

TAX RETURN FILING INSTRUCTIONS

** FORM 990 PUBLIC DISCLOSURE COPY **

FOR THE YEAR ENDING
SEPTEMBER 30, 2017

Prepared for	ST. LUKE'S MCCALL, LTD. 190 E. BANNOCK BOISE, ID 83712
Prepared by	DELOITTE TAX LLP 250 EAST FIFTH STREET, STE 1900 CINCINNATI, OH 45202
Amount due or refund	NOT APPLICABLE
Make check payable to	NOT APPLICABLE
Mail tax return and check (if applicable) to	NOT APPLICABLE
Return must be mailed on or before	NOT APPLICABLE
Special Instructions	THIS RETURN HAS BEEN PREPARED FOR ELECTRONIC FILING. IF YOU WISH TO HAVE IT TRANSMITTED ELECTRONICALLY TO THE IRS, PLEASE SIGN, DATE, AND RETURN FORM 8453-EO TO OUR OFFICE. WE WILL THEN SUBMIT THE ELECTRONIC RETURN TO THE IRS. DO NOT MAIL A PAPER COPY OF THE RETURN TO THE IRS.

Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2016, or tax year beginning OCT 1, 2016, and ending SEP 30, 2017

2016

Department of the Treasury
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

Name of exempt organization <p style="text-align:center">St. Luke's McCall, Ltd.</p>	Employer identification number <p style="text-align:center">27-3311774</p>
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Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

1a Form 990 check here <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	40,632,783.
2a Form 990-EZ check here <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here <input type="checkbox"/>	b Balance due (Form 8868, line 3c)	5b	

Part II Declaration of Officer

6 I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.


If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign Here		8-6-18	Vice-President, Controller
	Signature of officer	Date	Title

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer(see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-file (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only	ERO's signature 	Date 8/14/18	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input type="checkbox"/>	ERO's SSN or PTIN P01487105
	Firm's name (or yours if self-employed), address, and ZIP code Deloitte Tax LLP 250 East Fifth Street, STE 1900 Cincinnati, OH 45202				EIN 86-1065772 Phone no. (513) 784-7100

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name				Firm's EIN
	Firm's address				Phone no.

Form **990**

Return of Organization Exempt From Income Tax

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

OMB No. 1545-0047

2016

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the **2016** calendar year, or tax year beginning **OCT 1, 2016** and ending **SEP 30, 2017**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization St. Luke's McCall, Ltd.		D Employer identification number 27-3311774
	Doing business as		E Telephone number (208) 706-9585
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	
	190 E. Bannock		G Gross receipts \$ 43,663,773.
City or town, state or province, country, and ZIP or foreign postal code Boise, ID 83712		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
F Name and address of principal officer: Kathy Moore same as C above		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		If "No," attach a list. (see instructions)	
J Website: www.stlukesonline.org		H(c) Group exemption number ▶	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 2010	M State of legal domicile: ID

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: Provide healthcare services to the community.		
	2 Check this box <input type="checkbox"/> 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	10
	5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	79
	7 a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	578,721.	553,027.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	36,335,095.	39,854,019.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	86,860.	137,732.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	81,716.	88,005.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	37,082,392.	40,632,783.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	11,464.	10,604.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	20,383,891.	0.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 194,945.	0.	0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	12,741,855.	37,208,774.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	33,137,210.	37,219,378.
19 Revenue less expenses. Subtract line 18 from line 12	3,945,182.	3,413,405.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	32,932,635.	36,015,357.
	22 Net assets or fund balances. Subtract line 21 from line 20	3,123,068.	2,803,931.
		29,809,567.	33,211,426.

Part II Signature Block

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

Sign Here	▶ Signature of officer	Date			
	▶ Peter DiDio, Vice-President, Controller Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Rebecca Lyons	Preparer's signature <i>Rebecca Lyons</i>	Date 8/14/18	Check if self-employed <input type="checkbox"/>	PTIN P01487105
	Firm's name ▶ Deloitte Tax LLP	Firm's EIN ▶ 86-1065772	Phone no. (513) 784-7100		
Firm's address ▶ 250 East Fifth Street, STE 1900 Cincinnati, OH 45202					

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: Improve the health of people in the communities we serve by aligning physicians and other providers to deliver integrated, patient centered, quality care.

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

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

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 \$ 26,920,897. including grants of \$ 10,604.) (Revenue \$ 32,421,054.) Medical and Surgical

Services at St. Luke's McCall include a 24-hour emergency department, outpatient surgery, orthopedic surgery, general surgery, diagnostics, maternity services, inpatient physical therapy, intensive care and medical/surgical units. During fiscal year 2017, St. Luke's McCall provided patient care for 665 admissions covering 1,505 patient days. They also provided patient care associated with 21,599 outpatient visits.

4b (Code:) (Expenses \$ 6,171,980. including grants of \$) (Revenue \$ 7,432,965.) Physician Services

St. Luke's McCall has two physician clinics:

(1) Payette Lakes Medical Clinic has nine family medicine physicians, and seven family medicine P.A.'s and N.P.'s who collectively completed 23,076 clinic visits in fiscal year 2017.

(2) McCall Medical Clinic has one internal medicine physician, one general surgeon, one orthopedic surgeon and one orthopedic P.A. who collectively completed 7,443 clinic visits in fiscal year 2017.

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 33,092,877.

Part IV Checklist of Required Schedules

Table with 3 columns: Question ID, Yes, No. Rows 1-19 detailing various organizational requirements and their completion status.

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	X	
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

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

Input box for Schedule O check

Main table with columns for question number, description, and Yes/No checkboxes. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited transactions, and charitable contributions.

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

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

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year; 1b Enter the number of voting members included in line 1a, above, who are independent; 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?; 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?; 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?; 5 Did the organization become aware during the year of a significant diversion of the organization's assets?; 6 Did the organization have members or stockholders?; 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?; 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?; 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? b Each committee with authority to act on behalf of the governing body?; 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.

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

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates?; 10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?; 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990.; 12a Did the organization have a written conflict of interest policy? If "No," go to line 13; 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?; 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done; 13 Did the organization have a written whistleblower policy?; 14 Did the organization have a written document retention and destruction policy?; 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?; 15a The organization's CEO, Executive Director, or top management official; 15b Other officers or key employees of the organization; 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?; 16b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

Table with 2 columns: Question, Answer. Rows include: 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 Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. [X] Own website [] Another's website [X] 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, address, and telephone number of the person who possesses the organization's books and records: Peter Didio, Vice-President, Controller - 208-706-9585 190 E. Bannock, Boise, ID 83712

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, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below 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) Ms. Kathy Moore CEO-St. Luke's West Reg	2.00 48.00	X		X			0.	627,448.	35,476.	
(2) Ron Jutzy, MD Director	2.00 44.00	X					0.	539,991.	22,391.	
(3) Cliff Tenley, MD Director	2.00 46.00	X					0.	342,100.	41,616.	
(4) Bayo Crownson, MD Director	2.00 46.00	X					0.	319,519.	28,332.	
(5) Mr. Ron Sali Director	2.00 6.00	X					0.	0.	0.	
(6) Mr. A.J. Balukoff Chairman	2.00 6.00	X		X			0.	0.	0.	
(7) Mr. Mike Mooney Director	2.00 6.00	X					0.	0.	0.	
(8) Mr. George Illif Director	2.00 6.00	X					0.	0.	0.	
(9) Catherine Reynolds, MD Director	2.00 6.00	X					0.	0.	0.	
(10) Chris Keller, MD Director	2.00 6.00	X					0.	0.	0.	
(11) Bishop Brian Thom Director	2.00 6.00	X					0.	0.	0.	
(12) Mr. Darin DeAngeli Director	2.00 6.00	X					0.	0.	0.	
(13) Mr. Dean Hovdey Director	2.00 6.00	X					0.	0.	0.	
(14) Ms. Kami Faylor Director	2.00 6.00	X					0.	0.	0.	
(15) Mr. Lloyd Knight Director	2.00 6.00	X					0.	0.	0.	
(16) Mr. Mark Robinson Director	2.00 6.00	X					0.	0.	0.	
(17) Ms. Jill Calhoun Director	2.00 6.00	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 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) Mr. Jeffrey S. Taylor SR VP/CFO/Treasurer	2.00 52.00			X			0.	863,498.	206,690.	
(19) Ms. Christine Neuhoff VP/Legal Affairs/Secretary	2.00 52.00			X			0.	433,193.	32,437.	
(20) Sean McCallister Site Administrator	40.00 0.00				X		0.	151,934.	23,570.	
(21) Gregory W. Irvine, M.D. Physician	40.00 0.00					X	0.	544,034.	35,684.	
(22) Amy Ocmand, MD Physician	40.00 0.00					X	0.	359,173.	13,692.	
(23) John A. Kremer, M.D. Physician	40.00 0.00					X	0.	342,963.	20,723.	
(24) Todd J. Arndt, M.D. Physician	40.00 40.00					X	0.	337,001.	39,294.	
(25) Patrick Kinney, MD Physician	40.00 0.00					X	0.	319,262.	10,788.	
1b Sub-total							0.	5,180,116.	510,693.	
c Total from continuation sheets to Part VII, Section A							0.	0.	0.	
d Total (add lines 1b and 1c)							0.	5,180,116.	510,693.	

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

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Anesthesia Associates Of Boise 2537 W State St, Suite 200, Boise, ID 83702	Physician Services	541,167.
Sodexo Operations LLC, 9801 Washingtonian Blvd, Gaithersburg, MD 20878	Facilities Management	156,695.
Amn Healthcare Inc 12400 High Bluff Drive, San Diego, CA 92130	Medical Staffing	121,592.
Jordan Wilcomb Construction 406 South 6th Street, Boise, ID 83702	Construction Services	105,487.

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 **4**

Part VIII Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	449,381.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	103,646.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			553,027.			
Program Service Revenue	2 a Net Patient Revenue	Business Code 900099	37,837,424.	37,837,424.			
	b						
	c						
	d						
	e						
	f All other program service revenue	900099	2,016,595.	2,016,595.			
	g Total. Add lines 2a-2f			39,854,019.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		97,032.			97,032.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	5,775.				
		(ii) Personal					
		b Less: rental expenses	0.				
		c Rental income or (loss)	5,775.				
	d Net rental income or (loss)		5,775.			5,775.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities	2,410,835.				
		(ii) Other	660,855.				
		b Less: cost or other basis and sales expenses	2,415,735.	615,255.			
		c Gain or (loss)	-4,900.	45,600.			
	d Net gain or (loss)		40,700.			40,700.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses					
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses						
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold						
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a Cafeteria/Catering/Ven	900099	82,230.			82,230.		
b							
c							
d All other revenue							
e Total. Add lines 11a-11d		82,230.					
12 Total revenue. See instructions.			40,632,783.	39,854,019.	0.	225,737.	

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 domestic organizations and domestic governments. See Part IV, line 21	10,604.	10,604.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management	667,620.	652,053.	675.	14,892.
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	26,674.	26,674.		
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	497,316.	455,163.	42,153.	
12 Advertising and promotion	13,495.	13,075.	420.	
13 Office expenses	346,436.	327,122.	18,186.	1,128.
14 Information technology	2,396,214.	2,396,214.		
15 Royalties				
16 Occupancy	386,097.	385,297.	800.	
17 Travel	179,317.	122,462.	54,011.	2,844.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	25.	18.	7.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,725,165.	2,642,883.	82,282.	
23 Insurance				
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 Allocated Salaries and	21,333,042.	18,103,959.	3,083,832.	145,251.
b Supplies	4,156,907.	4,058,385.	85,029.	13,493.
c Allocated SLHS exp	2,846,273.	2,846,273.		
d Repairs	692,050.	277,665.	414,385.	
e All other expenses	942,143.	775,030.	149,776.	17,337.
25 Total functional expenses. Add lines 1 through 24e	37,219,378.	33,092,877.	3,931,556.	194,945.
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		1	
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	5,770,725.	4	5,321,485.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	862,416.	8	950,262.
	9 Prepaid expenses and deferred charges	887,190.	9	875,330.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 16,332,521.		
	b Less: accumulated depreciation	10b 7,328,979.	10,330,376.	10c 9,003,542.
	11 Investments - publicly traded securities	4,264,420.	11	4,316,348.
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets	43,091.	14	22,407.
	15 Other assets. See Part IV, line 11	10,774,417.	15	15,525,983.
16 Total assets. Add lines 1 through 15 (must equal line 34)	32,932,635.	16	36,015,357.	
Liabilities	17 Accounts payable and accrued expenses	2,145,344.	17	1,047,813.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	977,724.	25	1,756,118.
	26 Total liabilities. Add lines 17 through 25	3,123,068.	26	2,803,931.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	29,809,567.	27	33,211,426.
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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	29,809,567.	33	33,211,426.	
34 Total liabilities and net assets/fund balances	32,932,635.	34	36,015,357.	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	40,632,783.
2	Total expenses (must equal Part IX, column (A), line 25)	2	37,219,378.
3	Revenue less expenses. Subtract line 2 from line 1	3	3,413,405.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	29,809,567.
5	Net unrealized gains (losses) on investments	5	-11,546.
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	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	33,211,426.

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: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b	Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
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? _____		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____		

Form **990** (2016)

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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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 VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2016. 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		<input type="checkbox"/>
b 33 1/3% support test - 2015. 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		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2016. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2015. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
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		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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 VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2016. 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 - 2015. 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 Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		
11a		
11b		
11c		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
1		
2		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
1		
2		
3		

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 Activities Test. Answer (a) and (b) below.		Yes	No
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
3 Parent of Supported Organizations. Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.			
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			
2a			
2b			
3a			
3b			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI.) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions	
9 Distributable amount for 2016 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions			
6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
7 Excess distributions carryover to 2017. Add lines 3j and 4c			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

Schedule A (Form 990 or 990-EZ) 2016

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Name of the organization

St. Luke's McCall, Ltd.

Employer identification number

27-3311774

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

Name of organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	 <hr/> <hr/> <hr/>	\$ 127,200.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	 <hr/> <hr/> <hr/>	\$ 94,136.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	 <hr/> <hr/> <hr/>	\$ 8,820.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	 <hr/> <hr/> <hr/>	\$ 259,951.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	 <hr/> <hr/> <hr/>	\$ 153,805.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
 <hr/> <hr/> <hr/>	 <hr/> <hr/> <hr/>	\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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Part II Noncash Property (See instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	

Name of organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization St. Luke's McCall, Ltd. **Employer identification number** 27-3311774

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" on 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 a 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 Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

Yes No

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

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, 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" on 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) Revenue included on 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 Revenue included on Form 990, Part VIII, line 1

▶ \$ _____

b Assets included in Form 990, Part X

▶ \$ _____

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

Schedule D (Form 990) 2016

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" on 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, for escrow or custodial account liability? Yes No

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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 _____ %
- c Temporarily restricted endowment _____ %

The percentages on 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)	
(ii) related organizations	3a(ii)	
b If "Yes" on line 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" on 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	428,354.	169,054.		597,408.
b Buildings	42,975.	8,682,581.	3,890,036.	4,835,520.
c Leasehold improvements				
d Equipment		6,811,542.	3,438,943.	3,372,599.
e Other		198,015.		198,015.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				9,003,542.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on 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		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on 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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Due from Related Organizations	15,525,983.
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	15,525,983.

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Medicare/Medicaid Program	1,756,118.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	1,756,118.

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" on 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 (losses) 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" on 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.

Part X, Line 2:

Footnote Disclosure-Uncertain Tax Positions Under FIN #48 (Source:

Consolidated Financial Statements-St. Luke's Health System)

Income Taxes: The Health System is a not-for-profit corporation and is

recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal

Revenue Code of 1986, as amended. The Health System accounts for uncertain

tax positions in accordance with ASC Topic 740. Income tax liabilities are

recorded for the impact of positions taken on income tax returns, which

management believes are not more likely than not to be sustained on tax

audit. Management is not aware of any uncertain tax positions that should

be recorded.

Part XIII Supplemental Information (continued)

Unrelated Business Income: The Health System is subject to federal excise tax on its unrelated business taxable income(UBTI). As of September 30, 2017, the company had approximately \$8,446 UBTI Net Operating Losses incurred from operating losses incurred from 1998 to 2017 which expire in years 2018 to 2038. The Health System does not believe that it is more likely than not they will utilize these losses prior to their expiration and as such has provided a full valuation allowance against these losses.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2016

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**
▶ **Attach to Form 990.**
▶ **Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.**

**Open to Public
Inspection**

Name of the organization St. Luke's McCall, Ltd. **Employer identification number** 27-3311774

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:	X	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:	X	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %		
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		X
6a Did the organization prepare a community benefit report during the tax year?		X
b If "Yes," did the organization make it available to the public?		

