
Interest and dividend income	$ 8,590,878	$ 8,949,423
Realized gains on sales of investments	$ 3,600,296	$ 2,718,903
Net unrealized gains on investments	$ 31,831,993	$ 16,065,163

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

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

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

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

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

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

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

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

Self Insurance Reserves
Accrued insurance costs consist of discounted reserves for reported and incurred-but-not-reported (IBNR) claims related to medical malpractice incidents and the Network's self-insured retention for workers' compensation and employee health insurance incidents For the years ended June 30, malpractice reserves and workers compensation reserves are discounted using a discount rate of 4 69% and 4 69%, respectively, in 2014 and 5 29% and 5 29%, respectively, in 2013

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

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

Donor Restricted Gifts
Unconditional promises to give cash and other assets to the Network are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received and conditions have been met The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted gifts, grants and bequests in the accompanying consolidated financial statements

Net Patient Service Revenue
The Network has agreements with third-party payors who provide payments to the Network at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted from established charges and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and

others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined or as years are no longer subject to such audits, reviews and investigations

Included in net patient service revenue are changes in liability adjustments from third party payors with an overall net favorable adjustment of $8,172,948 for 2014 as compared to a favorable adjustment of $5,137,009 for 2013

In July 2010 the Pennsylvania General Assembly passed the Public Welfare Code amendment (Act 49) which was signed into law by the Governor, establishing a new program referred to as Medicaid Modernization The program was subsequently approved by the federal Centers for Medicare and Medicaid Services The program is designed to provide additional funding to Pennsylvania hospitals for the purpose of enhancing access to quality healthcare for qualifying Medicaid beneficiaries, helping to partially mitigate the losses incurred by hospitals resulting from low reimbursement rates To accomplish this objective, for fiscal years 2011 through 2014, the program provides participating hospitals with improved inpatient fee-for-service hospital payments, establishes enhanced hospital payments through Medicaid managed care organizations (MCOs), and secures additional federal matching Medicaid funds through a Quality Care Assessment, under which hospitals pay the state a percentage of their net inpatient revenue for fiscal year 2011 The cost of the assessment due to the state was $12,421,533 and $13,617,226 for years ended June 30, 2014 and 2013, respectively The Network recognized additional net patient service revenue of $6,503,909 and $4,509,682 for the years ended June 30, 2014 and 2013, respectively, from the Pennsylvania Medicaid Modernization program

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

Charity Care
The Network provides care to all patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Charges for services to patients who meet the Network's guidelines for charity care are not reflected in the accompanying consolidated financial statements The charges associated with these services for charity care provided by the Network approximate $105,400,000 and $116,300,000 in 2014 and 2013, respectively The costs incurred to provide such care is determined using a cost to charge ratio and were approximately $89,066,000 and $98,330,000 for 2014 and 2013, respectively

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

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

St Luke's University Health Network Insurance Company is a taxable reciprocal insurer

St Luke's HomeStar Services, LLC is a taxable distributor of pharmacy services

St Luke's Warren Physician Group, P C , PA Alliance, Hillcrest Emergency Services, P C and Two Rivers are for profit entities providing outpatient health care services in Pennsylvania and New Jersey Prior to January 1, 2009, St Luke's Warren Physician Group, P C and Hillcrest Emergency Services, P C elected, under the applicable provisions of the Internal Revenue Code and applicable state codes, to have the physician owner recognize their respective share of net income or loss on their individual tax returns Accordingly, St Luke's Warren Physician Group, P C and Hillcrest Emergency Services, P C did not record a liability for Federal and state income taxes Effective January 1, 2009, St Luke's Warren Physician Group, P C and Hillcrest Emergency Services, P C commenced operating as a for profit "C" corporation The deferred tax assets arising from net operating losses and other temporary items generated by for profit entities, approximately $4 6 million at June 30, 2014, are subject to a full valuation allowance as the realization of such deferred tax assets cannot be considered more likely than not at June 30, 2014

Interest Rate Swaps
The Network recognizes all derivative financial instruments in the balance sheet at fair value The change in the fair value of derivatives that do not qualify for hedge accounting is recognized as a component of excess of revenues over expenses for the years ended June 30, 2014 and 2013 The change in the fair value of derivatives that qualify for hedge accounting are recognized through changes in unrestricted net assets on the statement of operations for the years ended June 30, 2014 and 2013

3. Risks and Uncertainties

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

4. Concentrations of Credit Risk

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

The Network maintains cash, investments and assets limited as to use in banks, which include cash equivalents consisting of overnight repurchase agreements Amounts are invested in a variety of financial instruments The related values, as presented in the consolidated financial statements, are subject to various market fluctuations which include changes in the equity markets, interest rate

environment and the general economic conditions The FDIC insures funds up to $250,000 per depositor

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

The mix of receivables from patients and third-party payors at June 30, 2014 and 2013 was as follows

	2014	2013
Medicare	20 9%	21 8%
Medical Assistance	10 4%	9 1%
Blue Cross/Highmark Blue Shield	23 1%	20 7%
Commercial/HMO/Other (includes Medicare HMO)	33 1%	27 1%
Self pay (includes balances of patients filing for Medicaid but not yet approved)	12 5%	21 3%
	100%	100%

5. Charity Care and Community Service

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

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

6. Third-Party Agreements

For the years ended June 30, 2014 and 2013, payment arrangements with the Network and third-party payors were as follows

Medicare

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

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

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

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

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

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

7. Fair Value Measurements

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

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

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

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

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

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

The total return swaps are less liquid and inputs are unobservable and as such are classified within level 3 While the valuation of these less liquid derivatives may utilize some level 1 and/or level 2 inputs, they also include other unobservable inputs which are considered significant to the fair value determination At each measurement date, the Network updates the level 1 and level 2 inputs to reflect observable inputs, though the resulting gains and losses are reflected within level 3 due to the significance of the unobservable inputs The significant unobservable inputs used in the fair value measurement of the Network's total return swaps are discounted cash flow rates, underlying bond prices with little to no trading history and credit risk assumptions used to record any discount on the liability

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

Financial instruments carried at fair value as of June 30, 2014, and 2013 are as follows

	June 30, 2014			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Investments				
Cash & Cash Equivalents	$ 79,281,175	$ -	$ -	$ 79,281,175
Money Market Funds	23,200,967	-	-	23,200,967
Government Securities	132,650,140	-	-	132,650,140
Corporate Bonds	21,441,647	-	-	21,441,647
Common & Preferred Stock	58,881,611	-	-	58,881,611
Mutual Funds	255,033,373	-	-	255,033,373
Total Investments	$ 570,488,913	$ -	$ -	$ 570,488,913
Derivative Financial Instruments				
Cost of Funds Hedge - Floating to Fixed Rate	$ -	$ 57,413,456	$ -	$ 57,413,456
Total Return Swap	-	-	10,518,904	10,518,904
Interest Rate Swaps-liability	$ -	$ 57,413,456	$ 10,518,904	$ 67,932,360

	June 30, 2013			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Investments				
Cash & Cash Equivalents	$ 76,885,975	$ -	$ -	$ 76,885,975
Money Market Funds	81,190,062	-	-	81,190,062
Government Securities	60,319,314	-	-	60,319,314
Corporate Bonds	26,907,579	-	-	26,907,579
Common & Preferred Stock	4,270,635	-	-	4,270,635
Mutual Funds	279,969,622	-	-	279,969,622
Total Investments	$ 529,543,187	$ -	$ -	$ 529,543,187
Derivative Financial Instruments				
Cost of Funds Hedge - Floating to Fixed Rate	$ -	$ 54,534,369	$ -	$ 54,534,369
Total Return Swap	-	-	12,407,667	12,407,667
Interest Rate Swaps-liability	$ -	$ 54,534,369	$ 12,407,667	$ 66,942,036

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

	Interest Rate Swaps
Fair Value, June 30, 2012	$ 14,414,058
Change in fair value of derivative instruments	(2,006,391)
Fair Value, June 30, 2013	$ 12,407,667
Change in fair value of derivative instruments	(1,888,763)
Fair Value, June 30, 2014	$ 10,518,904

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

8. Investments in Joint Ventures and Partnerships

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

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

St Luke's University Health Network holds a 40% equity interest in Royal HomeStar, LLC, which was organized on March 1, 2013 and provides durable medical equipment services

St Luke's University Health Network holds a 40% equity interest in Etowah Dialysis, Inc , which was organized on September 1, 2013 and provides durable medical equipment services

The Network also maintains other investments in partnerships that provide various clinical and nonclinical services The Network's investments in the partnerships are accounted for under the equity method The total investments in joint ventures and partnerships of approximately $13,051,819 and $3,560,578 for the years ended June 30, 2014 and 2013, respectively, are included in other assets on the consolidated balance sheets

9. Property and Equipment

Property and equipment and related accumulated depreciation at June 30, 2014 and 2013 consisted of the following

	2014	2013
Land	$ 92,164,232	$ 89,978,195
Buildings and improvements	662,631,764	631,808,261
Equipment	611,111,811	556,701,318
Parking garage	26,591,467	24,119,740
Total Property, Plant, & Equipment, gross	1,392,499,274	1,302,607,514
Less Accumulated depreciation	805,961,577	738,356,501
Total Property, Plant & Equipment, net	586,537,697	564,251,013
Construction-in-progress (CIP)	42,849,672	54,131,113
Total Property, Plant & Equipment, net and CIP	$ 629,387,369	$ 618,382,126

