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Form 990

Return of Organization Exempt From Income Tax

2008

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

Department of the Treasury
Internal Revenue Service

► 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 07-01-2008 and ending 06-30-2009

Check if applicable
 Address change
 Name change
 Initial return
 Termination
 Amended return
 Application pending

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

C Name of organization MERCY HEALTH SYSTEM CORPORATION	D Employer identification number 39-0816848
Doing Business As	
E Number and street (or P O box if mail is not delivered to street address) PO BOX 5003 - 1000 MINERAL POINT	F Room/suite
City or town, state or country, and ZIP + 4 JANESVILLE, WI 535475003	

G Gross receipts \$ 439,208,247

I Tax-exempt status 501(c) (3) ► (Insert no) 4947(a)(1) or 527

J Web site: ► www.mercyhealthsystem.org

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

H(b) Are all affiliates included? Yes No
(If "No," attach a list. See instructions.)

H(c) Group Exemption Number ►

K Type of organization Corporation trust association other ►

L Year of Formation 1972

M State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities	The mission of Mercy Health System is to provide exceptional health care services resulting in healing in the broadest sense	
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets		
3 Number of voting members of the governing body (Part VI, line 1a)	3	9
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7
5 Total number of employees (Part V, line 2a)	5	3,660
6 Total number of volunteers (estimate if necessary)	6	0
7a Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	7,434,710
b Net unrelated business taxable income from Form 990-T, line 34	7b	-47,193

8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9 Program service revenue (Part VIII, line 2g)	291,698	236,056
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	384,392,672	420,506,408
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,829,061	-715,230
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	103,591	115,470
	386,617,022	420,142,704

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		249,137
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	234,721,301	247,006,590
16a Professional fundraising fees (Part IX, column (A), line 11e)		0
b (Total fundraising expenses, Part IX, column (D), line 25)		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	142,362,078	156,291,265
18 Total expenses—add lines 13-17 (must equal Part IX, line 25, column (A))	377,083,379	403,546,992
19 Revenue less expenses Subtract line 18 from line 12	9,533,643	16,595,712

20 Total assets (Part X, line 16)	Beginning of Year	End of Year
21 Total liabilities (Part X, line 26)	315,144,604	328,015,658
22 Net assets or fund balances Subtract line 21 from line 20	190,549,823	212,194,382
	124,594,781	115,821,276

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		
Please Sign Here	***** Signature of officer JAVON BEA CEO Type or print name and title	2010-05-12 Date	
Paid Preparer's Use Only	Preparer's signature William T Murphy CPA Firm's name (or yours if self-employed), address, and ZIP + 4 Baker Tilly Virchow Krause LLP 500 Midland Court P O Box 8130 Janesville, WI 535478130	Date 2010-05-12 Check if self-employed <input checked="" type="checkbox"/>	Preparer's PTIN (See Gen Inst) EIN Phone no ► (608) 752-5835

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

Part III Statement of Program Service Accomplishments (See the instructions.)**1** Briefly describe the organization's mission

The mission of Mercy Health System is to provide exceptional health care services resulting in healing in the broadest sense

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses
Section 501(c)(3) and (4) organizations and 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

4a (Code) (Expenses \$ 334,765,633 including grants of \$) (Revenue \$ 412,200,424)
HOSPITAL ADMISSIONS 9,849, NURSING HOME ADMISSIONS 317, BIRTHS 1,208, OUTPATIENT VISITS 1,096,950

4b (Code) (Expenses \$) (Revenue \$)

4c (Code) (Expenses \$) (Revenue \$)

4d Other program services (Describe in Schedule O)
(Expenses \$) (Revenue \$)

including grants of \$

4e Total program service expenses \$ 334,765,633 Must equal Part IX, Line 25, column (B).

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, Schedule of Contributors?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 Section 501(c)(3) organizations Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II

5 Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III

6 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? If "Yes," complete Schedule D, Part I

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 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? If "Yes," complete Schedule D, Part IV

10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

12 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? If "Yes," complete Schedule D, Parts XI, XII, and XIII

13 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the U S?

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? If "Yes," complete Schedule F, Part I

15 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? If "Yes," complete Schedule F, Part II

16 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? If "Yes," complete Schedule F, Part III

17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I

18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H

21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II

22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III

23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J

24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25

b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?

c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?

d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?