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

7 Financial Assistance and Certain Other Community Benefits at Cost

	(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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			1,080,857.		1,080,857.	2.90%
b Medicaid (from Worksheet 3, column a)			2,395,629.	2,155,700.	239,929.	.64%
c Costs of other means-tested government programs (from Worksheet 3, column b)			181,631.	190,829.	0.	.00%
d Total Financial Assistance and Means-Tested Government Programs			3,658,117.	2,346,529.	1,320,786.	3.54%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			305,708.	154,232.	151,476.	.41%
f Health professions education (from Worksheet 5)			320,780.		320,780.	.86%
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			73,217.		73,217.	.20%
j Total. Other Benefits			699,705.	154,232.	545,473.	1.47%
k Total. Add lines 7d and 7j			4,357,822.	2,500,761.	1,866,259.	5.01%

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 letter of facility reporting group St. Luke's McCall

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 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 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: <u>20 15</u>		
5 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		X
6b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>www.stlukesonline.org/about-st-lukes/supporting-the-community</u>		
b <input type="checkbox"/> Other website (list url): _____		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?		X
a If "Yes," (list url): _____		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	X	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a 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)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, 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 (FAP)

Name of hospital facility or letter of facility reporting group St. Luke's McCall

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	X	
15	Explained the method for applying for financial assistance?	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Was widely publicized within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>See Part V, Page 8</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>See Part V, Page 8</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>See Part V, Page 8</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j	<input checked="" type="checkbox"/> Other (describe in Section C)		

Schedule H (Form 990) 2016

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group St. Luke's McCall

	Yes	No
17 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 all of the actions the hospital facility or other authorized party may take upon nonpayment?	X	
18 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 <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized 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?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	X	
If "No," indicate why:		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d <input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information (continued)

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

Name of hospital facility or letter of facility reporting group St. Luke's McCall

		Yes	No
22	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	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	23	X
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C.	24	X

Schedule H (Form 990) 2016

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

St. Luke's McCall:

Part V, Section B, Line 5: A series of in-depth interviews with people representing the broad interests of our community were conducted in order to assist us in defining, prioritizing, and understanding our most important community health needs. Many representatives participating in our process are individuals who have devoted decades to helping others lead healthier, more independent lives. The representatives we interviewed have significant knowledge of our community. To ensure they came from distinct and varied backgrounds, we included multiple representatives from each of these categories:

Category I: Persons with special knowledge of public health. This includes persons from state, local, and/or regional governmental public health departments with knowledge, information, or expertise relevant to the health needs of our community.

Category II: Individuals or organizations serving or representing the interests of the medically underserved, low-income, and minority populations in our community. Medically underserved populations include populations experiencing health disparities or at-risk populations not receiving adequate medical care as a result of being uninsured or underinsured or due to geographic, language, financial, or other barriers.

Category III: Additional people located in or serving our community including, but not limited to, health care advocates, nonprofit and community-based organizations, health care providers, community health

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

centers, local school districts, and private businesses.

Each potential need was scored by the community representative on a scale

of 1 to 10. Higher scores represent potential needs the community

representatives believed were important to address with additional

resources. Lower scores usually meant our leaders thought our community

was healthy in that area already or we had relatively good programs

addressing the potential need. These scores were incorporated directly

into our health need prioritization process. In addition, we invited the

leaders to suggest programs, legislation, or other measures they believed

to be effective in addressing the needs.

Community Representatives Contacted

1. Affiliation: U.S. Department of Veterans Affairs - Boise VA Medical

Center

2. Affiliation: Family Medicine Residency of Idaho

3. Affiliation: Idaho Department of Health and Welfare

4. Affiliation: Idaho Central District Health, District 4

5. Affiliation: Southwest District Health, Idaho District 3

6. Affiliation: Idaho Department of Labor

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

7. Affiliation: Idaho Health and Welfare

8. Affiliation: Idaho Health and Welfare

9. Affiliation: Cascade Medical Center

10. Affiliation: St. Luke's Health System

11. Affiliation: McCall Donnelly School District

12. Affiliation: Adams County Health Center (FQHC)

13. Affiliation: The Community Care Clinic

14. Affiliation: McCall Rehab and Care Center

15. Affiliation: Valley County

16. Affiliation: St. Luke's Health System

17. Affiliation: McCall-Donnelly School District

18. Affiliation: St. Luke's Health System and City of McCall

19. Affiliation: Cascade Medical Center

20. Affiliation: Valley County

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

21. Affiliation: Hiking for Healthy Hooters Event

22. Affiliation: Idaho Health and Welfare

23. Affiliation: McCall - Donnelly School District

24. Affiliation: Adams County Health Center

25. Affiliation: The Community Care Clinic

26. Affiliation: Meadows Valley Ambulance

27. Affiliation: Lamm and Company Certified Public Accountants

28. Affiliation: New Meadows Food Bank

29. Affiliation: McCall Senior Center and Payette Lakes Community

Association - After-School Programs

30. Affiliation: St. Luke's McCall Medical Center

St. Luke's McCall:

Part V, Section B, Line 11: We organized all of our significant all of

the community health needs into four groups:

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

Program Group 1: Improve the Prevention and Management of Obesity

-Develop a short and long term, region-wide plan to promote walkability

and destination hiking.

-Promote a healthy food culture

-Develop the Best U program. A 16 week, twice weekly group exercise and

health related educational presentations on nutrition, stress management,

exercise, sleep and motivation.

-Education classes on various nutrition, weight management and exercise

topics.

Program Group 2: Improve Mental Health and Reduce Substance Abuse

-Youth advocacy coalition: Prevention of youth drug abuse

-Providing alternative healthcare stress reduction and mindfulness

modalities (yoga, meditation)

-Slate of single classes on various mental health topics

-Workforce wellness programs (walking, nutrition, mental resilience)

-Youth summits

-Committed high school program promoting kindness and drug avoidance

Program Group 3: Improve Access to Affordable Health Care and Affordable

Health Insurance

-Unreimbursed care/Financial care

-Senior foot clinics

-Fostering a culture of health (economic, social, environmental,

behavioral)

-Leading and administering valley county health improvement coalition

-Grant writing for health improvement programs

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

-Prevention and screenings for chronic conditions

-Childbirth Education

-Child care seat

-Nutrition and fitness programs for schools

-Free community health improvement services offered at clinic

Program Group 4: Prevention and Reduce Tobacco Use

-Planning best tobacco prevention interventions for service area

-School base tobacco prevention educations

St. Luke's McCall

Part V, line 16a, FAP website:

www.stlukesonline.org/resources/before-your-visit/financial-care

St. Luke's McCall

Part V, line 16b, FAP Application website:

www.stlukesonline.org/resources/before-your-visit/financial-care

St. Luke's McCall

Part V, line 16c, FAP Plain Language Summary website:

www.stlukesonline.org/resources/before-your-visit/financial-care

St. Luke's McCall:

Part V, Section B, Line 16j: A Financial Care application is provided to

the patient which contains Patient Financial Advocate contact information.

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

Multiple horizontal lines for providing supplemental information.

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? 7

Name and address	Type of Facility (describe)
1 St. Luke's McCall Medical Clinic 209 Forest Street McCall, ID 83638	Various Specialty Physician Clinics
2 Payette Lakes Family Medicine 211 Forest Street McCall, ID 83638	Family Medicine & Surgery-Physician Clinic
3 St. Luke's Integrative Medicine Clinic 203 Hewitt Street McCall, ID 83638	Integrative Medicine-Physician Clinic
4 Meadow Valley Family Medicine 320 Virginia Street New Meadows, ID 83638	Family Medicine-Physician Clinic
5 Salmon River Family Medicine 214 N. Main Street Riggins, ID 83638	Family Medicine-Physician Clinic
6 St. Luke's Behavioral Health 301 Dienhard Ln McCall, ID 83638	Behavioral Health-Physician Clinic
7 St. Luke's Rehabilitation: McCall 1010 State Street McCall, ID 83638	Rehabilitation-Physician Clinic

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.

Part I, Line 3c:

(A) St. Luke's does provide charity care services to patients who meet one

or both of the following guidelines based on income and expenses:

1. Income. Patients whose family income is equal to or less than 400% of

the then current Federal Poverty Guideline are eligible for possible fee

elimination or reduction on a sliding scale.

2. Expenses. Patients may be eligible for charity care if his or her

allowable medical expenses have so depleted the family's income and

resources that he or she is unable to pay for eligible services. The

following two qualifications must apply:

a. Expenses- The patients allowable medical expenses must be greater than

30% of the family income. Allowable medical expenses are the total of the

family medical bills that, if paid, would qualify as deductible medical

expenses for Federal income tax purposes without regard to whether the

expenses exceed the IRS-required threshold for taking the deduction. Paid

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.

and unpaid bills may be included.

b. Resources- The patient's excess medical expenses must be greater than

available assets. Excess medical expenses are the amount by which

allowable medical expenses exceed 30% of the family income. Available

assets do not include the primary residence, the first motor vehicle, and

a resource

exclusion of the first \$4,000 of other assets for an individual, or \$6,000

for a family of two, and \$1,500 for each additional family member.

(B) Service Exclusions:

1. Services that are not medically necessary (e.g. cosmetic surgery) are

not eligible for charity care.

2. Eligibility for charity care for a patient whose need for services

arose from injuries sustained in a motor vehicle accident where the

patient, driver, and/or owner of the motor vehicle had a motor vehicle

liability policy, and only if a claim for payment has been properly

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.

submitted to the motor vehicle liability insurer, where applicable.

(C) Eligibility Approval Process:

1. St. Luke's screens patient for other sources of coverage and eligibility in government programs. St. Luke's documents the results of each screening. If St. Luke's determines that a patient is potentially eligible for Medicaid or another government program, then St. Luke's shall encourage the patient to apply for such a program and shall assist the patient in applying for benefits under such a program.

2. The patient must complete a Financial Assistance Application and provide required supporting documentation in order to be eligible.

3. St. Luke's verifies reported family and compares to the latest Poverty Guidelines published by the U.S. Department of Health and Human Services.

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.

4. St. Luke's verifies reported assets.

5. St. Luke's provides a written notice of determination of eligibility to the patient or the responsible party within 10 business days of receiving a completed application and the required supporting documentation.

6. St. Luke's reserves the right to run a credit report on all patients applying for charity care services.

(D) Eligibility Period: The determination that an individual is approved for charity care will be effective for six months from the date the application is submitted, unless during that time the patient's family income or insurance status changes to such an extent that the patient becomes ineligible.

Part I, Line 7:

The cost to charge ratio was used to calculate charity care at cost.

Worksheet S-10 of the FY'17 Medicare Cost Report was the source of

632100 11-02-16

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.

information for unreimbursed Medicaid costs.

Part III, Line 2:

The Cost to Charge ratio method was used to calculate bad debt expense at cost.

Part III, Line 3:

St. Luke's McCall, Ltd. has a very robust financial assistance program, therefore, no estimate is made for bad debt attributable to patients eligible under the financial assistance policy.

Part III, Line 4:

Per the audited financial statements in footnote four. St. Luke's McCall, Ltd. grants credit without collateral to its patients, most of whom are local residents and many of whom are insured under third-party agreements.

The allowance for estimated uncollectible amounts is determined by analyzing both historical information (write-offs by payor

classification), as well as current economic conditions.

Part VI Supplemental Information

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- 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.

Part III, Line 8:

Our community benefit reports the under-reimbursed services provided to patients by Medicare. St. Luke's McCall, Ltd. provides medical care to all patients eligible for Medicare regardless of the shortfall and thereby relieves the Federal Government of the burden for paying the full cost of Medicare.

The source of the information is the Medicare Cost Report for fiscal year 2017. The amount is calculated by comparing the total Medicare apportioned costs (allowable costs) to interim payments received during FY'16.

Part III, Line 9b:

All subsidiaries within the St. Luke's Health System have policies in place to provide financial assistance to those who meet established criteria and need assistance in paying for the amounts billed for their provided health care services. In addition, the collection policies and practices in place within the St. Luke's Health System provide guidance to

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patients on how to apply for this assistance. Collection of amounts due
 may be pursued in cases where the patient is unable to qualify for charity
 care or financial assistance and the patient has the financial resources
 to pay for the billed amounts.

Part VI, Line 2:

A Community Health Needs Assessment (CHNA) was conducted for fiscal year
 ending 9/30/2015. Information related to the 2015 CHNA is shown in the
 responses to questions 3 and 7 of "Part V, Section B, Facility Policies
 and Practices".

A complete copy of the CHNA assessments for all of the hospitals operating
 within the St. Luke's Health System can be found at the following website:

www.stlukesonline.org/about-st-lukes/supporting-the-community

Part VI, Line 3:

(A) St. Luke's McCall, Ltd. provides notice of the availability of

Part VI Supplemental Information

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

- 1. Signage
- 2. Patient brochure
- 3. Billing Statement
- 4. Written collection action letter
- 5. Online at www.stlukesonline.org/billing

(B) All notices are translated into the following language: Spanish

(C) St. Luke's provides individual notice of the availability of financial assistance to a patient expected to incur charges that may not be paid in full by third party coverage, along with an estimate of the patient's liability.

(D) For cases in which St. Luke's independently determines patient eligibility for financial assistance, St. Luke's provides written notice of determination that the patient is or is not eligible within 10 business

Part VI Supplemental Information

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days of receiving a completed application and the required supporting

documentation.

Part VI, Line 4:

Adams and Valley Counties represent the geographic area used to define the

community served by St. Luke's McCall. The area is a 65 mile radius around

the city of McCall, and it includes six small rural communities (McCall,

Cascade, Council, New Meadows, Donnelly, and Riggins) and surrounding

residents. The year-round residents total approx. 14,000. Additionally,

this being a tourist and second home area, on average, there are 6,000

visitors and part-time residents in the service area each day. The service

area had one of the highest unemployment rates in Idaho during most of

fiscal year 2012, and one of the highest uninsured rates in Idaho as well.

(Adams and Valley counties are part of Idaho Health Districts 3 and 4.)

The criteria used in selecting this area as the community served is to

include the entire population of the counties where at least 70% of

inpatients reside. The residents of these counties comprise about 80% of

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inpatients with approximately 62% of inpatients living in Valley County
 and 18% in Adams County.

Both Idaho and our service territory are comprised of about a 95% white
 population while the nation as a whole is 78% white. The Hispanic
 population in Idaho represents 12% of the overall population and about 4%
 of our defined service area. Adams County is approximately 3% Hispanic,
 and Valley County is 4% Hispanic.

Idaho experienced a 25% increase in population from 2000 to 2013, ranking
 it as one of fastest growing states in the country. Adams and Valley
 Counties have followed that trend, experiencing a 21% increase in
 population within that timeframe. St. Luke's McCall is working to manage
 the volume and scope of services in order to meet the needs of a growing
 population.

Over the past ten years the 45 plus year old age group was the fastest
 growing segment of our community. Currently, about 19% of the people in

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our community are over the age of 65. According to the U.S. Census, about

14% of the people in the U.S. are over age 65

The official United States poverty rate increased from 12.5% in 2003 to

15.6% in 2013. Our service area poverty rate has also increased. The

poverty rate in Valley County is currently well below the national average

at 12% but above the national average in Adams County. The poverty rate in

our community for children under the age of 18 is again below the national

average for Valley County and above the national average for Adams County.

Although both Adams and Valley county poverty rates have started to level

out, they are still well above where they were prior to the recession in

2008.

Median income in the United States has risen by 20% since 2003. However,

growth in income was slower in Idaho and in our service area during that

period. Median income in Adams County is well below the national median

and lower than Idaho's median income. Median income in Valley County is

slightly lower than the national median income.

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Part VI, Line 5:

The people who serve on the various boards for subsidiaries within the St. Luke's Health System are local citizens who have a vested interest in the health of their communities. These committed leaders volunteer on our boards because they are dedicated to ensuring that the people of southern Idaho and the surrounding area have access to the most advanced, most comprehensive health care possible. St. Luke's believes that locally owned and governed hospitals can take the best measure of community health care needs. We are grateful to our board leadership for giving generously of their time and talents and bringing to the table their unique perspectives and intimate knowledge of their communities. St. Luke's would not be the organization it is today without our volunteer board members. The vision of dedicated community leaders has guided St. Luke's for many decades, and will continue to guide us well into the future.

As a not-for-profit organization, 100% of St. Luke's revenue after expenses is reinvested in the organization to serve the community in the form of

Part VI Supplemental Information

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staff, buildings, or new technology.

Also, St. Luke's McCall, Ltd. maintains an open medical staff. Any physician can apply for practicing privileges as long as they meet the standards for SLMV.

Part VI, Line 6:

As the only Idaho-based not-for-profit health system, St. Luke's Health System is part of the communities we serve, with local physicians and boards who further our organization's mission "To improve the health of people in the communities we serve." Working together, we share resources, skills, and knowledge to provide the best possible care, no matter which of our hospitals provide that care. Each St. Luke's Health System hospital is nationally recognized for excellence in patient care, with prestigious awards and designations reflecting the exceptional care that is synonymous with the St. Luke's name.

St. Luke's Health System provides facilities and services across the

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region, covering a 150-mile radius that encompasses southern and central
 Idaho, northern Nevada, and eastern Oregon-bringing care close to home and
 family. The following entities are part of the St. Luke's Health System:

(1) St. Luke's Regional Medical Center, Ltd. with the following locations:

- St. Luke's Boise Hospital
- St. Luke's Meridian Hospital
- St. Luke's Children's Hospital
- St. Luke's Boise/Meridian/Caldwell/Fruitland Physician Clinics
- St. Luke's Eagle Urgent Care
- St. Luke's Elmore Hospital with physician clinic
- St. Luke's Fruitland Emergency Department/Urgent Care

(2) St. Luke's Wood River Medical Center, Ltd. which consists of a
 critical access hospital located in Ketchum, Idaho as well as various
 physician clinics

(3) St. Luke's Magic Valley Regional Medical Center, Ltd. which consists

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of the following:

--St. Luke's Magic Valley Hospital-Twin Falls, Idaho

--Various St. Luke's Physician Clinics in Twin Falls

--Canyon View-(Behavioral Health)

--St. Luke's Jerome Hospital-Jerome, Idaho

--Various Physician clinics in Jerome

(4) St. Luke's McCall, Ltd. which consists of a critical access hospital

located in McCall, Idaho as well as various physician clinics.

