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Form **990**

# Return of Organization Exempt From Income Tax

OMB No 1545-0047

# 2008

Department of the Treasury  
Internal Revenue Service

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

Open to Public Inspection

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

**A** For the **2008** calendar year, or tax year beginning **JUL 1, 2008** and ending **JUN 30, 2009**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type  See Specific Instructions	<b>C</b> Name of organization <b>MERCY FOUNDATION</b>		<b>D</b> Employer identification number <b>23-7072762</b>
		Doing Business As		<b>E</b> Telephone number <b>916-851-2700</b>
		Number and street (or P O box if mail is not delivered to street address) Room/suite <b>3400 DATA DR, 3RD FLOOR</b>		<b>G</b> Gross receipts \$ <b>10,402,470.</b>
		City or town, state or country, and ZIP + 4 <b>RANCHO CORDOVA, CA 95670</b>		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number <b>0928</b>
<b>F</b> Name and address of principal officer <b>SR. BRIDGET MCCARTHY SAME AS C ABOVE</b>		<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c) ( <b>3</b> ) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J</b> Website: <b>WWW.MERCYFOUNDATIONSACRAMENTO.ORG</b>		<b>K</b> Type of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		
<b>L</b> Year of formation <b>1954</b>		<b>M</b> State of legal domicile <b>CA</b>		

## Part I Summary

Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities <b>MERCY FOUNDATION IS RESPONSIBLE FOR RAISING PHILANTHROPIC SUPPORT AND COMMUNITY AWARENESS FOR THE</b>		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>25</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>25</b>
	<b>5</b> Total number of employees (Part V, line 2a)	<b>5</b>	<b>0</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>75</b>
	<b>7a</b> Total gross unrelated business revenue from Part VIII, line 12, column (C)	<b>7a</b>	<b>0.</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>0.</b>	
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	<b>9</b> Program service revenue (Part VIII, column (A), lines 3, 4, and 10)	<b>6,686,070.</b>	<b>5,495,327.</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 10)	<b>1,372,106.</b>	<b>718,063.</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10, and 11e)	<b>&lt;370,947.&gt;</b>	<b>&lt;60,643.&gt;</b>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>7,687,229.</b>	<b>6,152,747.</b>
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>3,250,193.</b>	<b>6,243,410.</b>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)		
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		<b>4,701.</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	<b>60,753.</b>	<b>244,474.</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25)	<b>1,462,312.</b>	
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	<b>2,533,391.</b>	<b>2,040,551.</b>	
<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>5,844,337.</b>	<b>8,533,136.</b>	
<b>19</b> Revenue less expenses Subtract line 18 from line 12	<b>1,842,892.</b>	<b>&lt;2,380,389.&gt;</b>	
Net Assets or Fund Balances	<b>20</b> Total assets (Part X, line 16)	Beginning of Year	End of Year
	<b>21</b> Total liabilities (Part X, line 26)	<b>37,005,703.</b>	<b>32,687,213.</b>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	<b>7,113,813.</b>	<b>6,496,844.</b>
		<b>29,891,890.</b>	<b>26,190,369.</b>

## 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: *[Signature]* Date: **5/12/10**  
 Type or print name and title: **Alison Sadler**

**Paid Preparer's Use Only**  
 Preparer's signature: *[Signature]* Date: **5/12/10** Check if self-employed   
 Preparer's identifying number (see instructions): **P00364484**  
 Firm's name (do not check if self-employed), address, and ZIP + 4: **GILBERT ASSOCIATES, INC.  
2880 GATEWAY OAKS DR, STE 100  
SACRAMENTO, CA 95833**  
 EIN: **68-0037990**  
 Phone no: **916-646-6464**

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

G15 15

Part III Statement of Program Service Accomplishments (see instructions)

1 Briefly describe the organization's mission:
MERCY FOUNDATION IS RESPONSIBLE FOR RAISING PHILANTHROPIC SUPPORT AND COMMUNITY AWARENESS FOR THE MINISTRIES OF THE SISTERS OF MERCY IN THE AREAS OF HEALTHCARE, EDUCATION, AFFORDABLE HOUSING, AND CARE FOR THE POOR AND THE ELDERLY THROUGHOUT THE GREATER SACRAMENTO REGION.

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 [X] No
If "Yes", describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No
If "Yes", describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported
SEE SCHEDULE O FOR CONTINUATION(S)

4a (Code: ) (Expenses \$ 6,472,142. including grants of \$ 6,243,410. ) (Revenue \$ 0. )
GIVING STOCK CAN HELP COMBINE YOUR CHARITABLE GIVING GOALS WITH EFFECTIVE ESTATE AND FINANCIAL PLANNING. BY GIVING APPRECIATED STOCK TO MERCY FOUNDATION, YOU AVOID CAPITAL GAIN TAXES THAT WILL BE DUE AS A RESULT OF ITS SALE. THIS WAY, YOU TURN STOCK MARKET GAINS INTO COMMUNITY INVESTMENT TO CARE FOR THOSE IN GREATEST NEED.

GRANTS

MERCY FOUNDATION ALSO RELIES ON SUPPORT FROM FAMILY AND CORPORATE FOUNDATIONS. WITH A WIDE VARIETY OF PROGRAMS AVAILABLE TO SUPPORT THOSE IN NEED, THE WORKS OF MERCY HAVE SIMILARITIES TO GRANTING ORGANIZATIONS' FUNDING PRIORITIES.

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )
WORKS OF THE SISTERS OF MERCY

THE SISTERS OF MERCY ARRIVED IN SACRAMENTO IN 1857 TO CARE FOR THE SICK, POOR AND UNEDUCATED. LISTED ARE THE WORKS OF THE SISTERS OF MERCY SUPPORTED BY MERCY FOUNDATION.

- MERCY GENERAL HOSPITAL
MERCY HOSPITAL OF FOLSOM
MERCY SAN JUAN MEDICAL CENTER
METHODIST HOSPITAL OF SACRAMENTO

FOLSOM FAMILY CLINIC

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 \$ 6,472,142. (Must equal Part IX, Line 25, column (B))

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors?	X	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? <i>If "Yes," complete Schedule C, Part II</i>		X
<b>5</b> <b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? <i>If "Yes," complete Schedule C, Part III</i>		
<b>6</b> Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	X	
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
<b>9</b> Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
<b>10</b> Did the organization hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
<b>11</b> Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? <i>If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable</i>	X	
<b>12</b> Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>	X	
<b>13</b> Is the organization a school as described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the U.S.?		X
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? <i>If "Yes," complete Schedule F, Part I</i>		X
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Part II</i>		X
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Part III</i>		X
<b>17</b> Did the organization report more than \$15,000 on Part IX, column (A), line 11e? <i>If "Yes," complete Schedule G, Part I</i>	X	
<b>18</b> Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	X	
<b>19</b> Did the organization report more than \$15,000 on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
<b>20</b> Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>		X
<b>21</b> Did the organization report more than \$5,000 on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	X	
<b>22</b> Did the organization report more than \$5,000 on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	X	
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? <i>If "Yes," complete Schedule J</i>	X	
<b>24a</b> 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 questions 24b-24d and complete Schedule K. If "No," go to question 25</i>		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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>b</b> Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? <i>If "Yes," complete Schedule L, Part I</i>		X
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>		X