25a Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I

b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I

26 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? If "Yes," complete Schedule L, Part II

27 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? If "Yes," complete Schedule L, Part III

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		
6		No
7		No
8		No
9		No
10		No
11	Yes	
12	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20	Yes	
21	Yes	
22	Yes	
23	Yes	
24a	Yes	
24b		No
24c		No
24d		No
25a		No
25b		No
26		No
27		No

Part IV Checklist of Required Schedules (Continued)

28 During the tax year, did any person who is a current or former officer, director, trustee, or key employee

- a** 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)? If "Yes," complete Schedule L, Part IV
- b** Have a family member who had a direct or indirect business relationship with the organization? If "Yes," complete Schedule L, Part IV
- c** 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? If "Yes," complete Schedule L, Part IV

29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M

30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M

31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I

32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II

33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I

34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1

35 Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2

36 501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2

37 Did the organization conduct more than 5 percent of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI

	Yes	No
28a		No
28b	Yes	
28c		No
29		No
30		No
31		No
32		No
33		No
34	Yes	
35	Yes	
36		No
37		No

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable	1a 243	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b 0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a 3,660	
2b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? <i>Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.</i>	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		
3b	If "Yes," has it filed a Form 990-T for this year? <i>If "No," provide an explanation in Schedule O</i>	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	
4b	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 .	No	
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a No	
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b No	
5c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, <i>Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction</i> ?		
6a	Did the organization solicit any contributions that were not tax deductible?	6a No	
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<i>Organizations that may receive deductible contributions under section 170(c).</i>	7a No	
7b	Did the organization provide goods or services in exchange for any quid pro quo contribution of \$75 or more?		
7c	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c No	
7d	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
7e	If "Yes," indicate the number of Forms 8282 filed during the year	7d No	
7f	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
7g	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f No	
7h	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g No	
8	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</i> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8 No	
9	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</i>	9a No	
9b	Did the organization make any taxable distributions under section 4966?		
10	<i>Section 501(c)(7) organizations.</i> Enter	10a No	
10a	Initiation fees and capital contributions included on Part VIII, line 12		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	<i>Section 501(c)(12) organizations</i> Enter	11a No	
11a	Gross income from members or shareholders		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	<i>Section 4947(a)(1) non-exempt charitable trusts.</i> Is the organization filing Form 990 in lieu of Form 1041?	12a No	
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		

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

	Yes	No
For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.		
1a Enter the number of voting members of the governing body . . .	1a	9
b Enter the number of voting members that are independent . . .	1b	7
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4 Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4	No
5 Did the organization become aware during the year of a material diversion of the organization's assets?	5	No
6 Does the organization have members or stockholders?	6	No
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	No
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	No
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a the governing body?	8a	Yes
b each committee with authority to act on behalf of the governing body?	8b	Yes
9a Does the organization have local chapters, branches, or affiliates?	9a	No
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?	9b	
10 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	10	No
11 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	11	No

Section B. Policies

	Yes	No
12a Does the organization have a written conflict of interest policy? If "No", go to line 13	12a	Yes
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes
13 Does the organization have a written whistleblower policy?	13	Yes
14 Does the organization have a written document retention and destruction policy?	14	Yes
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision		
a The organization's CEO, Executive Director, or top management official?	15a	Yes
b Other officers or key employees of the organization?	15b	Yes
Describe the process in Schedule O		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
b If "Yes," 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?	16b	

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you 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. See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 JOHN COOK
 1000 MINERAL POINT
 JANESVILLE, WI 535475003
 (608) 756-6642

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) and key employees 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, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

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

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

Check this box if the organization did not compensate any officer, director, trustee or key employee.