(5) St. Luke's Nampa Medical Center, Ltd. which consists of a critical

access hospital located in Nampa, Idaho as well as various physician

clinics.

(6) Mountain States Tumor Institute (MSTI) is the region's largest

provider of cancer services and a nationally recognized leader in cancer

research. MSTI provides advanced care to thousands of cancer patients each

year at clinics in Boise, Fruitland, Meridian, Nampa, and Twin Falls,

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Idaho. MSTI is home to Idaho's only cancer treatment center for children,
 only federally sponsored center for hemophilia, and only blood and marrow
 transplant program.

MSTI's services and therapies include breast care services, blood and
 marrow transplant, chemotherapy, genetic counseling, hematology,
 hemophilia treatment, hospice, integrative medicine, marrow donor
 center, mobile mammography, mole mapping, nutritional counseling,
 PET/CT scanning, patient/family support, pediatric oncology,
 radiation therapy, rehabilitation, research and clinical trials,
 Schwartz Center Rounds for Caregivers, spiritual care, support
 groups/classes, tumor boards, and Wound Ostomy, and Continence
 Nursing.

MSTI is expanding as rapidly as today's cancer treatment. Patients
 can now visit a MSTI clinic or Breast Cancer detection center at 13
 different locations in southwest Idaho and Eastern Oregon. Locations
 include Boise, Meridian, Nampa, Twin Falls, and Fruitland.

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St. Luke's physician clinics and services are provided in partnership with

area physicians and other health care professionals. These include:

Cardiovascular; Child Abuse and Neglect Evaluation; Endocrinology; Ear,

Nose, and Throat; Family Medicine; Gastroenterology; General

Surgery; Hypertensive Disease; Internal Medicine; Maternal/Fetal

Medicine; Medical Imaging; Metabolic and Bariatric Surgery; Nephrology;

Neurology; Neurosurgery; Obstetrics/Gynecology; Occupational Medicine;

Orthopedics; Outpatient Rehabilitation; Plastic Surgery; Psychiatry and

Addiction; Pulmonary Medicine; Sleep Disorders; and Urology.

In addition, St. Luke's works with other regional facilities through

management service contracts. These facilities include:

(1) Challis Area Health Center

(2) North Canyon Medical Center

(3) Salmon River Clinic

(4) Weiser Memorial Hospital

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

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

2016

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on 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?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		X
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

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

Schedule J (Form 990) 2016

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 on 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 aren't 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 in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Ms. Kathy Moore CEO-St. Luke's West Reg	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	579,659.	0.	47,789.	16,180.	19,296.	662,924.	0.
(2) Ron Jutzy, MD Director	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	533,133.	0.	6,858.	8,230.	14,161.	562,382.	0.
(3) Cliff Tenley, MD Director	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	242,755.	74,103.	25,242.	24,410.	17,206.	383,716.	0.
(4) Bayo Crownson, MD Director	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	267,260.	38,017.	14,242.	10,615.	17,717.	347,851.	0.
(5) Mr. Jeffrey S. Taylor SR VP/CFO/Treasurer	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	535,702.	0.	327,796.	194,145.	12,545.	1,070,188.	0.
(6) Ms. Christine Neuhoff VP/Legal Affairs/Secretary	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	431,545.	0.	1,648.	16,180.	16,257.	465,630.	0.
(7) Sean McCallister Site Administrator	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	145,143.	6,586.	205.	4,647.	18,923.	175,504.	0.
(8) Gregory W. Irvine, M.D. Physician	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	468,470.	30,000.	45,564.	16,180.	19,504.	579,718.	0.
(9) Amy Ocmnd, MD Physician	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	214,357.	109,278.	35,538.	7,597.	6,095.	372,865.	0.
(10) John A. Kremer, M.D. Physician	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	285,207.	8,898.	48,858.	12,065.	8,658.	363,686.	0.
(11) Todd J. Arndt, M.D. Physician	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	289,028.	11,163.	36,810.	16,180.	23,114.	376,295.	0.
(12) Patrick Kinney, MD Physician	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	251,242.	67,588.	432.	513.	10,275.	330,050.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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.

Part I, Line 3:

Compensation for the organization's CEO is determined by St. Luke's Health System, Ltd. (System), sole member of St. Luke's McCall, Ltd.. The System board approves the compensation amount per the recommendation of its compensation committee, and the decision is then reviewed and ratified by the board of directors for St. Luke's McCall, Ltd..

In determining compensation for the CEO, the System board utilizes the following criteria:

- Compensation Committee
- Independent compensation consultant
- Compensation survey or study
- Approval by the board or compensation committee

Part I, Line 4b:

During CY'16, the following individual participated in a supplemental non-qualified executive retirement plan:

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.

	SERP	SERP-Gross Up	Total
Jeffrey Taylor	\$155,638	\$126,060	\$281,698
Maureen Okeeffe	\$40,230	\$108,096	\$148,326

During CY'16, Jeffrey S. Taylor was a participant in the supplemental non-qualified executive retirement plan. There were no additional benefits were accrued during CY'16 on behalf of the participant.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Open to Public
Inspection

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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Form 990, Part VI, Section A, line 6:

St. Luke's Health System, Ltd. is the sole member of St. Luke's McCall,
Ltd.

Form 990, Part VI, Section A, line 7a:

St. Luke's McCall (Corporation) and St. Luke's Health System, Ltd. (Member)
cooperatively select and employ the CEO of the Corporation. St. Luke's
Health System, Ltd. is the sole member of the Corporation.

Form 990, Part VI, Section A, line 7b:

St. Luke's Health System, Ltd. (Member) maintains approval and
implementation authority over St. Luke's Regional Medical Center, Ltd.
(Corporation), which in turn is the governing board for St. Luke's McCall,
Ltd. (SLM). Effective April 1, 2014, the Corporation became the fiduciary
board over SLM. In addition, SLM maintains a community board to ensure the
overall health needs of the community are addressed. The chairperson of
this community board also serves on the SLRMC governing board.

Actions requiring approval authority may be initiated by either the
Corporation or its Member, but must be approved by both the Corporation (by
action of its Board of Directors) and the Member. Actions requiring approval
authority of the Member include:

(a) Amendment to the Articles of Incorporation;

(b) Amendment to the Bylaws of the Corporation;

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2016)

632211 08-25-16

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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(c) Appointment of members of the Corporation's Board of Directors, other than ex officio directors;

(d) Removal of an individual from the Corporation's Board of Directors if and when removal is requested by the Corporation's Board of Directors, which request may only be made if the Director is failing to meet the reasonable expectations for service on the Corporation's Board of Directors that are established by the Member and are uniform for the Corporation and for all of the other hospitals for which the Member then serves as the sole corporate member.

(e) Approval of operating and capital budgets of the Corporation, and deviations to an approved budget over the amounts established from time to time by the Member; and

(f) Approval of the strategic/tactical plans and goals and objectives of the Corporation. Implementation Authority means those actions which the Member may take without the approval or recommendation of the Corporation. This authority will not be utilized until there has been appropriate communication between the Member and the Corporation's Board of Directors and its Chief Executive Officer. Actions requiring implementation authority include:

(a) Changes to the Statements of mission, philosophy, and values of the Corporation;

(b) Removal of an individual from the Corporation's Board of Directors if

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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and when the Member determines in good faith that the Director is failing to meet the Approved Board of Member Expectations. This authority to remove Directors shall not be used merely because there is a difference in business judgment between the Director and the Corporation or the Member, and shall never be used to remove one or more Directors from the Corporation's Board of Directors in order to change a decision made by the Corporation's Board of Directors;

(c) Employment and termination of the Chief Executive Officer of the Corporation;

(d) Appointment of the auditor for the Corporation and the coordination of the Corporation's annual audit;

(e) Sales, lease, exchange, mortgage, pledge, creation of a security interest in or other disposition of real or personal property of the Corporation if such property has a fair market value in excess of a limit set from time to time by the Member and that is not otherwise contained in an Approved Budget;

(f) Sale, merger, consolidation, change of membership, sale of all or substantially all of the assets of the corporation, or closure of any facility operated by the Corporation;

(g) The dissolution of the Corporation;

(h) Incurrence of debt by or for the Corporation in accordance with requirements established from time to time by the Member and that is not

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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otherwise contained in an Approved Budget; and

(i) Authority to establish policies to promote and develop an integrated, cohesive health care delivery system across all corporations for which the Member serves as the corporate member.

Form 990, Part VI, Section B, line 11b:

The Form 990 (Form) is reviewed by an independent public accounting firm based on audited financial statements and with the assistance of the organization's finance and accounting staff. A complete copy of the Form 990 is made available to the Board of Directors prior to filing.

Form 990, Part VI, Section B, Line 12c:

The organization annually reviews the conflict of interest policy with each board member and also with new board members. Persons covered under the policy include officers, directors, senior executives, non-director members of Board committees, and others as identified by a senior executive. At all levels the board is responsible for assessing, reviewing, and resolving any conflicts of interest that have been disclosed by a covered person, or a conflict of interest disclosed by a covered person with respect to a covered person other than himself/herself. Where a conflict exists, the affected parties must recuse themselves from participating in any discussion related to the conflict.

Form 990, Part VI, Section B, Line 15:

Executive compensation is set by St. Luke's Board of Directors and is reviewed annually. Compensation levels are based on an independent analysis of comparable pay packages offered at similar institutions across the

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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country, with the goal of placing executives in the 50th percentile of those surveyed. These surveys are usually done every two years, with the most recent compensation survey completed during calendar year 2017.

St. Luke's Health System is committed to providing the highest quality medical care to all people regardless of their ability to pay. To keep that commitment, St. Luke's puts a great deal of time and effort into recruiting and retaining the top physicians in a variety of medical fields. Our relationships with physicians range from having privileges at the hospital to full employment. For those physicians who choose to be employed, St. Luke's must offer competitive pay and benefits.

Physician compensation is based on a range of criteria and can be influenced by a number of variables including:

- Community need for medical specialty
- Experience
- Productivity
- Geography
- National surveys adjusted for local conditions
- Willingness to serve regardless of patients' ability to pay
- Duration of relationship and contractual terms
- Performance on quality metrics

To ensure physician compensation and benefits remain within industry standards and legal requirements for not-for-profit institutions, St. Luke's has a Physician Arrangements policy that specifies circumstances requiring a third-party valuation and also periodically uses third-party

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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consulting firms to review St. Luke's physician compensation arrangements.

Given the growing national shortage of physicians, recruiting and retaining
 physicians is more critical than ever to guarantee that people seeking care
 at St. Luke's will continue to have access to the physicians and
 specialists they need regardless of their insurance status or insurance
 provider.

Form 990, Part VI, Section C, Line 19:

The organization's governing documents, conflict of interest policy, and
 financial statements are not available to the public. Form 990 is available
 for public inspection our website, which contains financial information.

Form 990 Part VII Section A:

Allocation of Compensation and Hours:

The total hours worked and compensation reported for the following
 individuals represent services rendered to organizations within the St.

Luke's Health System:

Kathy Moore:

St. Luke's Regional Medical Center, Ltd.

Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

St. Luke's Clinic Coordinate Care, Ltd.

Jeff Taylor:

St. Luke's Health System, Ltd.

St. Luke's Regional Medical Center, Ltd.

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

St. Luke's Magic Valley Regional Medical Center, Ltd.

St. Luke's Wood River Medical Center, Ltd.

St. Luke's Clinic Coordinated Care, Ltd.

Christine Neuhoff:

St. Luke's Health System, Ltd.

St. Luke's Regional Medical Center, Ltd.

Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

St. Luke's Magic Valley Regional Medical Center, Ltd.

St. Luke's Wood River Medical Center, Ltd.

St. Luke's Clinic Coordinated Care, Ltd.

Bayo Crownson, M.D.

St. Luke's Regional Medical Center, Ltd.

Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

Ron Jutzy, M.D.

St. Luke's Regional Medical Center, Ltd.

Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

Thomas Huntington, M.D.

St. Luke's Regional Medical Center, Ltd.

Mountain States Tumor Institute, Inc.

Name of the organization St. Luke's McCall, Ltd.	Employer identification number 27-3311774
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St. Luke's McCall, Ltd.

Catherine Reynolds, M.D.

St. Luke's Regional Medical Center, Ltd.

Mountain States Tumor Institute, Inc.

St. Luke's McCall, Ltd.

In addition, Catherine Reynolds, M.D. is a member of Syringa Family
 Medicine, P.A., (Syringa) a physician practice that has a professional
 service agreement with St. Luke's Regional Medical Center, Ltd.
 (SLRMC). Dr. Reynolds works at least 40 hours per week on behalf of
 this practice for SLRMC. During CY'16, SLRMC paid Syringa \$203,388 for
 services rendered to St. Luke's patients.

Form 990 Part V, Line 1 & 2:

During tax reporting year 2017 accounts payable and payroll process
 were consolidated to the supporting organization level (St. Luke's
 Health System, Ltd). Therefore, corresponding reporting for 1099's and
 W-2's occurs at that level.

**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.**

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

OMB No. 1545-0047

2016

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Inspection**

Name of the organization St. Luke's McCall, Ltd. Employer identification number 27-3311774

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
St. Luke's Clinic-McCall, LLC - 45-2715717 190 E. Bannock Boise, ID 83712	Physician Clinic Services	Idaho	5,298,465.	214,047.	St. Luke's McCall, Ltd.

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
St. Luke's Regional Medical Center, Ltd. - 82-0161600, 190 E. Bannock, Boise, ID 83712	Healthcare Services	Idaho	501(c)(3)	3	St. Luke's Health System, Ltd.		X
Mountain State Tumor Institute, Inc. - 82-0295026, 100 E. Idaho, Boise, ID 83712	Healthcare Services	Idaho	501(c)(3)	3	St. Luke's Regional Medical Center		X
St. Luke's Wood River Medical Center, Ltd. - 84-1421665, 190 E. Bannock, Boise, ID 83712	Healthcare Services	Idaho	501(c)(3)	3	St. Luke's Health System, Ltd.		X
St. Luke's Health Foundation, Ltd. - 81-0600973, 190 E. Bannock, Boise, ID 83712	Fundraising	Idaho	501(c)(3)	12C, III-FI	St. Luke's Health System, Ltd.		X

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

Schedule R (Form 990) 2016

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

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

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

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

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

St. Luke's Health System, Ltd. and Subsidiaries

Consolidated Financial Statements as of and for the Years
Ended September 30, 2017 and 2016, and Independent
Auditors' Report

ST. LUKE'S HEALTH SYSTEM, LTD. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
St. Luke's Health System, Ltd.
Boise, Idaho

We have audited the accompanying consolidated financial statements of St. Luke's Health System, Ltd. and its subsidiaries (the "Health System"), which comprise the consolidated balance sheets as of September 30, 2017 and 2016, and the related consolidated statements of operations and changes in net assets, and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the auditor's 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, the auditor considers internal control relevant to the Health System'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 Health System'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 Health System, Ltd. and its subsidiaries as of September 30, 2017 and 2016, 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.

Disclaimer of Opinion on Charity Care Schedule

The charity care schedule summarized in Note 1, which is the responsibility of the Health System's management, is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information and we do not express any assurances on such information.

Deloitte & Touche LLP

December 15, 2017

St. Luke's Health System, Ltd. and Subsidiaries

Consolidated Balance Sheets

As of September 30, 2017 and 2016

(In thousands)

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 155,606	\$ 76,162
Receivables, net	315,335	311,130
Inventories	29,975	29,151
Prepaid expenses	24,229	24,757
Assets held for sale	-	5,320
Current portion of assets whose use is limited	<u>68,368</u>	<u>56,292</u>
Total current assets	593,513	502,812
Assets whose use is limited	545,010	657,343
Property, plant, and equipment, net	1,177,924	1,143,352
Other assets	<u>93,486</u>	<u>92,207</u>
Total assets	<u>\$ 2,409,933</u>	<u>\$ 2,395,714</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	150,798	136,292
Compensation and related liabilities	195,967	165,104
Estimated payable to Medicare and Medicaid programs	70,060	70,142
Liabilities held for sale	-	5,335
Current portion of long-term debt and capital lease obligations	<u>32,754</u>	<u>26,412</u>
Total current liabilities	449,579	403,285
Long-term debt	798,183	815,785
Long-term capital lease obligations	68,836	72,309
Pension liabilities	69,714	91,394
Other liabilities	2,290	1,720
Net assets:		
Unrestricted	972,134	967,727
Temporarily restricted	35,264	31,274
Permanently restricted	<u>13,933</u>	<u>12,220</u>
Total net assets	1,021,331	1,011,221
Total liabilities and net assets	<u>\$ 2,409,933</u>	<u>\$ 2,395,714</u>

See notes to consolidated financial statements.