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>28</b> During the tax year, did any person who is a current or former officer, director, trustee, or key employee:		
<b>a</b> Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If "Yes," complete Schedule L, Part IV</i>	X	
<b>b</b> Have a family member who had a direct or indirect business relationship with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		X
<b>c</b> Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i>	X	
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	X	
<b>30</b> 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	
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
<b>32</b> 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
<b>33</b> 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
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	X	
<b>35</b> Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
<b>36</b> <b>Section 501(c)(3) organizations.</b> 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
<b>37</b> 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

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable		
<b>1a</b>	21		
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>1b</b>	0		
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
<b>2a</b>	0		
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)		
<b>2b</b>			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
<b>3b</b>			
<b>4a</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)?		X
<b>b</b>	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		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>5c</b>	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
<b>5c</b>			
<b>6a</b>	Did the organization solicit any contributions that were not tax deductible?		X
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>6b</b>			
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?	X	
<b>7a</b>			
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	X	
<b>7b</b>			
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>7c</b>			
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>7d</b>			
<b>e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
<b>7e</b>			
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
<b>7f</b>			
<b>g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7g</b>			
<b>h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
<b>7h</b>			
<b>8</b>	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
<b>8</b>			
<b>9</b>	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?		X
<b>9a</b>			
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		X
<b>9b</b>			
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter: N/A		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10a</b>			
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>10b</b>			
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter: N/A		
<b>a</b>	Gross income from members or shareholders		
<b>11a</b>			
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>11b</b>			
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12a</b>			
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year N/A		
<b>12b</b>			

**Part VI Governance, Management, and Disclosure** (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

**Section A. Governing Body and Management**

For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body		
<b>1b</b>	Enter the number of voting members that are independent		
<b>2</b>	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?	X	
<b>3</b>	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?		X
<b>4</b>	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	X	
<b>5</b>	Did the organization become aware during the year of a material diversion of the organization's assets?		X
<b>6</b>	Does the organization have members or stockholders?	X	
<b>7a</b>	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	X	
<b>7b</b>	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	X	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	The governing body?	X	
<b>8b</b>	Each committee with authority to act on behalf of the governing body?	X	
<b>9a</b>	Does the organization have local chapters, branches, or affiliates?		X
<b>9b</b>	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
<b>10</b>	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990		X
<b>11</b>	Is there any officer, director or 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		X

**Section B. Policies**

		Yes	No
<b>12a</b>	Does the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>12b</b>	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12c</b>	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	X	
<b>13</b>	Does the organization have a written whistleblower policy?	X	
<b>14</b>	Does the organization have a written document retention and destruction policy?	X	
<b>15</b>	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:		
<b>15a</b>	The organization's CEO, Executive Director, or top management official?	X	
<b>15b</b>	Other officers or key employees of the organization? Describe the process in Schedule O (see instructions)	X	
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>16b</b>	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **CA**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
 Own website     Another's website     Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **TRISHA PENA - 916-851-2708**  
**3400 DATA DRIVE, RANCHO CORDOVA, CA 95670**

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

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

1a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- 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 the organization did not compensate any officer, director, trustee, or key employee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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			
SISTER BRIDGET MCCARTHY, PRESIDENT AND CEO	40.00			X				0.	0.	4,701.
JOHN SHAW VP FOUNDATION	40.00						X	486,896.	0.	7,736.
GIL A. ALBIANI CHAIR OF THE BOARD	1.00	X						0.	0.	0.
LAWRENCE B. GARCIA IMMEDIATE PAST CHAIR	1.00	X						0.	0.	0.
MERRILY F. WONG INCOMING CHAIR	1.00	X						0.	0.	0.
MICHAEL T. GENOVESE SECRETARY/TREASURER	1.00	X						0.	0.	0.
STAN ATKINSON MEMBER	1.00	X						0.	0.	0.
STEPHEN N. BAUER, MD MEMBER	1.00	X						0.	0.	0.
RICHARD BOJE MEMBER	1.00	X						0.	0.	0.
PATRICE N. COYLE MEMBER	1.00	X						0.	0.	0.
KEN CRAWFORD MEMBER	1.00	X						0.	0.	0.
CECILIA M. DELURY MEMBER	1.00	X						0.	0.	0.
CATHERINE DOUGHERTY MEMBER	1.00	X						0.	0.	0.
EILEEN ENRIGHT MEMBER	1.00	X						0.	0.	0.
JOAN GANN MEMBER	1.00	X						0.	0.	0.
DIANE R. GRENZ MEMBER	1.00	X						0.	0.	0.
DEE HARTZOG MEMBER	1.00	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	(C) Position (check all that apply)						(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			
SKIP A. JAHN MEMBER	1.00	X						0.	0.	0.
JACK KIMMEL MEMBER	1.00	X						0.	0.	0.
ALDO L. LOVOTTI MEMBER	1.00	X						0.	0.	0.
SHARON MARGETTS MEMBER	1.00	X						0.	0.	0.
ROBIN L. MARTIAL MEMBER	1.00	X						0.	0.	0.
TIMOTHY MORAN MEMBER	1.00	X						0.	0.	0.
JIM PELLEY MEMBER	1.00	X						0.	0.	0.
ALICE PEREZ MEMBER	1.00	X						0.	0.	0.
BILL VAN DUKER MEMBER	1.00	X						0.	0.	0.
BISHOP WILLIAM WEIGAND MEMBER	1.00	X						0.	0.	0.
<b>1b Total</b>								999,473.	0.	96,664.

2 Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization 5

	Yes	No
3 Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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.

(A) Name and business address	(B) Description of services	(C) Compensation
LESTER CONSULTING 715 UNIVERSITY AVENUE, SACRAMENTO, CA 95825	CAMPAIGN CONSULTING SERVICES	175,000.

2 Total number of independent contractors (including those in 1) who received more than \$100,000 in compensation from the organization 1

SEE SCHEDULE J-2 FOR PART VII, SECTION A CONTINUATION

Part VIII Statement of Revenue		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1 a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c 89,730.			
	d Related organizations	1d			
	e Government grants (contributions)	1e 77,017.			
	f All other contributions, gifts, grants, and similar amounts not included above	1f 5328580.			
	g Noncash contributions included in lines 1a-1f \$	179,167.			
	h Total. Add lines 1a-1f	▶ 5,495,327.			
	Program Service Revenue	2 a _____	Business Code		
b _____					
c _____					
d _____					
e _____					
f All other program service revenue					
g Total. Add lines 2a-2f		▶			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)	▶	862,701.		862,701.
	4 Income from investment of tax-exempt bond proceeds	▶			
	5 Royalties	▶			
	6 a Gross Rents	(i) Real (ii) Personal			
	b Less: rental expenses				
	c Rental income or (loss)				
	d Net rental income or (loss)	▶			
	7 a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other			
	b Less: cost or other basis and sales expenses				
	c Gain or (loss)	<144638.>			
	d Net gain or (loss)	▶	<144,638.>		<144,638.>
	8 a Gross income from fundraising events (not including \$ 89,730. of contributions reported on line 1c). See Part IV, line 18	a 103,573.			
	b Less: direct expenses	b 164,216.			
	c Net income or (loss) from fundraising events	▶	<60,643.>		<60,643.>
	9 a Gross income from gaming activities See Part IV, line 19	a			
b Less: direct expenses	b				
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	b				
c Net income or (loss) from sales of inventory	▶				
Miscellaneous Revenue		Business Code			
11 a _____					
b _____					
c _____					
d All other revenue					
e Total. Add lines 11a-11d	▶				
12 Total Revenue Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e	▶	6,152,747.	0.	0.	657,420.