Depreciation expense was approximately $71,201,994 and $64,174,862 for the years ended June 30, 2014 and 2013, respectively Interest that was capitalized was approximately $1,309,956 and $1,913,364 for the years ended June 30, 2014 and 2013, respectively

Capital Leases
Included in fixed and movable equipment as of June 30, 2014 is approximately $9,752,005 of assets purchased under capital lease agreements Accumulated amortization of such assets approximates $9,237,837 as of June 30, 2014

10. Long-Term Debt

Long-term debt at June 30, 2014 and 2013 consisted of the following

	2014	2013
Quakertown General Authority - 1996A Pooled Financing Loan issued by the Quakertown General Authority at a variable rate	$ 3,626,097	$ 5,204,787
Hospital Revenue Bonds, Series 2007, issued by the Lehigh County General Purpose Authority	127,240,000	128,500,000
Hospital Revenue Bonds, Series 2008A, issued by Northampton County General Purpose Authority, net of unamortized discount	172,714,061	172,625,969
Hospital Revenue Bonds, Series 2010A, 2010B, 2010C, issued by Northampton County General Purpose Authority, net of unamortized premium	59,331,752	60,936,122
Hospital Revenue Bonds, Series 2013A & 2013B, issued by Northampton County General Purpose Authority, net of unamortized premium	65,480,306	65,496,322
Hospital Refunding Bonds, Series 2013, issued by New Jersey Health Care Facilities Financing Authority, net of unamortized premium	39,258,409	39,320,162
TD Bank, N A Note Payable	24,205,137	25,890,845
Wells Fargo Equipment Finance, Inc	21,067,530	19,896,774
Various notes and mortgage notes payable at various interest rates	1,754,008	2,910,461
	514,677,300	520,781,442
Less Current portion	11,758,905	10,943,434
	$ 502,918,395	$ 509,838,008

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

Fiscal Year	Long-Term Debt
2015	11,758,905
2016	12,586,150
2017	11,893,944
2018	11,010,224
2019	10,461,153
2020	9,391,479
Thereafter	447,287,565
	514,389,420
Less Amount of unamortized bond discount/premium/imputed interest	(287,880)
	$ 514,677,300

The fair market value of outstanding debt as of June 30, 2014 is as follows

	Par Amount	Fair Market Value
Quakertown General Authority 1996A		
Pooled Financing Loan	3,626,097	3,626,097
Series 2007	125,520,000	99,015,485
Series 2008	175,000,000	185,451,718
Series 2010	59,105,000	62,669,462
Series 2013 (St Luke's Warren)	37,410,000	38,046,928
Series 2013	65,000,000	66,637,950
	$ 465,661,097	$ 455,447,640

The fair market value of outstanding debt as of June 30, 2013 is as follows

	Par Amount	Fair Market Value
Quakertown General Authority 1996A		
Pooled Financing Loan	5,204,787	5,204,787
Series 2007	127,240,000	106,098,105
Series 2008	175,000,000	182,399,195
Series 2010	60,675,000	64,694,636
Series 2013 (St Luke's Warren)	37,410,000	35,711,459
Series 2013	65,000,000	64,716,650
	$ 470,529,787	$ 458,824,832

The fair value of the Network's bonds at June 30, 2014 and 2013 is approximately $455 million and $459 million respectively, versus the outstanding principal at June 30, 2014 and 2013 of $468 million and $472 million, respectively The fair value of the bonds is estimated using market prices, where available If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments

The Network reported long-term debt of $502,918,395 and $509,838,008 for years ended June 30, 2014 and 2013, respectively The Network's long term debt would be classified as level 2

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

The proceeds from the borrowings on the 1996A Bond Pool were used to refinance previous borrowings from the Quakertown Variable Rate Demand Bond Pool Series 1995 and to finance certain capital improvement projects The term of the Loan is 238 months, payable in full by January 1, 2017 and will bear interest at a variable rate At June 30, 2014 and 2013, the rate (including bond and obligated group expense) was 2 0% and 2 0%, respectively

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

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

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

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

Term Bonds	Spread above 67% of the Three-Month LIBOR Rate
$110,420,000 Variable, due 8/15/2033 original $49,600,000 due 8/15/2027 after redemption	92 basis points
$155,890,000 Variable, due 8/15/2042 original $78,900,000 due 8/15/2038 after redemption	102 basis points

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

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

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

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

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

Year (August 15)	Amount	Interest Rate	Yield
2019	$ 4,260,000	5 000 %	5 010 %
2020	4,480,000	5 000 %	5 110 %
2021	4,715,000	5 125 %	5 190 %
2022	4,965,000	5 250 %	5 260 %
2023	5,235,000	5 250 %	5 320 %
2024	5,520,000	5 250 %	5 370 %
2028	25,270,000	5 375 %	5 490 %
2035	59,960,000	5 500 %	5 600 %
2040	60,595,000	5 500 %	5 660 %

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

Hospital Revenue Bonds, Series 2010

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

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

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

Hospital Revenue Bonds, Series 2013
On June 27, 2013 the Northampton County General Purpose Authority issued $65,000,000 of its Hospital Revenue Bonds Which consists of $25,000,000 in Series A aggregate principal and $40,000,000 in Series B aggregate principal with a variable rate Issued pursuant to a Loan and Trust Agreement by the Authority, SLH and the Bank of New York Mellon Trust, under the Trust Agreement SLH is obligated to make payments to the trustee as assignee of the Authority

The Series 2013 Bonds were issued to provide a portion of the funds for a project "the 2013 project" consisting of 200 bed expansion of the hospital located at the Anderson Campus, the construction of an administration building at the Anderson Campus, the funding of various capital projects for general SLH purpose, including without limitations, renovations, repairs and acquisitions of related outpatient facilities in Northampton County and Lehigh County, Pennsylvania Also reimbursement of any cost referred to in clauses, the payment of certain cost and expense in connection with the issuance of the 2013 Bonds

Hospital Refunding Bonds, Series 2013
On June 6, 2013 the New Jersey Health Care Facilities Financing Authority issued $37,410,000 of Refunding Bonds, St Luke's Warren Hospital Obligated group The proceeds of the 2013 Bonds to St Luke`s Warren Hospital is for the purpose of paying a portion of the cost of a project consisting generally of the current refunding of all the Authority`s Revenue Bonds St Luke's Warren Hospital Issue Series 2012 and the payment of certain cost incidental to the issuance and sale of the Series 2013 Bonds

11. Derivative Financial Instruments

At June 30, 2014, two floating to fixed interest rate swaps were outstanding with notional amounts totaling $265 61 million and maturity dates ranging from August, 2033 to August, 2042 The bonds, issued in a quarterly reset LIBOR-based variable rate mode, will be swapped to a 4 60% fixed rate The nature of the risk is to eliminate unpredictable variability of interest rate payments due to changes in the 3 month LIBOR rate as well as limit exposure to increases in short-term interest rates as well as significantly decrease borrowing costs (relative to a traditional fixed rate issuance) Based on the identical characteristics of the payment based index of the hedged item and the receipt based index on the interest rate swap, the hedge will exactly offset the variability of interest rates on the underlying bonds over the term of the swap transaction

At June 30, 2014, three total return swaps were outstanding In December 2007, St Luke's executed a total return swap on a $76 million portion of the outstanding Series 2007, 2042 term bond In September 2009, St Luke's executed a total return swap on a $24 million portion of the outstanding Series 2007, 2033 term bond Pursuant to these agreements, St Luke's has guaranteed a price of 95 50% and 99 5%, respectively, on the underlying Bonds St Luke's has the right to call and redeem these bonds at any time as fully described in the Series 2007 Fifth Supplemental Trust Indenture The swaps are recorded at the fair market value on the balance sheet and changes in value are posted through the excess of revenues and gains over expenses In April 2010, St Luke's executed a total return swap on a $34 93 million portion of the outstanding Series 2010, 2032 term bond

12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2014 and 2013

	2014	2013
Purchase of property and equipment	$ 2,814,641	$ 8,729,970
Health education	14,242,262	11,074,247
Research and development	186,666	169,917
Unrealized gains on restricted net assets for health care services	20,648,316	14,471,264
	$ 37,891,885	$ 34,445,398

Permanently restricted net assets at June 30, 2014 and 2013 were restricted to

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as other operating and nonoperating income)	$ 30,813,985	$ 27,564,669

Endowments
The Network's endowment consists of approximately $30,813,985 individual donor restricted endowment funds and $77,333,043 board-designated endowment funds for a variety of purposes plus the following where the assets have been designated for endowment split interest agreements, and other net assets The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments The net assets associated with endowment funds including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions

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

(1) The duration and preservation of the fund

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

(3) General economic conditions

(4) The possible effect of inflation and deflation

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

(6) Other resources of the Network

(7) The investment policies of the Network

The Network had the following endowment activities during the year ended June 30, 2013 delineated by net asset class and donor-restricted versus Board-designated funds