St. Luke's Health System, Ltd. and Subsidiaries

**Consolidated Statement of Operations and Changes in Net Assets
For the Years Ended September 30, 2017 and 2016
(In thousands)**

	2017	2016
Revenues		
Patient service revenue (net of contractual allowances and discounts)	\$ 1,756,276	\$ 1,996,412
Less provision for bad debts	<u>(89,633)</u>	<u>(98,909)</u>
Net patient service revenue	1,666,643	1,897,503
Capitated revenue	601,018	-
Other revenue (including rental income)	63,767	40,913
Net assets released from restrictions - operating	<u>(4,351)</u>	<u>(1,201)</u>
Total revenues	2,327,077	1,937,215
Expenses		
Employee compensation and benefits	1,168,378	1,073,602
Supplies and drugs	338,525	332,649
Medical claims	302,171	-
Depreciation and amortization	139,079	107,682
Interest	31,824	31,238
Other operating expenses	<u>375,576</u>	<u>349,034</u>
Total expenses	<u>2,355,553</u>	<u>1,894,205</u>
Net operating (loss) income	(28,476)	43,010
Investment income	<u>8,974</u>	<u>9,086</u>
Revenue in (deficit) excess of expenses from continuing operations	(19,502)	52,096
Noncontrolling (loss) income	<u>(533)</u>	<u>260</u>
Revenue in (deficit) excess of expenses from continuing operations, net of noncontrolling interest	(20,035)	52,356
Loss from discontinued operations	<u>(13,934)</u>	<u>(7,205)</u>
Revenue in (deficit) excess of expenses	<u>\$ (33,969)</u>	<u>\$ 45,151</u>

See notes to consolidated financial statements.

	2017	2016
Unrestricted net assets		
Revenue in excess of expenses (from continuing operations)	\$ (19,502)	\$ 52,096
Change in unrestricted net assets from noncontrolling interests	(843)	(1,196)
Change in net unrealized gains on investments	15,553	15,528
Net assets released from restrictions - capital	782	3,850
Change in funded status of pension plan	<u>22,351</u>	<u>(20,601)</u>
Increase in unrestricted net assets before discontinued operations	<u>18,341</u>	<u>49,677</u>
Loss from discontinued operations	(13,934)	(7,205)
Increase in unrestricted net assets	<u>4,407</u>	<u>42,472</u>
Temporarily restricted net assets		
Contributions	8,862	9,466
Investment income	2,208	576
Change in net unrealized gains on investments	(505)	195
Other changes in net assets	(1,460)	-
Net assets released from restrictions	<u>(5,115)</u>	<u>(4,780)</u>
Increase in temporarily restricted net assets	3,990	5,457
Permanently restricted net assets		
Contributions	271	362
Other changes in net assets	1,460	-
Net assets released from restrictions	<u>(18)</u>	<u>(271)</u>
Increase in permanently restricted net assets	1,713	91
Increase in net assets	10,110	48,020
Net assets - Beginning of year	<u>1,011,221</u>	<u>963,201</u>
Net assets - End of year	<u>\$ 1,021,331</u>	<u>\$ 1,011,221</u>

See notes to consolidated financial statements.

St. Luke's Health System, Ltd. and Subsidiaries

Consolidated Statement of Cash Flows

As of September 30, 2017 and 2016

(In thousands)

	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 24,044	\$ 55,225
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	139,079	107,682
Net realized loss on investments	1,673	624
Unrealized loss on investments	(15,048)	(15,723)
Amortization of deferred financing fees	673	649
Restricted contributions received	(9,133)	(9,828)
Loss on disposition of equipment and other assets	598	1,981
Change in funded status of pension plans	(22,351)	20,601
Changes in assets and liabilities:		
Net change in receivables	(4,171)	(37,743)
Net change in inventories	(820)	1,525
Net change in prepaid expenses and other current assets	1,627	(8,460)
Net change in other assets	(13,372)	(6,549)
Net change in accounts payable and accrued liabilities	14,570	5,816
Net change in compensation and related liabilities	31,252	24,117
Net change in payable to Medicare and Medicaid programs	(1,806)	(22,678)
Net change in other liabilities	1,106	(1,628)
Net cash provided by operating activities	147,921	115,611
Cash flows from investing activities:		
Acquisition of property, plant, equipment and land	(184,777)	(230,775)
Proceeds from disposition of equipment and other assets	1,549	1,170
Purchase of investments (includes purchases with restricted funds)	(1,027,850)	(1,599,116)
Change in restricted funds	59,860	80,424
Proceeds from sale of investments	1,094,671	1,432,347
Net cash used in investing activities	(56,547)	(315,950)

See notes to consolidated financial statements.

	2017	2016
Cash flows from financing activities		
Repayment of long-term debt	(16,946)	(12,930)
Advances on lines of credit	97,735	61,326
Repayment on lines of credit	(92,202)	(62,027)
Proceeds from contributions for temporarily restricted net assets	8,863	9,466
Proceeds from contributions for endowment funds	270	362
Proceeds from long term debt issuance	-	50,000
Cost of fees from debt issuance	-	(213)
Payments on notes payable	(3,993)	(2,527)
Net cash (used in) provided by financing activities	<u>(6,273)</u>	<u>43,457</u>
Cash flows from discontinued operations		
Operating activities of discontinued operations	(2,032)	(1,183)
Investing activities of discontinued operations	(3,625)	(676)
Net cash used in discontinued operations	<u>(5,657)</u>	<u>(1,859)</u>
Net increase (decrease) in cash	79,444	(158,741)
Cash - Beginning of year	<u>76,162</u>	<u>234,903</u>
Cash - End of year	<u>\$ 155,606</u>	<u>\$ 76,162</u>
Supplemental cash flow information:		
Non-cash increase in capital lease obligations	\$ -	\$ 19,907
Purchase of property, plant and equipment in accounts payable and accrued liabilities	6,027	11,796

See notes to consolidated financial statements.

St. Luke's Health System, Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

As of and for the Years Ended September 30, 2017 and 2016

(In thousands)

1. Summary of Significant Accounting Policies

Organization—St. Luke's Health System, Ltd. and subsidiaries (the "Health System") is an Idaho-based not-for-profit organization providing comprehensive integrated healthcare services throughout the communities it serves.

The Health System provides patient services, including outpatient and inpatient, rehabilitation services and physician services. The Health System's primary hospitals and patient service areas are located within the State of Idaho in or surrounding the cities of Boise, Meridian, Nampa, Twin Falls, Mountain Home, McCall, Jerome, and Ketchum and have other facilities and operations throughout Southern Idaho and Eastern Oregon.

The Health System's wholly owned subsidiary, St. Luke's Health Partners, is a financially and clinically-integrated network that allows independent physicians and facilities to partner with the Health System. St. Luke's Health Partners is organized to assume financial and clinical accountability in capitated arrangements. These arrangements include governmental and commercial payers, as well as self-funded employers. Under these arrangements, St. Luke's Health Partners is accountable for the management of health outcomes and medical spend for defined populations through value-based agreements with payers.

The Health System's general offices and corporate functions are located in Boise, Idaho. The Health System is governed by volunteer boards made up of local citizens.

Basis of Presentation—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intercompany transactions have been eliminated. As of and for the year ended September 30, 2017, certain line items within the consolidated financial statements have been either expanded or condensed for presentation purposes only. These changes were made consistently for both current and prior-year balances, thus maintaining comparative financial presentation.

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, assumptions and judgements that affect the amounts reported in the consolidated financial statements. The Health System considers critical accounting estimates to be those that require more significant judgements and estimates in the preparation of its consolidated financial statements, including the following: contractual allowances for uncollectible accounts receivable, provisions for bad debt and charity care;

useful lives of depreciable assets; liabilities associated with employee benefit programs; self-insured professional liability risks not covered by insurance; medical claims incurred but not yet reported; and potential settlements with the Medicare and Medicaid programs.

Changes in estimates are included in results of operations in the period when such amounts are determined and actual amounts could differ from such estimates.

Statements of Operations—Transactions deemed by management to be ongoing, major, or central to the provision of integrated health care services are reported as unrestricted revenues, gains and other support and expenses.

Discontinued Operations—The Health System reports financial results for discontinued operations separately from continuing operations to distinguish the financial impact of disposal transactions from ongoing operations. During the year ended September 30, 2016 the Health System began the process of divesting a certain medical practice and completed the transaction on May 1, 2017. Accordingly, the assets and liabilities, operating results and operating and investing cash flows for the medical practice are presented as discontinued operations separate from the Health System's continuing operations and the results for all periods presented in these consolidated financial statements and the notes to the consolidated financial statements, unless otherwise noted. Refer to Note 2 for further information regarding the Health System's discontinued operations.

Temporarily and Permanently Restricted Net Assets—Temporarily restricted net assets are those whose use by the Health System is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Health System pursuant to those stipulations. Permanently restricted net assets are assets whose use by the Health System is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed.

Donor Restricted Gifts—Unconditional promises to give cash, pledges receivable and other assets are recorded at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations and changes in net

assets as net assets released from restrictions. Total pledges receivable, net of allowances, as of September 30 are as follows:

	2017	2016
Less than one year	\$2,348	\$2,526
One to five years	1,114	863
More than five years	<u>5</u>	<u>35</u>
	3,467	3,424
Less allowance for estimated uncollectible accounts	<u>70</u>	<u>115</u>
Total pledges receivable	<u>\$3,397</u>	<u>\$3,309</u>

Cash and Cash Equivalents—Cash and cash equivalents represents cash on hand and cash in banks, excluding amounts whose use is limited and consists primarily of cash and highly liquid investments with original maturities of three months or less. As of September 30, 2017 and 2016, the Health System had book overdrafts of \$6,824 and \$11,785, respectively, at multiple institutions that is included in accounts payable and accrued liabilities.

Inventories—Inventories consist primarily of medical and surgical supplies and are stated at the lower of cost (on a moving-average basis) or market.

Assets Whose Use is Limited—Assets whose use is limited include assets set aside by the Board of Directors for future capital purposes over which the Board retains control and may, at its discretion, subsequently be used for debt retirement or other purposes. It also includes assets held by trustee under indenture agreements, assets restricted by donors for specific purposes and permanent endowment funds.

The Health System's long-term and short term investment portfolios are managed according to investment policies adopted by the Health System and based on overall investment objectives. Board designated funds are investments established by the Board for strategic future capital or operating expenditures intended to expand or preserve services provided to the communities it serves. All investments are recorded using settlement date accounting. Investment income and gains (losses) on investments whose use has not been restricted by the donor, including unrestricted income from endowment funds, are reported as part of investment income. Investment income and gains (losses) on investments whose income has been restricted by the donor are recorded as increases (decreases) to temporarily or permanently restricted net assets.

The Health System's investments primarily include mutual funds and debt securities that are carried at fair value. The Health System evaluates whether securities are other-than-temporarily impaired (OTTI) based on criteria that include the extent to which cost exceeds market value, the intent to sell, the duration of the market decline, the credit rating of the issuer or security, the failure of the issuer to make scheduled principal or

interest payments and the financial health and prospects of the issuer or security. Any declines in the value of investment securities determined to be OTTI are recognized in earnings and reported as OTTI losses. The Health System determined that no securities were OTTI as of September 30, 2017 and 2016.

Property, Plant, and Equipment—Property, plant, and equipment, including internal use software, are recorded at cost with the exception of donated assets, which are recorded at fair value at the date of donation. Property and equipment donated for Health System operations are recorded as additions to property, plant, and equipment when the assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets with depreciation taken in both the year placed in service and the year of disposition.

The estimated useful lives of each asset ranges are as follows:

Buildings	15–40 years
Fixed and major movable equipment	2–20 years
Leasehold improvements	5–15 years
Information technology	3–7 years

Expenditures for maintenance and repairs are charged to expense as incurred and expenditures for renewals and betterments are capitalized. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the records and any gain or loss is reflected in the statement of operations. Periodically, the Health System evaluates the carrying value of property, plant, and equipment for impairment based on undiscounted operating cash flows whenever events or changes occur which might impact recovery of recorded assets.

Other Assets—Other assets includes land and buildings held for future investment or future expansion, goodwill and other non-limited use assets.

Goodwill—Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized but is subject to annual impairment testing at the reporting unit level. A reporting unit is defined as a component of an organization that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed for decision making purposes and for which discrete financial information is available.

The quantitative impairment testing for goodwill includes a process consisting of identifying a potential impairment loss by comparing the fair value of the reporting unit to its carrying amount, including goodwill, and then measuring the impairment loss by comparing the implied fair value of the reporting unit to its carrying value. The fair value is estimated based upon internal evaluations of the related long-lived assets for each reporting unit and can include comparable market prices, quantitative analyses of

revenues and estimated future net cash flows. If the fair value of the reporting unit assets is less than their carrying value including goodwill, an impairment loss is recognized.

Our annual impairment test was performed as of June 30, 2017. In addition, impairment reviews are performed whenever circumstances indicate a possible impairment may exist.

Meaningful Use—Electronic Health Records (EHR) incentive earnings are recognized in other revenue following the grant accounting model. This model recognizes income ratably over the applicable reporting period as management becomes reasonably assured of meeting the required criteria. Amounts recognized represent management's best estimates for payments ultimately expected to be received. The demonstration of meaningful use is based on meeting a series of objectives and varies among hospitals and physician practices, between the Medicare and Medicaid programs and within the Medicaid program from state to state. Additionally, meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare and Medicaid Services.

For the years ended September 30, 2017 and 2016, the Health System recognized meaningful use incentive revenue of \$3,802 and \$1,806, respectively, related to the Medicare and Medicaid programs.

Costs of Borrowing—Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Financing costs are deferred and amortized over the life of the debt.

Net Patient Service Revenue—Net patient service revenue before provision for bad debts is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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.

Charity Care—The Health System provides services to all patients regardless of their ability to pay in accordance with its charity care policy. The estimated cost of providing these services was \$44,030 and \$34,891 in 2017 and 2016, respectively, calculated by multiplying the ratio of cost to gross charges for the Health System by the gross compensated charges associated with providing care to charity patients.

In addition to charity care services, the Health System provides services to patients who are deemed indigent under state Medicaid and county indigency program guidelines. In most cases, the cost of services provided to these patients exceeds the amounts received as compensation from the respective programs. In addition, in response to broader community needs, the Health System also provides many programs such as health screening, patient and health education programs, clinical and biomedical services to outlying hospitals, and serves as a clinical teaching site for higher education programs of health professionals. The following unaudited schedule summarizes the charges forgone in accordance with the Health System's charity care policy, the unpaid costs associated with services provided under Medicare, Medicaid, and county indigency programs, and the benefit of services provided to support broader community needs:

	<u>Unaudited</u>	
	<u>2017</u>	<u>2016</u>
Estimated unpaid costs of services provided under Medicare, Medicaid, and county indigency programs	\$330,980	\$315,243
Estimated benefit of services to support broader community needs	51,742	41,180

Income Taxes—The Health System is a not-for-profit corporation and is recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Health System accounts for uncertain tax positions in accordance with ASC Topic 740. Income tax liabilities are recorded for the impact of positions taken on income tax returns, which management believes are not more likely than not to be sustained on tax audit. Management is not aware of any uncertain tax positions that should be recorded.

Unrelated Business Income—The Health System is subject to federal excise tax on its unrelated business taxable income (UBTI). As of September 30, 2017, the Health System had approximately \$8,453 of UBTI Net Operating Losses from operating losses incurred from 1998 to 2017, which expire in years 2018 to 2038. The Health System does not believe that it is more likely than not they will utilize these losses prior to their expiration and as such has provided a full valuation allowance against these losses.

Capitated Revenue - Capitated revenue represents contractual revenue from value-based arrangements at St. Luke's Health Partners, where financial responsibility is assumed for services provided to enrollees by other institutional health care providers. In these arrangements, a settlement amount is calculated based on medical claims experience as compared to budget targets based on contractual terms. Capitated revenue is recognized during the period for which institutional providers are obligated to provide health services to enrollees. Settlements are accrued during the period in which the related services are rendered. Losses expected under the contract period in value-based arrangements are recognized when it is probable that expected medical claim expense exceeds future capitated revenue.

Reserves for incurred but not reported medical claims have been established for the unpaid costs of health care services covered under the value-based arrangements. The reserves are estimated based on actuarial analysis, historical experience, and payment trends. Subsequent actual claims experience will differ from the estimated reserve due to variances in estimated and actual utilization of health care services. As settlements are made and estimates are revised, the differences are reflected in current operations.

St. Luke's Health Partners bears full performance exposure on all value-based arrangements, with the exception of the Next Generation ACO program which is capped at plus or minus 10% of the capitated funding. St. Luke's Health Partners purchased provider excess loss coverage for this program. All other value-based arrangements include reinsurance purchased by the sponsoring payer, and is netted within medical claims expense related to the arrangement.

Adopted Accounting Pronouncements— In May 2015, the FASB issued ASU No. 2015-07, "*Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*". This ASU removes the requirement to categorize the investments for which fair value is measured using net asset value per share within the fair value hierarchy. ASU 2015-07 is applicable to the Health System for the fiscal year beginning October 1, 2017 with early adoption permitted for the fiscal year beginning October 1, 2016. Early adoption of this guidance did not have a material impact on its consolidated financial statements.

