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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No. 1545-0047

2007

Open to Public Inspection

A For the 2007 calendar year, or tax year beginning 07/01 , 2007, and ending 06/30/2008

B Check if applicable: [ ] Address change [ ] Name change [ ] Initial return [ ] Termination [X] Amended return [ ] Application pending

Please use IRS label or print or type. See Specific Instructions

C Name of organization: MERCY FOUNDATION, INC.

Number and street (or P O box if mail is not delivered to street address): 2700 STEWART PARKWAY — Room/suite:

City or town, state or country, and ZIP + 4: ROSEBURG, OR 97470

D Employer identification number: 93-6088946

E Telephone number: (541) 677-4815

F Accounting method: [ ] Cash [X] Accrual [ ] Other (specify) ▶

- **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

G Website. ▶ N/A

H and **I** are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? [ ] Yes [ ] No (If "No," attach a list See instructions)

H(d) Is this a separate return filed by an organization covered by a group ruling? [X] Yes [ ] No

J Organization type (check only one) ▶ [X] 501(c) (3) ◀ (insert no) [ ] 4947(a)(1) or [ ] 527

K Check here ▶ [ ] if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than $25,000 A return is not required, but if the organization chooses to file a return, be sure to file a complete return

I Group Exemption Number ▶ 0928

M Check ▶ [ ] if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 1,879,527.

Part I **Revenue, Expenses, and Changes in Net Assets or Fund Balances** *(See the instructions)*

Revenue	1	Contributions, gifts, grants, and similar amounts received			
	a	Contributions to donor advised funds	1a		
	b	Direct public support (not included on line 1a)	1b	1,130,291.	
	c	Indirect public support (not included on line 1a)	1c	260,752.	
	d	Government contributions (grants) (not included on line 1a)	1d	7,174.	
	e	Total (add lines 1a through 1d) (cash $ 962,765. noncash $ 435,452.)			1e 1,398,217.
	2	Program service revenue including ~~government fees and contracts~~ (from Part VII, line 93)			2 4,000.
	3	Membership dues and assessments			3
	4	Interest on savings and temporary cash investments			4 88,058.
	5	Dividends and interest from securities			5 11,601.
	6 a	Gross rents	6a		
	b	Less rental expenses	6b		
	c	Net rental income or (loss) Subtract line 6b from line 6a			6c
	7	Other investment income (describe ▶)			7
	8 a	Gross amount from sales of assets other than inventory — (A) Securities	8a	(B) Other	
	b	Less cost or other basis and sales expenses	8b 4,367.		
	c	Gain or (loss) (attach schedule)	8c -4,367.		
	d	Net gain or (loss) Combine line 8c, columns (A) and (B)			8d -4,367.
	9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ [ ]			
	a	Gross revenue (not including $ 74,109. of STMT 13 contributions reported on line 1b) STMT 14	9a	377,651.	
	b	Less direct expenses other than fundraising expenses	9b	218,017.	
	c	Net income or (loss) from special events Subtract line 9b from line 9a			9c 159,634.
	10 a	Gross sales of inventory, less returns and allowances	10a		
	b	Less cost of goods sold	10b		
	c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a			10c
	11	Other revenue (from Part VII, line 103)			11
	12	**Total revenue.** Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12 1,657,143.
Expenses	13	Program services (from line 44, column (B))			13 1,130,109.
	14	Management and general (from line 44, column (C))			14 201,413.
	15	Fundraising (from line 44, column (D))			15 155,430.
	16	Payments to affiliates (attach schedule) STMT 15			16 16,992.
	17	**Total expenses** Add lines 16 and 44, column (A)			17 1,503,944.
Net Assets	18	Excess or (deficit) for the year Subtract line 17 from line 12			18 153,199.
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19 3,575,738.
	20	Other changes in net assets or fund balances (attach explanation) STMT 16			20 -198,223.
	21	Net assets or fund balances at end of year Combine lines 18, 19, and 20			21 3,530,714.

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Part II Statement of Functional Expenses All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others *(See the instructions)*

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash $ _____ noncash $ _____) If this amount includes foreign grants, check here ▶ ☐	22a				
22b Other grants and allocations (attach schedule) (cash $ 124,003. noncash $ 431,385.) If this amount includes foreign grants, check here ▶ ☐	22b	555,388.	555,388.	STMT 17	
23 Specific assistance to individuals (attach schedule)	23	422,343.	422,343.	STMT 22	
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees, etc listed in Part V-A	25a	NONE			
b Compensation of former officers, directors, key employees, etc listed in Part V-B	25b				
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c				
26 Salaries and wages of employees not included on lines 25a, b, and c	26				
27 Pension plan contributions not included on lines 25a, b, and c	27				
28 Employee benefits not included on lines 25a - 27	28				
29 Payroll taxes	29				
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32				
33 Supplies	33	12,454.		11,169.	1,285.
34 Telephone	34	2,214.		445.	1,769.
35 Postage and shipping	35	5,237.			5,237.
36 Occupancy	36	16,831.		5,049.	11,782.
37 Equipment rental and maintenance	37	6,291.		6,291.	
38 Printing and publications	38				
39 Travel	39				
40 Conferences, conventions, and meetings	40	1,257.		1,257.	
41 Interest	41				
42 Depreciation, depletion, etc (attach schedule)	42	8,660.		2,598.	6,062.
43 Other expenses not covered above (itemize)					
a STMT 23	43a	456,277.	152,378.	174,604.	129,295.
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 **Total functional expenses.** Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	1,486,952.	1,130,109.	201,413.	155,430.

Joint Costs. Check ▶ ☒ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ▶ ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs $ _____, (ii) the amount allocated to Program services $ _____, (iii) the amount allocated to Management and general $ _____, and (iv) the amount allocated to Fundraising $ _____

Part III Statement of Program Service Accomplishments *(See the instructions)*

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments

What is the organization's primary exempt purpose? ▶SEE STATEMENT 24 All organizations must describe their exempt purpose achievements in a clear and concise manner State the number of clients served, publications issued, etc Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others)
a SEE STATEMENT 6 (Grants and allocations $ 555,388.) If this amount includes foreign grants, check here ▶ ☐	1,130,109.
b (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
c (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
d (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
e Other program services (attach schedule) (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) . . . . . ▶	1,130,109.

Form **990** (2007)

JSA

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Part IV Balance Sheets *(See the instructions)*

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only*			(A) Beginning of year		(B) End of year
Assets					
45 Cash - non-interest-bearing				45	
46 Savings and temporary cash investments			257,677.	46	459,989.
47a Accounts receivable	47a				
b Less: allowance for doubtful accounts	47b			47c	
48a Pledges receivable	48a	1,951.			
b Less allowance for doubtful accounts	48b	1,951.	3,787.	48c	
49 Grants receivable				49	
50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)				50a	
b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)				50b	
51a Other notes and loans receivable (attach schedule) STMT 25.	51a	119,517.			
b Less allowance for doubtful accounts	51b	10,000.	108,984.	51c	109,517.
52 Inventories for sale or use				52	
53 Prepaid expenses and deferred charges				53	
54a Investments - publicly-traded securities STMT 26. ▶ ☐ Cost ☒ FMV			3,199,721.	54a	3,110,868.
b Investments - other securities (attach schedule) ▶ ☐ Cost ☒ FMV			10,107.	54b	9,294.
55a Investments - land, buildings, and equipment basis	55a		STMT 27		
b Less accumulated depreciation (attach schedule)	55b			55c	
56 Investments - other (attach schedule)				56	
57a Land, buildings, and equipment basis	57a	66,339.			
b Less accumulated depreciation (attach schedule)	57b	9,689.	264,466.	57c	56,650.
58 Other assets, including program-related investments (describe ▶)				58	
59 **Total assets** (must equal line 74) Add lines 45 through 58			3,844,742.	59	3,746,318.
Liabilities					
60 Accounts payable and accrued expenses			258,658.	60	202,414.
61 Grants payable				61	
62 Deferred revenue STMT 28			10,346.	62	13,190.
63 Loans from officers, directors, trustees, and key employees (attach schedule)				63	
64a Tax-exempt bond liabilities (attach schedule)				64a	
b Mortgages and other notes payable (attach schedule)				64b	
65 Other liabilities (describe ▶)				65	
66 **Total liabilities.** Add lines 60 through 65			269,004.	66	215,604.
Net Assets or Fund Balances					
Organizations that follow SFAS 117, check here ▶ ☒ and complete lines 67 through 69 and lines 73 and 74					
67 Unrestricted			1,757,897.	67	1,760,235.
68 Temporarily restricted			1,618,775.	68	1,571,414.
69 Permanently restricted			199,066.	69	199,065.
Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74.					
70 Capital stock, trust principal, or current funds				70	
71 Paid-in or capital surplus, or land, building, and equipment fund				71	
72 Retained earnings, endowment, accumulated income, or other funds				72	
73 **Total net assets or fund balances.** Add lines 67 through 69 **or** lines 70 through 72 (Column (A) **must** equal line 19 and column (B) **must** equal line 21)			3,575,738.	73	3,530,714.
74 **Total liabilities and net assets/fund balances.** Add lines 66 and 73			3,844,742.	74	3,746,318.