Part VII Continued

2 Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization ►341

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
MAGILL CONSTRUCTION COMPANY 977 KOOPMAN LANE ELKHORN, WI 53121	CONSTRUCTION	3,523,840
McKesson Information Solutions PO Box 98347 Chicago, IL 60693-8347	Patient Stmt Processing/Maintenance	3,010,165
Findorff Inc 300 S Bedford St Madison, WI 53703	Construction	2,077,678
Hammel Green & Abrahamson PO BOX 86 Minneapolis, MN 55486-1861	Architectural Services	1,690,889
Quest Diagnostics 1355 Mittel Blvd Wood Dale, IL 60191	Lab Services	1,317,017
2 Total number of independent contractors (including those in 1) who received more than \$100,000 in compensation from the organization		54

Part
VIII

Statement of Revenue

		(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations . . . 1d					
	e Government grants (contributions) 1e	89,635				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	146,421				
	g Noncash contributions included in lines 1a-1f \$ 1f					
	h Total (Add lines 1a-1f) 1f	236,056				
Program Service Revenue	2a PATIENT SERVICE REVENUE	Business Code				
		621,110	412,200,424	412,200,424		
	b UNRELATED BUSINESS INC	561,000	7,434,710	7,434,710		
	c CAFETERIA	722,210	871,274	871,274		
	d					
	e					
	f All other program service revenue					
	g Total. Add lines 2a-2f ► \$ 420,506,408					
Other Revenue	3 Investment income (including dividends, interest other similar amounts) 3					
			567,077		567,077	
	4 Income from investment of tax-exempt bond proceeds 4					
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
d Net rental income or (loss) 6a						
Other Revenue	7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		17,545,455	237,781			
	b Less cost or other basis and sales expenses	17,807,367	1,258,176			
	c Gain or (loss)	-261,912	-1,020,395			
	d Net gain or (loss) 7a			-1,282,307	-1,282,307	
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds \$15,000 a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events 8a					
9a Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds \$15,000						
a						
b Less direct expenses . . . b						
c Net income or (loss) from gaming activities 9a						
10a Gross sales of inventory, less returns and allowances a						
b Less cost of goods sold . . . b						
c Net income or (loss) from sales of inventory 10a						
Miscellaneous Revenue	Business Code					
11a MISCELLANEOUS	900,099	115,470		115,470		
b						
c						
d All other revenue _____						
e Total. Add lines 11a-11d ► \$ 115,470						
12 Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e 12	420,142,704	412,200,424	7,434,710	271,514		

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	241,369	241,369		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	7,768	7,768		
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	7,134,744		7,134,744	
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	196,331,687	166,017,694		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	8,384,012	6,840,904	1,543,108	
9 Other employee benefits	23,224,344	18,949,819	4,274,525	
10 Payroll taxes	11,931,803	9,267,668	2,664,135	
11 Fees for services (non-employees)				
a Management				
b Legal	394,584		394,584	
c Accounting	45,500		45,500	
d Lobbying				
e Professional fundraising See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion	1,844,718	133,660	1,711,058	
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy	6,062,670	2,691,004	3,371,666	
17 Travel	1,399,144	980,994	418,150	
18 Payments of travel or entertainment expenses for any Federal, state or local public officials				
19 Conferences, conventions and meetings	633,754	306,048	327,706	
20 Interest	5,282,323	4,716,587	565,736	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	16,796,029	14,893,735	1,902,294	
23 Insurance	11,011,038	6,410,340	4,600,698	
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 SUPPLIES	61,763,204	60,210,673	1,552,531	0
b BAD DEBT	20,627,984	20,627,984	0	0
c EQUIPMENT RENTAL & MAIN	6,249,200	4,800,683	1,448,517	0
d WORK BY OUTSIDE AGENCIE	5,681,922	3,672,809	2,009,113	0
e PHYSICIAN, CLINICAL & M	5,530,384	5,192,653	337,731	0
f All other expenses	12,968,811	8,803,241	4,165,570	
25 Total functional expenses. Add lines 1 through 24f	403,546,992	334,765,633	68,781,359	0
26 Joint Costs. Check <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)		(B)
		Beginning of year		End of year
1	Cash—non-interest-bearing	19,169	1	16,365
2	Savings and temporary cash investments	11,035,780	2	17,302,367
3	Pledges and grants receivable, net		3	
4	Accounts receivable, net	81,569,067	4	77,923,407
5	Receivables from current and former officers, directors, trustees, key employees or other related parties <i>Complete Part II of Schedule L</i>		5	
6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) <i>Complete Part II of Schedule L</i>		6	
7	Notes and loans receivable, net		7	
8	Inventories for sale or use	8,368,672	8	7,765,991
9	Prepaid expenses and deferred charges	4,655,077	9	3,797,071
10a	Land, buildings, and equipment cost basis			
b	Less accumulated depreciation <i>Complete Part VI of Schedule D</i>	10a 10b	319,464,228 148,058,382	156,469,380 10c
11	Investments—publicly traded securities			11
12	Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i>		44,626,847	39,951,670
13	Investments—program-related See Part IV, line 11 <i>Complete Part VIII of Schedule D</i>			12
14	Intangible assets			13
15	Other assets See Part IV, line 11 <i>Complete Part IX of Schedule D</i>		8,400,612	9,852,941
16	Total assets. Add lines 1 through 15 (must equal line 34)		315,144,604	328,015,658
17	Accounts payable and accrued expenses		47,867,136	63,062,543
18	Grants payable			18
19	Deferred revenue			19
20	Tax-exempt bond liabilities		54,961,545	54,907,843
21	Escrow account liability <i>Complete Part IV of Schedule D</i>			20
22	Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons <i>Complete Part II of Schedule L</i>			21
23	Secured mortgages and notes payable to unrelated third parties			22
24	Unsecured notes and loans payable			23
25	Other liabilities <i>Complete Part X of Schedule D</i>		87,721,142	94,223,996
26	Total liabilities. Add lines 17 through 25		190,549,823	212,194,382
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
27	Unrestricted net assets	124,594,781	27	115,821,276
28	Temporarily restricted net assets		28	
29	Permanently restricted net assets		29	
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
30	Capital stock or trust principal, or current funds		30	
31	Paid-in or capital surplus, or land, building or equipment fund		31	
32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	124,594,781	33	115,821,276
34	Total liabilities and net assets/fund balances	315,144,604	34	328,015,658