On October 1, 2016, the Health System adopted Accounting Standards Update ("ASU") No. 2017-04, "*Simplifying the Test for Goodwill Impairment*," which simplifies the accounting for goodwill impairment by eliminating Step 2 from the goodwill impairment test. Although the adoption of this guidance resulted in a policy change for the Health System, it did not have a material impact on its consolidated financial statements.

On October 1, 2016, the Health System adopted ASU 2015-03, "*Simplifying the Presentation of Debt Issuance Costs*", which requires entities to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability. The adoption of this guidance resulted in deferred financing costs on the consolidated balance sheets being reclassified to offset long-term debt as of September 30, 2017 and 2016 in the amount of \$7,413 and \$8,087, respectively.

Forthcoming Accounting Pronouncements—In January 2016, the FASB issued ASU No. 2016-01, "*Recognition and Measurement of Financial Assets and Financial Liabilities*." This guidance revises accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation and certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for the Health System beginning October 1, 2019. The Health System is still evaluating the impact this guidance may have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *“Leases.”* This guidance introduces a lessee model that brings substantially all leases onto the consolidated balance sheet. This guidance is effective for the Health System beginning October 1, 2019. Retrospective application is required. The Health System is still evaluating the impact this guidance may have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, *“Investments—Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of Accounting.”* This guidance eliminates the requirement to retrospectively apply the equity method to an investment that subsequently qualifies for such accounting as a result of an increase in the level of ownership interest or degree of influence. This guidance is effective for the Health System beginning October 1, 2018. The Health System does not expect this guidance to have a material impact on the consolidated financial statements.

In May 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-12, *“Revenue From Contracts with Customers: Narrow-Scope Improvements and Practical Expedients,”* which amends certain aspects of the FASB’S revenue standard ASU 2014-09, *“Revenue From Contracts with Customers.”* In March 2016, the FASB issued ASU No. 2016-08, *“Revenue From Contracts with Customers: Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net).”* This guidance amends the principal versus agent implementation guidance and illustrations in the FASB’s revenue standard, ASU No. 2014-09. In July 2015, the FASB issued ASU No. 2015-14, *“Revenue From Contracts with Customers (Topic 606): Deferral of the Effective Date,”* which defers the effective date of the FASB’s revenue standard, ASU 2014-09, by one year for all entities and permits early adoption on a limited basis. In May 2014, the FASB issued ASU No. 2014-09. This guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. After the deferral of the effective date, this guidance is effective for the Health System beginning October 1, 2018. The Health System is still evaluating the impact this guidance may have on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *“Presentation of Financial Statements of Not-For-Profit Entities.”* This guidance simplifies and improves how not-for profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance and cash flows. This guidance is effective for the Health System beginning October 1, 2018. The Health System is still evaluating the impact this guidance may have on its consolidated financial statements.

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-15, *“Classification of Certain Cash Receipts and Cash Payments.”* This guidance adds or clarifies guidance on the classification of certain cash receipts and payments in the consolidated statements of cash flows. This guidance is effective for the Health System beginning October 1, 2019. The Health System is still evaluating the impact this guidance may have on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18 "*Restricted Cash*" which adds and clarifies guidance in the presentation of changes in restricted cash on the statement of cash flows requiring restricted cash to be included with cash and cash equivalents in the statement of cash flows. This guidance does not provide a definition of restricted cash. This guidance is effective for the Health System beginning October 1, 2019. The Health System is still evaluating the impact this guidance may have on the consolidated statements of cash flows.

In March 2017, The FASB issued ASU No. 2017-07, "*Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*," which amends the requirements related to the presentation of the components of net periodic benefit cost in the statement of operations for an entity's sponsored defined benefit pension and other postretirement plans. This guidance is effective for the Health System beginning October 1, 2019. The Health system does not expect this guidance to have a material impact on its consolidated financial statements.

2. **Discontinued Operations**

Discontinued Operations—On November 12, 2012, private plaintiffs filed a complaint against the Health System in Idaho Federal District Court (the "Court") asserting that a planned business transaction between the Health System and an independent medical practice violated state and federal antitrust law. The suit sought money damages, attorney fees, and a preliminary and permanent injunction against the transaction. The court denied the request for a preliminary injunction, allowing the transaction to close in December of 2012, but set a trial on plaintiffs' request for an order unwinding the transaction. On March 26, 2013, the Federal Trade Commission and the State of Idaho filed a complaint for a permanent injunction requiring the Health System to unwind the transaction and pay for attorney fees incurred by the Office of the Idaho Attorney General.

On February 28, 2014, the Court entered a judgment permanently enjoining the transaction and ordering the Health System to unwind the transaction.

On December 10, 2015, the Court entered an order setting out the process to divest the medical practice from the Health System and appointing a Monitor and a Trustee to oversee the process. Based on the nature of the ruling associated with this medical practice, and due to the fact that the divestiture was completed in 2017, the Health System has determined to treat the operations related to the medical practice as discontinued operations in the financial statements.

On May 1, 2017, in accordance with the Court order the Health System completed the sales transaction to divest of the named medical practice. Operations and assets of the medical practice were transferred to the new ownership and all contingencies directly related to the sale were settled as of September 30, 2017.

The major components of discontinued operations presented in the Consolidated Statement of Operations and Changes in Net Assets include the following:

	2017	2016
Net patient service revenue (net of contractual allowances and discounts)	\$ 13,336	\$ 24,302
Less provision for bad debts	<u>(23)</u>	<u>104</u>
Net patient service revenue	13,359	24,198
Other revenue	<u>49</u>	<u>74</u>
Total unrestricted revenues, gains, and other support	13,408	24,272
Operating expenses	<u>15,904</u>	<u>31,477</u>
Net loss from discontinued operations	<u>(2,496)</u>	<u>(7,205)</u>
Net loss from divestiture	<u>(11,438)</u>	<u>-</u>
Total net loss	<u>\$ (13,934)</u>	<u>\$ (7,205)</u>

Assets and liabilities held for sale presented in the Consolidated Balance Sheets as of September 30 are as follows:

	2017	2016
ASSETS:		
Cash and cash equivalents	\$ -	\$ 1,097
Receivables, net	-	1,641
Inventories	-	116
Prepaid expenses	-	175
Property, plant and equipment, net	<u>-</u>	<u>2,291</u>
Current assets of discontinued operations	-	5,320
LIABILITIES:		
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 5,335</u>
Current liabilities of discontinued operations	<u>\$ -</u>	<u>\$ 5,335</u>

3. Net Patient Service Revenue

The Health System has agreements with third-party payors that provide for payments to the Health System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare—Inpatient acute and certain outpatient care services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon the service provided. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain other outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology.

The Health System is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Health System and audits thereof by the Medicare fiscal intermediary. The Health System's classification of patients under the Medicare program and the appropriateness of their admission are subject to a review by a peer review organization under contract with the fiscal intermediary.

Medicaid—Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Health System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Health System and audits thereof by the Medicaid fiscal intermediary.

Changes in estimates are included in results of operations in the period when such amounts are determined. The Health System has an opportunity to amend previously settled cost reports. With regard to the amended cost reports, the Health System accrues settlements when amounts are probable and estimable.

Changes in prior year estimates for Medicare and Medicaid increased net patient service revenue by \$10,708 and \$1,841 for the years ended September 30, 2017 and 2016.

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

The System records a provision for bad debts related to uninsured accounts to record the net self-pay accounts receivable at the estimated amounts the System expects to collect.

Patient service revenue (including patient co-pays and deductibles), net of contractual allowances and discounts (but before provision for uncollectible accounts) by primary payor source, for the year ended September 30 are as follows:

	2017	2016
Commercial payors, patients, and other	\$ 1,143,508	\$ 1,182,181
Medicare program	406,258	618,214
Medicaid program	<u>206,510</u>	<u>196,017</u>
	1,756,276	1,996,412
Less total provision for uncollectible accounts	<u>89,633</u>	<u>98,909</u>
	<u>\$ 1,666,643</u>	<u>\$ 1,897,503</u>

4. Accounts Receivable and Concentration of Credit Risk

The Health System grants credit without collateral to its patients, most of whom are local residents and many of whom are insured under third-party payor agreements. Accounts receivable, reflected net of any contractual arrangements, as of September 30 are as follows:

	2017	2016
Commercial payors, patients, and other	\$ 279,333	\$ 287,762
Medicare program	77,599	55,286
Medicaid program	25,500	21,752
Non-patient	<u>29,165</u>	<u>18,283</u>
	411,597	383,083
Less total allowance	<u>96,262</u>	<u>71,953</u>
	<u>\$ 315,335</u>	<u>\$ 311,130</u>

The allowance for estimated uncollectible accounts is determined by analyzing both historical information (write-offs by payor classification), as well as current economic conditions.

5. Property, Plant, and Equipment

Property, plant, and equipment as of September 30 are as follows:

	2017	2016
Land	\$ 53,582	\$ 53,296
Buildings, land improvements, and fixed equipment	1,066,610	1,042,455
Major movable equipment and information technology	<u>777,118</u>	<u>627,791</u>
	<u>1,897,310</u>	<u>1,723,542</u>
Less accumulated depreciation:		
Buildings, land improvements, and fixed equipment	401,194	360,441
Major movable equipment and information technology	<u>499,951</u>	<u>408,032</u>
	<u>901,145</u>	<u>768,473</u>
	996,165	955,069
Construction in process	<u>181,759</u>	<u>188,283</u>
	<u>\$ 1,177,924</u>	<u>\$ 1,143,352</u>

Depreciation expense was \$138,637 and \$105,676 for the years ended September 30, 2017 and 2016, respectively.

6. Assets Whose Use is Limited

Assets whose use is limited that will be used for obligations classified as current liabilities and the current portion of pledges receivable are reported in current assets. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value, based on quoted market prices of identical or similar assets. The majority of the Health System's investments are managed by independent

investment managers. The following table sets forth the composition of assets whose use is limited as of September 30:

	2017	2016
Board designated funds:		
Cash and cash equivalents	\$ 15,368	\$ 5,721
Mutual funds	168,354	151,133
Corporate bonds, notes, mortgages and asset-backed securities	273,050	272,761
Government and agency securities	121,204	140,962
Interest receivable	1,783	1,539
Due to donor restricted and permanent endowment funds	<u>(44,201)</u>	<u>(40,503)</u>
	535,558	531,613
Less amounts classified as current assets	<u>(68,368)</u>	<u>(56,292)</u>
	<u>\$ 467,190</u>	<u>\$ 475,321</u>
Restricted funds:		
Cash and cash equivalents	\$ 13,231	\$ 38,169
Certificates of deposit, commercial paper and other equities	-	43,443
Corporate bonds, notes, mortgages and asset-backed securities	3,550	16,149
Government and agency securities	<u>13,440</u>	<u>40,450</u>
	<u>\$ 30,221</u>	<u>\$ 138,211</u>
Permanent endowment funds—due from board designated funds	<u>\$ 13,933</u>	<u>\$ 12,220</u>
Donor restricted plant replacement and expansion funds and other specific purpose funds:		
Due from board designated funds	\$ 30,269	\$ 28,282
Pledges receivable	<u>3,397</u>	<u>3,309</u>
	<u>\$ 33,666</u>	<u>\$ 31,591</u>

Investment income for assets limited as to use, cash equivalents, and other investments for the years ended September 30 are comprised of the following:

	2017	2016
Investment income:		
Interest income	\$ 10,647	\$ 9,710
Realized loss on sales of securities	<u>(1,673)</u>	<u>(624)</u>
	<u>\$ 8,974</u>	<u>\$ 9,086</u>
Change in net unrealized gain on investments	<u>\$ 15,553</u>	<u>\$ 15,528</u>

In connection with the issuance of the certain bond obligations, the Health System is required to maintain a debt reserve fund. The debt reserve fund is to be used for the payment of principal and interest at maturity. The amount held in the debt reserve fund as of September 30, 2017, related to the Series 2008A Bonds, is \$16,971 (which includes \$3,269 to be paid over the next 12 months). This amount is included in restricted funds. Amounts held in custody, to be paid over the next 12 months, for the Series 2005 and 2012CD Bonds is \$1,937 and \$215, respectively. These amounts are also included in restricted funds.

Proceeds received from the Series 2014A Bonds are restricted to qualified expenditures related to a facility project of the Health System and are held by the Series 2014A Bond Trustee in a Construction Fund. Initial deposits into the Construction Fund were \$174,947 and the remaining balance as of September 30, 2017 and 2016 was \$3,570 and \$88,997, respectively.

Proceeds from the Bank of America Public Capital Corp financing are restricted to qualified expenditures related to an Electronic Medical Records System (EPIC) and are held in escrow by Zions Bank, NA. Initial deposits into escrow were \$50,000 and the remaining balance as of September 30, 2017 and 2016 was \$0 and \$24,006, respectively.

7. Temporarily and Permanently Restricted Net Assets

Restricted net assets as of September 30 consist of donor restricted contributions and grants, which are to be used as follows:

	2017	2016
Equipment and expansion	\$ 21,536	\$ 16,179
Research and education	4,452	4,020
Charity and other	<u>9,276</u>	<u>11,075</u>
 Total temporarily restricted net assets	 35,264	 31,274
Permanently restricted net assets	<u>13,933</u>	<u>12,220</u>
Total restricted net assets	<u>\$ 49,197</u>	<u>\$ 43,494</u>

The composition of endowment net assets by type of fund as of September 30 is as follows:

	<u>September 30, 2017</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment net assets	\$ -	\$ 13,933	\$ 13,933
Board-designated endowment net assets	<u>2,326</u>	<u>-</u>	<u>2,326</u>
Total endowment net assets	<u>\$ 2,326</u>	<u>\$ 13,933</u>	<u>\$ 16,259</u>
	<u>September 30, 2016</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment net assets	\$ -	\$ 12,220	\$ 12,220
Board-designated endowment net assets	<u>2,538</u>	<u>-</u>	<u>2,538</u>
Total endowment net assets	<u>\$ 2,538</u>	<u>\$ 12,220</u>	<u>\$ 14,758</u>

Changes in endowment net assets during 2017 and 2016 are as follows:

	September 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets—beginning of period	\$ 2,538	\$ 12,220	\$ 14,758
Investment returns	2,208	-	2,208
Unrealized losses	(505)	-	(505)
Contributions	5	271	276
Appropriation of endowment net assets for expenditure	-	(18)	(18)
Transfers to remove or add to board-designated endowment funds	<u>(1,920)</u>	<u>1,460</u>	<u>(460)</u>
Endowment net asset—end of period	<u>\$ 2,326</u>	<u>\$ 13,933</u>	<u>\$ 16,259</u>

	September 30, 2016		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets—beginning of period	\$ 510	\$ 12,129	\$ 12,639
Investment returns	1,023	-	1,023
Unrealized gains	209	-	209
Contributions	13	362	375
Appropriation of endowment net assets for expenditure	-	(16)	(16)
Transfers to remove or add to board-designated endowment funds	<u>783</u>	<u>(255)</u>	<u>528</u>
Endowment net asset—end of period	<u>\$ 2,538</u>	<u>\$ 12,220</u>	<u>\$ 14,758</u>

8. Debt

Long-term debt as of September 30 consists of the following:

	2017	2016
Obligations to Idaho Health Facilities Authority—Series 2014A Fixed Rate Bonds	\$ 165,705	\$ 165,965
Obligations to Idaho Health Facilities Authority—Series 2014A Fixed Rate Bond Premium	9,505	9,864
Obligations to Idaho Health Facilities Authority—Series 2012A Fixed Rate Bonds	75,000	75,000
Obligations to Idaho Health Facilities Authority—Series 2012A Fixed Rate Bond Premium	658	703
Obligations to Idaho Health Facilities Authority—Series 2012B Variable Rate Direct Purchase	61,365	64,535
Obligations to Idaho Health Facilities Authority—Series 2012CD Variable Rate Revenue Bonds	150,000	150,000
Obligations to Idaho Health Facilities Authority—Series 2008A Fixed Rate Bonds	119,240	120,845
Obligations to Idaho Health Facilities Authority—Series 2008A Fixed Rate Bond Discount	(2,803)	(2,912)
Obligations to Idaho Health Facilities Authority—Series 2005 Fixed Rate Bonds	96,940	100,085
Obligations to Idaho Health Facilities Authority—Series 2000 Fixed Rate Bonds	65,400	69,000
Obligations to Idaho Health Facilities Authority—Series 2000 and Series 2005 Fixed Rate Bond Premium	3,851	4,068
Banc of America Public Capital Corp Equipment Financing	44,219	48,854
Capital lease obligations	72,309	75,567
Notes payable	34,791	35,544
Line of credit	<u>11,006</u>	<u>5,475</u>
Total debt	907,186	922,593
Less current portion	<u>32,754</u>	<u>26,412</u>
Total long term debt, excluding deferred financing costs	874,432	896,181
Deferred financing costs	<u>(7,413)</u>	<u>(8,087)</u>
Total long term debt	<u>\$ 867,019</u>	<u>\$ 888,094</u>

As of September 30, 2017, the maturity schedule of long-term debt, excluding deferred financing costs, is as follows:

Years Ending September 30	Long-Term Debt	Capital Lease	Total
2018	\$ 29,281	\$ 6,302	\$ 35,583
2019	18,912	6,085	24,997
2020	19,574	5,841	25,415
2021	20,284	5,946	26,230
2022	21,047	6,052	27,099
Thereafter	<u>725,779</u>	<u>73,578</u>	<u>799,357</u>
	<u>\$ 834,877</u>	103,804	938,681
Less amount representing interest		<u>(31,495)</u>	<u>(31,495)</u>
		<u>\$ 72,309</u>	<u>\$ 907,186</u>

Obligations to Idaho Health Facility Authority

Series 2000—Represents Fixed Rate Revenue Bonds, payable in annual payments ranging from \$2,800 to \$29,700, beginning July 2011 through July 2030. The Series 2000 bonds bear interest at a fixed rate ranging from 2.00% to 5.00% per annum calculated on the basis of a 360 day year comprised on 12 30-day months and are payable on July 1 and January 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2017 was 4.90%.