Part IV-A **Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** *(See the instructions.)*

a	Total revenue, gains, and other support per audited financial statements . . . NOT APPLICABLE		a	
b	Amounts included on line a but not on Part I, line 12			
1	Net unrealized gains on investments	b1		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify) _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on Part I, line 12, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify) _____	d2		
	Add lines d1 and d2		d	
e	**Total revenue** (Part I, line 12) Add lines c and d . . . . . ▶		e	

Part IV-B **Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

a	Total expenses and losses per audited financial statements . . . . . NOT APPLICABLE		a	
b	Amounts included on line a but not on Part I, line 17			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify) _____	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on Part I, line 17, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify) _____	d2		
	Add lines d1 and d2		d	
e	**Total expenses** (Part I, line 17) Add lines c and d . . . . . ▶		e	

Part V-A **Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) *(See the instructions)*

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 29		NONE	NONE	NONE

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*

			Yes	No
75a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 21			
b	Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b		X
c	Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization." SEE STATEMENT 33 ▶ If "Yes," attach a statement that includes the information described in the instructions	75c	X	
d	Does the organization have a written conflict of interest policy?	75d	X	

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits

(If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column See the instructions)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
	-0-	-0-	-0-	-0-

Part VI Other Information *(See the instructions.)*

			Yes	No
76	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	76		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77		X
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	N/A	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X	
b	If "Yes," enter the name of the organization ▶ SEE STATEMENT 1-5 and check whether it is [X] exempt or [X] nonexempt			
81a	Enter direct and indirect political expenditures. (See line 81 instructions) 81a NONE			
b	Did the organization file Form 1120-POL for this year?	81b		X

Part VI Other Information *(continued)*

			Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X	
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III) 82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X	
b	Did the organization comply with the disclosure requirements relating to *quid pro quo* contributions?	83b	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A	
85a	*501(c)(4), (5), or (6)* Were substantially all dues nondeductible by members?	85a	N/A	
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	85b	N/A	
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year			
c	Dues, assessments, and similar amounts from members 85c N/A			
d	Section 162(e) lobbying and political expenditures 85d N/A			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A	
86	*501(c)(7) orgs* Enter a Initiation fees and capital contributions included on line 12 86a N/A			
b	Gross receipts, included on line 12, for public use of club facilities 86b N/A			
87	*501(c)(12) orgs* Enter a Gross income from members or shareholders 87a N/A			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) 87b N/A			
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Part IX	88a		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI ▶	88b	X	
89a	*501(c)(3) organizations* Enter Amount of tax imposed on the organization during the year under section 4911 ▶ N/A, section 4912 ▶ N/A, section 4955 ▶ N/A			
b	*501(c)(3) and 501(c)(4) orgs* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ NONE			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶ NONE			
e	*All organizations* At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e		X
f	*All organizations* Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f		X
g	*For supporting organizations and sponsoring organizations maintaining donor advised funds* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	N/A	
90a	List the states with which a copy of this return is filed ▶ OR,			
b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions)	90b	0	
91a	The books are in care of ▶ JOHN KASBERGER Telephone no ▶ 541-677-2458			
	Located at ▶ 2700 STEWART PARKWAY ROSEBURG, OR ZIP + 4 ▶ 97470			
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b		X
	If "Yes," enter the name of the foreign country ▶			
	See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** Report of Foreign Bank and Financial Accounts			

Part VI Other Information *(continued)*

		Yes	No
c	At any time during the calendar year, did the organization maintain an office outside of the United States?		X
	If "Yes," enter the name of the foreign country ▶		
92	*Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of* ***Form 1041*** - Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92 N/A		

Part VII Analysis of Income-Producing Activities *(See the instructions.)*

Note: *Enter gross amounts unless otherwise indicated*	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a HOSPICE HOUSE					4,000.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	88,058.	
96 Dividends and interest from securities			14	11,601.	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-4,367.	
101 Net income or (loss) from special events			01	159,634.	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				254,926.	4,000.
105 **Total** (add line 104, columns (B), (D), and (E)) ▶					258,926.

Note: *Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I*

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes *(See the instructions)*

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
93A	MERCY HOUSE IS A HOSPICE CARE FACILITY, OWNED BY THE MERCY FOUNDATION, THAT IS RENTED TO MERCY MEDICAL CENTER.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities *(See the instructions.)*

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts *(See the instructions.)*

(a)	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes	☒ No	
(b)	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	☐ Yes	☒ No	

Note: *If "Yes" to* ***(b)****, file Form 8870* ***and*** *Form 4720 (see instructions)*

Part XI **Information Regarding Transfers To and From Controlled Entities.** *Complete only if the organization is a controlling organization as defined in section 512(b)(13).*

		Yes	No
106	Did the reporting organization **make** any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	X	

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	SEE STATEMENT 35			
b				
c				
	Totals			471,036.

		Yes	No
107	Did the reporting organization **receive** any transfers **from** a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity	X	

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
	Totals			

		Yes	No
108	Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?	N/A	

Please Sign Here

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

Signature of officer — Date: 6-22-10

Type or print name and title: John Kasberger CFO

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's SSN or PTIN (See Gen Inst. X)
	6/22/10	☐	P00642127

Firm's name (or yours if self-employed), address, and ZIP + 4: CATHOLIC HEALTH INITIATIVES, 9780 MT. PYRAMID COURT, ENGLEWOOD, CO 80112

EIN ▶ 47-0617373

Phone no ▶ 720-874-1500

SCHEDULE A
(Form 990 or 990-EZ)
Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

▶ MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No 1545-0047

2007

Name of the organization

MERCY FOUNDATION, INC.

Employer identification number

93-6088946

Part I **Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over $50,000 . . ▶	NONE			

Part II-A **Compensation of the Five Highest Paid Independent Contractors for Professional Services**
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services . . . . . ▶	NONE	

Part II-B **Compensation of the Five Highest Paid Independent Contractors for Other Services**
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over $50,000 for other services . . . . . ▶	NONE	

Part III Statements About Activities (See page 2 of the instructions.)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ _____ (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B)	1		X
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions)*			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? .STMT .36	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3a	Did the organization make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments) .STMT .37	3a	X	
b	Did the organization have a section 403(b) annuity plan for its employees?	3b		X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		X
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g If "No," complete lines 4f and 4g	4a		X
b	Did the organization make any taxable distributions under section 4966?	4b		X
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		X
d	Enter the total number or donor advised funds owned at the end of the tax year ▶			
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶			
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the rights to provide advice on the distribution or investment of amounts in such funds or accounts ▶ NONE			
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ NONE			

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is (Please check only **ONE** applicable box.)

5 ☐ A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6 ☐ A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7 ☐ A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8 ☐ A federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9 ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state** ▶

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

11b ☐ A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12 ☐ An organization that normally receives **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions - subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3) Check the box that describes the type of supporting organization

☐ Type I ☐ Type II ☐ Type III - Functionally Integrated ☐ Type III - Other

Provide the following information about the supported organizations. (See page 8 of the instructions)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total ▶					

14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 8 of the instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) ***Use cash method of accounting.***

Note: *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting*

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	964,072.	874,578.	963,163.	983,328.	3,785,141.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc, purpose	425,940.	379,564.	364,233.	340,811.	1,510,548.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	105,874.	101,075.	85,151.	106,487.	398,587.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	1,495,886.	1,355,217.	1,412,547.	1,430,626.	5,694,276.
24 Line 23 minus line 17	1,069,946.	975,653.	1,048,314.	1,089,815.	4,183,728.
25 Enter 1% of line 23	14,959.	13,552.	14,125.	14,306.	

26 Organizations described on lines 10 or 11:

a Enter 2% of amount in column (e), line 24 ▶ **26a** 83,675.

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a **Do not file this list with your return.** Enter the total of all these excess amounts ▶ **26b** 914,100.

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ **26c** 4,183,728.

d Add Amounts from column (e) for lines 18 398,587. 19 _____ 22 _____ 26b 914,100. ▶ **26d** 1,312,687.

e Public support (line 26c minus line 26d total) ▶ **26e** 2,871,041.