Part XI Financial Statements and Reporting

		Yes	No
1	Accounting method used to prepare the Form 990	<input type="checkbox"/> cash <input checked="" type="checkbox"/> accrual <input type="checkbox"/> other	
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes
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?	2c	Yes
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		3a
b	If "Yes," did the organization undergo the required audit or audits?	3b	No

SCHEDULE A
(Form 990 or 990EZ)**Public Charity Status and Public Support****2008**Department of the Treasury
Internal Revenue Service**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.****Open to Public
Inspection****Name of the organization**

MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

Part I Reason for Public Charity Status (to be completed by all organizations) (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 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

e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii) a family member of a person described in (i) above?

(iii) a 35% controlled entity of a person described in (i) or (ii) above?

h Provide the following information about the organizations the organization supports

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of Supported Organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (See Instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
Total									

Part II Support Schedule for Organizations Described in IRC 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.)
Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add line 1-3						
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						
6 Public Support subtract line 5 from line 4						

Total Support

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

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

**Computation of Public Support Percentage**

14 Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f	15	
16a 33 1/3% Test - 2008. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization		
b 33 1/3% Test - 2007. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization		
17a 10% Facts and Circumstances Test - 2008. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		
b 10% Facts and Circumstances Test - 2007. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		
18 Private Foundation. If the organization did not check the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

Part III Support Schedule for Organizations Described in IRC 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
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Total of lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total Support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						►

Computation of Public Support Percentage

15 Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	15
16 Public Support Percentage for 2007 Schedule A, Part IV-A, line 27g	16

Computation of Investment Income Percentage

17 Investment Income Percentage for 2008 (line 10c column (f) divided by line 13 column (f))	17
18 Investment Income Percentage from 2007 Schedule A, Part IV-A, line 27h	18
19a 33 1/3% 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% 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	►

Part IV **Supplemental Information.** Complete this part to provide the information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide any other additional information. (see instructions)

Facts and Circumstances Test

Additional Data

Software ID:
Software Version:
EIN: 39-0816848
Name: MERCY HEALTH SYSTEM CORPORATION