The Series 2000 bonds maturing on or after July 1, 2021, are subject to redemption prior to maturity at the option of the Health System.

The Series 2000 Bonds are secured with a mortgage on the Health System's hospital located in Boise, Idaho.

Series 2005—Represents Fixed Rate Revenue Bonds, payable in annual payments ranging from \$2,690 to \$51,710, beginning July 2011 through July 2035. The Series 2005 bonds bear interest at a fixed rate ranging from 2.00% to 5.00% per annum calculated on the basis of a 360 day year comprised on 12 30-day months and are payable on July 1 and January 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2017 was 4.74%.

The Series 2005 bonds maturing on or after July 1, 2021, are subject to redemption prior to maturity at the option of the Health System. In addition, Series 2005 bonds maturing on or after July 1, 2025, are subject to redemption prior to maturity at the option of the Health System on or after July 1, 2015.

The Series 2005 Bonds are secured with a mortgage on the Health System's hospital located in Boise, Idaho.

Series 2008A—Represents Fixed Rate Revenue Bonds, payable in annual payments ranging from \$1,130 to \$21,655 beginning November 2009 through 2037. The Series 2008A bonds bear interest at a fixed rate ranging from 4.00% to 6.75% per annum calculated on the basis of a 360 day year comprised of 12 30-day months and are payable on May 1 and November 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2017 was 6.83%.

The Series 2008A bonds maturing on or after November 1, 2019, are subject to redemption prior to maturity at the option of the Health System, on or after November 1, 2018.

Series 2012A—Represents Fixed Rate Revenue Bonds payable in annual payments ranging from \$23,780 to \$26,220, beginning March 2045 through March 2047. The Series 2012A Bonds bear interest at a fixed rate ranging from 4.50% to 5.00% per annum calculated based on a 360 day calendar year comprised of 12 30-day months and are payable on March 1 and September 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2017 was 4.84%.

The Series 2012A bonds are subject to redemption prior to maturity at the option of the Health System, on or after March 1, 2022.

Series 2012B—Represents Variable Rate Direct Purchases with Union Bank, N.A. in a privately placed transaction. The principal of the Series 2012B Bonds is payable in annual installments ranging from \$1,700 to \$5,160 between March 2013 and March 2032. The interest on the Series 2012B Bonds is currently payable monthly, as the Series 2012B Bonds are currently held in the Index Rate Mode (and the Health System has currently elected to use the one-month LIBOR Index Interest Period in connection with such Index Rate Mode). At the conclusion of the initial Index Rate Mode (i.e. July 30, 2019), and at the option of the Health System, the Series 2012B Bonds may be converted to the Daily Mode, the Weekly Mode, the Adjustable Long Mode, the Commercial Paper Mode, another Index Rate Mode, or the Fixed Mode upon compliance with certain conditions set forth in the bond documents. The interest payment dates, interest calculation methods, and terms, if any, upon which each Series 2012B Bond may or must be tendered for purchase in each Mode, are more fully set forth in the bond documents. The average interest rate (which includes amortization of costs of issuance) during 2017 was 1.83%.

The Series 2012B Bonds are subject to redemption prior to maturity at the option of the Health System in accordance with the terms set forth in the bond documents. During the initial Index Rate Mode, the Series 2012B Bonds are subject to optional redemption by the Health System on any business day upon payment of all fees required by the Index Rate Agreement.

Series 2012C—Represents Variable Rate Direct Purchases with Wells Fargo, N.A. in a privately placed transaction. The Series 2012C Bonds principal is payable in annual

payments ranging from \$11,820 to \$13,195, beginning November 2038 through November 2043. The Series 2012C Bonds interest is payable monthly, as the Series 2012C Bonds are currently held in the Index Rate Mode (with interest being calculated using the SIFMA Index Rate). At the conclusion of the initial Index Rate Mode (i.e. October 1, 2018), and at the option of the Health System, the Series 2012C Bonds may be converted to the Daily Mode, the Weekly Mode, the Adjustable Long Mode, the Commercial Paper Mode, another Index Rate Mode, or the Fixed Mode upon compliance with certain conditions set forth in the bond documents. The interest payments, interest calculations methods, and terms, if any, upon which each Series 2012C Bond may or must be tendered for purchase in each Mode are more fully set forth in the bond documents. The average interest rate (which includes amortization of costs of issuance) during 2017 was 1.46%.

The Series 2012C Bonds are subject to redemption prior to maturity at the option of the Health System in accordance with the terms set forth in the bond documents. During the initial Index Rate Mode, the Series 2012C Bonds are subject to optional redemption on any business day upon payment of the principle amount thereof, accrued interest thereon, and all fees required by the Index Rate Agreement.

Series 2012D—Represents Variable Rate Direct Purchases with Wells Fargo Municipal Capital Strategies, LLC in a privately placed transaction. The Series 2012D Bonds principal is payable in annual payments ranging from \$11,810 to \$13,220, beginning November 2038 through November 2043. The Series 2012D Bonds interest is payable monthly, as the Series 2012D Bonds are currently held in the Index Rate Mode (with interest being calculated using the LIBOR Index Rate). At the conclusion of the initial Index Rate Mode (i.e. October 1, 2018), and at the option of the Health System, the Series 2012D Bonds may be converted to the Daily Mode, the Weekly Mode, the Adjustable Long Mode, the Commercial Paper Mode, another Index Rate Mode, or the Fixed Mode upon compliance with certain conditions set forth in the bond documents. The interest payments, interest calculations methods, and terms, if any, upon which each Series 2012D Bond may or must be tendered for purchase in each Mode are more fully set forth in the bond documents. The average interest rate (which includes amortization of costs of issuance) during 2017 was 1.58%.

The Series 2012D Bonds are subject to redemption prior to maturity at the option of the Health System in accordance with the terms set forth in the bond documents. During the initial Index Rate Mode, the Series 2012D Bonds are subject to optional redemption on any business day upon payment of the principle amount thereof, accrued interest thereon, and all fees required by the Index Rate Agreement.

Series 2014A—Represents Fixed Rate Revenue Bonds, payable in annual installments ranging from \$170 to \$16,080 beginning March 2016 through March 2044. The Series 2014A bonds bear interest at a fixed rate ranging from 2.00% to 5.00% per annum calculated on the basis of a 360 day year comprised of 12 30-day months and are payable on March 1 and September 1 of each year. The average interest rate (which includes amortization of costs of issuance) during 2017 was 4.66%.

The Series 2014A bonds maturing on or after March 1, 2034 are subject to redemption prior to maturity at the option of the Health System.

The Series 2000, Series 2005, Series 2008A, Series 2012A, Series 2012B, Series 2012CD and Series 2014A bonds provide, among other things, restrictions on annual debt additions that the Health System may incur. The agreements also require that sufficient fees and rates be charged so as to provide net income available for debt service, as defined, in an amount not less than 125% of the annual principal and interest due on the Bonds. For the years ended September 30, 2017 and 2016, net income available for debt service, as defined, exceeded the minimum coverage required.

Banc of America Public Capital Corp—Represents ten-year debt financing, payable in quarterly installments, which include principal and interest of \$1,360 beginning August 2016 through May 2026. The Banc of America Public Capital Corp debt is secured by the Health System's EHR system and bears interest at a fixed rate of 1.756% per annum payable quarterly on February 18th, May 18th, August 18th, and November 18th.

Notes Payable—These notes are secured by medical office buildings and guaranteed by a third party. Principal and interest are payable on a monthly basis. Per the agreements, the notes mature in 2023. Interest is fixed at 4.25%.

Line of Credit—In September 2011, the Health System entered into an unsecured credit agreement with Key Bank, N.A. The agreement allows for borrowings up to \$60,000 and has a maturity date of March 24, 2020. In the event that principal amounts are outstanding, interest is incurred at a rate that is variable at the Prime Rate. The line of credit, among other things, contains an annual commitment fee of \$30 as well as a non-usage fee on the actual daily unborrowed portion of the principal amount available at the rate of one-fifth of 1% per annum. The outstanding balance as of September 30, 2017 and 2016 was \$5,000 and \$0, respectively.

In January 2010, the Health System entered into an unsecured credit agreement with Wells Fargo Bank, N.A. The agreement allows for borrowings up to \$8,000 and has a maturity date of October 31, 2017. The line of credit is to be utilized for working capital payments related to a cash payment program the Health System operates in connection with payments to vendors. In the event that principal is outstanding in excess of 30 days, interest is variable at daily three month LIBOR plus 1.75%. The outstanding balance as of September 30, 2017 and 2016 was \$6,006 and \$5,474, respectively. Principal amounts are advanced as vendor payments are made, and are required to be repaid on a monthly basis. As principal is paid in full on a monthly basis, no interest costs have been incurred.

Interest Costs—During the years ended September 30, 2017 and 2016 the Health System incurred total interest costs of \$36,445 and \$34,924, respectively. During 2017 and 2016, \$4,621 and \$3,685, respectively, has been capitalized and is reflected as a component of property, plant, and equipment. During the years ended September 30, 2017 and 2016, the Health System made cash payments for interest of \$36,380 and \$34,821, respectively, and cash payments for bond fees of \$408 and \$400, respectively.

9. Noncontrolling Interest

The following table shows the allocation of controlling and noncontrolling interest within net assets as of September 30:

	Total Net Assets	Controlling Interest	Noncontrolling Interest
Net assets—September 30, 2015	\$ 963,201	\$ 961,950	\$ 1,251
Unrestricted net assets:			
Revenue in excess of expenses	52,096	52,356	(260)
Change in noncontrolling interests	(1,196)	-	(1,196)
Change in net unrealized gain on investments	15,528	15,528	-
Net assets released from restrictions—capital	3,850	3,850	-
Change in funded status of pension plan	<u>(20,601)</u>	<u>(20,601)</u>	<u>-</u>
Increase in unrestricted net assets before discontinued operations	49,677	51,133	(1,456)
Loss from discontinued operations	<u>(7,205)</u>	<u>(7,205)</u>	<u>-</u>
Increase in unrestricted net assets	42,472	43,928	(1,456)
Increase in temporarily restricted net assets	5,457	5,457	-
Increase in permanently restricted net assets	<u>91</u>	<u>91</u>	<u>-</u>
Increase in net assets	<u>48,020</u>	<u>49,476</u>	<u>(1,456)</u>
Net assets—September 30, 2016	<u>1,011,221</u>	<u>1,011,426</u>	<u>(205)</u>
Unrestricted net assets:			
Revenue in excess of expenses	(19,502)	(20,035)	533
Change in noncontrolling interests	(843)	-	(843)
Change in net unrealized gain on investments	15,553	15,553	-
Net assets released from restrictions—capital	782	782	-
Change in funded status of pension plans	<u>22,351</u>	<u>22,351</u>	<u>-</u>
Increase in unrestricted net assets before discontinued operations	18,341	18,651	(310)
Loss from discontinued operations	<u>(13,934)</u>	<u>(13,934)</u>	<u>-</u>
Increase in unrestricted net assets	4,407	4,717	(310)
Increase in temporarily restricted net assets	3,990	3,990	-
Increase in permanently restricted net assets	<u>1,713</u>	<u>1,713</u>	<u>-</u>
Increase in net assets	<u>10,110</u>	<u>10,420</u>	<u>(310)</u>
Net assets—September 30, 2017	<u>\$ 1,021,331</u>	<u>\$ 1,021,846</u>	<u>\$ (515)</u>

10. Employee Retirement Plans

Defined Benefit Plans—The St. Luke’s Regional Medical, Ltd. Basic Pension Plan (the “SLRMC Plan”) covers substantially all eligible employees employed by the Health System (with the exception of St. Luke’s Magic Valley, Ltd. employees) on or before December 31, 1994. The SLRMC Plan was amended and restated effective January 1, 1995, to exclude employees hired on or after that date from participation in the SLRMC Plan; however, the SLRMC Plan remains in effect for those participants who qualify and were hired prior to January 1, 1995. Employees eligible for the SLRMC Plan with five or more years of service are entitled to annual pension benefits beginning at normal retirement age (65), or after obtaining age 62 with 25 years of service, equal to a percentage of their highest five-year average annual compensation, not to exceed a certain maximum. The Health System makes annual contributions to the SLRMC Plan as necessary.

The St. Luke’s Magic Valley Regional Medical Center, Ltd. Plan (the “SLMVRMC Plan”) covers substantially all eligible St. Luke’s Magic Valley Regional Medical Center, Ltd. (SLMVRMC) employees employed by SLMVRMC on or before April 1, 2005. The SLMVRMC Plan was amended and restated effective April 1, 2005, to exclude employees hired on or after that date from participation in the SLMVRMC Plan; however, the SLMVRMC Plan remains in effect for those participants whose sum of their age plus years of credited service exceed 65 or who exceeded 10 years of service as of April 1, 2005. Participants are entitled to annual pension benefits beginning at normal retirement age (65), or after obtaining age 60 with 30 years of service, equal to a calculation based on either average annual compensation or credited service. The Health System makes annual contributions to the SLMVRMC Plan as necessary.

Effective October 1, 2016, the mortality tables were updated in order to more accurately reflect the generational projection of mortality improvement. These changes contributed to an increase in the projected benefit obligation in the amount of \$1,400 for the SLRMC Plan and \$600 for the SLMVRMC Plan for fiscal year ending September 30, 2017.

The following table sets forth the SLRMC Plan and the SLMVRMC Plan (collectively the "Plans") funded status, amounts recognized in the Health System's consolidated financial statements and other related financial information:

	SLRMC	SLMVRMC	Total 2017	Total 2016
Projected benefit obligation for service rendered to date	\$ 180,332	\$ 51,340	\$ 231,672	\$ 232,395
Plan assets—at fair value	<u>137,648</u>	<u>43,547</u>	<u>181,195</u>	<u>162,333</u>
Funded status	<u>\$ (42,684)</u>	<u>\$ (7,793)</u>	<u>\$ (50,477)</u>	<u>\$ (70,062)</u>
Employer contributions	\$ 7,000	\$ 3,000	\$ 10,000	\$ 10,000
Accrued pension liability (all noncurrent)	42,684	7,793	50,477	70,062
Change in funded status	11,774	7,812	19,586	(17,084)
Amortization of prior service cost	80	-	80	3
Amortization of net loss	6,502	717	7,219	4,974
Net periodic benefit cost	8,701	179	8,880	7,446
Benefits paid	9,452	3,122	12,574	13,663
Accumulated benefit obligation	165,811	51,340	217,151	215,569

Amounts recognized in unrestricted net assets related to the Plans at September 30, consist of:

	SLRMC	SLMVRMC	Total 2017	Total 2016
Prior service cost	\$ 431	\$	\$ 431	\$ 511
Net actuarial loss	(47,614)	(19,241)	(66,855)	(85,241)

The measurement date used to determine pension benefits is September 30. Contributions to the Plans for the year ending September 30, 2018, are expected to be approximately \$10,000.

The overall investment strategy and policy has been developed based on the need to satisfy the long-term liabilities of the Plans. Risk management is accomplished through diversification across asset classes, multiple investment manager portfolios, and both

general and portfolio-specific investment guidelines. The asset allocation guidelines for the Plans are as follows:

	Target SLRMC	Target SLMVRMC
Investments:		
Large-cap funds	20 %	20 %
Mid-cap funds	10	10
Small-cap funds	10	10
Non-U.S. funds	20	20
Fixed income	29	39
Other	11	1

Managers are expected to generate a total return consistent with their philosophy and outperform both their respective peer group medians and an appropriate benchmark, net of expenses, over a one-, three-, and five-year period. The investment guidelines contain categorical restrictions such as no commodities, short-sales and margin purchases; and asset class restrictions that address such things as single security or sector concentration, capitalization limits and minimum quality standards.