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ **26f** 68.6240 %

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person" **Do not file this list with your return.** Enter the sum of such amounts for each year

NOT APPLICABLE

(2006) _____ (2005) _____ (2004) _____ (2003) _____

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year

(2006) _____ (2005) _____ (2004) _____ (2003) _____

c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ ▶ **27c**

d Add Line 27a total _____ and line 27b total _____ ▶ **27d**

e Public support (line 27c total minus line 27d total) ▶ **27e**

f Total support for section 509(a)(2) test Enter amount from line 23, column (e) ▶ **27f**

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ **27g** %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ **27h** %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant **Do not file this list with your return.** Do not include these grants in line 15

Part V **Private School Questionnaire** (See page 9 of the instructions.) NOT APPLICABLE
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe, if "No," please explain. (If you need more space, attach a separate statement)			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement)			
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement			
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A **Lobbying Expenditures by Electing Public Charities** (See page 11 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768) NOT APPLICABLE

Check ▶ a ☐ if the organization belongs to an affiliated group Check ▶ b ☐ if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table - **If the amount on line 40 is -** / **The lobbying nontaxable amount is -**: Not over $500,000 — 20% of the amount on line 40; Over $500,000 but not over $1,000,000 — $100,000 plus 15% of the excess over $500,000; Over $1,000,000 but not over $1,500,000 — $175,000 plus 10% of the excess over $1,000,000; Over $1,500,000 but not over $17,000,000 — $225,000 plus 5% of the excess over $1,500,000; Over $17,000,000 — $1,000,000	41		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		

Caution: *If there is an amount on either line 43 or line 44, you must file Form 4720*

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50 on page 13 of the instructions)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B **Lobbying Activity by Nonelecting Public Charities** NOT APPLICABLE
(For reporting only by organizations that did not complete Part VI-A) (See page 13 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

Part VII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 14 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

FORM 990 - GENERAL EXPLANATION ATTACHMENT

LIST OF RELATED ORGANIZATIONS
FORM 990, PART VI, LINE 80B

ST. JOSEPH COMMUNITY HEALTH SERVICES, ALBUQUERQUE, NM, EXEMPT
ST. JOSEPH COMMUNITY HEALTH FOUNDATION, ALBUQUERQUE, NM, EXEMPT
ST. JOSEPH HEALTHCARE SYSTEM, ALBUQUERQUE, NM, EXEMPT
ST. ELIZABETH HEALTH CARE FOUNDATION, BAKER CITY, OR, EXEMPT
ST. ELIZABETH HEALTH SERVICES, INC., BAKER CITY, OR, EXEMPT
FLAGET HEALTHCARE INC., BARDSTOWN, KY, EXEMPT
FLAGET MEMORIAL HOSPITAL FOUNDATION, INC., BARDSTOWN, KY, EXEMPT
FLAGET RADIATION ONCOLOGY LLC, BARDSTOWN, KY, NONEXEMPT
LAKEWOOD HEALTH CENTER, BAUDETTE, MN, EXEMPT
APPLETREE COURT, BRECKENRIDGE, MN, EXEMPT
ST. FRANCIS HOME, BRECKENRIDGE, MN, EXEMPT
ST. FRANCIS MEDICAL CENTER, BRECKENRIDGE, MN, EXEMPT
HEALTHCARE AND WELLNESS FOUNDATION, BRECKENRIDGE, MN, EXEMPT
NAZARETH ASSURANCE COMPANY, BURLINGTON, VT, NONEXEMPT
CARRINGTON HEALTH CENTER, CARRINGTON, ND, EXEMPT
CADUCEUS MEDICAL ASSOCIATES, INC, CHATTANOOGA, TN, NONEXEMPT
MEMORIAL HEALTH CARE SYSTEM FOUNDATION, CHATTANOOGA, TN, EXEMPT
MEMORIAL HEALTH CARE SYSTEM, INC., CHATTANOOGA, TN, EXEMPT
MHP FOUNDATION, CHATTANOOGA, TN, EXEMPT
MOUNTAIN MANAGEMENT SERVICES INC, CHATTANOOGA, TN, NONEXEMPT
MEMORIAL HEALTH PARTNERS, INC., CHATTANOOGA, TN, EXEMPT
OCCUNET, LLC, CHATTANOOGA, TN, NONEXEMPT
MEMORIAL OFFICE PARTNERS, LP, CHATTANOOGA, TN, NONEXEMPT
MISSION OUTPATIENT SURGERY CENTER, LLC, CHATTANOOGA, TN, NONEXEMPT
COMMUNITY LIMITED CARE DIALYSIS CENTER, CINCINNATI, OH, EXEMPT
GOOD SAMARITAN HOSPITAL, CINCINNATI, OH, EXEMPT
GOOD SAMARITAN HOSPITAL FOUNDATION OF CINCINNATI, CINCINNATI, OH, EXEMPT
UNIVERSAL HEALTH CORP, CINCINNATI, OH, EXEMPT
GOOD SAMARITAN COLLEGE OF NURSING & HEALTH SCIENCE, CINCINNATI, OH, EXEMPT
DIXMYTH PROPERTIES, LLC, CINCINNATI, OH, NONEXEMPT
AUDUBON LAND COMPANY, LLC, COLORADO SPRINGS, CO, NONEXEMPT
S.E.T. OF COLORADO SPRINGS, COLORADO SPRINGS, CO, EXEMPT
TOTAL HEALTHCARE, COLORADO SPRINGS, CO, EXEMPT
CHI COLORADO FOUNDATION, COLORADO SPRINGS, CO, EXEMPT
PENRAD IMAGING, COLORADO SPRINGS, CO, NONEXEMPT
BRECKENRIDGE MEDICAL CLINIC, LLC, BRECKENRIDGE, CO, NONEXEMPT
SAMARITAN HEALTH FOUNDATION, DAYTON, OH, EXEMPT
SAMARITAN HEALTH PARTNERS, DAYTON, OH, EXEMPT
THE MARIA-JOSEPH LIVING CARE CENTER, DAYTON, OH, EXEMPT
GREATER DAYTON AREA MRI CONSORTIUM, INC., DAYTON, OH, EXEMPT
SAMARITAN NORTH SURGERY CENTER, LTD., DAYTON, OH, NONEXEMPT

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT' D)

SAMARITAN BEHAVIORAL HEALTH, INC., DAYTON, OH, EXEMPT
SAMARITAN FAMILY CARE, INC., DAYTON, OH, EXEMPT
ALTERNATIVE INSURANCE MANAGEMENT SERVICES, DENVER, CO, NONEXEMPT
CATHOLIC HEALTH INITIATIVES, DENVER, CO, EXEMPT
CHI OPERATING INVESTMENT PROGRAM LP, DENVER, CO, NONEXEMPT
CHI WELFARE BENEFIT ADMIN. AND DEVELOPMENT TRUST, DENVER, CO, NONEXEMPT
COMCARE SERVICES, INC., DENVER, CO, NONEXEMPT
FIRST INITIATIVES INSURANCE COMPANY LTD, DENVER, CO, NONEXEMPT
FRANCISCAN SERVICES, INC. AND SUBSIDIARIES, DENVER, CO, NONEXEMPT
HEALTH S.E.T., DENVER, CO, EXEMPT
GLOBAL HEALTH INITIATIVES, DENVER, CO, EXEMPT
CATHOLIC HEALTH CARE FOUNDATION, DENVER, CO, EXEMPT
ST. CLARE'S PRIMARY CARE, INC. DENVILLE, NJ, NONEXEMPT
ST. CLARE'S HEALTH CARE SOLUTIONS, INC., DENVILLE, NJ, NONEXEMPT
SAINT CLARE'S HOSPITAL, DENVILLE, NJ, EXEMPT
SAINT CLARE'S FOUNDATION, INC., DENVILLE, NJ, EXEMPT
SAINT CLARE'S COMMUNITY CARE, DENVILLE, NJ, EXEMPT
VISITING NURSE ASSOCIATION OF SAINT CLARE'S, INC., DENVILLE, NJ, EXEMPT
ST. FRANCIS LIFE CARE CORP., DENVILLE, NJ, EXEMPT
ST. CLARE'S HEALTH SERVICES, INC., DENVILLE, NJ, EXEMPT
DES MOINES MEDICAL CENTER, INC., DES MOINES, IA, NONEXEMPT
BISHOP DRUMM RETIREMENT CENTER, DES MOINES, IA, EXEMPT
CHI - IOWA, CORP., DES MOINES, IA, EXEMPT
HOUSE OF MERCY, DES MOINES, IA, EXEMPT
MERCY CLINICS, INC., DES MOINES, IA, EXEMPT
MERCY COLLEGE OF HEALTH SCIENCES, DES MOINES, IA, EXEMPT
MERCY FOUNDATION OF DES MOINES, IA, DES MOINES, IA, EXEMPT
ST. JOSEPH MERCY HOSPITAL, CENTERVILLE, IOWA, DES MOINES, IA, EXEMPT
MERCY PARK APARTMENTS, DES MOINES, IA, NONEXEMPT
MERCY PROFESSIONAL PRACTICE ASSOCIATES, INC., DES MOINES, IA, EXEMPT
MERCY AUXILIARY OF CENTRAL IOWA, DES MOINES, IA, EXEMPT
MERCY WEST ENDOSCOPY, DES MOINES, IA, NONEXEMPT
MERCY HOSPITAL OF DEVILS LAKE, DEVILS LAKE, ND, EXEMPT
ST. JOSEPH LIFECARE FOUNDATION, DICKINSON, ND, EXEMPT
ST. JOSEPH'S HOSPITAL & HEALTH CENTER, DICKINSON, ND, EXEMPT
MERCY MEDICAL CENTER, DURANGO, CO, EXEMPT
CATHOLIC HEALTH INITIATIVES - COLORADO, ENGLEWOOD, CO, EXEMPT
CENTURA HEALTH CORPORATION, ENGLEWOOD, CO, EXEMPT
CHI KENTUCKY, LOUISVILLE, KY, EXEMPT
VILLA NAZARETH, INC., FARGO, ND, EXEMPT
ST. CATHERINE HOSPITAL, GARDEN CITY, KS, EXEMPT
ST. CATHERINE HOSPITAL FOUNDATION, GARDEN CITY, KS, EXEMPT
SAINT FRANCIS FOUNDATION, GRAND ISLAND, NE, EXEMPT