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099MISC)	(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			
ROWLAND MCCLELLAN , ChAIRPERSON & DIRECTOR	1 00	X					60	0	0
ThOMAS POOL , VICE-CHAIRPERSON & DIREC	1 00	X					13,500	0	0
LARRY SQUIRE , TREASURER & DIRECTOR	1 00	X					1,466	0	0
SIMA WEXLER , SECRETARY & DIRECTOR	1 00	X					0	0	0
DAVE SYVVERSON , DIRECTOR	1 00	X					13,500	0	0
MARK GOELZER MD , DIRECTOR	1 00	X					0	0	0
ROBERT CONSIGNY , DIRECTOR	1 00	X					0	0	0
STEVE VAN GALDER , DIRECTOR	1 00	X					58	0	0
BARB BORTNER , VICE-PRESIDENT	55 00		X				182,623	0	20,126
DAN COLBY , VICE-PRESIDENT	55 00		X				245,640	0	36,399
DAVID KURTZ , VICE-PRESIDENT	55 00		X				171,032	0	39,545
JOHN COOK , VICE-PRESIDENT	55 00		X				156,103	0	17,660
JOSEPH NEMETH , VICE-PRESIDENT	55 00		X				385,717	0	38,465
KATHY HARRIS , VICE-PRESIDENT	55 00		X				146,794	0	11,548
RALPH TOPINKA , VICE-PRESIDENT	55 00		X				348,716	0	37,300
RICHARD GRUBER , VICE-PRESIDENT	55 00		X				184,644	0	23,056
RUTH YARBROUGH , VICE- PRESIDENT	55 00		X				205,728	0	36,881
SUE RIPSCH , VICE-PRESIDENT	55 00		X				304,440	0	30,925
JAVON BEA , PRESIDENT & DIRECTOR	55 00	X	X				2,313,104	0	2,169,714
Bradley Fideler , Physician	40 00			X			1,219,916	0	391,526
Christopher Sturm , Physician	40 00			X			1,345,016	0	142,764
Merle Rust , Physician	40 00			X			849,314	0	39,064
Ramez Khoury , physician	40 00			X			830,400	0	69,360
Francis Kaveggia , physician	40 00			X			830,105	0	48,138

2008

Open to Public
Inspection**SCHEDULE D**
(Form 990)**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.

Department of the Treasury
Internal Revenue Service**Name of the organization**

MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate Contributions to (during year)		
3 Aggregate Grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input 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 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)

Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically important land area
 Protection of natural habitat Preservation of certified historic structure
 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
2a	
2b	
2c	
2d	

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 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 d Loan or exchange programs
 b Scholarly research e Other
 c Preservation for future generations

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 the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

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

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

	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 the 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					
1b Contributions					
1c Investment earnings or losses					
1d Grants or scholarships					
1e Other expenditures for facilities and programs					
1f Administrative expenses					
1g End of year balance					

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

a Board designated or quasi-endowment ►

b Permanent endowment ►

c Term endowment ►

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

	Yes	No
3a(i) unrelated organizations		
3a(ii) related organizations		

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		25,782,010			25,782,010
1b Buildings		150,968,782	63,798,923		87,169,859
1c Leasehold improvements		10,540,810	6,664,595		3,876,215
1d Equipment		120,646,405	77,594,864		43,051,541
1e Other		11,526,221			11,526,221
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					171,405,846

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other INVEST - FUTURE REPLACE OF PROP, PLANT & EQUIPMENT	8,267,983	F
Other ASSETS UNDER BOND INDENTURE AGREEMENT	4,817,997	F
Other DEFERRED COMPENSATION	10,371,359	F
Other INVESTMENT IN MERCYCARE	12,547,803	F
Other INVESTMENTS - OTHER	3,946,528	F
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)	39,951,670	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

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

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of Liability	(b) Amount
Federal Income Taxes	
DEFERRED COMPENSATION	10,371,359
PENSION LIABILITY	33,148,000
CAPITAL LEASES PAYABLE	99,303
DUE TO RELATED PARTY	50,401,299
DUE TO THIRD-PARTY PAYORS	204,035
Total. (Column (b) should equal Form 990, Part X, col (B) line 25)	94,223,996

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

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	420,142,704
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	403,546,992
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	16,595,712
4	Net unrealized gains (losses) on investments	4	222,442
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-25,591,659
9	Total adjustments (net) Add lines 4 - 8	9	-25,369,217
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-8,773,505

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	420,142,704
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	420,142,704
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	
c	Add lines 4a and 4b	4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	420,142,704

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

1	Total expenses and losses per audited financial statements	1	403,546,992
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Losses reported on Form 990, Part IX, line 25	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	403,546,992
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	403,546,992