**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) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	6,237,410.	6,237,410.		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	6,000.	6,000.		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	4,701.	4,701.		
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 contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal	24,769.		24,769.	
c Accounting	27,000.		27,000.	
d Lobbying				
e Professional fundraising services See Part IV, line 17	244,474.			244,474.
f Investment management fees				
g Other	204,029.	32,620.	49,599.	121,810.
12 Advertising and promotion				
13 Office expenses	83,768.	19.	54,185.	29,564.
14 Information technology				
15 Royalties				
16 Occupancy	75,213.	11,982.	23,962.	39,269.
17 Travel	8,879.		8,745.	134.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,189.	661.	1,323.	2,205.
23 Insurance				
24 Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below )				
a REIMB PERSONNEL EXPENSE	1,550,294.	178,690.	362,889.	1,008,715.
b BAD DEBT EXPENSE	28,632.		28,632.	
c MISCELLANEOUS	21,904.	59.	6,271.	15,574.
d DUES AND SUBSCRIPTIONS	7,334.		7,217.	117.
e OUTSIDE TRAINING	4,540.		4,090.	450.
f All other expenses				
25 Total functional expenses Add lines 1 through 24f	8,533,136.	6,472,142.	598,682.	1,462,312.
26 Joint Costs. Check here <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	25,968.	1	5,639.
	2 Savings and temporary cash investments	2,621,348.	2	1,189,470.
	3 Pledges and grants receivable, net	1,639,777.	3	1,916,813.
	4 Accounts receivable, net	1,093,645.	4	335,079.
	5 Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	1,056,025.	7	1,056,025.
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	12,175.	9	22,501.
	10a Land, buildings, and equipment: cost basis	10a 76,697.		
	b Less: accumulated depreciation. Complete Part VI of Schedule D	10b 71,489.	9,587.	10c 5,208.
	11 Investments - publicly traded securities	20,368,824.	11	18,395,604.
	12 Investments - other securities. See Part IV, line 11	96,945.	12	89,622.
	13 Investments - program-related. See Part IV, line 11	72,879.	13	66,351.
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	10,008,530.	15	9,604,901.
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	37,005,703.	16	32,687,213.	
Liabilities	17 Accounts payable and accrued expenses	345,877.	17	342,111.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow account liability. Complete Part IV of Schedule D		21	
	22 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		24	
	25 Other liabilities. Complete Part X of Schedule D	6,767,936.	25	6,154,733.
	26 <b>Total liabilities.</b> Add lines 17 through 25	7,113,813.	26	6,496,844.
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	27 Unrestricted net assets	4,642,561.	27	4,076,724.
	28 Temporarily restricted net assets	21,405,962.	28	16,509,063.
	29 Permanently restricted net assets	3,843,367.	29	5,604,582.
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	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 <b>Total net assets or fund balances</b>	29,891,890.	33	26,190,369.
	34 <b>Total liabilities and net assets/fund balances</b>	37,005,703.	34	32,687,213.

**Part XI Financial Statements and Reporting**

- 1 Accounting method used to prepare the Form 990.  Cash  Accrual  Other
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
- b Were the organization's financial statements audited by an independent accountant?
- c If "Yes" to lines 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?
- 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?
- b If "Yes," did the organization undergo the required audit or audits?

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

**SCHEDULE A**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

**2008**  
Open to Public Inspection

Name of the organization: **MERCY FOUNDATION** Employer identification number: **23-7072762**

**Part I Reason for Public Charity Status** (All organizations must complete this part.) (see instructions)

The organization is not a private foundation because it is: (Please check only **one** organization)

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

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?		X
(ii) A family member of a person described in (i) above?		X
(iii) A 35% controlled entity of a person described in (i) or (ii) above?		X
- h Provide the following information about the organizations the organization supports.

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
SISTERS OF MERCY OF THE CATHOLIC HEALTHCARE W	26-24008001		X		X		X		801,715.
	94-11962033		X		X		X		5,435,695.
<b>Total</b>									<b>6,237,410.</b>

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

Schedule A (Form 990 or 990-EZ) 2008

**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.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 - 3						
<b>5</b> 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)						
<b>6 Public Support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions)					<b>12</b>	
<b>13 First five years.</b> 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**

<b>14</b> Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	%
<b>15</b> Public support percentage from 2007 Schedule A, Part IV-A, line 26f	<b>15</b>	%
<b>16a 33 1/3% support test - 2008.</b> 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>b 33 1/3% support test - 2007.</b> 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"/>		
<b>17a 10% -facts-and-circumstances test - 2008.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>b 10% -facts-and-circumstances test - 2007.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>18 Private foundation.</b> 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 9 of Part I)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 - 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
<b>13 Total support</b> (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**

<b>15</b> Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	%
<b>16</b> Public support percentage from 2007 Schedule A, Part IV-A, line 27g	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	%
<b>18</b> Investment income percentage from 2007 Schedule A, Part IV-A, line 27h	<b>18</b>	%

**19a 33 1/3% support tests - 2008.** 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 - 2007.** 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 ▶

**Schedule D**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

OMB No 1545-0047

**2008**

Open to Public Inspection

Name of the organization **MERCY FOUNDATION** Employer identification number **23-7072762**

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year	7	
2 Aggregate contributions to (during year)	41,416.	
3 Aggregate grants from (during year)	18,000.	
4 Aggregate value at end of year	402,593.	
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

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

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

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

	Held at the End of the Year
a Total number of conservation easements	
b Total acreage restricted by conservation easements	
c Number of conservation easements on a certified historic structure included in (a)	
d Number of conservation easements included in (c) acquired after 8/17/06	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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, violations, and enforcement of the conservation easements it holds?  Yes  No

6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing 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 XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

1a If the organization elected, as permitted under SFAS 116, 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 XIV, the text of the footnote to its financial statements that describes these items.

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

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

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

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

3 Using the organization's 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 XIV.

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

- c Beginning balance
- d Additions during the year
- e Distributions during the year
- f Ending balance

	Amount
1c	
1d	
1e	
1f	

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

b If "Yes," explain the arrangement in Part XIV.

**Part V Endowment Funds.** Complete if organization answered "Yes" to 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	7,184,072.				
b Contributions	6,400.				
c Investment earnings or losses	<1330384.>				
d Grants or scholarships	0.				
e Other expenditures for facilities and programs	101,802.				
f Administrative expenses	0.				
g End of year balance	5,758,286.				