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

SAINT FRANCIS MEDICAL CENTER, GRAND ISLAND, NE, EXEMPT
CENTRAL NEBRASKA REHABILITATION SERVICES, GRAND ISLAND, NE, NONEXEMPT
HEALTHCARE SUPPORT SERVICES, LLC, GRAND ISLAND, NE, NONEXEMPT
CENTRAL KANSAS MEDICAL CENTER, GREAT BEND, KS, EXEMPT
ST. JOSEPH MEMORIAL HOSPITAL, LARNED, KS, EXEMPT
CENTRAL KANSAS HEALTH SERVICES ASSOCIATION, GREAT BEND, KS, NONEXEMPT
MAUDE NORTON MEMORIAL HOSPITAL, COLUMBUS, KS, EXEMPT
ST. JOHN'S MEDICAL GROUP, JOPLIN, MO, EXEMPT
MERCY HEALTH SERVICES CORPORATION, JOPLIN, MO, NONEXEMPT
MERCY LIFECARE SYSTEMS, JOPLIN, MO, EXEMPT
ST. JOHN'S MERCY REGIONAL FOUNDATION, JOPLIN, MO, EXEMPT
ST JOHN'S REGIONAL MEDICAL CENTER, JOPLIN, MO, EXEMPT
CENTRAL NEBRASKA HOME CARE SERVICES, KEARNEY, NE, NONEXEMPT
GOOD SAMARITAN HEALTH SYSTEM, INC., KEARNEY, NE, EXEMPT
GOOD SAMARITAN HOSPITAL, KEARNEY, NE, EXEMPT
GOOD SAMARITAN HOSPITAL FOUNDATION, KEARNEY, NE, EXEMPT
GOOD SAMARITAN OUTREACH SERVICES, KEARNEY, NE, NONEXEMPT
HEALTH SYSTEMS ENTERPRISES, INC., KEARNEY, NE, NONEXEMPT
BACHMANN REALTY CORP, LANCASTER, PA, EXEMPT
ST. JOSEPH HEALTH MINISTRIES , LANCASTER, PA, EXEMPT
ST. JOSEPH HEALTH MINISTRIES FOUNDATION, LANCASTER, PA, EXEMPT
ST. JOSEPH HEALTH SERVICES, INC., LANCASTER, PA, EXEMPT
BLUEGRASS REGIONAL IMAGING CENTER, LEXINGTON, KY, NONEXEMPT
CONTINUING CARE HOSPITAL, LEXINGTON, KY, EXEMPT
ST. JOSEPH HEALTHCARE INC., LEXINGTON, KY, EXEMPT
ST. JOSEPH OFFICE PARK ASSOCIATION, LEXINGTON, KY, NONEXEMPT
ST. JOSEPH HOSPITAL FOUNDATION, LEXINGTON, KY, EXEMPT
ST. JOSEPH MEDICAL FOUNDATION, INC., LEXINGTON, KY, EXEMPT
GATEWAY REGIONAL HEALTH NETWORK, MT. STERLING, KY, EXEMPT
HEALTH CARE MANAGEMENT, INC., LINCOLN, NE, NONEXEMPT
SAINT ELIZABETH FOUNDATION, LINCOLN, NE, EXEMPT
SAINT ELIZABETH HEALTH SERVICES, LINCOLN, NE, EXEMPT
SAINT ELIZABETH HEALTH SYSTEM, LINCOLN, NE, EXEMPT
THE PHYSICIAN NETWORK, LINCOLN, NE, EXEMPT
SAINT ELIZABETH REGIONAL MEDICAL CENTER, LINCOLN, NE, EXEMPT
LISBON AREA HEALTH SERVICES, LISBON, ND, EXEMPT
ALVERNA APARTMENTS, LITTLE FALLS, MN, EXEMPT
UNITY FAMILY HEALTHCARE, LITTLE FALLS, MN, EXEMPT
ST. VINCENT COMMUNITY HEALTH SERVICES, INC., LITTLE ROCK, AR, NONEXEMPT
ST. VINCENT INFIRMARY MEDICAL CENTER, LITTLE ROCK, AR, EXEMPT
ST. VINCENT MEDICAL GROUP, LITTLE ROCK, AR, EXEMPT
NORTH RIVER SURGERY CENTER, LLC, LITTLE ROCK, AR, NONEXEMPT
ST. VINCENT FOUNDATION, LITTLE ROCK, AR, EXEMPT

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT' D)

MARYMOUNT MEDICAL CENTER, LONDON, KY, EXEMPT
MARYMOUNT MEDICAL CENTER FOUNDATION, LONDON, KY, EXEMPT
OUR LADY OF THE WAY HOSPITAL, INC., MARTIN, KY, EXEMPT
ST. ANTHONY'S HOSPITAL ASSOCIATION, MORRILTON, AR, EXEMPT
MEDNOW, INC., NAMPA, ID, NONEXEMPT
MERCY MEDICAL CENTER, NAMPA, ID, EXEMPT
MERCY O/P SURGERY CENTER, LLC, NAMPA, ID, NONEXEMPT
MERCY MEDICAL CENTER FOUNDATION, NAMPA, ID, EXEMPT
MERCY PHYSICIAN GROUP, NAMPA, ID, NONEXEMPT
ST. MARY'S COMMUNITY HOSPITAL, NEBRASKA CITY, NE, EXEMPT
ST. MARY'S HOSPITAL FOUNDATION, NEBRASKA CITY, NE, EXEMPT
OAKES COMMUNITY HOSPITAL, OAKES, ND, EXEMPT
OAKES COMMUNITY HOSPITAL FOUNDATION, OAKES, ND, EXEMPT
ALEGENT HEALTH - BERGAN MERCY HEALTH SYSTEM, OMAHA, NE, EXEMPT
BERGAN MERCY FOUNDATION, OMAHA, NE, EXEMPT
MERCY HEALTH CARE FOUNDATION, CORNING, NE, EXEMPT
MERCY HOSPITAL, CORNING, IA, EXEMPT
MERCY HOSPITAL FOUNDATION, COUNCIL BLUFFS, NE, EXEMPT
AUXILIARY OF HOLY ROSARY HOSPITAL, ONTARIO, OR, EXEMPT
HOLY ROSARY MEDICAL CENTER, ONTARIO, OR, EXEMPT
HOLY ROSARY MEDICAL CENTER FOUNDATION, ONTARIO, OR, EXEMPT
PATHWAY HOSPICE, LLC, ONTARIO, OR, NONEXEMPT
ST. JOSEPH'S AREA HEALTH SERVICES, PARK RAPIDS, MN, EXEMPT
ST. ANTHONY DEVELOPMENT COMPANY, PENDLETON, OR, NONEXEMPT
ST. ANTHONY HOSPITAL, PENDLETON, OR, EXEMPT
ST. ANTHONY HOSPITAL FOUNDATION, PENDLETON, OR, EXEMPT
GETTYSBURG MEDICAL CENTER, GETTYSBURG, SD, EXEMPT
ST. MARY'S HEALTHCARE CENTER, PIERRE, SD, EXEMPT
MT. ST. JOSEPH, PORTLAND, OR, EXEMPT
PUEBLO STEPUP, PUEBLO, CO, EXEMPT
BORNEMANN HEALTHCARE CORP, READING, PA, EXEMPT
SJH SERVICES CORPORATION, READING, PA, NONEXEMPT
ST. JOSEPH MEDICAL CENTER FOUNDATION, READING, PA, EXEMPT
ST. JOSEPH REGIONAL HEALTH NETWORK, READING, PA, EXEMPT
ST. JOSEPH MEDICAL GROUP, READING, PA, EXEMPT
AMBULATORY SURGERY CENTER OF ROSEBURG, LLC, ROSEBURG, OR, NONEXEMPT
CANYONVILLE HEALTH CLINIC, INC., ROSEBURG, OR, NONEXEMPT
LINUS OAKES, ROSEBURG, OR, EXEMPT
MERCY FOUNDATION, ROSEBURG, OR, EXEMPT
MERCY MEDICAL CENTER, INC., ROSEBURG, OR, EXEMPT
MERCY SERVICES CORPORATION, ROSEBURG, OR, NONEXEMPT
FRANCISCAN VILLA OF SOUTH MILWAUKEE, SOUTH MILWAUKEE, WI, EXEMPT
FRANCISCAN FOUNDATION, TACOMA, WA, EXEMPT