Expected long-term returns on the Plans' assets are estimated by asset classes, and are generally based on historical returns, volatilities and risk premiums. Based upon the Plans' asset allocation, composite return percentiles are developed upon which the Plans' expected long-term return is determined. As of September 30, 2017, the amounts and percentages of the fair value of Plans' assets are as follows:

	<u>SLRMC</u>		<u>SLMVRMC</u>	
Domestic equity	\$ 50,225	37 %	\$ 17,870	41 %
International equity	36,209	27	8,680	20
Fixed income	36,446	27	16,332	37
Other	<u>14,768</u>	<u>9</u>	<u>665</u>	<u>2</u>
Total	<u>\$ 137,648</u>	<u>100 %</u>	<u>\$ 43,547</u>	<u>100 %</u>

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

	SLRMC	SLMVRMC	Total
2018	\$ 12,969	\$ 2,732	\$ 15,701
2019	13,152	2,867	16,019
2020	13,615	3,047	16,662
2021	13,479	3,179	16,658
2022	13,384	3,231	16,615
2023-2027	<u>61,777</u>	<u>16,091</u>	<u>77,868</u>
	<u>\$ 128,376</u>	<u>\$ 31,147</u>	<u>\$ 159,523</u>

Assumptions used in determining the actuarial present value of net periodic benefit cost of the Plans were as follows:

SLRMC	2017	2016
Spot discount rates	3.15-3.88%	3.15-3.88%
Rate of increase in future compensation levels	2.50-4.00	2.50-4.00
Expected long-term rate of return on assets	7.00	7.00

SLMVRMC

Spot discount rates	2.94-3.63%	2.94-3.63%
Expected long-term rate of return on assets	7.00	7.00

Assumptions used in determining the actuarial present value of projected benefit obligation of the Plans were as follows:

SLRMC	2017	2016
Weighted average discount rate	3.86 %	3.73 %
Rate of increase in future compensation levels	2.50-4.00	2.50-4.00

SLMVRMC

Weighted average discount rate	3.78 %	3.63 %
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The principal cause of the change in the unfunded pension liability is an increase in the fair value of pension assets, employer contributions and overall market performance.

Supplemental Retirement Plan for Executives—The Supplemental Retirement Plan for Executives (SERP) is a non-qualified retirement plan for certain executives of the Health

System. The following table sets forth the funded status, amounts recognized in the Health System's consolidated financial statements, and other SERP financial information:

	2017	2016
Projected benefit obligation for service rendered to date	\$ 20,083	\$ 22,311
Plan assets—at fair value	<u>-</u>	<u>-</u>
Funded status	<u>\$ (20,083)</u>	<u>\$ (22,311)</u>
Employer paid benefits	\$ 891	\$ 851
Accrued pension liability (noncurrent)	19,237	22,311
Accrued pension liability (current)	846	979
Change in funded status	(2,227)	(2,582)
Amortization of net loss	1,089	790
Net periodic benefit cost	2,583	2,471
Accumulated benefit obligation	19,441	21,514

Due to its non-qualified status, the SERP is considered unfunded under the Employee Retirement Income Security Act, as disclosed above. The System has set aside funds in a Rabbi Trust for the purpose of funding the SERP. The Rabbi Trust plan asset balance as of September 30, 2017 and 2016 was \$4,177 and \$3,615, respectively.

The measurement dates used to determine pension benefits is September 30. Expected contributions to the Plan for the year ending September 30, 2018, are expected to be approximately \$846. The projected benefit obligation decrease was primarily driven by an increase in the discount rate from prior year.

Amounts recognized in unrestricted net assets related to the SERP at September 30, consist of:

	2017	2016
Net actuarial loss	\$ (3,723)	\$ (7,643)

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

	Benefit Payments
2018	\$ 846
2019	842
2020	1,231
2021	1,354
2022	1,428
2023–2027	<u>7,096</u>
	<u>\$ 12,797</u>

Assumptions used in determining the actuarial present value of net periodic benefit cost were as follows:

	2017	2016
Spot discount rates	2.97–3.76%	2.97–3.76%
Rate of increase in future compensation levels	4.00	4.00

Assumptions used in determining the actuarial present value of projected benefit obligation were as follows:

	2017	2016
Weighted average discount rate	3.78 %	3.64 %
Rate of increase in future compensation levels	4.00	4.00

Defined Contribution Plan—The Health System sponsors two defined contribution plans (the “contribution plans”) that cover substantially all of its employees. The Health System’s contributions to these contribution plans are at the discretion of the Health System’s Board of Directors. Amounts contributed are allocated to participants based on individual compensation amounts, years of service, and the participant’s level of participation in tax deferred annuity programs. During 2017 and 2016, contributions to these plans were \$27,286 and \$29,519, respectively.

11. Fair Value of Financial Instruments

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of ASC 825, *Financial Instruments*. The Health System accounts for certain assets and liabilities at fair value or on a basis that is approximate to fair value. The estimated fair value amounts have been determined by the Health System using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of

fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Health System could realize in a current market exchange.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value should be based on the assumptions that the market participants would use, including a consideration of nonperformance risk.

The Health System assesses the inputs used to measure fair value using a three-level hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The fair value hierarchy is as follows:

Level 1—Quoted (unadjusted) prices for identical assets or liabilities in active markets that the Health System has the ability to access.

Level 2—Other observable inputs, either directly or indirectly, including: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified or contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3—Unobservable inputs for the asset or liability. The determination to measure the asset or liability as a level 3 depends on the significance of the input to the fair value measurement.

The asset or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In instances where the inputs used to measure fair value fall into different levels of the hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The System's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgement, including the consideration of inputs specific to the asset. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. The Health System's policy is to recognize transfers between all levels as of the beginning of the reporting period. There were no significant transfers to or from Level 1 or Level 2 during the years ended September 30, 2017 and 2016.

Following is a description of the valuation methodologies used for the Health System's assets or liabilities measured at fair value.

Cash and Cash Equivalents—The carrying amounts reported in the balance sheet approximate their fair value.

Accounts Receivables, Accounts Payable, Accrued Liabilities, and Estimated Payable to Medicare and Medicaid Programs—The carrying amounts reported in the balance sheet approximate their fair value.

Assets Whose Use is Limited—These assets consist primarily of cash and cash equivalents, mutual funds, debt and equity securities, and pledges receivable. For cash and cash equivalents, pledges receivable and interest receivable, the carrying amount reported in the balance sheet approximates fair value.

For mutual funds the fair value is based on the value of the daily closing price as reported by the fund. Mutual funds held by the System are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the System are deemed to be actively traded.

For equities (common stock), the fair value is based on the value of the closing price reported on the active market on which the individual securities are traded.

For government obligations, the fair value is measured using pricing models maximizing the use of observable inputs for similar securities.

For commercial paper, the fair value is based on amortized cost with observable inputs, including security cost, maturity, and credit rating.

For debt securities, the fair value is measured using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flows, and other pricing models. These models are primarily industry standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures.

The following tables set forth by level within the fair value hierarchy a summary of the Health System's investments measured at fair value on a recurring basis as of September 30:

Fair Value Measurements as of September 30, 2017, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	\$ 28,599	\$ -	\$ -	\$ 28,599
Mutual funds	44,534	123,820	-	168,354
Government and agency securities	-	134,644	-	134,644
Corporate bonds, notes, mortgages and asset-backed securities	<u>-</u>	<u>201,512</u>	<u>-</u>	<u>201,512</u>
Subtotal	<u>\$ 73,133</u>	<u>\$ 459,976</u>	<u>\$ -</u>	<u>\$ 533,109</u>
Investments measured at net asset value:				
Mortgages and asset-backed securities				<u>75,088</u>
Total assets				<u>\$ 608,197</u>

**Fair Value Measurements
as of September 30, 2016, Using**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash and cash equivalents	\$ 43,890	\$ -	\$ -	\$ 43,890
Certificates of deposit, commercial paper and other equities	-	43,443	-	43,443
Mutual funds	45,135	105,998	-	151,133
Government and agency securities	77,678	103,734	-	181,412
Corporate bonds, notes, mortgages and asset-backed securities	-	218,670	-	218,670
Subtotal	<u>\$ 166,703</u>	<u>\$ 471,845</u>	<u>\$ -</u>	<u>\$ 638,548</u>
Investments measured at net asset value:				
Mortgages and asset-backed securities				<u>70,240</u>
Total assets				<u>\$ 708,788</u>

Fair Value of Pension Plan Assets—In addition to the types of assets listed above as held by the Health System, the pension plans also hold assets within limited partnerships, limited liability companies, and common collective trusts.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Government obligations are valued at pricing models maximizing the use of observable inputs for similar securities.

Limited partnerships and limited liability companies are valued at fair value based on the audited financial statements of the partnerships and the percentage ownership in the partnership. This method is an accepted practical expedient that is considered equivalent to NAV. The assets held were further considered for level of inputs used. When quoted prices are not available for identical or similar assets, real estate assets are valued under a discounted cash flow or lender survey approach that maximizes observable inputs, but includes adjustments for certain risks that may not be observable, such as such as cap & discount rates, maturities and loan to value ratios.

Common collective trusts are valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following table sets forth by level, based on the hierarchy requirements for fair value guidance outlined previously, a summary of the assets of the Health System's Plans measured at fair value on a recurring basis as of September 30:

	Fair Value Measurements as of September 30, 2017, Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Pension assets:				
Cash and cash equivalents	\$ 2,267	\$ -	\$ -	\$ 2,267
Domestic mutual funds	83,796	-	-	83,796
International mutual funds	43,721	-	-	43,721
Government and agency securities	-	11,757	-	11,757
Limited partnerships and liability companies	-	-	8,015	8,015
Subtotal	<u>\$ 129,784</u>	<u>\$ 11,757</u>	<u>\$ 8,015</u>	<u>\$ 149,556</u>
Investments measured at net asset value:				
Common collective trusts				26,490
Limited partnerships and liability companies				<u>5,149</u>
Total assets				<u>\$ 181,195</u>

**Fair Value Measurements
as of September 30, 2016, Using**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Pension assets:				
Cash and cash equivalents	\$ 663	\$ 170	\$ -	\$ 833
Domestic mutual funds	74,655	-	-	74,655
International mutual funds	39,463	-	-	39,463
Government and agency securities	-	11,737	-	11,737
Limited partnerships and liability companies	-	-	7,537	7,537
Subtotal	<u>\$ 114,781</u>	<u>\$ 11,907</u>	<u>\$ 7,537</u>	<u>\$ 134,225</u>
Investments measured at net asset value:				
Common collective trusts				23,241
Limited partnerships and liability companies				<u>4,867</u>
Total assets				<u>\$ 162,333</u>

The Health System's use of Level 3 unobservable inputs account for 4.42% and 4.64%, respectively, of the total fair value of Pension Assets as of September 30, 2017 and 2016. The following table summarizes the changes in Level 3 assets measured at fair value as of September 30:

Beginning balance—September 30, 2015	\$ 6,989
Allocation of net capital gain	75
Miscellaneous fees	(81)
Interest received	304
Change in net unrealized gains	<u>250</u>
Ending balance—September 30, 2016	7,537
Allocation of net capital gain	43
Miscellaneous fees	(86)
Interest received	292
Change in net unrealized gains	<u>229</u>
Ending balance—September 30, 2017	<u>\$ 8,015</u>

The unrealized gains and losses on investment accounts at September 30, 2017 were determined to be temporary in nature as the change in market value for these assets was the result of fluctuating interest rates and market activity rather than the deterioration of the credit worthiness of the issuers. In the event that the Health System disposes of these securities before maturity, it is expected that the realized gains or losses, if any, will be immaterial both quantitatively and qualitatively to the statement of operations and financial position as of the Health System's fiscal year end.

The following tables show our investments' fair values and gross unrealized losses for individual securities that have been in a continuous loss position for 12 months or more as of September 30, 2017 and those that have been in a loss position for 12 months or more as of September 30, 2017. These investments are interest-yielding debt securities of varying maturities. We have determined that the unrealized loss position for these securities is primarily due to market volatility. Generally, in a rising interest rate environment, the estimated fair value of fixed income securities would be expected to decrease; conversely, in a decreasing interest rate environment, the estimated fair value of fixed income securities would be expected to increase. These securities may also be negatively impacted by illiquidity in the market.

	In a Continuous Loss Position for Less than 12 Months		
	Estimated Fair Value	Unrealized Losses	Total Number of Positions
Corporate bonds, notes, mortgages and asset-backed securities	\$ 76,358	\$ (257)	190
Mutual funds	6,804	(265)	6
Government & agency securities	<u>111,536</u>	<u>(525)</u>	<u>136</u>
Total	<u>\$ 194,698</u>	<u>\$ (1,047)</u>	<u>332</u>

	In a Continuous Loss Position for more than 12 Months		
	Estimated Fair Value	Unrealized Losses	Total Number of Positions
Corporate bonds, notes, mortgages and asset-backed securities	\$ 16,833	\$ (200)	51
Mutual funds	3,338	(109)	21
Government & agency securities	<u>4,033</u>	<u>(91)</u>	<u>12</u>
Total	<u>\$ 24,204</u>	<u>\$ (400)</u>	<u>84</u>

Fair Value of Debt—The interest rate on the Health System’s Variable Rate Revenue Bonds is reset daily to reflect current market rates. Consequently, the carrying value approximates fair value. The carrying amount reported in the balance sheet for capital leased assets approximates its fair value.

The estimated fair value of the Fixed Rate Bonds as of September 30, 2017 and 2016 was \$556,810 and \$590,391, respectively, and are based on Level 2 inputs within the fair value hierarchy. The fair value was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

The estimated fair value of the notes payable as of September 30, 2017 and 2016, was \$43,301 and \$44,167, respectively. The fair value is based on Level 2 inputs within the fair value hierarchy and was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2017. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

12. Commitments and Contingencies

The Health System leases office space under operating leases, some of which contain renewal options. Rental expense on the operating leases during 2017 and 2016 were \$16,867 and \$17,380, respectively. The Health System also leases out space in medical office buildings under non-cancelable operating leases. Rental income on these leases during 2017 and 2016 were \$2,753 and \$2,525, respectively.

As of September 30, 2017, future minimum rental income and payments on operating leases are as follows:

Years Ending September 30	Minimum Rental Revenue	Minimum Rental Payments
2018	\$ 2,797	\$ 11,662
2019	2,971	8,924
2020	2,874	7,544
2021	2,902	5,563
2022	429	4,374
Thereafter	<u>-</u>	<u>8,094</u>
	<u>\$ 11,973</u>	<u>\$ 46,161</u>

As of September 30, 2017 and 2016, the Health System had commitments on construction contracts and equipment purchases totaling \$25,775 and \$70,877, respectively.

The Health System maintains professional liability coverage through a "claims made" insurance policy. The policy provides coverage for claims filed within the period of the policy term. The current policy period ends September 30, 2017, and includes provisions for purchase of tail coverage in the event a new carrier is selected. The Health System also maintains reserves based on actuarial estimates provided by an independent third party for the portion of its professional liability risks, including incurred but not reported claims, for which it does not have insurance coverage. Reserves for losses and related expenses are estimated using expected loss reporting patterns and are discounted to their present value using a discount rate of 3.0%. There can be no assurance that the ultimate liability will not exceed such estimates. Adjustments to the reserves are included in results of operations in the periods when such amounts are determined. As of September 30, 2017 and 2016, the Health System had professional liability recorded in accounts payable and accrued liabilities in the amounts of \$11,541 and \$9,829, respectively.

In connection with the divestiture of the medical practice described in Note 2, on December 10, 2015, the Idaho Federal District Court entered an order setting out the process to divest the practice from the Health System and appointing a Monitor and a Trustee to oversee the process. A transaction divesting the medical practice closed on May 1, 2017.

The private plaintiffs and the State of Idaho sought recovery of their attorney fees incurred in the antitrust litigation leading to the divestiture order, and a judgment awarding fees to the State of Idaho and the private plaintiffs has been issued by the Court. The Health System paid the judgment as to the State of Idaho but has appealed the judgment awarding fees to the private plaintiffs. The Health System is awaiting resolution of the matter by the 9th Circuit Court of Appeals. As of the date the financial statements were available to be issued, this matter has not been monetarily resolved and the Health System maintains an accrued liability in the financial statements for its exposure to the fees owed. As of September 30, 2017 the amount of the accrued liability was \$7,399.

The Health System has antitrust insurance with coverage for defense costs, costs on appeal, and an award of attorney fees. After receipt of a letter from its insurer invoking an exclusionary clause to deny coverage in the antitrust litigation, the Health System filed a lawsuit on November 4, 2014 in Idaho Federal District Court alleging breach of the insurance contract and requesting a declaratory judgment that the insurance policy covers the antitrust litigation. The insurer asserted counterclaims for recoupment of defense costs already reimbursed in the antitrust litigation. On September 4, 2015, the Court decided in the Health System's favor. The insurer appealed that judgment to the 9th Circuit Court of Appeals, which upheld the lower court's judgment in favor of the Health System. The 9th Circuit's judgment took effect as of August 30, 2017. The Health System has claimed \$17,552 is due from the insurer, which consists of amounts previously paid

and accrued. Amounts received related to the claim will be recorded to the consolidated statement of operations in the period amounts are received.

The Health System is routinely involved in other litigation matters and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material effect on the Health System's future financial position, results of operations, or cash flows.

13. Functional Expenses

The Health System provides medical and healthcare services to residents within its geographic location. Expenses from continuing operations related to providing these services for the years ended September 30 are allocated as follows:

	2017	2016
Professional, nursing, and other patient care services	\$ 2,043,901	\$ 1,538,165
Fiscal and administrative support services	<u>311,652</u>	<u>356,040</u>
	<u>\$ 2,355,553</u>	<u>\$ 1,894,205</u>

14. Goodwill and Other Intangibles

The Health System considered various events and circumstances when it evaluated whether its reporting unit fair values were less than their carrying value. Based on the Health System's assessment of relevant events and circumstances, the Health System has concluded that there was no impairment of goodwill for the fiscal years ended September 30, 2017 and 2016.

Other intangible assets of the Health System include covenants not to compete related to the acquisition of medical practices and are amortized over their useful lives, which typically range from five to seven years.