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 XIV, 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

Identifier	Return Reference	Explanation
Part XI, Line 8 - Other Adjustments		CHANGES IN PENSION OBLIGATIONS -15571500 TRANSFER TO MERCY ASSISTED CARE, INC -20159 TRANSFER TO MERCY ALLIANCE, INC -10000000

SCHEDULE H
(Form 990)Department of the Treasury
Internal Revenue Service

Hospitals

► Attach to Form 990. To be completed by organizations that
answer "Yes" to Form 990, Part IV, line 20.Name of the organization
MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

Part I Charity Care and Certain Other Community Benefits at Cost (Optional for 2008)

1a Does the organization have a charity care policy? If "No," skip to question 6a

b If "Yes," is it a written policy?

2 If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals

Applied uniformly to all hospitals Applied uniformly to most hospitals
 Generally tailored to individual hospitals

3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients

a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care

100% 150% 200% Other _____ %

b Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care

200% 250% 300% 350% 400% Other _____ %

c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care

4 Does the organization's policy provide free or discounted care to the "medically indigent"?

5a Does the organization budget amounts for free or discounted care provided under its charity care policy?

b If "Yes," did the organization's charity care expenses exceed the budgeted amount?

c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?

6a Does the organization prepare an annual community benefit report?

6b If "Yes," does the organization make it available to the public?

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from worksheets 1 and 2)						
b Unreimbursed Medicaid (from worksheet 3, column a)						
c Unreimbursed costs—other means-tested government programs (from worksheet 3, column b)						
d Total Charity Care and Means-Tested Programs						
Other Benefits						
e Community health improvement services and community benefit operations (from worksheet 4)						
f Health professions education (from worksheet 5)						
g Subsidized health services (from worksheet 6)						
h Research (from worksheet 7)						
i Cash and in-kind contributions to community groups (from worksheet 8)						
j Total Other Benefits						
k Total (line 7d and 7j)						

Part II Community Building Activities (Complete this table if the organization conducted any community building activities) (Optional for 2008)

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total						

Part III Bad Debt, Medicare, & Collection Practices (Optional for 2008)**Section A. Bad Debt Expense**

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

2 Enter the amount of the organization's bad debt expense (at cost)

3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, or rationale for including other bad debt amounts in community benefit

	Yes	No
1		
2		
3		
4		

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)

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

7 Enter line 5 less line 6—surplus or (shortfall)

8 Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit and the costing methodology or source used to determine the amount reported on line 6 and indicate which of the following methods was used

 Cost accounting system Cost to charge ratio Other**Section C. Collection Practices**

9a Does the organization have a written debt collection policy?

9b If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI

9a	Yes
9b	Yes

Part IV Management Companies and Joint Ventures (Optional for 2008)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Part V Facility Information (Required for 2008)

Name and address

Other
(Describe)

ER-other

ER-24 hours

Research facility

Critical access hospital

Teaching hospital

Children's hospital

General medical & surgical

Licensed hospital

See Additional Data Table

Part VI Supplemental Information (Optional for 2008)

Complete this part to provide the following information

1 Provide the description required for Part I, line 3c, Part I, line 7, Part III, line 4, Part III, line 8, and Part III, line 9b.

2 Needs Assessment. Describe how the organization assesses the health care needs of the communities it serves

Part VI, Line 2 Hospital Community Benefit Report - IRS for 990, Supplement Part III (con't) SECTION 2 - QUANTIFIABLE COMMUNITY BENEFIT Fiscal year ended June 30, 20091)Charity Care - at cost - \$ 7,176,0862)Medicaid Shortfall - net expense - 10,576,1093)Other Public Programs - net expense 1,790,5594)Nursing Home Loss 787,7195)Community Benefit Programs - net expense Community Health Services 1,461,163 Community Health Education Community Based Clinical Services Health Care Support Services Senior Connection Nurse Healthline Sports Trainer-Net Meals on Wheels Abulance Service Call-me-a-cab & bus tokens Mercy in Motion - Loss Medical Education 2,634,128 Subsidized Health Services 2,115,481 Dialysis Services Behavior Health - Mental Health & Substance Abuse ICU and SCU Diabetes Clinic and Nutrition Education Comprehensive I/P Rehab Financial and In-Kind Donations 588,535 Community-Building Activities 10,173 Community Benefit Operations 125,000 Total quantifiable community benefit \$27,264,953

3 Patient Education of Eligibility for Assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy

Part VI, Line 3

4 Community Information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 Community Building Activities. Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.

of the communities the organization serves

6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g. open medical staff, community board, use of surplus funds, etc.)