Endowment net asset composition by type of fund as of June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		$ 37,891,885	$ 30,813,985	$ 68,705,870
Board-designated endowment funds	$77,333,043			77,333,043
	$77,333,043	$ 37,891,885	$ 30,813,985	$146,038,913

Endowment net asset composition by type of fund as of June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		$ 34,445,398	$ 27,564,669	$ 62,010,067
Board-designated endowment funds	$64,749,913			64,749,913
	$64,749,913	$ 34,445,398	$ 27,564,669	$126,759,980

Changes in endowment net assets for the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 64,749,913	$ 34,445,398	$ 27,564,669	$126,759,980
Investment return				
Investment income	1,731,392	91,999	1,247,360	3,070,751
Gain (Loss) on Sale of Investments	24,632			24,632
Net depreciation (realized and unrealized)	10,790,755	9,019	7,011,069	17,810,843
Total Investment return	12,546,779	101,018	8,258,429	20,906,226
Gifts	36,351	5,557,795	2,836,308	8,430,454
Income released to General Fund for operations	-	(9,507,274)	(834,352)	(10,341,626)
Transfer balance of net depreciation to unrestricted	-	7,011,069	(7,011,069)	-
Other Miscellaneous Transfers	-	283,879	-	283,879
Endowment net assets, end of year	$ 77,333,043	$ 37,891,885	$ 30,813,985	$146,038,913

Endowment net asset composition by type of fund as of June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		$ 37,891,885	$ 30,813,985	$ 68,705,870
Board-designated endowment funds	$ 77,333,043			77,333,043
	$ 77,333,043	$ 37,891,885	$ 30,813,985	$146,038,913

Endowment net asset composition by type of fund as of June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds		$ 34,445,398	$ 27,564,669	$ 62,010,067
Board-designated endowment funds	$ 64,749,913			64,749,913
	$ 64,749,913	$ 34,445,398	$ 27,564,669	$126,759,980

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

Permanently restricted net assets

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

Permanent Endowment	$ 30,617,801
Mortgage Endowment	196,184
Total endowment assets classified as permanently restricted net assets	$ 30,813,985

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit) When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets Deficits of this nature reported in unrestricted net assets were $0 as of June 30, 2014 and 2013

Return Objectives and Risk Parameters

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

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

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives
The Board of Trustees of the Network determines the method to be used to appropriate endowment funds for expenditure Calculations are performed for individual endowment funds at a rate of 4 5 percent of a three-year moving average market value with a minimum increase of 0% and a maximum increase of 10% per year over the previous year's spending amount The total is reduced by the income distributed from the endowment fund in accordance with the preferences/restrictions made by the donors The corresponding calculated spending allocations are distributed annually by June 30 In establishing this policy, the Board considered the expected long term rate of return on its endowment Accordingly, over the long term, the Network expects the current spending policy to allow it's endowment to grow at an average of 8% percent annually, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts

13. Contingencies

Operating Leases
The Network leases certain medical, office and information technology equipment used in its operations Total rental expense for all operating leases for the years ended June 30, 2014 and 2013 was approximately $17,235,751 and $18,475,539, respectively

At June 30, 2014, the annual and total future minimum lease payments under noncancelable operating leases were as follows

	Operating
2015	14,076,029
2016	13,457,105
2017	10,944,836
2018	8,783,480
2019	7,722,762
Later Years	34,407,486
Total minimum payments	89,391,698

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

14. Functional Expenses

The Network provides general health care services to residents within its geographic location Expenses related to providing these services for the years ended June 30, 2014 and 2013 are approximately as follows

	2014	2013
Health care services	$ 1,012,264,850	$ 984,423,065
General and administrative	112,133,519	109,286,393
	$ 1,124,398,369	$ 1,093,709,458

15. Pension Plan

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

In connection with a redesign of the network's retirement plans, the Finance Committee of the Board approved amendments to end benefit accruals in the qualified defined benefit pension plan after December 31, 2014 Benefits to be earned by participants under this plan prior to January 1, 2015 are not anticipated to be affected The network estimates that pension liabilities will decrease by about $56 million as a result of this change

Savings Plan
In 2007, St Luke's Warren established a 401(k) plan for qualified employees Contributions to this plan are based on a defined formula of 3% of an employee's contribution The St Luke's Warren 401(k) plan was merged with the Network 401(a) plan as of January 1, 2014

401(a) Plan
All employees hired before January 1, 2009 remain participants in the noncontributory defined benefit pension plan (see Pension Plan, above) through December 31, 2014 At that time, all employees will be moved to the 401(a) Plan

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

Years of Service	% of Annual Salary
1 through 5	2 5%
6 through 10	4 0%
11 through 15	5 5%
16+ years	7 0%

The Network has recorded a reserve of $2,500,530 for the year ended June 30, 2014 This liability is included in accrued compensation payable on the 2014 consolidated balance sheet

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

Pension Plan Financial Components
The net pension cost for all Plans and Plan participants, during the years ended June 30, 2014 and 2013, includes the following components

Change in benefit obligation		**2014**		**2013**
Benefit obligation at beginning of year	$	440,994,994	$	457,532,508
Service cost		16,114,927		18,069,251
Interest cost		23,321,318		20,851,931
Benefits paid		(34,894,864)		(9,155,008)
Actuarial loss (gain)		66,674,837		(46,303,688)
Plan amendment		-		-
Benefit obligation at end of year	$	512,211,212	$	440,994,994

Change in plan assets		**2014**		**2013**
Fair value of plan assets at beginning of year	$	361,707,895	$	292,393,095
Actual return on plan assets		70,678,754		39,611,235
Employer contributions		39,165,533		38,858,573
Benefits paid		(34,894,864)		(9,155,008)
Fair value of plan assets at end of year	$	436,657,318	$	361,707,895
Funded status at end of year	$	(75,553,894)	$	(79,287,099)

Amounts recognized in the statement of financial position consist of

		2014		**2013**
Noncurrent assets	$	-	$	-
Current liabilities		(726,328)		(305,103)
Noncurrent liabilities		(74,827,566)		(78,981,996)
Net amount recognized in statement of financial position	$	(75,553,894)	$	(79,287,099)

Amounts recognized in unrestricted net assets consist of

		2014		**2013**
Unrecognized Net loss (gain)	$	95,694,773	$	72,073,536
Transition obligation (asset)		-		-
Prior service cost (credit)		-		-
Accumulated other comprehensive income	$	95,694,773	$	72,073,536

The accumulated benefit obligation for all defined benefit pension plans was $504,593,961 and $432,575,542 at June 30, 2014 and 2013, respectively

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

	2014	2013
Projected benefit obligation	$ 512,211,212	$ 440,994,994
Accumulated benefit obligation	504,593,961	432,575,542
Fair value of plan assets	436,657,318	361,707,895

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

Total pension benefit cost	2014	2013
Service cost	$ 16,114,927	$ 18,069,251
Interest cost	23,321,318	20,851,931
Expected return on plan assets	(29,361,558)	(24,384,094)
Amortization of net (gain) loss	1,584,376	10,640,789
Amortization of transition obligation (asset)	-	-
Amortization of prior service cost (credit)	-	-
Net periodic benefit cost	$ 11,659,063	$ 25,177,877
Curtailment loss	-	-
Settlement loss	152,028	-
Total pension cost	$ 11,811,091	$ 25,177,877

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

	2014	2013
Net loss (gain)	$ 25,357,641	$ (61,530,829)
Amortization of loss (gain)	(1,736,404)	(10,640,789)
Amortization of transition obligation	-	-
Amortization of prior service cost	-	-
Total recognized in unrestricted net assets	$ 23,621,237	$ (72,171,618)
Total recognized in net periodic benefit cost and unrestricted net assets	$ 35,432,328	$ (46,993,741)

The estimated net loss, transition obligation and prior service cost for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are $4,638,400, $0 and $0, respectively

Weighted-average assumptions used to determine benefit obligations at June 30, 2014

Discount rate	4 50%
Discount rate - Warren at December 31, 2013	5 11%
Rate of compensation increase	3 50%

Weighted-average assumptions used to determine net periodic benefit cost for years ended June 30, 2014

Expected long-term return on plan assets	7 50%
Rate of compensation increase	3 50%
Discount rate	5 29%
Discount rate - Warren at December 31, 2013	5 05%

Plan Assets
The St Luke's Pension Plans weighted-average asset allocations at June 30, 2014 and 2013, by asset category, are as follows

	Plan Assets at June 30	
	2014	**2013**
Asset category		
Equity securities	70 %	73 %
Debt securities	30 %	27 %
	100 %	100 %

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

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

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

Cash Equivalent, Money Market and Other Holdings
All cash is invested in short term interest bearing securities or other cash equivalent investments Other than obligations of the United States Government and its Agencies or instrumentalities all such investments in corporate obligations, commonly known as commercial paper, shall both carry an

investment rating by a recognized rating agency of A-1 or P-1 Any exceptions to the above guidelines are mutually agreed upon by the Fund Manager and the Investment Committee either prior to the event or as soon as is practical The Finance and Investment Committees direct that at no time more than 10% of the combined market value of the funds be invested in cash or cash equivalents

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

Cash Flows

Contributions

The Network expects to contribute $25,655,328 to its pension plans in the 2015 fiscal year