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

FRANCISCAN HEALTH SYSTEM, TACOMA, WA, EXEMPT
FRANCISCAN MEDICAL GROUP, TACOMA, WA, EXEMPT
ENUMCLAW COMMUNITY HOSPITAL ASSOCIATION, ENUMCLAW, WA, EXEMPT
MANAGEMENT SERVICE ORGANIZATION, TACOMA, WA, NONEXEMPT
PHYSICIAN HEALTH SYSTEM NETWORK, TACOMA, WA, NONEXEMPT
ST. JOSEPH DEVELOPMENT CORPORATION, TACOMA, WA, NONEXEMPT
ST. JOSEPH MEDICAL CENTER, TOWSON, MD, EXEMPT
ST. JOSEPH MEDICAL CENTER FOUNDATION, TOWSON, MD, EXEMPT
TOWSON MANAGEMENT, INC., TOWSON, MD, NONEXEMPT
TOWSON PHYSICIAN SERVICES, TOWSON, MD, EXEMPT
RUXTON SURGICENTER, LLC, TOWSON, MD, NONEXEMPT
MERCY HOSPITAL OF VALLEY CITY, VALLEY CITY, ND, EXEMPT
MEDQUEST INC., WILLISTON, ND, NONEXEMPT
MERCY MEDICAL CENTER, WILLISTON, ND, EXEMPT
MERCY MEDICAL FOUNDATION, WILLISTON, ND, EXEMPT

FORM 990 - GENERAL EXPLANATION ATTACHMENT

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS
FORM 990, PART III A

COMMUNITY BENEFIT
FISCAL YEAR 2008

ORGANIZATION'S MISSION, VISION, AND TAX-EXEMPT PURPOSE

MERCY FOUNDATION WAS INCORPORATED IN 1973 AS A 501(C)(3), TAX-EXEMPT, CHARITABLE FOUNDATION TO FINANCIALLY ASSIST MERCY MEDICAL CENTER IN ITS VISION TO IMPROVE THE HEALTH, WELL-BEING, AND QUALITY OF LIFE FOR FAMILIES AND CHILDREN. THROUGH ITS STRONG COMMUNITY PARTNERSHIPS, FOUNDATION FUNDING HELPS DEVELOP OUTREACH PROGRAMS, TECHNOLOGY, AND FACILITIES WHICH ALLOW THE ORGANIZATION TO GROW IN ITS ABILITY TO ENRICH THE LIVES OF DOUGLAS COUNTY RESIDENTS TODAY AND INTO THE FUTURE.

MERCY FOUNDATION IS GOVERNED BY A BOARD OF DIRECTORS CONSISTING OF LOCAL COMMUNITY MEMBERS.

QUALITATIVE DESCRIPTION OF COMMUNITY BENEFIT

MERCY FOUNDATION RAISES FUNDS THROUGH SPECIAL EVENTS, MAJOR GIFTS, PLANNED GIVING, CORPORATE/FOUNDATION GRANTS, ANNUAL GIVING AND CAPITAL CAMPAIGNS TO HELP FUND A NUMBER OF FUNDS AND PROGRAMS CREATED TO SUPPORT THE COMMUNITY AND MERCY MEDICAL CENTER. IN FY 08 MERCY FOUNDATION RAISED APPROXIMATELY $1.40 MILLION DOLLARS FOR THESE PURPOSES. AT THE SAME TIME, IT DISBURSED APPROXIMATELY $555,000 TO MERCY MEDICAL CENTER FOR EQUIPMENT AND PROGRAMS, AND $828,552 BACK INTO THE COMMUNITY, OFFERING HOPE TO FAMILIES AND CHILDREN AS THEY OVERCOME THE BARRIERS TO CARE THAT EXIST IN OUR RURAL COMMUNITIES (MISTRUST, POVERTY, LACK OF TRANSPORTATION, LACK OF LOCAL HEALTH CARE PROVIDERS, AND LACK OF INSURANCE).

FORM 990 - GENERAL EXPLANATION ATTACHMENT

LOAN PROGRAM
FORM 990, SCHEDULE A, PART III, LINE 3A

MERCY FOUNDATION INTERNAL POLICY

FUND/PROGRAM: MEDICAL PROFESSIONAL EDUCATION LOAN PROGRAM

INDEX NUMBER: VII - 1

EFFECTIVE DATE: JULY 15, 2008

SUPERSEDES: SEPT. 19, 2006

PURPOSE:

THE PURPOSE OF THE MEDICAL PROFESSIONAL EDUCATION LOAN PROGRAM (THE PROGRAM) IS TO PROVIDE LOANS TO EXCEPTIONAL EMPLOYEES OF MERCY MEDICAL CENTER INC. AND ITS AFFILIATES (MERCY) WHO EXEMPLIFY MERCY'S CORE VALUES OF REVERENCE, INTEGRITY, COMPASSION AND EXCELLENCE AND ARE INTERESTED IN PURSUING A FORMAL EDUCATION PROGRAM TO BECOME A REGISTERED NURSE, AN ADVANCED DEGREE NURSE, OR TO OBTAIN AN EDUCATION NECESSARY TO FILL CRITICAL POSITIONS AT MERCY.

POLICY:

THE PROGRAM WILL PROVIDE LOANS TO QUALIFIED EMPLOYEES OF MERCY ON AN AVAILABILITY BASIS. A MAXIMUM OF EIGHT (8) QUALIFIED APPLICANTS PER YEAR WILL BE OFFERED LOANS THROUGH THE PROGRAM. AWARDS WILL BE BASED UPON THE BALANCE AVAILABLE IN THE LOAN FUND. LOAN FUNDS WILL BE AWARDED FIRST TO ANY QUALIFIED EMPLOYEES OF MERCY WHO ARE INTERESTED IN PURSUING A FORMAL EDUCATION PROGRAM TO BECOME A REGISTERED NURSE, THEN TO QUALIFIED REGISTERED NURSE EMPLOYEES OF MERCY WHO ARE INTERESTED IN PURSUING AN ADVANCED NURSING DEGREE, AND LASTLY TO EMPLOYEES OF MERCY WHO ARE INTERESTED IN PURSUING AN ADVANCED DEGREE TO FILL CRITICAL POSITIONS OUTSIDE OF NURSING. PREFERENCE WILL BE GIVEN TO APPLICANTS WHO HAVE BEEN EMPLOYED BY MERCY FOR A YEAR OR LONGER. THE MAXIMUM AVAILABLE TO AN INDIVIDUAL APPLICANT UNDER THE PROGRAM IS NO MORE THAN $3,750.00 IN ANY ONE YEAR FOR NO LONGER THAN FOUR (4) YEARS.

PROCEDURE:

A. QUALIFICATION CRITERIA: TO BE CONSIDERED FOR THE PROGRAM, AN APPLICANT MUST:

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

* OBTAIN AN APPLICATION FROM THE MERCY FOUNDATION OFFICE;

* BE CURRENTLY EMPLOYED AT MERCY (PART-TIME OR FULL-TIME). (IN THE EVENT THE APPLICANT IS WORKING CASUAL PART-TIME, THE APPLICANT MAY SUBMIT AN APPLICATION, WHICH WILL BE CONSIDERED IF FUNDS HAVE NOT OTHERWISE BEEN AWARDED);

* HAVE BEEN ACCEPTED AS A STUDENT IN A REGISTERED NURSE PROGRAM OR ANY OTHER ELIGIBLE PROGRAM AT AN INSTITUTION OF HIGHER LEARNING.

* HAVE A PERFORMANCE EVALUATION OVERALL SCORE OF 3 OR HIGHER AND MEET PERFORMANCE STANDARDS AS AN EMPLOYEE OF MERCY, WITH NO DISCIPLINARY ACTION NOTED IN THE PERSONNEL RECORD WITHIN THE LAST 24 MONTHS;

* NOT BE EXCLUDED FROM PARTICIPATION IN FEDERALLY-FUNDED HEALTH CARE PROGRAMS INCLUDING MEDICARE/MEDICAID

B. APPLICATION PROCESS: TO BE CONSIDERED FOR THE PROGRAM, EACH APPLICANT MUST SUBMIT TO MERCY FOUNDATION, AT LEAST TWO MONTHS PRIOR TO THE SCHOOL TERM FOR WHICH FUNDING IS BEING REQUESTED, A COMPLETED APPLICATION WHICH MUST INCLUDE THE FOLLOWING:

* A SIGNED MEDICAL PROFESSIONAL EDUCATION LOAN PROGRAM APPLICATION;

* PROOF OF ACCEPTANCE INTO A REGISTERED NURSE PROGRAM OR ANY OTHER ELIGIBLE PROGRAM AT AN INSTITUTION OF HIGHER LEARNING.

* A NARRATIVE ESSAY IN 250 WORDS OR LESS ON "WHY I WANT TO BE A HEALTH CARE PROFESSIONAL";

* TWO PERSONAL REFERENCES DATED NO LATER THAN 45 DAYS PRIOR TO THE DATE THE CANDIDATE TURNS IN THE APPLICATION;

* TWO PROFESSIONAL REFERENCES DATED NO LATER THAN 45 DAYS PRIOR TO THE DATE THE CANDIDATE TURNS IN THE APPLICATION;

* DEPARTMENT LEADER REFERENCE COMPLETED NO LATER THAN 45 DAYS PRIOR TO THE DATE THE CANDIDATE TURNS IN THE APPLICATION;

* COPY OF EACH SCHOLARSHIP AWARD, IF ANY;

* VERIFICATION FROM MERCY HUMAN RESOURCES DEPARTMENT OF EMPLOYMENT

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

STATUS, AND VERIFICATION THAT PERFORMANCE STANDARDS HAVE BEEN MET ACCORDING TO QUALIFICATIONS OUTLINED PREVIOUSLY.