Other intangible assets as of September 30 consist of:

	2017	2016
Covenants not to compete	\$ 46,849	\$ 46,849
Less accumulated amortization	<u>(46,776)</u>	<u>(44,845)</u>
Total other intangible assets	<u>\$ 73</u>	<u>\$ 2,004</u>

The Health System recorded amortization expense of \$1,931 and \$3,157 for the years ending September 30, 2017 and 2016, respectively. Remaining expected future amortization expense related to intangible assets in the amount of \$73 will be amortized in 2018.

15. Subsequent Events

The Health System has evaluated subsequent events through December 15, 2017. This is the date the financial statements were available to be issued.

* * * * *

Implementation Plan Overview

St. Luke's will continue to collaborate with the people, leaders, and organizations in our community to carry out an implementation plan designed to address many of the most pressing community health needs identified in this assessment. Utilizing effective, evidence-based programs and policies, we will work together to improve community health outcomes and well-being toward the goal of attaining the healthiest community possible.

Future Community Health Needs Assessments

We intend to reassess the health needs of our community on an ongoing basis and conduct a full community health needs assessment once every three years. St. Luke's next Community Health Needs Assessment is scheduled to be completed in 2019.

History of Community Health Needs Assessments and Impact of Actions Taken

In our 2013 CHNA, St. Luke's McCall identified five groups of priority health needs facing individuals and families in our two-county region. Each of these groups is shown below, along with a description of the programs and impact we have had on addressing these needs over the past three years.

The health impact in this report includes only outcomes from programs which St. Luke's McCall is the predominant or sole financial and administrative provider. A few programs are listed under two health need groupings. These programs are multi-faceted and designed to improve two or more sets of needs. In these cases the attendance numbers are not double counted.

Three-year aggregate impacts from 2014 to 2016

- 1. Participation: 33,000** distinct health improvement touches (total attendance at all classes, foot clinics, health fairs, fitness activities, screenings)
- 2. Financial:** St. Luke's McCall total allocations for community health Improvement **\$610,000*** for targeted health improvement programs: includes supplies, wages, promotions, travel. *Net expenses after subtracting program revenues **\$480,000** in outside grants that fund local health improvement initiatives (mental health services, youth substance abuse prevention, cancer support, dental care, breast care) **\$8,000,000** (estimated) equally split between Charity Care (medical services pre-approved to be provided for free) and bad debt (fees written off as uncollectable). **\$270,000** in community grants from St. Luke's McCall Auxiliary to community non-profits with a health improvement mission.

3. **Staffing.** St. Luke's McCall employees 2.8 full time equivalent employees dedicated to non-revenue-producing community health improvement initiatives.

Group 1: Weight Management/Fitness

Adult, adolescent and youth weight management programs were ranked as high priority health needs. According to the CDC, the key to achieving and maintaining a healthy weight is adopting a lifestyle centered on healthy eating, regular physical activity, and balancing the number of calories you consume with the number of calories your body uses. Therefore, our weight management programs include physical activity and nutrition components as well as behavior change education. There is great diversity in patient needs when it comes to weight management. No single program can address the entire range of patient medical needs, schedules, or preferences. Accordingly, St. Luke's McCall has chosen to offer a number of weight loss programs designed to meet the wide variety of patient circumstances. Excess stress is also shown to correlate with excess weight. We conducted numerous stress management programs but reported those programs and attendance under mental health programs.

Classes and activities:

- **Best U:** Three-month weight loss program. Conducted 2-3 times a year with 8 -12 participants. Open to employees and public.
- **School and after school nutrition and exercise programs.** 30 programs a year, average of 30 attending.
- **Youth weight loss and fitness camp.** One camp organized and presented solely by St. Luke's McCall. We now introduce weight loss and fitness into youth camps organized by other groups such as churches and youth camps.
- **Yoga classes.** Average 1,100 attendances per year for seniors and people with disabilities.
- **Walking Talking Tuesdays.** Getting people walking and socializing with short health topic presentations. 300 participants per year.
- **Nutrition and food preparation classes for high need demographics.** Women Infant Children (WIC), Western Idaho Community Action Partnership (WICAP), HeadStart. 10 group presentations per year.
- **Healthy recipe distribution at food pantries.** St. Luke's McCall's Community Health Coordinator learns what food items will be distributed the following week at the food pantry and then she prints and distributes healthy recipes utilizing available items. At times all the recipe items are included in a pre-packaged bag. 60 bags or recipes leave the pantries per week.
- **Nutrition and food preparation classes at community gardens.** In conjunction with Cascade Medical Center and Master Gardeners, we co-present a 6-class series on healthy food growing and storing. Average of 40 attendees per class
- **Sugar Sense and Intuitive Eating nutrition classes.** The St. Luke's McCall's dietitian presents nutrition classes in the workplace, schools and public gatherings. 200 participants annually.

Average annual attendance at all initiatives for weight management: 3,200 separate visits

Group 2: Mental Health and Substance Abuse Services and Programs

Programs for mental illness, the dearth of mental health providers, and substance abuse were identified as a high priority community health need. Idaho has one of the highest incidences of mental illnesses in the nation (22.5% of the population during a one year period), and Valley and Adams counties are no exception. To help address this challenge, St. Luke's McCall provides and funds various mental health services for adults and children and has increased the much needed access to care for people with mental and behavioral health needs.

We grouped mental health and substance abuse together because they frequently co-occur and share causative factors. Our mental health interventions are designed to cover a broad assortment of mental health disorders and levels of severity, ranging from mild depression and anxiety to conditions requiring clinical diagnosis and intervention. A significant part of our successes in this priority health need resulted from the large amount of dedicated annual grants St. Luke's McCall Foundation generated for these purposes.

Average annual attendance at mental health and substance abuse programs: 1,950

Classes and activities:

- **Mental Health and Social Services Resources Guide.** St. Luke's McCall Social Services generated an electronic list of all local and statewide mental health and behavioral health services. It is readily available and used by anyone in need and by all providers. St. Luke's McCall participates and helps organize the local resource fair designed to inform the public of local services to help people with social service needs.
- **Life 101.** Approximately 500 people have attended a Life 101 seminar or presentation designed to help people experience greater health, happiness and life fulfillment. The six topics presented are Life Purpose, Life Passion, Positivity, Perseverance (physical, mental, emotional) Life Planning, and sense of Place. Three prominent behavior change academicians help develop content. Participants universality say the program will enhance their lives. We are developing measurements to determine how and to what extend life changes are made.
- **Behavioral health providers embedded in primary care clinics.** Now in its second year, this has allowed St. Luke's McCall to see a demographic of patients that often avoid behavioral health issues and added 800 additional patient visits per year. When patients' medical conditions are compounded by coexisting mental or behavioral health conditions, the physician can hand-off patients to a licensed counsel during the same appointment with no additional costs to patients.
- **Hope and Healing.** Emotional and financial support for cancer patients and families. Now at \$10,000 annual support and assisting 20 people

- **Depression screenings.** All primary care patients take a two-question screening for depression during clinic appointments. Number of screenings performed in clinic visits not included in total health improvement visits.
- **Mental health subsidies for medications and psychiatric appointments.** \$15,000 annual grant used to help ER and clinic patients purchase essential psychotropic for initial psychiatric evaluations.
- **Pediatric developmental physician evaluations.** To increase services to parents, we arranged for visiting pediatric psychiatrists to see patients in McCall.
- **Life and Loss.** Grief management classes taught 3 times annually; 8 attendees per class.
- **Stress management and various mental health topic classes.** Average of 5 classes per year with 12 participants.
- **Patient navigation services.** Helping people without resources get the care they need. (Explained under Barriers to Access grouping below.)
- **Yoga and meditation classes.** 1,100 attendances per year for seniors and people with disabilities. There is a fee for these classes, but the primary purpose is to provide the service. It is slightly subsidized by St. Luke's McCall.
- **Ear Acupuncture.** Offered to and public for \$5 per session as a means of stress reduction. Cost to provide service is subsidized by St. Luke's McCall. 150 participants per year.
- **Freedom from Smoking.** All tobacco users can attend this 4-session program for free. 8 participants annually (cessation assistance also offered by LCSW counselors in clinics)

Group 3: Barriers to Access Programs

The programs in this section address the needs that center on barriers to access: affordable care; affordable health insurance; more local providers and services; and children and family services for low income individuals.

Classes and activities:

- **Extended hours for family medicine clinic.** Extended from 8:30 -5:00 weekdays to 8 to 7 weekdays. Clinic opened 9 to 2 Saturdays for day-of and walk-in appointments. Added 50 clinic visits weekly on weekdays and 12 clinic visits on Saturday.
- **Free flu shots.** Funding provided to Community Medical Fund to provide 100 free vaccinations without appointments in public places.
- **Free screenings for chronic conditions.** Diabetes, depression, skin cancer, hypertension, cardiopulmonary, colon cancer
- **Brighter Smiles.** Grant funding for 90 to 100 people annually to receive free or reduced dental care
- **Embedded behavioral health providers in the clinics.** In comparison with previous model of providing mental and behavioral health services, this model added 20 new clinic visits per week.

- **Charity care and bad debt.** Estimated \$8,000,000 in free medical services mostly to the uninsured and underinsured. For June 2015 through May 2016 the amounts were \$1.71 million for bad debt and \$1.45 million for charity care.
- **Breast Buddies.** Breast care nurse traveled to all our communities and hosted an ice cream social with women willing to become breast buddies who encourage all women to get recommended screenings. 21 women attended and became breast buddies.
- **Free mammograms.** Through grants, we are able to promote and provide free baseline (and some diagnostic mammograms) to every woman in our service area who has been avoiding recommended exams due to finances.
- **Increased visiting physician services.** As a convenience to the people we serve, and not as a source of net revenue, St. Luke's McCall began providing the following visiting physician specialists: pediatric cardiology, oncology, pediatric psychiatric and motor development, therapy services for youth speech and motor skills.
- **Complex Care Coordination.** In 2014, St. Luke's McCall absorbed the entire patient population of McCall's previous free clinic (community Care Clinic) and continued providing services to this high care, low income cohort. Our charity care increased substantially as a result, but, as was our intent, patient care improved.
- **Hope and Healing.** As explained above in Mental Health Programs
- **Auxiliary Community Health Grants.** St. Luke's McCall Auxiliary grants \$80,000 to \$100,000 annually to local health-minded non-profit organizations. This is not money from the hospital, but it is money from within the St. Luke's umbrella.
- **Behavioral health providers embedded in primary care clinics.** 800 new visits per year.
- **Connect U Riggins.** St. Luke's provides \$11,000 annually to sponsor weekly bus transportation between Riggins and McCall. Riders access medical appointments, pharmacy, fresh food sources, thrift store and experience social support.
- **Enrollment in Idaho Health Exchange.** St. Luke's McCall organized, advertised and staffed five public enrollment opportunities. Our efforts contributed to Valley County being the county in Idaho with the highest proportion of citizens signing up for insurance.
- **Patient Navigators in clinics and hospital.** During this three year period we added three financial navigators to help people navigate their way to the care they need (much of the navigation is getting people rides, encouraging them to attend appointments, encouraging them period, connecting them with financial aid and social services, processing their Medicare and Medicaid application. In some cases we recover greater revenues from having these patient navigators, but the real bottom line is that a large cohort of health needing individuals receives the care they need.

Group 4: Behavioral Health

In this report, the distinction between mental health needs and behavioral health needs is that behavioral health initiatives are programs provided to change the health factors such as

nutritional habits, exercise, smoking, excessive drinking, unsafe sex, physical inactivity, childhood immunizations and other key influencers of health outcomes. Also included in this category are the programs designed to change a community mindset to embrace a “culture of health.”

- **Hosted American Lung Association certification training for youth tobacco prevention.**
6 participants certified to lead adolescent tobacco training.
- **Extreme Challenge.** An all-day healthy lifestyle education for 350 students from Cascade, Donnelly, McCall, New meadows. Students could attend 5 classes from a slate of 13 classes and activities offered. Classes centered on safe and healthy behaviors. Highly inspirational and interactive.
- **After school programs.** St. Luke’s McCall’s wellness team frequently provides the education and activities for after school programs (grade schools) to include nutrition, emotional control, exercise, and gardening. Average of 20 programs per year.
- **Workplace wellness.** At the invitation of businesses, St. Luke’s McCall provides employee health educations at the workplace. School faculties, Forest Service and Brundage Mountain Resort are sights where we made multiple appearances. Total attendance at all sites was 450.
- **Freedom from Smoking.** Free cessation classes to anyone wanting tobacco cessation coaching. We also provide smoking cessation through the behavioral counselors embedded in family medicine.
- **Prescription Drug Prevention Workgroup.** This team of physicians, clinic manager, law enforcement, pharmacists, counselors, administrators working together to prevent prescription narcotics from being misused.
- **Car seat check and free installation.** A trained car seat installer from the hospital inspects infant car seats when mother and child leave the hospital and installs a free car seat if needed. We pay for the installer training which is three days..
- **Administration of Youth Advocacy Coalition** A .75 FTE St. Luke’s employee administers this highly active coalition which organizes 40 events for youth yearly. \$100,000 annual budget. Majority of funding is from a grant.
- **Administration of Valley Adams Health Improvement Coalition.** “The mission of the Valley Adams Health Improvement Coalition is to create a physical, social and economic environment that supports, encourages and educates regional residents and visitors to attain their optimal level of health, happiness, and quality of life, and to be a role model for other counties aspiring to improve public health and quality of life.” The coalition’s four priorities are domestic violence prevention, walkable environments, improved nutrition, and youth tobacco prevention. Approximately \$2,000 in annual expenses and \$4,000 in administrative support from hospital.
- **Participating in America’s Best Community contest (ABC).** St. Luke’s McCall helped fund (\$1,500) our region’s entry fee into this contest and a hospital senior leader

serves on ABC leadership committee. Our region, called the Idaho West Central Mountains, which is entirely in our service area, has received \$150,000 to implement its 22 community strengthening initiatives, all of which impact health and quality of life. We are in the final 8 entrants being considered to win \$3, \$2, or \$1 million dollars to further implement our initiatives.

- **West Central Mountains Leadership Academy.** St. Luke's McCall sponsored (\$1,000) and helped establish the West Central Mountains Leadership Academy which is a Chamber of Commerce activity convened to resolve community issues. A hospital senior leader serves on the leadership committee.
- **Grant writing.** St. Luke's McCall contributes \$20,000 annually in salaries to write grants for health-enhancing programs.
- **Change Tool.** With our key partner Central District Health Department, we implemented the CDC's Change Tool which involved interviewing 34 local businesses, schools and agencies to learn their recommendations for creating a healthier community and engaging them in solutions. We invited all the interview participants to a lunch presentation depicting their recommendations (25 of 35 interviewed attended). Hospital budget costs of \$900 in expenses and \$1,500 in salaries.
- **Pray and Poke.** The surprising consequence of testing for blood sugar following church services is that church members realized the paradox of having tables of dessert after church and then checking for blood sugar. Most churches asked members to bring healthier food to share.

Group 5: Diabetes Prevention, Detection and Management

All of our weight management, nutrition and physical activity programs have diabetes prevention and management as an underlying outcome. We adopted two strategies in detecting diabetes: 1) to identify elevated sugar levels in high risk populations, and 2) to educate high risk populations about the symptoms and risks of diabetes and encourage them to make physician appointments or attend the diabetes screening conducted at the hospital. These strategies were adopted following research indicating diabetes outcomes are best if detection and management are conducted in a clinical setting. Accordingly, we rely primarily on our clinics to detect and manage diabetes and each St. Luke's primary care physician is provided data on all their patients' AC1 results.

In combining all individual visits to programs that were promoted as distinctly diabetes prevention and detection, excluding clinic visits, the average annual attendance was 800* visits.

(*We did not offer Pray and Poke every year at every church.)

- **Pray and poke.** A nurse and health educator provided finger stick glucose testing for anyone wishing and diabetes education for 600+ parishioners.
- **Hospital diabetes screening.** 20-30 people annually attend the hospital diabetes screening. Typically 2 or 3 people are identified at this screening as having type 2

diabetes and being without physician management. These people are mainstreamed into clinic care.

- **Foot clinic screenings.** Information about diabetes is presented at foot clinics and providers check for foot neuropathy as a symptom of diabetes.
- **Diabetes specific nutrition classes.** Sugar Sense is our nutrition class tailored for youth and adults which focuses on diabetes prevention through nutrition. Presented 3 times a year with average attendance of 40.
- **\$10 a bag for produce at Ridley's grocery stores.** Our community health coordinator made arrangements with Ridley's grocery store and Central District Health Department whereby shoppers with food assistance purchasing programs could use their coupons in exchange for a large bag of mixed fresh produce.

Conclusion

St. Luke's McCall inherited a long history of commitment to community health from its former community-owned McCall Memorial Hospital and has continued that commitment to better health, lower costs, and better care. We are fortunate that for a geographic area our size and small population to have exceptional partners in community health. Our region has two hospitals and a Federally Qualified Health Center, a Central District Health Department office, a University of Idaho field campus that educates 3,000 K1 through K12 annually, numerous summer camp facilities and organizations, a larger proportion of wealthy residents who support community projects, communities and counties promoting and funding interconnected pathways, and a well-developed outdoor recreation industry. We should, and we do, expect to reach high levels of community health outcomes.