Estimated Future Benefit Payments

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

2015	12,881,916
2016	15,113,781
2017	16,301,244
2018	18,055,656
2019	20,913,537
2020-2023	129,920,089
Total	$ 213,186,223

The following table presents the Plan's financial instruments as of June 30, 2014, measured at fair value on a recurring basis using the fair value hierarchy defined in note 7

	Quoted Prices in Active Markets (Level 1)	Total Fair Value
June 30, 2014		
Investments		
Money Market Funds	$ 1,285,319	$ 1,285,319
Government Securities	130,707,933	130,707,933
Common & Preferred Stock	304,664,067	304,664,067
Total Investments	$ 436,657,319	$ 436,657,319

16. Insurance Coverage

Effective December 13, 2001, the Parent, established St Luke's Health Network Insurance Company, a wholly-owned captive insurance company licensed by the State of Vermont providing claims-made coverage for professional and general liability coverages for the Network St Luke's converted its fronted captive to a risk retention group ("RRG") effective July 1, 2003 On January 1, 2005, the RRG was converted from a nonprofit risk retention group to a reciprocal risk retention group As a reciprocal risk retention group, the St Luke's Health Network Insurance Company is also permitted to provide primary medical professional liability coverage on an occurrence basis to independent physicians and physician's practices Under this structure, each insured is a subscriber of the St Luke's Health Network Insurance Company, a Reciprocal Risk Retention Group ("SLHNIC") Only subscribers of the St Luke's University Health Network will be issued Class A subscriber units Class A Subscribers of SLHNIC maintain control over SLHNIC At June 30, 2014 and June 30, 2013, the Network was covered through the SLHNIC by a Hospital Professional Liability policy, with primary limits of $500,000 for each medical incident and $2,500,000 in the aggregate and with Physicians Professional Liability coverage with primary limits of $500,000 for each occurrence, and $1,500,000 in the aggregate SLHNIC also provides institutional subscribers with excess layer professional liability coverage on a claims-made basis This coverage is provided for losses limited to $4 million for each medical incident in excess of $1 million with an annual aggregate of $4 million The reserve for malpractice claims maintained at June 30, 2014 and 2013 was approximately $39,990,875 and $38,815,770, and was estimated using a discount rate of 4 25% and 4 25%, respectively The discount for Class A and Class B subscribers was $5,680,795 and $5,095,480 for June 30, 2014 and 2013, respectively

St Luke's University Health Network has recorded a receivable as of June 30, 2014 of $13,104,347 for expected insurance indemnifications and a related liability for the accrued claims in the individual financial statements of the hospitals As of June 30, 2013, St Luke's University Health Network recorded a receivable and related liability of $10,404,252

The Network participates in the Medical Care Availability and Reduction of Error ("Mcare") Fund, which is a Pennsylvania governmentally authorized entity that for fiscal year 2014 covers claims above $500,000 per medical incident up to $1,500,000 aggregate per hospital/insured physician subject to Mcare Fund coverage, as applicable The assessment for the Mcare Fund payable by the Network is based on the schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association ("JUA") multiplied by the annual assessment percentage The Network recognizes its assessment as expense in the period incurred

The Network maintains accrued insurance reserves for its self-insured portion of expected workers' compensation claims of approximately $7,557,243 and $6,288,663 for the years ended June 30, 2014 and 2013, respectively The impact of the discount was $1,833,058 and $1,988,434 for the years ended June 30, 2014 and 2013, respectively

17. Asset Retirement Obligations

In the year ended June 30, 2006, the Network adopted accounting guidance on Accounting for Conditional Asset Retirement Obligations If a legal obligation to perform an asset retirement obligation exists but performance is conditional upon a future event, and the obligation can be reasonably estimated, then a liability should be recognized Upon initial application of accounting regulatory guidance, the Network recognized $3,486,249 of conditional asset retirement obligation included within our liabilities in the consolidated balance sheet For the year ended June 30, 2014, the Network recognized $7,805 in accretion and depreciation expense

18. Subsequent Events

The Network has performed an evaluation of subsequent events through October 31, 2014, which is the date the financial statements were available to be issued There were no subsequent events with the exception of Board approval to begin construction on an acute care hospital in Monroe County

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2014

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Hospital Anderson Campus	St Luke's Warren Hospital	New Valley Rehab LLC
Assets										
Current										
Cash and cash equivalents	$ -	$ 74 684 261	$ 38 153	$ 131 428	$ 426	$ -	$ 80 812	$ 658 940	$ 1 755 854	$ 315 112
Investment in controlled entities	614 060 470	-	-	-	-	-	-	-	-	-
Patient accounts receivable net	-	122 199 956	11 464 083	15 985 962	949 802	-	10 074 082	28 281 133	10 696 597	136 664
Other accounts receivable	-	6 486 418	699 456	81 617	19 506	-	386 942	2 074 096	2 324 724	35 821
Investments	-	88 030 498	-	24 221	-	-	-	-	75 000	-
Inventories	-	11 196 733	-	790 904	-	-	657 656	1 669 498	1 789 841	-
Prepaid expenses	-	15 834 454	3 137 329	208 346	23 861	-	236 066	390 661	1 110 205	-
Total current assets	614 060 470	318 432 320	15 339 021	17 222 478	993 595	-	11 435 558	33 074 328	17 752 221	487 597
Assets limited as to use										
Funds held by trustee	-	29 970 873	-	-	-	-	-	-	723 712	-
Under bond indenture	-	31 865 328	-	-	-	-	-	-	-	-
Board designated funds	-	278 415 478	-	1 830 342	-	-	-	44 473	-	-
	-	340 251 679	-	1 830 342	-	-	-	44 473	723 712	-
Property and equipment net	-	337 576 904	27 517 017	19 456 744	565 983	-	18 127 120	158 851 253	64 714 009	548 274
Goodwill net	-	7 007 524	6 954 392	-	-	-	-	-	13 156 777	7 652 419
Due from affiliates	-	239 055 993	-	-	-	2 958 591	-	-	4 207 955	-
Investments temporarily restricted as to use	-	26 064 700	-	1 055 894	17 749	-	712 516	351 914	909 248	-
Investments permanently restricted as to use	-	27 334 449	-	3 112 468	-	-	10 005	-	357 063	-
Deferred financing costs	-	6 179 727	-	-	-	-	-	-	592 397	-
Annuity contracts	-	15 347 341	-	-	-	-	-	-	-	-
Other assets	-	35 934 592	-	93 571	-	-	1 833 715	371 926	1 432 560	-
Total assets	$ 614 060 470	$1 353 185 229	$ 49 810 430	$ 42 771 497	$ 1 577 327	$ 2 958 591	$ 32 118 914	$192 693 894	$103 845 942	$ 8 688 290

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2014

Schedule I

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Assets									
Current									
Cash and cash equivalents	$ 361,124	$ 822,827	$ 376,521	$ -	$ -	$ -	$ 55,717	$ -	$ 79,281,175
Investment in controlled entities	-	-	-	-	-	-	-	(614,060,470)	-
Patient accounts receivable, net	512,832		763,108	95				-	201,064,314
Other accounts receivable	494,936	13,000	-	105,770	-	-	2,119,781	(2,286,898)	12,555,169
Investments	-	301,807			-			-	88,431,526
Inventories	-	-	-	-	-	-	-	-	16,104,632
Prepaid expenses	153,663	-	12,500	210	-			-	21,107,295
Total current assets	1,522,555	1,137,634	1,152,129	106,075	-	-	2,175,498	(616,347,368)	418,544,111
Assets limited as to use									
Funds held by trustee	-	-	-	-	-	-	-	-	30,694,585
Under bond indenture	-	-	-	-	-	-	-	-	31,865,328
Board designated funds	-	-	-	-	-	-	-	-	280,290,293
	-	-	-	-	-	-	-	-	342,850,206
Property and equipment, net	466,996			-		-	1,563,069	-	629,387,369
Goodwill, net	115,617	-	-	-	-	-	-	-	34,886,729
Due from affiliates	-			-		-	561,679	(246,784,218)	-
Investments temporarily restricted as to use	-	-	-	-	-	-	-	-	29,112,021
Investments permanently restricted as to use	-	-	-	-	-	-	-	-	30,813,985
Deferred financing costs	-	-	-	-	-	-	-	-	6,772,124
Annuity contracts	-	-	-	-	-	-	-	-	15,347,341
Other assets	-	120,062	-	-	-	-	-	2	39,786,428
Total assets	$ 2,105,168	$ 1,257,696	$ 1,152,129	$ 106,075	$ -	$ -	$ 4,300,246	$ (863,131,584)	$ 1,547,500,314