AN APPLICATION WILL NOT BE PROCESSED UNLESS AND UNTIL ALL REQUIRED INFORMATION HAS BEEN SUBMITTED. IT IS THE RESPONSIBILITY OF THE APPLICANT TO ENSURE THAT ALL REQUIRED INFORMATION HAS BEEN SUBMITTED. THE SELECTION COMMITTEE WILL NOTIFY THE APPLICANT BY LETTER WITH A COPY SENT TO THE DEPARTMENT LEADER WHETHER THE APPLICATION IS APPROVED OR DENIED.

C. SELECTION COMMITTEE: THE PROGRAM SELECTION COMMITTEE IS COMPOSED OF THE FOLLOWING:

* THE PRESIDENT OF MERCY FOUNDATION
* MERCY MEDICAL CENTER'S CHIEF OPERATING OFFICER
* THE DIRECTOR OF MERCY'S HUMAN RESOURCES DEPARTMENT
* MERCY MEDICAL CENTER'S RN DEVELOPMENT COORDINATOR
* THE DIRECTOR OF MERCY'S ACCOUNTING DEPARTMENT (CONTROLLER)
* THE DIRECTOR OF MERCY'S EDUCATION DEPARTMENT
* REPRESENTATIVES FROM OTHER HEALTH CARE DISCIPLINES AS NEEDED

D. SELECTION PROCESS: EACH COMPLETED APPLICATION THAT IS SUBMITTED TO MERCY FOUNDATION WILL BE DATE STAMPED UPON RECEIPT. EACH COMPLETED APPLICATION THAT IS SUBMITTED IN A TIMELY MANNER WILL BE PRESENTED TO THE SELECTION COMMITTEE FOR REVIEW. LOANS WILL BE AWARDED BASED ON THE FOLLOWING:

* VERIFICATION FROM MERCY'S HUMAN RESOURCES DEPARTMENT THAT ALL QUALIFICATIONS HAVE BEEN MET;

* APPLICATION AND SUPPORTING DOCUMENTS;

* TIME OF SUBMISSION OF COMPLETED APPLICATION;

* SELECTION COMMITTEE WILL ACCEPT AND MAKE DECISIONS CONCERNING ALL APPLICATIONS FOR LOANS REGARDLESS OF THE APPLICANT'S AGE, GENDER, RELIGION, RACE, COLOR, SEXUAL ORIENTATION, NATIONALITY OR ETHNIC ORIGIN.

E. LOAN AWARDS: LOANS WILL BE AWARDED AS SET FORTH IN THIS DOCUMENT. EACH LOAN AWARD RECIPIENT WILL BE REQUIRED TO SIGN AN EDUCATION LOAN PROGRAM AGREEMENT AND AN EDUCATION LOAN PROGRAM NOTE PRIOR TO RECEIVING ANY FUNDS.

THE MAXIMUM AVAILABLE TO AN INDIVIDUAL APPLICANT UNDER THE PROGRAM IS NO

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

MORE THAN $3,750.00 IN ANY ONE YEAR FOR NO LONGER THAN FOUR (4) YEARS.

FUNDS WILL BE DISBURSED IN EQUAL PAYMENTS (NOT TO EXCEED THE ALLOTTED AMOUNT PER YEAR) TO COINCIDE WITH TERM REGISTRATION DATES AS PROVIDED BY THE APPLICANT.

F. EDUCATION PROGRAM PERFORMANCE REQUIREMENTS: THE REQUIREMENTS THE RECIPIENT IS EXPECTED TO MEET WHILE ENROLLED IN THE PROFESSIONAL DEGREE/CERTIFICATION PROGRAM INCLUDE:

* MAINTENANCE OF AT LEAST A 2.5 CUMULATIVE GPA. RECIPIENT MUST SUBMIT A PAID REGISTRATION CLASS SCHEDULE TO THE RN DEVELOPMENT COORDINATOR PRIOR TO EACH TERM. RECIPIENT MUST PROVIDE A COPY OF GRADE REPORTS WITHIN TWO TO THREE WEEKS OF THE END OF EACH TERM TO REMAIN ELIGIBLE. IN THE EVENT THAT THE RECIPIENT'S CUMULATIVE GPA DROPS BELOW 2.5, THE MATTER WILL BE SUBMITTED TO THE SELECTION COMMITTEE FOR REVIEW AND ACTION.

* EMPLOYMENT AT MERCY DURING THE PERIOD THAT THE RECIPIENT IS ENROLLED IN SCHOOL;

* A SATISFACTORY WORK ATTENDANCE RECORD (PER HUMAN RESOURCES ATTENDANCE POLICY, EM-19) AT MERCY.

G. OTHER RESOURCES:

* THE RN DEVELOPMENT COORDINATOR AT MERCY WILL ACT AS COACH AND WILL BE RESPONSIBLE FOR PROVIDING INTERESTED APPLICANTS WITH INFORMATION RELATED TO CONTINUING EDUCATION AS WELL AS ASSISTING THEM THROUGH THE PROCESS OF OBTAINING FINANCIAL AID THROUGH FEDERAL PROGRAMS, TUITION REIMBURSEMENT, OR APPLICATION FOR THE EDUCATION LOAN PROGRAM. THE RN DEVELOPMENT COORDINATOR WILL WORK WITH MERCY DEPARTMENT LEADERS REGARDING THE AVAILABILITY OF PART-TIME POSITIONS FOR THOSE APPLICANTS WHO ARE AWARDED LOAN FUNDS THROUGH THE PROGRAM;

* SCHEDULE COMPATIBLE WITH CLASSES: THE RECIPIENT MAY CHOOSE TO PARTICIPATE IN SCHEDULING EXTRA WORK HOURS DURING VACATIONS/HOLIDAYS/DAYS OFF;

* A MERCY STAFF MEMBER WILL BE ASSIGNED AS A MENTOR FOR THE RECIPIENT WHILE THE RECIPIENT IS ENROLLED IN A REGISTERED NURSE PROGRAM OR IN AN ELIGIBLE PROGRAM AT AN INSTITUTION OF HIGHER LEARNING. THIS STAFF MEMBER WILL ASSIST WITH TUTORING, PROBLEM SOLVING, AND SUPPORT NEEDS TO HELP THE STUDENT THROUGH THE TWO-YEAR PERIOD IN SCHOOL, AND DURING THE TRANSITION

FORM 990 - GENERAL EXPLANATION ATTACHMENT (CONT'D)

INTO THE WORKPLACE IN HIS/HER NEW ROLE.

H. LOAN REPAYMENT TERMS: THE LOAN RECIPIENT IS REQUIRED TO REPAY THE AMOUNT BORROWED PLUS ACCRUED INTEREST. PAYMENTS WILL BE EITHER IN FORTY-EIGHT (48) EQUAL MONTHLY INSTALLMENTS, OR IF BY PAYROLL DEDUCTION, ONE-HUNDRED FOUR (104) EQUAL BI-MONTHLY INSTALLMENTS. WHEN ANY OF THE FOLLOWING EVENTS OCCUR, IF ANY PRE-PAYMENTS HAVE BEEN MADE, THE REPAYMENT SCHEDULE WILL BE ADJUSTED ACCORDINGLY TO REFLECT THE PAYMENTS AND THE LESSER PRINCIPAL SUM. THE FIRST PAYMENT WILL BEGIN ON THE FIRST (1ST) DAY OF THE SECOND (2ND) MONTH OF THE FIRST OF THE FOLLOWING TO OCCUR:

* THE RECIPIENT GRADUATES FROM A REGISTERED NURSE PROGRAM OR FROM AN ELIGIBLE PROGRAM AT AN INSTITUTION OF HIGHER LEARNING.

* THE RECIPIENT WITHDRAWS OR IS TERMINATED FROM A REGISTERED NURSE PROGRAM OR AN ELIGIBLE PROGRAM AT AN INSTITUTION OF HIGHER LEARNING,

* THE RECIPIENT FAILS TO COMPLETE A REGISTERED NURSE PROGRAM, OR AN ELIGIBLE PROGRAM AT AN INSTITUTION OF HIGHER LEARNING WITHIN FOUR YEARS OF ENROLLMENT, OR

* THE RECIPIENT TERMINATES OR IS TERMINATED FROM EMPLOYMENT WITH MERCY.

AT EACH PAYMENT DATE OF THE LOAN, THE INTEREST PORTION OF THE PAYMENT DUE WILL BE FORGIVEN IF THE RECIPIENT IS:

* A FULL-TIME EMPLOYEE OF MERCY, OR

* A PART-TIME EMPLOYEE ACTIVELY PURSUING A FULL-TIME POSITION, OR

* A CASUAL PART-TIME EMPLOYEE PURSING A FULL-TIME POSITION, AND

* NOT EXCLUDED FROM PARTICIPATION IN ANY FEDERALLY-FUNDED HEALTH CARE PROGRAM, INCLUDING MEDICARE AND MEDICAID, AND

* IN COMPLIANCE WITH THE EDUCATION LOAN AGREEMENT.