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment  \_\_\_\_\_%
- b Permanent endowment  100.00%
- c Term endowment  \_\_\_\_\_%

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

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

**Part VI Investments - Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment		76,697.	71,489.	5,208.
e Other				
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c))				5,208.



**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	6,152,747.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	8,533,136.
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	<2,380,389.>
4	Net unrealized gains (losses) on investments	4	<1,321,132.>
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net). Add lines 4-8	9	<1,321,132.>
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	<3,701,521.>

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	5,090,213.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	<1,321,132.>
b	Donated services and use of facilities	2b	94,382.
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	<1,226,750.>
3	Subtract line 2e from line 1	3	6,316,963.
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 XIV)	4b	<164,216.>
c	Add lines 4a and 4b	4c	<164,216.>
5	Total revenue. Add lines 3 and 4c. (This should equal Form 990, Part I, line 12.)	5	6,152,747.

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	8,791,734.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	94,382.
b	Prior year adjustments	2b	
c	Losses reported on Form 990, Part IX, line 25	2c	
d	Other (Describe in Part XIV)	2d	164,216.
e	Add lines 2a through 2d	2e	258,598.
3	Subtract line 2e from line 1	3	8,533,136.
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 XIV)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18.)	5	8,533,136.

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X; Part XI, line 8; Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b.

**PART V, LINE 4: THE INTENDED USE OF MERCY FOUNDATION'S ENDOWMENT FUNDS**

IS TO PRESERVE AND ENHANCE THE VALUE OF THE ENTRUSTED FUNDS AND TO USE THE INTEREST INCOME PER DONOR INTENT.

**PART XII, LINE 4B - OTHER ADJUSTMENTS:**

SPECIAL EVENT EXPENSES

**PART XIII, LINE 2D - OTHER ADJUSTMENTS:**





**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events	
		SWING AT BREAST CANCER (event type)	METHODIST GOLF TOURNAM (event type)	1 (total number)	(Add col. (a) through col. (c))	
Revenue	1	Gross receipts	100,443.	54,335.	38,525.	193,303.
	2	Less: Charitable contributions	41,355.	34,150.	14,225.	89,730.
	3	Gross revenue (line 1 minus line 2)	59,088.	20,185.	24,300.	103,573.
Direct Expenses	4	Cash prizes				
	5	Non-cash prizes	674.	848.	100.	1,622.
	6	Rent/facility costs	33,787.	24,548.	29,592.	87,927.
	7	Other direct expenses	31,838.	17,566.	25,263.	74,667.
	8	Direct expense summary. Add lines 4 through 7 in column (d)				( 164,216. )
	9	Net income summary. Combine lines 3 and 8 in column (d)				<60,643.>

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col. (a) through col. (c))
Revenue	1	Gross revenue			
Direct Expenses	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No
	7	Direct expense summary. Add lines 2 through 5 in column (d)			( _____ )
	8	Net gaming income summary. Combine lines 1 and 7 in column (d)			

9 Enter the state(s) in which the organization operates gaming activities: \_\_\_\_\_

a Is the organization licensed to operate gaming activities in each of these states?

b If "No," Explain

\_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

b If "Yes," Explain:

\_\_\_\_\_

11 Does the organization operate gaming activities with nonmembers?

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

	Yes	No
9a		
10a		
11		
12		



**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the U.S.**

OMB No. 1545-0047

2008

▶ **Complete if the organization answered "Yes," on Form 990, Part IV, lines 21 or 22.  
▶ Attach to Form 990.**

**Open to Public  
Inspection**

Name of the organization **MERCY FOUNDATION** Employer identification number **23-7072762**

**Part I General Information on Grants and Assistance**

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No

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

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CATHOLIC HEALTHCARE WEST 3400 DATA DRIVE RANCO CORDOVA, CA 95670	94-1196203	501(C)(3)	5,435,695.	0.			SUPPORT HOSPITAL PROGRAMS
SISTERS OF MERCY 535 SACRAMENTO STREET AUBURN, CA 95603	94-2532630	501(C)(3)	775,228.	26,487.FMV		HOUSEHOLD ITEMS	SUPPORT WORKS OF SISTERS

2 Enter total number of section 501(c)(3) and government organizations **2.**

3 Enter total number of other organizations **0.**

**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
TUITION ASSISTANCE	3	6,000.	0.		

**Part IV** Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

SCHEDULE I, PART I, LINE 2: GRANTS: MERCY FOUNDATION HAS BEEN ESTABLISHED BY THE SISTERS OF MERCY TO ENCOURAGE AND DEVELOP FINANCIAL SUPPORT FOR THE SISTERS OF MERCY AND IS RESPONSIBLE FOR RAISING PHILANTHROPIC SUPPORT AND COMMUNITY AWARENESS FOR THE MINISTRIES OF THE SISTERS OF MERCY IN THE AREAS OF HEALTHCARE, EDUCATION, AFFORDABLE HOUSING, AND CARE FOR THE POOR AND THE ELDERLY THROUGHOUT THE GREATER SACRAMENTO REGION. ONE HUNDRED PERCENT OF ALL DONATIONS GO DIRECTLY TO THE PROGRAM OF THE DONOR'S CHOICE. THIS IS MADE POSSIBLE BY AN OPERATING GRANT TO MERCY FOUNDATION BY CHW.



**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

▶ Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 23.

OMB No 1545-0047

**2008**

Open to Public Inspection

Name of the organization

MERCY FOUNDATION

Employer identification number

23-7072762

**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 in 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 (e.g., maid, chauffeur, chef) |

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

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

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- |  |   |
|--|---|
| <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 checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a:

- 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 501(c)(3) and 501(c)(4) organizations must complete lines 5-8.**

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

- a** The organization?
- b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

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

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

	Yes	No
<b>1b</b>		
<b>2</b>		
<b>4a</b>	X	
<b>4b</b>	X	
<b>4c</b>		X
<b>5a</b>		X
<b>5b</b>		X
<b>6a</b>		X
<b>6b</b>		X
<b>7</b>		X
<b>8</b>		X

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

Schedule J (Form 990) 2008



Part III Supplemental Information

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

PART I, LINE 4A: AN OFFICER AND A DIRECTOR PARTICIPATE IN A SEVERANCE PLAN WITH A RELATED ORGANIZATION THAT PROVIDES FAIR COMPENSATION, RANGING FROM PAYMENTS OF 6 MONTHS TO 2 YEARS OF BASE COMPENSATION, DEPENDING ON THE EXECUTIVE'S POSITION, IN THE EVENT OF A POSITION ELIMINATION OR OTHER INVOLUNTARY TERMINATION, IN ACCORDANCE WITH THE GUIDELINES. PAYMENTS MADE DURING 2008 PURSUANT TO THIS PLAN INCLUDE \$250,616 TO JOHN SHAW.

PART I, LINE 4B: JOHN SHAW PARTICIPATES IN THE CHW EXCESS BENEFIT PLAN, A NONQUALIFIED SUPPLEMENTAL BENEFIT PLAN LIMITED TO PARTICIPANTS IN THE CHW RETIREMENT PLAN WHOSE BENEFITS ARE AFFECTED BY THE LIMITATIONS IMPOSED BY SECTIONS 401(A)(17) AND 415 OF THE INTERNAL REVENUE CODE. BENEFIT SERVICE UNDER THIS PLAN WAS FROZEN AS OF JANUARY 1, 2008. PAYMENTS MADE TO JOHN SHAW DURING 2008 PURSUANT TO THIS PLAN WERE \$137,607.