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2014

	St Luke's University Health Network, Inc	Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Hospital Anderson Campus	St Luke's Warren Hospital	New Valley Rehab LLC
Liabilities and Net Assets										
Current										
Accounts payable	$ -	$ 55 322 968	$ 1 959 439	$ 450 759	$ 24 251	$ -	$ 460 321	$ 1 442 449	$ 909 180	$ 2 670
Accrued salaries wages and taxes	-	12 100 249	13 550 247	478 226	-	-	483 495	108 087	1 118 212	201 346
Accrued vacation	-	20 386 522	8 546 284	1 075 320	113 658	-	1 145 928	1 490 914	2 761 819	-
Current portion of self insurance reserves	-	19 305 786	-	-	-	-	-	-	86 130	
Deferred income	-	4 390 261	-	-	2 801	-	48 081	-	-	-
Advance from third-party payors	-	2 099 500	-	38 400	-	-	260 201	-	-	-
Patient credit balances	-	7 445 736	-	1 415 090	-	-	753 538	1 320 795	-	-
Current portion of long-term debt	-	11 622 417	-	-	-	-	6 142	-	130 346	-
Current portion of pension costs	-	3 273 921	127 394	87 040	106	-	28 524	46 405	247 789	1 674
Accrued interest on long-term debt	-	9 448 580	-	-	-	-	-	-	644 720	-
Other Current Liabilities	-	6 197 726	33 471	100 141	-	-	39 356	47 947	484 493	
Estimated third-party payor settlements	-	(1 120 395)	-	2 329 193	-	-	2 172 205	959 836	1 090 480	
Total current liabilities	-	150 473 271	24 216 835	5 974 169	140 816	-	5 397 791	5 416 433	7 473 169	205 690
Due to affiliates	-	-	112 045 308	38 420	5 932 107	-	799 925	149 796 053	-	8 192 898
Long-term debt net of current portion	-	463 620 846	-	-	-	-	6 030	-	39 291 519	-
Asset retirement obligation	-	3 247 932	-	65 030	-	-	248 249	-	-	-
Accrued compensation payable	-	78 574 099	3 057 460	2 088 966	2 542	-	684 582	1 113 712	5 946 935	40 165
Self insurance reserves	-	39 196 596	-	-	-	-	-	-	174 870	
Other noncurrent liabilities	-	12 129 098	-	43 885	-	-	32 255	-	1 432 560	-
Swap Contracts	-	67 932 360	-	-	-	-	-	-	-	-
Total liabilities	-	815 174 202	139 319 603	8 210 470	6 075 465	-	7 168 832	156 326 198	54 319 053	8 438 753
Net assets										
Unrestricted net assets (liabilities)	544 445 352	511 585 982	(89 509 173)	30 325 914	(4 515 887)	2 958 591	22 426 101	35 643 856	48 260 578	249 537
Less Amounts due from affiliates	-	(33 682 373)	-	-	-	-	-	-	-	-
Net unrestricted net assets (liabilities)	544 445 352	477 903 609	(89 509 173)	30 325 914	(4 515 887)	2 958 591	22 426 101	35 643 856	48 260 578	249 537
Temporarily restricted net assets	38 801 133	32 772 969	-	1 122 645	17 749	-	2 513 976	723 840	909 248	
Permanently restricted net assets	30 813 985	27 334 449	-	3 112 468	-	-	10 005	-	357 063	
Total net assets (liabilities)	614 060 470	538 011 027	(89 509 173)	34 561 027	(4 498 138)	2 958 591	24 950 082	36 367 696	49 526 889	249 537
Total liabilities and net assets	$ 614 060 470	$1 353 185 229	$ 49 810 430	$ 42 771 497	$ 1 577 327	$ 2 958 591	$ 32 118 914	$192 693 894	$103 845 942	$ 8 688 290

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2014

Schedule I

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Liabilities and Net Assets									
Current									
Accounts payable	$ 2,465,763		$ 388,333	$ 5,741	$ -	$ -	$ -	$ (2,249,055)	$ 61,182,819
Accrued salaries, wages and taxes	863,133		543,724					-	29,446,719
Accrued vacation	-	-	-	-	-	-	-	-	35,520,445
Current portion of self insurance reserves	12,870	-	-	-	-	-	-	-	19,404,786
Deferred income	-	-	-	-	-	-	-	-	4,441,143
Advance from third-party payors	-	-	-	-	-	-	-	-	2,398,101
Patient credit balances	-	-	-	-	-	-	-	-	10,935,159
Current portion of long-term debt	-	-	-	-	-	-	-	-	11,758,905
Current portion of pension costs	-	-	-	-	-	-	-	-	3,812,853
Accrued interest on long-term debt	-	-	-	-	-	-	-	-	10,093,300
Other Current Liabilities		-		4,614,219	-	-	8,578,962	(5,287,632)	14,808,683
Estimated third-party payor settlements		-	-	-	-	-	-	-	5,431,319
Total current liabilities	3,341,766	-	932,057	4,619,960	-	-	8,578,962	(7,536,687)	209,234,232
Due to affiliates	1,943,025	228,386	220,072	1,270,397				(280,466,591)	-
Long-term debt, net of current portion	-	-	-	-	-	-	-	-	502,918,395
Asset retirement obligation	-	-	-	-	-	-	-	-	3,561,211
Accrued compensation payable		-	-	-	-	-	-	-	91,508,461
Self insurance reserves	26,130	-	-	-	-	-	-	-	39,397,596
Other noncurrent liabilities	-	-	-	-	-	-	-	-	13,637,798
Swap Contracts	-	-	-	-	-	-	-	-	67,932,360
Total liabilities	5,310,921	228,386	1,152,129	5,890,357	-	-	8,578,962	(288,003,278)	928,190,053
Net assets									
Unrestricted net assets (liabilities)	(3,205,753)	288,604		(5,784,282)	-	-	(4,278,716)	(538,286,313)	550,604,391
Less Amounts due from affiliates	-	-	-	-	-	-	-	33,682,373	-
Net unrestricted net assets (liabilities)	(3,205,753)	288,604	-	(5,784,282)	-	-	(4,278,716)	(504,603,940)	550,604,391
Temporarily restricted net assets		740,706						(39,710,381)	37,891,885
Permanently restricted net assets		-	-	-	-	-	-	(30,813,985)	30,813,985
Total net assets (liabilities)	(3,205,753)	1,029,310	-	(5,784,282)	-	-	(4,278,716)	(575,128,306)	619,310,261
Total liabilities and net assets	$ 2,105,168	$ 1,257,696	$ 1,152,129	$ 106,075	$ -	$ -	$ 4,300,246	$ (863,131,584)	$ 1,547,500,314

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2013

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Hospital Anderson Campus	St Luke's Warren Hospital	New Valley Rehab LLC
Assets										
Current										
Cash and cash equivalents	$ -	$ 64 510 411	$ 154 242	$ 136 855	$ 65	$ -	$ 164 364	$ -	$ 10 125 087	$ 417 638
Investment in controlled entities	540 287 854	-	-	-	-	-	-	-	-	-
Patient accounts receivable net	-	156 343 535	10 202 479	16 236 743	713 963	-	6 887 258	-	10 227 400	144 871
Other accounts receivable	-	4 231 880	23 289	52 270	19 391	-	68 704	-	4 874 987	36 351
Investments	-	64 064 550	-	19 999	-	-	-	-	2 160	-
Inventories	-	14 094 081	-	992 413	-	-	913 691	-	2 020 034	-
Prepaid expenses	-	14 293 341	1 732 733	256 469	34 638	-	210 127	-	1 345 949	-
Total current assets	540 287 854	317 537 798	12 112 743	17 694 749	768 057	-	8 244 144	-	28 595 617	598 860
Assets limited as to use										
Funds held by trustee	-	55 572 729	-	-	-	-	-	-	148 714	-
Under bond indenture	-	35 975 983	-	-	-	-	-	-	-	-
Board designated funds	-	244 267 373	-	1 539 359	-	-	-	-	1 811	-
	-	335 816 085	-	1 539 359	-	-	-	-	150 525	-
Property and equipment net	-	505 667 489	10 611 143	20 087 865	488 935	-	19 360 110	-	59 670 824	617 089
Goodwill net	-	6 430 660	4 446 990	-	-	-	-	-	13 156 777	7 654 919
Due from affiliates	-	60 539 245	-	-	-	2 958 591	-	-	-	-
Investments temporarily restricted as to use	-	21 187 241	-	472 050	29 234	-	840 886	-	717 228	-
Investments permanently restricted as to use	-	24 078 246	-	2 998 850	-	-	10 005	-	477 568	-
Deferred financing costs	-	6 357 445	-	-	-	-	-	-	515 125	-
Annuity contracts	-	11 497 695	-	-	-	-	-	-	-	-
Other assets	-	24 817 365	-	209 231	-	-	1 560 063	-	1 700 006	-
Total assets	$ 540 287 854	$1 313 929 269	$ 27 170 876	$ 43 002 104	$ 1 286 226	$ 2 958 591	$ 30 015 208	$ -	$104 983 670	$ 8 870 868