THE ENTIRE LOAN WILL BE DUE AND PAYABLE IMMEDIATELY IF THE RECIPIENT IS OR BECOMES AN EXCLUDED PROVIDER OR DEFAULTS IN THE PAYMENT OF THE LOAN NOTE.

FORM 990 - GENERAL EXPLANATION ATTACHMENT

REASON FOR AMENDMENT

CONTRIBUTIONS OF NON-CASH ITEMS TOTALING $378,298 WERE ORIGINALLY INCLUDED AS CASH CONTRIBUTIONS LESS THAN $5,000. HOWEVER, THE CONTRIBUTIONS WERE FROM ONE INDIVIDUAL; THEREFORE, WE HAVE AMENDED THE RETURN TO SEPARATELY LIST THIS CONTRIBUTION ON SCHEDULE B.

THESE ITEMS AND A FEW OTHERS WERE SUBSEQUENTLY TRANSFERRED FROM THE SUPPORTING ORGANIZATION, MERCY FOUNDATION, INC. TO THE SUPPORTED ORGANIZATION, MERCY MEDICAL CENTER, INC. THEREFORE, WE HAVE CHANGED THE DESCRIPTION OF THE GRANT FROM A CAPITAL CONTRIBUTION TO NON-CASH CONTRIBUTION TO SUPPORT THE PROGRAM SERVICES OF MERCY MEDICAL CENTER.

FORM 990, PART I - EXCLUDED CONTRIBUTIONS

DESCRIPTION	AMOUNT
FESTIVAL OF TREES	74,109.
TOTAL	74,109.

FORM 990, PART I - SPECIAL FUNDRAISING EVENTS AND ACTIVITIES

DESCRIPTION	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
FESTIVAL OF TREES	377,651.	218,017.	159,634.
TOTALS	377,651.	218,017.	159,634.

FORM 990, PART I - PAYMENTS TO AFFILIATES

DESCRIPTION	AMOUNT
CHI NATIONAL ASSESSMENT 1999 BROADWAY SUITE 4000, DENVER, CO 80202	16,992.
TOTAL	16,992.

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES

DESCRIPTION	AMOUNT
CHANGE IN UNREALIZED GAINS	198,223.
TOTAL	198,223.

FORM 990, PART II - OTHER GRANTS AND ALLOCATIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
GRANTS PAID			
FISH P.O. BOX 1162 ROSEBURG, OR 97470	NONE	GRANT FOR PRESCRIPTION DRUGS FOR CHILDREN	16,500.
GLIDE SCHOOL DISTRICT 301 GLIDE LOOP ROAD GLIDE, OR 97433	NONE	SCHOOL SUPPLIES	5,754.
MERCY HOSPICE C/O MERCY MEDICAL CENTER 2700 STEWART PARKWAY ROSEBURG, OR 97470	RELATED	COMMUNITY BENEFIT	13,677
DOUGLAS COUNTY EARLY CHILDHOOD COALITION 1871 NE STEPHENS ROSEBURG, OR 97470	NONE	TO PROVIDE COMMUNITY BENEFIT	3,000.
FAMILY DEVELOPMENT CENTER 300 JERRYS DRIVE ROSEBURG, OR 97470	NONE	RESPITE CARE	660
ROSEBURG ROTARY FOUNDATION PO BOX 292 ROSEBURG, OR 97470	NONE	GRANT FOR "BUILD OUR KIDS " PROGRAM	5,000.

FORM 990, PART II - OTHER GRANTS AND ALLOCATIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
DOUGLAS C.A.R.E S 647 W LUELLEN DRIVE ROSEBURG, OR 97470	NONE	GRANT TO ORGANIZATION THAT HELPS ABUSED CHILDREN	15,000
NORTH DOUGLAS SCHOOL DISTRICT 500 SOUTH MAIN DRAIN, OR 97435	NONE	SCHOOL SUPPLIES	3,098.
OAKLAND HIGH SCHOOL 521 NE SPRUCE STREET OAKLAND, OR 97462	NONE	SCHOOL SUPPLIES	4,425.
REEDSPORT SCHOOL DISTRICT 100 RANCH ROAD REEDSPORT, OR 97467	NONE	SCHOOL SUPPLIES	3,982.
ROSEBURG SCHOOL DISTRICT 1419 NW VALLEY VIEW ROSEBURG, OR 97470	NONE	COMMUNITY BENEFIT	21,243.
SOUTH UMPQUA SCHOOL DISTRICT 141 SW CHADWICK TRI CITY, OR 97457	NONE	SCHOOL SUPPLIES	1,328
SUTHERLIN SCHOOL DISTRICT 531 NORTH COMSTOCK ROAD SUTHERLIN, OR 97479	NONE	SCHOOL SUPPLIES	1,328.

FORM 990, PART II - OTHER GRANTS AND ALLOCATIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
WINSTON-DILLARD SCHOOL DISTRICT 1381 NW DOUGLAS BLVD WINSTON, OR 97496	NONE	TO PROVIDE COMMUNITY BENEFIT	3,484
MERCY VAN EXPRESS C/O MERCY SERVICES CORPORATION 2700 STEWART PARKWAY ROSEBURG, OR 97471	RELATED	COMMUNITY BENEFIT	8,982
FIR GROVE ELEMENTARY SCHOOL 1419 NW VALLEY VIEW ROSEBURG, OR 97470	NONE	TO PROVIDE COMMUNITY BENEFIT	100
KID'S PLACE AFTER SCHOOL RIDDLE SCHOOL DISTRICT RIDDLE, OR 97469	NONE	TO PROVIDE COMMUNITY BENEFIT	1,500.
DCCAPS 1224 NW WALNUT ROSEBURG, OR 97470	NONE	COMMUNITY BENEFIT	500
HARM REDUCTION CENTER OF SOUTH OREGON 832 NW HIGHLAND ROSEBURG, OR 97470	NONE	COMMUNITY BENEFIT	3,000
SOUTH UMPQUA GRAD NITE 141 SW CHADWICK TRI CITY, OR 97457	NONE	TO PROVIDE COMMUNITY BENEFIT	100

FORM 990, PART II - OTHER GRANTS AND ALLOCATIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
WINSTON MIDDLE SCHOOL 1381 NW DOUGLAS VLVD WINSTON, OR 97496	NONE	TO PROVIDE COMMUNITY BENEFIT	500
ELKTON GRADUATION PARTY COMMITTEE PO BOX 701 ELKTON, OR 97436	NONE	COMMUNITY BENEFIT	100
DAYS CREEK SCHOOL DISTRICT PO BOX 10 DAYS CREEK, OR 97429	NONE	TO PROVIDE COMMUNITY BENEFIT	100
ST. JOSEPH CATHOLIC CHURCH 800 WEST STANTON STREET ROSEBURG, OR 97470	NONE	TO PROVIDE COMMUNITY BENEFIT	2,666.
OAKLAND HIGH SCHOOL 521 NE SPRUCE ST OAKLAND, OR 97462	NONE	TO PROVIDE COMMUNITY BENEFIT	100.
ROSEBURG HIGH SCHOOL 1419 NW VALLEY VIEW ROSEBURG, OR 97470	NONE	TO PROVIDE COMMUNITY BENEFIT	1,600
SUTHERLIN HIGH SCHOOL 531 N COMSTOCK RD SUTHERLIN, OR 97479	NONE	TO PROVIDE COMMUNITY BENEFIT	100.

FORM 990, PART II - OTHER GRANTS AND ALLOCATIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
UMPQUA VELO CLUB C/O PAUL TAMM PO BOX 118 OAKLAND, OR 97462	NONE	TO PROVIDE COMMUNITY BENEFIT	500
CAMP MILLENIUM PO BOX 2064 ROSEBURG, OR 97470	NONE	TO PROVIDE COMMUNITY BENEFIT	5,176.
THE HOUSING AUTHORITY OF DOUG COUNTY 902 W STANTON ST ROSEBURG, OR 97470	NONE	TO PROVIDE COMMUNITY BENEFIT	500
MERCY MEDICAL CENTER 2700 STEWART PARKWAY ROSEBURG, OR 97470	RELATED	CONTRIBUTION TO SUPPORT PROGRAM SERVICES	431,385.
		TOTAL CONTRIBUTIONS PAID	555,388

FORM 990, PART II - SPECIFIC ASSISTANCE TO INDIVIDUALS

DESCRIPTION	PROGRAM SERVICES
SPECIFIC ASSISTANCE FOR THE INDIGENT	422,343.
TOTALS	422,343.

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING
INSURANCE	18,038.		18,038.	
ADVERTISING AND RECRUITMENT	29,045.			29,045.
DUES & SUBSCRIPTIONS	1,501.		1,501.	
CONSULTING FEES	20,350.			20,350.
OTHER PURCHASED SERVICES	22,358.	22,358.		
BANK FEES	5,968.		5,968.	
OTHER PROFESSIONAL SERVICE	351,964.	130,020.	142,044.	79,900.
OTHER EXPENSES	6,522.		6,522.	
OTHER TAXES	531.		531.	
TOTALS	456,277.	152,378.	174,604.	129,295.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

THE PRIMARY EXEMPT PURPOSE OF MERCY FOUNDATION IS TO RAISE FUNDS AND PROVIDE GRANTS TO SUPPORTED ORGANIZATIONS MERCY MEDICAL CENTER, INC.