**SCHEDULE L**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Transactions with Interested Persons**

▶ Attach to Form 990 or Form 990-EZ.  
▶ To be completed by organizations that answered  
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,  
or Form 990-EZ, Part V, lines 38a or 40b.

OMB No 1545-0047

**2008**  
**Open To Public**  
**Inspection**

Name of the organization **MERCY FOUNDATION** Employer identification number **23-7072762**

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501(c)(4) organizations only).

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ \_\_\_\_\_  
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No

Total ▶ \$ \_\_\_\_\_

**Part III Grants or Assistance Benefiting Interested Persons.**

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

**Part IV Business Transactions Involving Interested Persons.**

To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
MICHAEL GENOVESE	TREASURER OF BOARD	23,783.	MANAGEMENT		X

SEE SCHEDULE O FOR SCHEDULE L CONTINUATIONS

**SCHEDULE M  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**NonCash Contributions**

OMB No 1545-0047

**2008**  
Open to Public  
Inspection

▶ To be completed by organizations that answered  
"Yes" on Form 990, Part IV, lines 29 or 30.

▶ Attach to Form 990.

Name of the organization **MERCY FOUNDATION** Employer identification number **23-7072762**

<b>Part I</b>		<b>Types of Property</b>		(a) Check if applicable	(b) Number of contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues	
1	Art - Works of art	X	3	9,085	FMV			
2	Art - Historical treasures							
3	Art - Fractional interests							
4	Books and publications							
5	Clothing and household goods	X		16,802	FMV			
6	Cars and other vehicles							
7	Boats and planes							
8	Intellectual property							
9	Securities - Publicly traded	X	3	3,818	FMV			
10	Securities - Closely held stock							
11	Securities - Partnership, LLC, or trust interests							
12	Securities - Miscellaneous							
13	Qualified conservation contribution (historic structures)							
14	Qualified conservation contribution (other)							
15	Real estate - Residential							
16	Real estate - Commercial	X	1	148,862	NET PRESENT VALUE			
17	Real estate - Other							
18	Collectibles							
19	Food inventory							
20	Drugs and medical supplies	X	1	600	FMV			
21	Taxidermy							
22	Historical artifacts							
23	Scientific specimens							
24	Archeological artifacts							
25	Other ▶ ( _____ )							
26	Other ▶ ( _____ )							
27	Other ▶ ( _____ )							
28	Other ▶ ( _____ )							
29	Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgment					29	0	
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?						Yes	No
b	If "Yes," describe the arrangement in Part II.							
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?						X	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?							X
b	If "Yes," describe in Part II.							
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II							

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

Schedule M (Form 990) 2008



**SCHEDULE O**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990**

▶ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No 1545-0047

**2008**

Open to Public  
Inspection

Name of the organization

MERCY FOUNDATION

Employer identification number  
23-7072762

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

MINISTRIES OF THE SISTERS OF MERCY IN THE AREAS OF HEALTHCARE,  
EDUCATION, AFFORDABLE HOUSING, AND CARE FOR THE POOR AND THE ELDERLY  
THROUGHOUT THE GREATER SACRAMENTO REGION.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS

IN-KIND GIFTS

A NON-CASH GIFT, ALSO CALLED AN IN-KIND GIFT, IS A NON-MONETARY  
CONTRIBUTION OF EQUIPMENT, SUPPLIES, CORPORATE SERVICES/FACILITIES,  
PROFESSIONAL SERVICES OR OTHER PROPERTY THAT WILL BENEFIT THE WORKS OF  
MERCY PROGRAMS AND SERVICES. IN-KIND GIFTS ARE TAX-DEDUCTIBLE.

PLANNED GIFTS

ALTERNATE METHODS OF GIVING HAVE BECOME VERY POPULAR. DEFERRED OR  
PLANNED GIVING ENCOMPASSES VARIOUS PLANS THAT ARE DESIGNED TO LET YOU  
(AND EVEN A SURVIVOR, IF YOU WISH) ENJOY THE LIFETIME BENEFITS OF YOUR  
INTENDED GIFT.

WILLS AND BEQUESTS

INCLUDING A CHARITABLE BEQUEST IN YOUR WILL IS AN EFFECTIVE WAY TO MAKE  
A LASTING GIFT TO YOUR COMMUNITY AND BECOMES YOUR PERSONAL LEGACY OF  
GIVING. MOST ESTATES HAVE THREE CATEGORIES OF BENEFICIARIES: HEIRS,

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CHARITABLE ORGANIZATIONS AND THE GOVERNMENT. THE FOUNDATION ENCOURAGES DONORS TO MAXIMIZE THEIR GIFTS TO THE FIRST TWO AND LIMIT THE THIRD. THIS CAN BE ACCOMPLISHED THROUGH CAREFUL ESTATE PLANNING.

CHARITABLE GIFT ANNUITIES

A DONOR CAN WORK DIRECTLY WITH MERCY FOUNDATION TO ESTABLISH A CHARITABLE GIFT ANNUITY, A POPULAR WAY OF GIVING THAT COMBINES THE BENEFIT OF AN INVESTMENT AND A GIFT, AND PROVIDES LIFE INCOME TO THE DONOR (AND ANOTHER RECIPIENT IF DESIRED THE - ANNUITANTS).

CHARITABLE REMAINDER TRUSTS

YOU CAN PLAN FOR THE FUTURE FOR YOU AND YOUR COMMUNITY. A CHARITABLE REMAINDER TRUST ALLOWS YOU TO INVEST SIGNIFICANT ASSETS AND RECEIVE INCOME FOR THE REST OF YOUR LIFE, KNOWING THAT WHATEVER REMAINS WILL BENEFIT YOUR COMMUNITY.

MERCY FOUNDATION UNDERSTANDS THAT YOUR PHILANTHROPIC GIVING MUST BLEND WITH YOUR OWN FINANCIAL NEEDS AND TAX PLANNING. THAT'S WHY, WITH A DONOR'S LEGAL AND TAX ADVISORS, MERCY FOUNDATION'S EXPERT STAFF WILL HELP CREATE A PLAN THAT SUITS A DONOR'S PERSONAL CIRCUMSTANCES.

FOR MORE INFORMATION ON HOW YOU CAN GIVE TO SUPPORT THE WORKS OF MERCY GO TO THE FOUNDATION'S WEBSITE AT [WWW.SUPPORTMERCYFOUNDATION.ORG](http://WWW.SUPPORTMERCYFOUNDATION.ORG) OR CALL 916-851-2700.