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2013

Schedule I

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Hillcreast Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Assets									
Current									
Cash and cash equivalents	$ 362,688	$ 502,682	$ 484,643	$ 4,648	$ -	$ 6,410	$ 16,242	$ -	$ 76,885,975
Investment in controlled entities	-	-	-	-	-	-	-	(540,287,854)	$ -
Patient accounts receivable, net	637,847	-	1,140,250	95	-	-	-	(2,182,350)	200,352,091
Other accounts receivable	570,486	5,250	-	104,256	-	2,182,351	180,821	(4,427,107)	$ 7,922,929
Investments	-	253,226	-	-	-	-	-	-	$ 64,339,935
Inventories	-	-	-	-	-	-	-	-	$ 18,020,219
Prepaid expenses	65,953	-	-	210	-	-	-	-	$ 17,939,420
Total current assets	1,636,974	761,158	1,624,893	109,209	-	2,188,761	197,063	(546,897,311)	$ 385,460,569
Assets limited as to use									
Funds held by trustee	-	-	-	-	-	-	-	-	55,721,443
Under bond indenture	-	-	-	-	-	-	-	-	35,975,983
Board designated funds	-	-	-	-	-	-	-	-	245,808,543
	-	-	-	-	-	-	-	-	337,505,969
Property and equipment, net	247,072	-	-	-	-	9,768	1,621,831	-	618,382,126
Goodwill, net	147,002	-	-	-	-	-	-	-	31,836,348
Due from affiliates	-	-	-	28,523	-	310,431	-	(63,836,790)	-
Investments temporarily restricted as to use	-	-	-	-	-	-	-	-	23,246,639
Investments permanently restricted as to use	-	-	-	-	-	-	-	-	27,564,669
Deferred financing costs	-	-	-	-	-	-	-	-	6,872,570
Annuity contracts	-	-	-	-	-	-	-	-	11,497,695
Other assets	-	-	-	-	-	-	-	-	28,286,665
Total assets	$ 2,031,048	$ 761,158	$ 1,624,893	$ 137,732	$ -	$ 2,508,960	$ 1,818,894	$ (610,734,101)	$ 1,470,653,250

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2013

	St Luke's University Health Network, Inc	Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Hospital Anderson Campus	St Luke's Warren Hospital	New Valley Rehab LLC
Liabilities and Net Assets										
Current										
Accounts payable	$ -	$ 51 135 626	$ 2 415 894	$ 701 181	$ 13 054	$ -	$ 625 327	$ -	$ 2 272 415	$ 5 184
Accrued salaries wages and taxes	-	10 971 975	11 815 520	484 845	-	-	656 423	-	1 374 256	156 169
Accrued vacation	-	22 257 553	4 995 294	1 158 854	103 295	-	1 164 483	-	3 307 003	-
Current portion of self insurance reserves	-	18 749 018	-	-	-	-	-	-	297 856	-
Deferred income	-	3 732 796	-	-	11 859	-	-	-	-	-
Advance from third-party payors	-	2 099 500	-	38 400	-	-	260 201	-	-	-
Patient credit balances	-	14 735 004	-	2 630 430	-	-	946 673	-	-	-
Current portion of long-term debt	-	10 722 569	34 562	-	-	-	5 756	-	180 547	-
Current portion of pension costs	-	2 960 737	219 986	101 648	83	-	27 261	-	444 601	1 515
Accrued interest on long-term debt	-	8 506 947	-	-	-	-	-	-	118 513	-
Other Current Liabilities	-	1 559 272	33 471	82 012	-	-	41 963	-	349 902	-
Estimated third-party payor settlements	-	6 464 524	-	2 354 223	-	-	1 919 397	-	2 281 779	-
Total current liabilities	-	153 895 521	19 514 727	7 551 593	128 291	-	5 647 484	-	10 626 872	162 868
Due to affiliates	-	-	75 108 084	2 955 000	5 273 950	-	2 792 054	-	1 530 649	8 491 290
Long-term debt net of current portion	-	470 354 224	-	-	-	-	12 203	-	39 471 581	-
Asset retirement obligation	-	3 247 932	-	65 030	-	-	247 524	-	-	-
Accrued compensation payable	-	71 057 695	5 279 691	2 439 547	1 980	-	654 256	-	10 670 421	36 357
Self insurance reserves	-	38 066 188	-	-	-	-	-	-	604 739	-
Other noncurrent liabilities	-	9 207 872	-	45 107	-	-	34 238	-	1 700 006	-
Swap Contracts	-	66 942 036	-	-	-	-	-	-	-	-
Total liabilities	-	812 771 468	99 902 502	13 056 277	5 404 221	-	9 387 759	-	64 604 268	8 690 515
Net assets										
Unrestricted net assets (liabilities)	477 017 241	479 741 940	(72 731 626)	26 374 339	(4 147 229)	2 958 591	18 250 733	-	39 184 606	180 353
Less Amounts due from affiliates	-	(33 682 373)	-	-	-	-	-	-	-	-
Net unrestricted net assets (liabilities)	477 017 241	446 059 567	(72 731 626)	26 374 339	(4 147 229)	2 958 591	18 250 733	-	39 184 606	180 353
Temporarily restricted net assets	35 705 944	31 019 987	-	572 639	29 234	-	2 366 711	-	717 228	-
Permanently restricted net assets	27 564 669	24 078 247	-	2 998 849	-	-	10 005	-	477 568	-
Total net assets (liabilities)	540 287 854	501 157 801	(72 731 626)	29 945 827	(4 117 995)	2 958 591	20 627 449	-	40 379 402	180 353
Total liabilities and net assets	$ 540 287 854	$1 313 929 269	$ 27 170 876	$ 43 002 104	$ 1 286 226	$ 2 958 591	$ 30 015 208	$ -	$104 983 670	$ 8 870 868

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Balance Sheet
June 30, 2013

Schedule I

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Hillcreast Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Liabilities and Net Assets									
Current									
Accounts payable	$ 2,400,807	$ -	$ 272,333	$ 5,742	$ -	$ 156,775	$ -	$ (2,182,350)	$ 57,821,988
Accrued salaries, wages and taxes	452,119	-	1,099,142	-	-	-	-	-	27,010,449
Accrued vacation	82,273	-	-	-	-	-	-	-	33,068,755
Current portion of self insurance reserves	12,870	-	-	-	-	-	-	-	19,059,744
Deferred income	-	-	-	-	-	-	-	-	3,744,655
Advance from third-party payors	-	-	-	-	-	-	-	-	2,398,101
Patient credit balances	-	-	-	-	-	-	-	-	18,312,107
Current portion of long-term debt	-	-	-	-	-	-	-	-	10,943,434
Current portion of pension costs	-	-	-	-	-	-	-	-	3,755,831
Accrued interest on long-term debt	-	-	-	-	-	-	-	-	8,625,460
Other Current Liabilities	-	1,169	-	5,749,498	-	2,045,247	7,548,082	(11,834,036)	5,576,580
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	13,019,923
Total current liabilities	2,948,069	1,169	1,371,475	5,755,240	-	2,202,022	7,548,082	(14,016,386)	203,337,027
Due to affiliates	1,071,958	42,761	253,418	-	-	-	-	(97,519,164)	-
Long-term debt, net of current portion	-	-	-	-	-	-	-	-	509,838,008
Asset retirement obligation	-	-	-	-	-	-	-	-	3,560,486
Accrued compensation payable	-	-	-	-	-	-	-	-	90,139,947
Self insurance reserves	26,130	-	-	-	-	-	-	-	38,697,057
Other noncurrent liabilities	-	-	-	-	-	-	-	1	10,987,224
Swap Contracts	-	-	-	-	-	-	-	-	66,942,036
Total liabilities	4,046,157	43,930	1,624,893	5,755,240	-	2,202,022	7,548,082	(111,535,549)	923,501,785
Net assets									
Unrestricted net assets (liabilities)	(2,015,109)	260,401	-	(5,617,508)	-	306,938	(5,729,188)	(468,893,084)	485,141,398
Less Amounts due from affiliates	-	-	-	-	-	-	-	33,682,373	-
Net unrestricted net assets (liabilities)	(2,015,109)	260,401	-	(5,617,508)	-	306,938	(5,729,188)	(435,210,711)	485,141,398
Temporarily restricted net assets	-	456,827	-	-	-	-	-	(36,423,172)	34,445,398
Permanently restricted net assets	-	-	-	-	-	-	-	(27,564,669)	27,564,669
Total net assets (liabilities)	(2,015,109)	717,228	-	(5,617,508)	-	306,938	(5,729,188)	(499,198,552)	547,151,465
Total liabilities and net assets	$ 2,031,048	$ 761,158	$ 1,624,893	$ 137,732	$ -	$ 2,508,960	$ 1,818,894	$ (610,734,101)	$ 1,470,653,250