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE

BORROWER:	VARIOUS SCHOLARSHIP RECIPIENTS
ORIGINAL AMOUNT:	118,984.
INTEREST RATE:	8.000000
DATE OF NOTE:	VAR
MATURITY DATE:	VAR
REPAYMENT TERMS:	MONTHLY AMORTIZATION
SECURITY PROVIDED:	NONE
PURPOSE OF LOAN:	EDUCATION ASSISTANCE
DESCRIPTION AND FMV OF CONSIDERATION:	CASH

BEGINNING BALANCE DUE	118,984.
ENDING BALANCE DUE	119,517.
TOTAL BEGINNING OTHER NOTES AND LOANS RECEIVABLE	118,984.
TOTAL ENDING OTHER NOTES AND LOANS RECEIVABLES	119,517.

FORM 990, PART IV - INVESTMENTS - PUBLICLY TRADED SECURITIES

DESCRIPTION	ENDING BOOK VALUE
FERGUSON WELLMAN INVESTMENTS	2,997,138.
BANK OF NY GIFT ANNUITY RESERV	113,730.
TOTALS	3,110,868.

FORM 990, PART IV - INVESTMENTS - OTHER SECURITIES

DESCRIPTION		ENDING BOOK VALUE
CHI OPERATING INVESTMENT PROGRAM, LP:	EQUITY	7,904.
	MONEY MARKET	1,390.
AG EDWARDS INVESTMENTS		NONE
	TOTALS	9,294.

FORM 990, PART IV - DEFERRED REVENUE

DESCRIPTION	ENDING BOOK VALUE
DEFERRED REVENUE	13,190.
TOTALS	13,190.

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
JEAN LARSON 2700 STEWART PARKWAY ROSEBURG, OR 97470	TREASURER 1.00	NONE	NONE	NONE
JEAN LARSON IS EMPLOYED BY MERCY MEDICAL CENTER, INC., WHICH IS THE PARENT COMPANY OF MERCY FOUNDATION, INC.				
LISA PLATT 2700 STEWART PARKWAY ROSEBURG, OR 97470	FOUNDATION PRESIDENT 40.00	NONE	NONE	NONE
LISA PLATT IS EMPLOYED BY MERCY MEDICAL CENTER, INC., WHICH IS THE PARENT COMPANY OF MERCY FOUNDATION, INC.				
MARK KRALJ 2700 STEWART PARKWAY ROSEBURG, OR 97470	STANDING GUEST 1.00	NONE	NONE	NONE
SUE WOODMAN 2700 STEWART PARKWAY ROSEBURG, OR 97470	SECRETARY 40.00	NONE	NONE	NONE
SUE WOODMAN IS EMPLOYED BY MERCY MEDICAL CENTER, INC., WHICH IS THE PARENT COMPANY OF MERCY FOUNDATION, INC.				
BART BRUNS MD 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE

MERCY FOUNDATION, INC. 93-6088946

Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
CAPITAL GAINS (LOSSES) FROM SECURITIES					
CHI OOPERATING INVESTMENT PROGRAM LP	VAR	VAR		4,367.	-4,367.
TOTAL CAPITAL GAINS (LOSSES) FROM SECURITIES				4,367.	-4,367.
Totals				4,367.	-4,367.

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FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
SHARON WILSON 2700 STEWART PARKWAY ROSEBURG, OR 97470	VICE CHAIRMAN 1.00	NONE	NONE	NONE
PAULA NOAH 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
WALLY GWALTNEY 2700 STEWART PARKWAY ROSEBURG, OR 97470 WALLY GWALTNEY IS EMPLOYED BY MERCY MEDICAL CENTER, INC., WHICH IS THE PARENT COMPANY OF MERCY FOUNDATION, INC.	BOARD MEMBER 1.00	NONE	NONE	NONE
JOHN BLODGETT 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
SHELLEY BRIGGS-LOOSLEY 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
JERRY DUNCAN 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
PAUL C KREMSER MD 2700 STEWART PARKWAY ROSEBURG, OR 97470	CHAIRMAN 1.00	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
LYNN KUHN 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
SAM JONES 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
MICHAEL RONDEAU 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
GORDON ILER 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
LORRAINE FOX 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
DAVE SABALA 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
GARY GRAY 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
KELLY MORGAN 2700 STEWART PARKWAY ROSEBURG, OR 97470	CEO 1.00	NONE	NONE	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
KELLY MORGAN IS EMPLOYED BY MERCY MEDICAL CENTER, INC., WHICH IS THE PARENT COMPANY OF MERCY FOUNDATION, INC.				
BRIAN PARGETER 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
NEAL BROWN 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
KATHLEEN NICKEL 2700 STEWART PARKWAY ROSEBURG, OR 97470	BOARD MEMBER 1.00	NONE	NONE	NONE
KATHLEEN NICKEL IS EMPLOYED BY MERCY MEDICAL CENTER, INC., WHICH IS THE PARENT COMPANY OF MERCY FOUNDATION, INC.				
GRAND TOTALS		NONE	NONE	NONE

FORM 990, PART V-A COMPENSATION PROVIDED BY RELATED ORGANIZATION

NAME, ORGANIZATION NAME, RELATIONSHIP	EMPLOYER ID #	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
JEAN LARSON MERCY MEDICAL CENTER, INC. FOUNDATION SUPPORTS HOSPITAL	93-0386868	119,064.	33,048.	NONE
LISA PLATT MERCY MEDICAL CENTER, INC. FOUNDATION SUPPORTS HOSPITAL	93-0386868	74,991.	13,710.	NONE
SUE WOODMAN MERCY MEDICAL CENTER, INC. FOUNDATION SUPPORTS HOSPITAL	93-0386868	41,486.	20,800.	NONE
WALLY GWALTNEY MERCY MEDICAL CENTER, INC. FOUNDATION SUPPORTS HOSPITAL	93-0386868	106,626.	27,470.	NONE
KELLY MORGAN CHATHOLIC HEALTH INITIATIVES CHI OWNS/CONTROLS MERCY FOUNDATION	47-0617373	451,467.	88,764.	19,000.

FORM 990, PART V-A COMPENSATION PROVIDED BY RELATED ORGANIZATION

NAME, ORGANIZATION NAME, RELATIONSHIP	EMPLOYER ID #	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
KATHLEEN NICKEL MERCY MEDICAL CENTER, INC. FOUNDATION SUPPORTS HOSPITAL	93-0386868	68,061.	31,221.	NONE
	GRAND TOTALS	861,695.	215,013.	19,000.

FORM 990, PART XI - TRANSFERS TO CONTROLLED ENTITIES STATEMENT

CONTROLLED ENTITY'S NAME: MERCY MEDICAL CENTER
CONTROLLED ENTITY'S ADDRESS: 2700 STEWART PARKWAY
CITY, STATE & ZIP: ROSEBURG, OR 97470
EIN: 93-0386868
TRANSFER AMOUNT: 431,385.
EXPLANATION OF TRANSFER TO CONTROLLED ENTITY:
CAPITAL CONTRIBUTION TO SUPPORT PROGRAM SERVICES

CONTROLLED ENTITY'S NAME: MERCY SERVICES CORPORATION
CONTROLLED ENTITY'S ADDRESS: 2700 STEWART PARKWAY
CITY, STATE & ZIP: ROSEBURG, OR 97470
EIN: 93-0824308
TRANSFER AMOUNT: 8,982.
EXPLANATION OF TRANSFER TO CONTROLLED ENTITY:
CAPITAL CONTRIBUTION TO MERCY VAN EXPRESS TO SUPPORT PROGRAM SERVICES

CONTROLLED ENTITY'S NAME: MERCY MEDICAL CENTER
CONTROLLED ENTITY'S ADDRESS: 2700 STEWART PARKWAY
CITY, STATE & ZIP: ROSEBURG, OR 97470
EIN: 93-0386868
TRANSFER AMOUNT: 13,677.
EXPLANATION OF TRANSFER TO CONTROLLED ENTITY:
CAPITAL CONTRIBUTION TO MERCY HOSPICE TO SUPPORT PROGRAM SERVICES

CONTROLLED ENTITY'S NAME: CATHOLIC HEALTH INITIATIVES
CONTROLLED ENTITY'S ADDRESS: 1999 BROADWAY SUITE 2600
CITY, STATE & ZIP: DENVER, CO 80237
EIN: 47-0617373
TRANSFER AMOUNT: 16,992.
EXPLANATION OF TRANSFER TO CONTROLLED ENTITY:
CHI NATIONAL ASSESSMENT

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D

SEE FORM 990 PART V-A

SCHEDULE A, PART III - EXPLANATION FOR LINE 3A

NURSING EDUCATION LOANS ARE PROVIDED BY THE NURSING EDUCATION LOAN FUND. SEE GUIDELINES IN STATEMENT 7-11.