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FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS

MERCY CLINIC LOAVES & FISHES

MERCY CLINIC NORTH HIGHLANDS

MERCY CLINIC NORWOOD, SACRAMENTO

WHITE ROCK FAMILY CLINIC

CRISTO REY HIGH SCHOOL SACRAMENTO

MERCY EDUCATION RESOURCE CENTER, SACRAMENTO

MERCY MCMAHON TERRACE

MERCY HOUSING CALIFORNIA

HOUSING DEVELOPMENT

RESIDENTIAL PROGRAMS

MERCY CENTER AUBURN

MERCY BEYOND BORDERS

MERCY VOLUNTEER CORPS

ACCOMPLISHMENTS IN FISCAL YEAR 2009

ORGANIZATIONAL DEVELOPMENT

-EIGHT NEW BOARD MEMBERS WERE RECRUITED TO THE BOARD OF TRUSTEES.

-A NEW STRATEGIC PLAN WAS DEVELOPED AND APPROVED BY THE BOARD OF

TRUSTEES. THIS PLAN FOCUSES ON FISCAL YEARS 2010-2012 AND ESTABLISHED

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EIGHT STRATEGIC GOALS, PUTTING IN PLACE THE BUILDING BLOCKS NECESSARY FOR BOTH SHORT AND LONG-TERM SUCCESS.

-AN ANNUAL OPERATING PLAN WAS DEVELOPED AND IMPLEMENTED. THE PLAN FOCUSED ON THE COMPLETION OF KEY ACTIVITIES, INCLUDING BUT NOT LIMITED TO: 1) FUNDRAISING INITIATIVES; 2) MARKETING AND COMMUNICATIONS EFFORTS, 3) IMPROVED DONOR STEWARDSHIP AND ENGAGEMENT; 4) PROSPECT COORDINATION; AND 5) BOARD EDUCATION AND INVOLVEMENT.

-IN FY 09, MERCY FOUNDATION CREATED A NEW STAFFING MODEL ALONG WITH SYSTEMS AND STRUCTURES TO BETTER SUPPORT AND ALIGN LOCAL FUNDRAISING EFFORTS WITH THE RESOURCES AVAILABLE REGIONALLY.

-MERCY FOUNDATION WORKED COLLABORATIVELY WITH OUR COLLEAGUES AT MERCY FOUNDATION NORTH, THE SISTERS OF MERCY OF THE AMERICAS WEST MIDWEST COMMUNITY AND CHW TO CREATE A NEW SET OF BYLAWS WHICH PROVIDE FOR GREATER EFFICIENCY AND CONSISTENCY WHILE PRESERVING EACH FOUNDATION'S FLEXIBILITY.

**CAMPAIGNS**

-THE EMPLOYEES LEND A HAND CAMPAIGN SAW A 115% INCREASE IN PARTICIPATION AND 68% INCREASE IN REVENUE OVER FY08. EMPLOYEES CONTRIBUTED MORE THAN \$227,000 TO THE WORKS OF THE SISTERS OF MERCY

-THE ALEX G. SPANOS HEART & VASCULAR CENTER BROKE GROUND IN SEPTEMBER

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AND PHASE II OF THE CAPITAL CAMPAIGN BEGAN.

-"WINDOWS TO THE WORLD" CAMPAIGN WAS CREATED TO RAISE FUNDS FOR THE  
INSTALLATION AND PURCHASE OF FLAT-SCREEN TELEVISIONS FOR PATIENTS  
LIVING AT BRUCEVILLE TERRACE.

-THE HOUSE OF MERCY CAMPAIGN WAS COMPLETED. THE NEWLY RENOVATED  
FACILITIES OPENED TO SERVE PATIENTS AND THEIR FAMILIES ON FEBRUARY 25,  
2009.

GRANTMAKING

-THROUGHOUT FY 2009 THE FOUNDATION RELEASED \$6,337,792 IN PROGRAM  
DISTRIBUTIONS TO THE MINISTRIES OF THE SISTERS OF MERCY. THIS INCLUDED  
MORE THAN \$625,000 IN FUNDING THROUGH ITS PROGRAMS ALLOCATION COMMITTEE  
AND \$3,000,000 TO THE ALEX G. SPANOS HEART & VASCULAR CENTER.

SPECIAL EVENTS

EVENTS CONDUCTED BY MERCY FOUNDATION, HAVE, HISTORICALLY, BEEN HELD TO  
RAISE FUNDS, TO RAISE AWARENESS OF MERCY FOUNDATION AND THE MINISTRIES  
OF THE SISTERS OF MERCY, TO CULTIVATE DONOR RELATIONSHIPS AND TO  
RECOGNIZE OR STEWARD DONORS.

MERCY FOUNDATION DILIGENTLY MONITORS ALL EXPENSES ASSOCIATED WITH  
EVENTS IN ORDER TO ENSURE APPROPRIATE STEWARDSHIP OF RESOURCES AND

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TAKES THE MONITORING OF EVENT EXPENSES VERY SERIOUSLY. DONORS WHO SUPPORT MERCY FOUNDATION EVENTS CAN BE ASSURED THAT 100% OF THEIR GIFT WILL BE DIRECTED TO THE MINISTRY OF THEIR CHOICE. THIS OCCURS BECAUSE A GRANT FROM CHW SUPPORTS THE OPERATIONS OF THE FOUNDATION, THUS ENABLING THE DONOR'S GIFT TO COMPLETELY SUPPORT THE PROGRAM OF THEIR CHOICE.

BLUES FOR BABY AND ME GALA RAISED OVER \$38,000 FOR THE WOMEN AND CHILDREN SERVED THROUGH THE MERCY PERINATAL RECOVERY NETWORK. THIS PROGRAM SUPPORTS WOMEN IN ALCOHOL AND DRUG RECOVERY AND IN REBUILDING AND SUSTAINING FAMILIES. 100% OF FUNDS RAISED WENT DIRECTLY TO THIS PROGRAM.

TAKE A SWING AT BREAST CANCER GOLF TOURNAMENT RAISED MORE THAN \$100,000 FOR BREAST CANCER EDUCATION, TREATMENT AND PREVENTION SERVICES FOR WOMEN THROUGHOUT THE GREATER SACRAMENTO REGION. IN ADDITION, FUNDS ARE USED TO PROVIDE MAMMOGRAMS, ULTRASOUNDS AND OTHER DIAGNOSTIC SERVICES TO UNINSURED OR UNDERINSURED WOMEN IN THE COMMUNITY. 100% OF FUNDS RAISED WENT TO SUPPORT THIS PROGRAM.

THE FRIENDS OF METHODIST GOLF TOURNAMENT RAISED MORE THAN \$54,000 FOR THE SPEECH AND LANGUAGE THERAPY PROGRAM AT METHODIST HOSPITAL. 100% OF FUNDS RAISED WERE DIRECTED TO THIS IMPORTANT EFFORT.

OTHER ACCOMPLISHMENTS

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-THE ANNUAL FRIENDS OF METHODIST DINNER WAS HELD IN LATE NOVEMBER. AT THIS EVENT, TIM MORAN PRESENTED METHODIST HOSPITAL'S PRESIDENT'S AWARD TO ORTHOPEDIC SURGEON, DR. STEPHEN HOWELL. DR. HOWELL HAS BEEN INSTRUMENTAL IN DEVELOPING OTISKNEE, GROUNDBREAKING TECHNOLOGY ALLOWING SURGEONS TO CUSTOMIZE KNEE IMPLANT SIZE AND FIT FOR EACH INDIVIDUAL PATIENT.