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2014

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Hospital Anderson Campus	St Luke's Warren Hospital	New Valley Rehab LLC
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 657,665,628	$ 164,030,013	$ 64,693,934	$ 3,404,032	$ -	$ 52,922,484	$ 152,198,666	$ 123,385,322	$ 457,228
Provision for bad debts	-	(56,147,587)	(22,390,158)	(8,341,444)	(293,648)	-	(4,669,376)	(11,675,488)	(16,862,455)	-
Net patient service revenue less provision for bad debts	-	601,518,041	141,639,855	56,352,490	3,110,384	-	48,253,108	140,523,178	106,522,867	457,228
Other operating revenue and gains	-	21,905,165	3,996,026	2,840,734	103,794	-	1,959,175	2,321,711	1,611,324	174
Net assets released from restrictions used for operations	-	2,116,456	38,263	77,166	12,086	-	60,156	91,731	76,994	-
Equity in net income from controlled entities	67,428,111	-	-	-	-	-	-	-	-	-
Total revenue	67,428,111	625,539,662	145,674,144	59,270,390	3,226,264	-	50,272,439	142,936,620	108,211,185	457,402
Operating expenses										
Salaries and employee benefits	-	295,915,154	173,913,516	28,728,302	2,754,942	-	25,138,263	43,630,374	52,052,918	227,792
Supplies and other	-	225,641,539	42,247,341	21,954,720	642,999	-	15,033,771	44,283,819	37,649,294	89,111
Depreciation and amortization	-	37,143,426	3,969,149	3,789,751	189,174	-	3,058,241	18,138,971	6,924,015	72,449
Interest	-	16,839,342	6,331	326,405	2,276	-	124,417	5,502,085	1,755,535	-
Total expenses	-	575,539,461	220,136,337	54,799,178	3,589,391	-	43,354,692	111,555,249	98,381,762	389,352
Income (loss) from operations	67,428,111	50,000,201	(74,462,193)	4,471,212	(363,127)	-	6,917,747	31,381,371	9,829,423	68,050
Nonoperating gains (losses)										
Support of Physician Practices	-	(45,566,315)	61,004,863	(2,585,722)	-	-	(2,428,693)	(10,424,133)		
Unrestricted investment income from assets limited as to use	-	6,928,755	-	41,908	-	-	-		377	
Realized gain (loss) on unrestricted investment	-	1,968,691	-	464	-	-	-	-	-	-
Unrestricted gifts, grants and bequests	-	104,171	-	10,272	7,177	-	2,085	(78,092)	66,708	
Unrestricted investment income from restricted net assets	-	271,554	-	(4,653)	-	-	(3,842)	-	-	-
Income from equity method investments	-	15,112,969	-	2,558,810	-	-	-	(515)	(22,864)	
Gain (loss) on disposal of property and equipment	-	2,086,859	(40,236)	7,348	(11,771)	-	(256,261)	46,949	169,860	1,134
Restructuring Costs	-	(99,968)	(2,125,000)	(35,054)	-	-	(1,223)	(12,160)	(43,801)	
Pre-Acquisition/Merger Costs	-	-	-	-	-	-	-	-	-	-
Donations to Other Organizations	-	(556,976)	-	(29,830)	-	-	(17,500)	(2,479)		
Unrealized gain (loss) on derivative	-	1,888,763	-	-	-	-	-	-	-	-
Goodwill Impairment	-	-	(15,031)	-	-	-	-	-	-	-
Gain on Retirement/Purchase of Bonds	-	-	-	-	-	-	-	-	-	-
Nonoperating gains	-	(17,861,497)	58,824,596	(36,457)	(4,594)	-	(2,705,434)	(10,470,430)	170,280	1,134
Excess (deficiency) of revenue and gains in excess of expenses	67,428,111	32,138,704	(15,637,597)	4,434,755	(367,721)	-	4,212,313	20,910,941	9,999,703	69,184
Net assets released from restrictions used for purchase of property and equipment	-	8,735,137	-	32,987	-	-	216,089	300,589	37,200	
Contribution of building	-	-	-	-	-	-	-	-	-	-
Other Changes in Unrestricted Assets	-	-	-	-	-	-	-	(2,224,120)	-	-
Net Asset Transfer To/From Affiliate	-	(15,069,060)	-	-	-	-	-	17,069,060	-	
Net assets released to Specific Purpose Fund	-	-	-	-	-	-	-	-	-	-
Change in additional pension liability	-	(22,592,401)	(1,139,950)	(773,904)	(937)	-	(253,034)	(412,614)	1,551,603	
Warren Physician Practice Support	-	-	-	-	-	-	-		(2,512,762)	
Change in fair market value of total return SWAP	-	(2,879,088)	-	-	-	-	-	-	-	-
Net unrealized gains on investments	-	31,530,062	-	257,737	-	-	-		228	
Extraordinary Gains/(Losses)	-	(19,312)	-	-	-	-	-	-	-	-
	67,428,111	31,844,042	(16,777,547)	3,951,575	(368,658)	-	4,175,368	35,643,856	9,075,972	69,184
Increase (decrease) in unrestricted net assets	$ 67,428,111	$ 31,844,042	$ (16,777,547)	$ 3,951,575	$ (368,658)	$ -	$ 4,175,368	$ 35,643,856	$ 9,075,972	$ 69,184

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2014

Schedule II

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Patient service revenue (net of contractual allowances and discounts)	$ 9,038,725	$ -	$ 8,302,396	$ -	$ -	$ -	$ -	$ (615,333)	$ 1,235,483,095
Provision for bad debts	(456,042)	-	(2,545,865)	-	-	-	-	-	(123,382,063)
Net patient service revenue less provision for bad debts	8,582,683	-	5,756,531	-	-	-	-	(615,333)	1,112,101,032
Other operating revenue and gains	8,041	355,628	-	5,012	-	-	1,391,265	(1,391,267)	35,106,782
Net assets released from restrictions used for operations	-	-	-	-	-	-	-	-	2,472,852
Equity in net income from controlled entities	-	-	-	-	-	-	-	(67,428,111)	-
Total revenue	8,590,724	355,628	5,756,531	5,012	-	-	1,391,265	(69,434,711)	1,149,680,666
Operating expenses									
Salaries and employee benefits	7,690,353	74,390	3,716,711	-		-		1	633,842,716
Supplies and other	4,616,496	139,181	2,039,820	171,786	-	-	(73,554)	(2,006,602)	392,429,721
Depreciation and amortization	225,261	-		-		-	59,103		73,569,540
Interest		-	-	-	-	-	-	1	24,556,392
Total expenses	12,532,110	213,571	5,756,531	171,786	-	-	(14,451)	(2,006,600)	1,124,398,369
Income (loss) from operations	(3,941,386)	142,057	-	(166,774)	-	-	1,405,716	(67,428,111)	25,282,297
Nonoperating gains (losses)									
Support of Physician Practices		-	-	-	-	-	-	-	-
Unrestricted investment income from assets limited as to use		-	-	-	-	-	-	-	6,971,040
Realized gain (loss) on unrestricted investment	-	-	-	-	-	-	-	-	1,969,155
Unrestricted gifts, grants and bequests		-	-	-	-	-	-	-	112,321
Unrestricted investment income from restricted net assets	-	-	-	-	-	-	-	-	263,059
Income from equity method investments		5,997	-	-	-	-	-	22,862	17,677,259
Gain (loss) on disposal of property and equipment		-	-	-	-	-	(12,182)	-	1,991,700
Restructuring Costs		-	-	-	-	-	-	-	(2,317,206)
Pre-Acquisition/Merger Costs	-	-	-	-	-	-	-	-	-
Donations to Other Organizations		-	-	-	-	-	-	-	(606,785)
Unrealized gain (loss) on derivative	-	-	-	-	-	-	-	-	1,888,763
Goodwill Impairment	-	-	-	-	-	-	-	-	(15,031)
Gain on Retirement/Purchase of Bonds	-	-	-	-	-	-	-	-	-
Nonoperating gains	-	5,997	-	-	-	-	(12,182)	22,862	27,934,275
Excess (deficiency) of revenue and gains in excess of expenses	(3,941,386)	148,054	-	(166,774)	-	-	1,393,534	(67,405,249)	53,216,572
Net assets released from restrictions used for purchase of property and equipment		-	-	-	-	-	-	-	9,322,002
Contribution of building	-	-	-	-	-	-	-	-	-
Other Changes in Unrestricted Assets	-	-	-	-	-	-	-	-	(2,224,120)
Net Asset Transfer To/From Affiliate		-	-	-	-	(306,938)	306,938	(2,000,000)	-
Net assets released to Specific Purpose Fund	-	(163,817)	-	-	-	-	-	-	(163,817)
Change in additional pension liability	-	-	-	-	-	-	-	-	(23,621,237)
Warren Physician Practice Support	2,750,742	-	-	-	-	-	(250,000)	12,020	-
Change in fair market value of total return SWAP	-	-	-	-	-	-	-	-	(2,879,088)
Net unrealized gains on investments		43,966	-	-	-	-	-	-	31,831,993
Extraordinary Gains/(Losses)	-	-	-	-	-	-	-	-	(19,312)
	(1,190,644)	28,203	-	(166,774)	-	(306,938)	1,450,472	(69,393,229)	65,462,993
Increase (decrease) in unrestricted net assets	$ (1,190,644)	$ 28,203	$ -	$ (166,774)	$ -	$ (306,938)	$ 1,450,472	$ (69,393,229)	$ 65,462,993