-ON DECEMBER 12, MERCY FOUNDATION HELD THE MERCY LEGACY LUNCH AT ARDEN HILLS COUNTRY CLUB. THIS EVENT CELEBRATED FOUNDERS DAY AND ALLOWED US TO THANK THOSE INDIVIDUALS WHO HAVE MADE BEQUESTS OR OTHER PLANNED GIFTS TO SUPPORT THE WORKS OF THE SISTERS OF MERCY.

FORM 990, PART VI, SECTION A, LINE 2: A MEMBER OF THE FOUNDATION'S BOARD OF DIRECTORS IS EMPLOYED BY, AND HOLDS AN OWNERSHIP IN, A FIRM THAT MANAGES CERTAIN INVESTMENTS AND CHARITABLE TRUST ACCOUNTS OF THE FOUNDATION. TOTAL MANAGED FUNDS WERE \$13,587,466 AND MANAGEMENT FEES EARNED BY THE INVESTMENT FIRM FOR THOSE SERVICES TOTALED \$23,783 FOR THE YEAR ENDED JUNE 30, 2009.

FORM 990, PART VI, SECTION A, LINE 4: SIGNIFICANT CHANGES TO MERCY FOUNDATION'S BYLAWS ARE AS FOLLOWS:

I. ROLE OF CORPORATE MEMBERS: THESE BYLAWS PROVIDE A SOMEWHAT BROADER ROLE FOR THE CORPORATE MEMBERS BY (I) EXPANDING THE NUMBER OF RESERVED RIGHTS HELD BY THE MEMBERS AND (II) CONFERRING UPON THE CORPORATE MEMBERS THE RIGHT TO APPOINT AND TO REMOVE THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE FOUNDATION.

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II. RESERVED RIGHTS: THE BYLAWS LIST ADDITIONAL CORPORATE ACTIONS THAT WILL REQUIRE CORPORATE MEMBER APPROVAL WHILE PRESERVING THE BOARDS APPROVAL AUTHORITY AS WELL.

III. BOARD MEMBERSHIP: THE BYLAWS HAVE BEEN MODIFIED TO PROVIDE FOR A RANGE OF 15-50 MEMBERS OF THE FOUNDATION BOARD WITH THE ACTUAL NUMBER TO BE SET BY RESOLUTION OF THE CORPORATE MEMBERS. IN ADDITION, THE BYLAWS NOW PROVIDE FOR SEVERAL EX OFFICIO MEMBERS OF THE FOUNDATION BOARD INCLUDING: (I) THE MERCY COMMUNITY REPRESENTATIVE, (II) THE MERCY COMMUNITY PRESIDENT OR DESIGNEE, (III) THE FOUNDATION PRESIDENT, AND (IV) THE CHW OPERATING EXECUTIVE

IV. QUORUM: IN ORDER TO HELP AVOID THE PROBLEMS CREATED BY A LACK OF A QUORUM, THE BYLAWS PROVIDE THAT ONE-THIRD OF THE AUTHORIZED NUMBER OF TRUSTEES WILL CONSTITUTE A QUORUM FOR PURPOSES OF CONDUCTING THE BUSINESS OF THE FOUNDATION.

V. OFFICERS: THE BYLAWS HAVE BEEN AMENDED TO REMOVE THE OFFICER POSITIONS OF THE PAST PRESIDENT AND CHAIR ELECT (REPLACED WITH VICE CHAIR), AND THE AUTOMATIC SUCCESSION OF THE VICE CHAIR TO THE POSITION OF CHAIR. IN ADDITION, THE BYLAWS AMEND THE REPORTING RELATIONSHIP OF THE PRESIDENT TO THE CORPORATE MEMBERS BUT PRESERVE THE OBLIGATION OF THE PRESIDENT TO ACCOUNT TO THE FOUNDATION BOARD.

VI. COMMITTEES: THE BYLAWS ALSO MADE CHANGES TO THE COMMITTEE STRUCTURE OF

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THE FOUNDATION, PROVIDING FOR ONLY THREE (3) STANDING COMMITTEES CONSISTING OF (I) THE EXECUTIVE COMMITTEE, (II) THE NOMINATING COMMITTEE AND (III) THE AUDIT COMMITTEE. THE BYLAWS DO NOT RESTRICT THE ABILITY OF THE BOARD TO APPOINT ADDITIONAL COMMITTEES AS THE BOARD DEEMS APPROPRIATE AND ALSO EXPLICITLY PERMITS THE BOARD TO FORM AUXILIARY ORGANIZATIONS (SUCH AS COMMUNITY COUNCILS).

VII. OTHER CHANGES: IN ADDITION TO THE SUBSTANTIVE CHANGES DESCRIBED ABOVE, THE FOLLOWING REVISIONS MADE:

1. MEMBER MEETINGS: WE HAVE REVISED SECTIONS 4.03, 4.04, 4.05 AND 4.06 TO BRING THE BYLAWS INTO CONFORMITY WITH THE TECHNICAL REQUIREMENTS OF THE CALIFORNIA CORPORATIONS CODE.

2. HONORARY TRUSTEES: WE HAVE ADDED A NEW SECTION 6.03(E) THAT ENABLES EACH FOUNDATION TO CREATE CATEGORIES OF "HONORARY" TRUSTEES AS LONG AS THEY OPERATE WITHIN THE EXPRESS LIMITATIONS OF THE THIS SECTION. THIS LIMITATION IS CONSISTENT WITH THE CURRENT STATUS AS OF THESE INDIVIDUALS AS SYMBOLIC MEMBERS AND NOT ACTUAL FIDUCIARY MEMBERS OF THE BOARD.

3. TERM OF OFFICE: WE HAVE REVISED SECTION 8.03 TO PERMIT THE BOARD TO APPOINT ANY OFFICER FOR A TERM OF MORE THAN ONE (1) YEAR IF THE BOARD SO DETERMINES.

FORM 990, PART VI, SECTION A, LINE 6: THE MEMBERS CONSIST OF 5

INDIVIDUALS (3 ARE MEMBERS OF AND APPOINTED BY THE SISTERS OF MERCY AND 2

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ARE APPOINTED BY CHW).

FORM 990, PART VI, SECTION A, LINE 7A: THE CORPORATE MEMBERS MAY APPOINT AND REMOVE EACH MEMBER OF THE BOARD OF TRUSTEES.

FORM 990, PART VI, SECTION A, LINE 7B: THE CORPORATE MEMBERS OF THE FOUNDATION HAVE RESERVED RIGHTS. THEIR RESERVED RIGHTS ARE AS FOLLOWS:

I. APPROVE THE MISSION, PHILOSOPHY, LONG-RANGE GOALS, STRATEGIC PLANS AND MAJOR STANDARDS OF THE FOUNDATION.

II. APPOINT AND REMOVE EACH MEMBER OF THE BOARD OF TRUSTEES.

III. DETERMINE THE NUMBER OF MEMBERS OF THE BOARD OF TRUSTEES.

IV. APPROVE THE APPOINTMENT OF THE CHAIR AND SECRETARY OF THE FOUNDATION.

V. APPOINT AND/OR REMOVE THE FOUNDATION PRESIDENT.

VI. APPROVE THE CAPITAL AND OPERATING BUDGETS OF THE FOUNDATION.

VII. RECEIVE THE ANNUAL AUDITORS REPORT AS TO THE FOUNDATION.

VIII. APPROVE THE SELECTION OF THE AUDITORS AND GENERAL LEGAL COUNSEL FOR THE FOUNDATION.

IX. APPROVE ANY MERGER, CONSOLIDATION OR DISSOLUTION OF THE FOUNDATION.

X. APPROVE THE ESTABLISHMENT OF ANY NEW CONSTITUENT FOUNDATION OR ANY SUBSIDIARY CORPORATION OR OPERATING CORPORATION OF THE FOUNDATION.

XI. APPROVE ANY BORROWING OF MONEY OR INCURRING OF INDEBTEDNESS BY THE FOUNDATION.

XII. APPROVE THE PURCHASE OF REAL ESTATE ASSETS OR ANY INTEREST THEREIN.

XIII. APPROVE THE EXPENDITURES OR TRANSFERS OF ASSETS TO A PERSON OR ORGANIZATION OUTSIDE CHW AND/OR THE MERCY COMMUNITY WHERE SUCH EXPENDITURES OR TRANSFER EXCEEDS 10% OF THE ASSETS OF THE FOUNDATIONS BALANCE SHEET,

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OTHER THAN TRANSFERS TO A BENEFICIARY PURSUANT TO A DESIGNATED RESTRICTED GIFT.

FORM 990, PART VI, SECTION A, LINE 10: ON JUNE 8, 2010 THE MERCY FOUNDATION BOARD OF TRUSTEES WILL BE PROVIDED WITH THE OPPORTUNITY TO REVIEW THE FORM 990. THE SECRETARY/TREASURER OF MERCY FOUNDATION'S BOARD OF TRUSTEES REVIEWED THE FORM 990 PRIOR TO FILING.

FORM 990, PART VI, SECTION B, LINE 12C: EACH YEAR A NEW CONFLICT OF INTEREST STATEMENT IS SIGNED BY EACH OF THE BOARD OF TRUSTEES. THIS PROCESS IS MONITORED BY STAFF. AREAS WHERE A CONFLICT MAY ARISE ARE IN ACTIVITIES SUCH AS SUPPLIES OF GOODS & SERVICES, ENTITIES WITH WHICH MERCY IS DEALING OR PLANS TO DEAL IN CONNECTION WITH THE LEASE, PURCHASE, SALE OR GIFT OF REAL OR PERSONAL PROPERTY, OTHER FOUNDATIONS, HOSPITALS, HOME HEALTH, DONORS OR OTHERS GIVING SUPPORT TO MERCY, PATIENTS, RESIDENTS AND OTHERS RECEIVING CARE AND SERVICES, THRID PARTY PAYORS OF HOSPITAL OR OTHER HEALTH CARE BENEFITS, BANKS OR OTHER LENDING OR SAVINGS OR TRUST INSTITUTIONS, INSURANCE COMPANIES, INVESTMENT COMPANIES, OR FINANCIAL PLANNING INSTITUTIONS AND OTHER ENTITIES WHICH MAY AFFECT THE OPERATION OF MERCY FOUNDATION. THE NATURE OF CONFLICTING INTEREST THAT MIGHT REASONABLY BE PERCEIVED BY OTHERS TO AFFECT THE JUDGEMENT OR CONDUCT OF THE INDIVIDUAL, SUCH AS, BUT NOT LIMITED TO: OWNING STOCK OR OTHER PROPRIETARY INTERSTS, HOLDING DEBT OR DEBT SECURITIES, HOLDING OFFICE, SERVING ON THE BOARD OF DIRECTORS, PARTICIPATING IN MANAGEMENT OR BEING OTHERWISE EMPLOYED OR FORMERLY EMPLOYED, RECEIVING REMUNERATIONS FOR SERVICES WITH RESPECT TO INDIVIUDAL TRANSACTIONS, RECEIVING GIFTS OR UNSECURED LOANS, OBTAINING OR

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HOLDING AN INTEREST IN REAL ESTATE, SECURITIES OR OTHER PROPERTY WHICH MERCY IS CONSIDERING BUYING, LEASING OR SELLING OR DISCLOSING OR USING INFORMATION RELATING TO MERCY'S BUSINESS OR OPERATIONS FOR THE PERSONAL PROFIT OR ADVANTAGES OF THE INDIVIDUAL. THE FOLLOWING CONFLICTS OF INTEREST ARE APPARENT AND ABSOLUTELY PROHIBITED: LOANS, GIFTS, GRATUITIES AND ENTERTAINMENT AND INFORMATION OBTAINED THROUGH ASSOCIATION WITH MERCY.

FORM 990, PART VI, SECTION B, LINE 15: THE PRESIDENT'S SALARY AND PERFORMANCE EVALUATION IS PERFORMED EACH YEAR BY THE BOARD OF DIRECTORS. COMPENSATION IS DETERMINED BY CATHOLIC HEALTHCARE WEST. OTHER KEY EMPLOYEES ARE DETERMINED BY MANAGEMENT AND SALARY IS APPROVED BY HR. EACH EMPLOYEE RECEIVES AN ANNUAL EVALUATION.

FORM 990, PART VI, SECTION C, LINE 19: MERCY FOUNDATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

SCHEDULE G, PART I, LINE 2B, COLUMN (V): MERCY FOUNDATION IS CHARGED A FLAT RATE EACH MONTH FOR CONSULTING SERVICES THAT ARE PROVIDED BY LESTER ON THE SPANOS HEART CENTER CAMPAIGN.

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: MICHAEL GENOVESE

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**(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:**

TREASURER OF BOARD OF DIRECTORS & MANAGER OF INVESTED FUNDS

**(D) DESCRIPTION OF TRANSACTION: MANAGEMENT FEES FOR INVESTMENTS**

Multiple horizontal lines for text entry.





**Part V Transactions With Related Organizations**

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

**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 (iv) rent from a controlled entity

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

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

**d** Loans or loan guarantees to or for other organization(s)

**e** Loans or loan guarantees by other organization(s)

**f** Sale of assets to other organization(s)

**g** Purchase of assets from other organization(s)

**h** Exchange of assets

**i** Lease of facilities, equipment, or other assets to other organization(s)

**j** Lease of facilities, equipment, or other assets from other organization(s)

**k** Performance of services or membership or fundraising solicitations for other organization(s)

**l** Performance of services or membership or fundraising solicitations by other organization(s)

**m** Sharing of facilities, equipment, mailing lists, or other assets

**n** Sharing of paid employees

**o** Reimbursement paid to other organization for expenses

**p** Reimbursement paid by other organization for expenses

**q** Other transfer of cash or property to other organization(s)

**r** Other transfer of cash or property from other organization(s)

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

	(A) Name of other organization(s)	(B) Transaction type (a-r)	(C) Amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