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2013

	St Luke's University Health Network, Inc	St Luke's Hospital of Bethlehem, Pennsylvania	St Luke's Physician Group	St Luke's Quakertown Hospital	Emergency and Transport Services	Quakertown Rehabilitation Center	Miners Memorial Medical Center	St Luke's Hospital Anderson Campus	St Luke's Warren Hospital	New Valley Rehab LLC
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 771 700 946	$ 142 205 349	$ 67 377 394	$ 3 280 335	$ -	$ 49 146 627	$ -	$ 133 519 761	$ 423 641
Provision for bad debts	-	(48 043 398)	(17 826 746)	(7 213 952)	(338 648)	-	(4 214 025)	-	(20 374 048)	-
Net patient service revenue less provision for bad debts	-	723 657 548	124 378 603	60 163 442	2 941 687	-	44 932 602	-	113 145 713	423 641
Other operating revenue and gains	-	27 079 462	2 655 711	2 810 471	103 233	-	2 284 317	-	1 912 035	1 268
Net assets released from restrictions used for operations	-	1 199 254	177 008	33 742	5 903	-	23 095	-	-	-
Equity in net income from controlled entities	153 712 718	-	-	-	-	-	-	-	-	-
Total revenue	153 712 718	751 936 264	127 211 322	63 007 655	3 050 823	-	47 240 014	-	115 057 748	424 909
Operating expenses										
Salaries and employee benefits	-	339 945 267	148 763 585	29 914 641	2 655 474	-	24 753 601	-	59 533 793	149 245
Supplies and other	-	265 930 842	37 078 028	22 347 068	624 563	-	13 911 067	-	41 184 969	68 925
Depreciation and amortization	-	51 952 121	2 300 876	3 830 826	165 149	-	2 719 853	-	5 620 631	93 597
Interest	-	20 458 554	12 090	120 168	3 001	-	4 475	-	2 675 747	1 917
Total expenses	-	678 286 784	188 154 579	56 212 703	3 448 187	-	41 388 996	-	109 015 140	313 684
Income (loss) from operations	153 712 718	73 649 480	(60 943 257)	6 794 952	(397 364)	-	5 851 018	-	6 042 608	111 225
Nonoperating gains (losses)										
Support of Physician Practices	-	(47 221 716)	51 019 438	(2 342 608)	-	-	(1 455 113)	-	-	-
Unrestricted investment income from assets limited as to use	-	7 345 118	-	44 281	-	-	-	-	-	-
Realized gain (loss) on unrestricted investment	-	1 104 097	-	1 313	-	-	-	-	-	-
Unrestricted gifts grants and bequests	-	188 596	-	12 973	8 160	-	4 030	-	300	-
Unrestricted investment income from restricted net assets	-	257 854	-	(4 606)	-	-	(3 755)	-	-	-
Unrestricted investment (loss) income	-	2 265 655	-	-	-	-	-	-	286 973	-
Gain (loss) on disposal of property and equipment	-	(776 749)	1 750	-	-	-	715 435	-	21 612	(384)
Restructuring Costs	-	(595 585)	(304 947)	(37 530)	(725)	-	(30 270)	-	(18 925)	-
Pre-Acquisition/Merger Costs	-	(138)	-	-	-	-	-	-	-	-
Donations to Other Organizations	-	(481 834)	-	(16 800)	-	-	(200)	-	-	-
Unrealized gain (loss) on derivative	-	2 006 392	-	-	-	-	-	-	-	-
Goodwill Impairment	-	-	(547 850)	-	-	-	-	-	-	-
Gain on Retirement/Purchase of Bonds	-	-	-	-	-	-	-	-	1 088 875	-
Nonoperating gains	-	(35 908 310)	50 168 391	(2 342 977)	7 435	-	(769 873)	-	1 378 835	(384)
Excess (deficiency) of revenue and gains in excess of expenses	153 712 718	37 741 170	(10 774 866)	4 451 975	(389 929)	-	5 081 145	-	7 421 443	110 841
Net assets released from restrictions used for purchase of property and equipment	-	1 698 753	-	27 067	8 720	-	37 827	-	26 784	-
Contribution of building	-	722 300	-	-	-	-	-	-	-	-
Other Changes in Unrestricted Assets	-	-	-	-	-	-	-	-	(886 251)	-
Net Asset Transfer To/From Affiliate	-	(4 347 117)	-	-	-	-	-	-	5 609 720	-
Net assets released to Specific Purpose Fund	-	-	-	-	-	-	-	-	-	-
Change in additional pension liability	-	48 612 754	9 814 807	3 233 899	396	-	517 492	-	10 113 670	-
Warren Physician Practice Support	-	-	-	-	-	-	-	-	(2 277 407)	-
Change in fair market value of total return SWAP	-	26 862 226	-	-	-	-	-	-	-	-
Pocono MRI Beginning unrestricted net assets	-	293 351	-	-	-	-	-	-	-	-
Net unrealized gains on investments	-	15 887 681	-	138 944	-	-	-	-	3 098	-
Extraordinary Gains/(Losses)	-	(2 661 253)	-	-	-	-	-	-	-	-
	153 712 718	124 809 865	(960 059)	7 851 885	(380 813)	-	5 636 464	-	20 011 057	110 841
Increase (decrease) in unrestricted net assets	$ 153 712 718	$ 124 809 865	$ (960 059)	$ 7 851 885	$ (380 813)	$ -	$ 5 636 464	$ -	$ 20 011 057	$ 110 841

St. Luke's University Health Network, Inc. and Controlled Entities
Consolidating Statement of Operations
Year Ended June 30, 2013

Schedule II

	St Luke's Physician Group NJ	St Luke's Warren Hospital Foundation	Hillcrest Emergency Services PC	Warren PA Professional Alliance PC	Warren Risk Retention Group, Inc	Hillcrest MSO, Inc	Two Rivers Enterprises Inc	Eliminations	Consolidated Totals
Patient service revenue (net of contractual allowances and discounts)	$ 7 206 824	$ -	$ 9 183 437	$ -	$ -	$ -	$ -	$ (801 900)	$ 1 183 242 414
Provision for bad debts	(199 390)	-	(2 462 504)	(700)	-	-	-	-	(100 673 411)
Net patient service revenue less provision for bad debts	7 007 434	-	6 720 933	(700)	-	-	-	(801 900)	1 082 569 003
Other operating revenue and gains	13 289	287 196	-	4 362	426 972	2 083 296	65 029	(1 685 455)	38 041 186
Net assets released from restrictions used for operations	-	-	-	-	-	-	-	-	1 439 002
Equity in net income from controlled entities	-	-	-	-	-	-	-	(153 712 718)	-
Total revenue	7 020 723	287 196	6 720 933	3 662	426 972	2 083 296	65 029	(156 200 073)	1 122 049 191
Operating expenses									
Salaries and employee benefits	6 278 084	37 809	3 880 905	-	-	908 574	-	-	616 820 978
Supplies and other	3 313 070	104 496	2 840 028	172 640	1 017 704	369 732	165 995	(2 457 020)	386 672 107
Depreciation and amortization	113 099	-	-	7 573	-	10 805	35 622	-	66 850 152
Interest	-	-	-	60 316	-	-	29 953	-	23 366 221
Total expenses	9 704 253	142 305	6 720 933	240 529	1 017 704	1 289 111	231 570	(2 457 020)	1 093 709 458
Income (loss) from operations	(2 683 530)	144 891	-	(236 867)	(590 732)	794 185	(166 541)	(153 743 053)	28 339 733
Nonoperating gains (losses)									
Support of Physician Practices	-	-	-	-	-	-	-	(1)	-
Unrestricted investment income from assets limited as to use	-	-	-	-	-	-	-	-	7 389 399
Realized gain (loss) on unrestricted investment	-	-	-	-	-	-	-	-	1 105 410
Unrestricted gifts grants and bequests	-	-	-	-	-	-	-	-	214 059
Unrestricted investment income from restricted net assets	-	-	-	-	-	-	-	-	249 493
Unrestricted investment (loss) income	-	5 126	-	-	25 402	-	-	631 282	3 214 438
Gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-	-	(38 336)
Restructuring Costs	-	-	-	-	13 014	-	-	-	(974 968)
Pre-Acquisition/Merger Costs	-	-	-	-	-	-	-	-	(138)
Donations to Other Organizations	-	-	-	-	-	-	-	-	(498 834)
Unrealized gain (loss) on derivative	-	-	-	-	-	-	-	-	2 006 392
Goodwill Impairment	-	-	-	-	-	-	-	-	(547 850)
Gain on Retirement/Purchase of Bonds	-	-	-	-	-	-	-	-	1 088 875
Nonoperating gains	-	5 126	-	-	38 416	-	-	631 281	13 207 940
Excess (deficiency) of revenue and gains in excess of expenses	(2 683 530)	150 017	-	(236 867)	(552 316)	794 185	(166 541)	(153 111 772)	41 547 673
Net assets released from restrictions used for purchase of property and equipment	-	-	-	-	-	-	-	-	1 799 151
Contribution of building	-	-	-	-	-	-	-	-	722 300
Other Changes in Unrestricted Assets	-	-	-	-	-	-	-	-	(886 251)
Net Asset Transfer To/From Affiliate	-	-	-	-	(3 262 603)	-	-	2 000 000	-
Net assets released to Specific Purpose Fund	-	(89 873)	-	-	-	-	-	-	(89 873)
Change in additional pension liability	-	-	-	-	-	-	-	-	72 293 018
Warren Physician Practice Support	2 489 120	-	-	240 000	-	(83 554)	-	(368 159)	-
Change in fair market value of total return SWAP	-	-	-	-	-	-	-	-	26 862 226
Pocono MRI Beginning unrestricted net assets	-	-	-	-	-	-	-	-	293 351
Net unrealized gains on investments	-	23 894	-	-	11 546	-	-	-	16 065 163
Extraordinary Gains/(Losses)	-	-	-	-	-	-	-	-	(2 661 253)
	(194 410)	84 038	-	3 133	(3 803 373)	710 631	(166 541)	(151 479 931)	155 945 505
Increase (decrease) in unrestricted net assets	$ (194 410)	$ 84 038	$ -	$ 3 133	$ (3 803 373)	$ 710 631	$ (166 541)	$ (151 479 931)	$ 155 945 505