7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

promoting the health of the communities served

8. If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Additional Data

Software Version:
EIN:
Name:

n [View](#) [Edit](#) [Delete](#) [Details](#) [Print](#) [Email](#)

LOCATION

**Schedule I
(Form 990)**

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

Department of the Treasury
Internal Revenue Service

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

2008

**Open to Public
Inspection**

Name of the organization

MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

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 if additional space is needed.

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

3 Enter total number of other organizations .

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.

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

2008

Open to Public
Inspection**Schedule J**
(Form 990)**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.

Department of the Treasury
Internal Revenue Service**Name of the organization**

MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

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 checked="" type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input checked="" type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input checked="" 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 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 checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input checked="" 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

501(c)(3) and 501(c)(4) organizations only 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
1b	Yes	
2	Yes	
4a		No
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
BARB BORTNER	(i) 108,505 (ii)	71,134	2,984		20,126	202,749	
DAN COLBY	(i) 146,059 (ii)	96,432	3,149		36,399	282,039	
DAVID KURTZ	(i) 96,282 (ii)	68,375	6,375		39,545	210,577	
JOHN COOK	(i) 134,214 (ii)	21,497	392		17,660	173,763	
JOSEPH NEMETH	(i) 238,786 (ii)	142,322	4,609		38,465	424,182	
KATHY HARRIS	(i) 74,587 (ii)	69,343	2,864		11,548	158,342	
RALPH TOPINKA	(i) 213,143 (ii)	133,631	1,942		37,300	386,016	
RICHARD GRUBER	(i) 113,252 (ii)	68,242	3,150		23,056	207,700	
RUTH YARBROUGH	(i) 121,804 (ii)	77,574	6,350		36,881	242,609	
SUE RIPSCH	(i) 189,413 (ii)	111,776	3,251		30,925	335,365	
JAVON BEA	(i) 772,615 (ii)	687,080	853,409	2,131,588	38,126	4,482,818	
Bradley Fideler	(i) 1,199,500 (ii)		20,416	359,154	32,372	1,611,442	
Christopher Sturm	(i) 1,141,703 (ii)	182,847	20,466	110,420	32,344	1,487,780	
Merle Rust	(i) 830,769 (ii)		18,545	9,280	29,784	888,378	
Ramez Khoury	(i) 763,346 (ii)	46,638	20,416	38,378	30,982	899,760	
Francis Kaveggia	(i) 384,500 (ii)	420,139	25,466	15,500	32,638	878,243	

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.

Software ID:
Software Version:
EIN: 39-0816848
Name: MERCY HEALTH SYSTEM CORPORATION

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
BARB BORTNER	(i) (ii)	108,505	71,134	2,984		20,126	202,749
DAN COLBY	(i) (ii)	146,059	96,432	3,149		36,399	282,039
DAVID KURTZ	(i) (ii)	96,282	68,375	6,375		39,545	210,577
JOHN COOK	(i) (ii)	134,214	21,497	392		17,660	173,763
JOSEPH NEMETH	(i) (ii)	238,786	142,322	4,609		38,465	424,182
KATHY HARRIS	(i) (ii)	74,587	69,343	2,864		11,548	158,342
RALPH TOPINKA	(i) (ii)	213,143	133,631	1,942		37,300	386,016
RICHARD GRUBER	(i) (ii)	113,252	68,242	3,150		23,056	207,700
RUTH YARBROUGH	(i) (ii)	121,804	77,574	6,350		36,881	242,609
SUE RIPSCH	(i) (ii)	189,413	111,776	3,251		30,925	335,365
JAVON BEA	(i) (ii)	772,615	687,080	853,409	2,131,588	38,126	4,482,818
Bradley Fideler	(i) (ii)	1,199,500		20,416	359,154	32,372	1,611,442
Christopher Sturm	(i) (ii)	1,141,703	182,847	20,466	110,420	32,344	1,487,780
Merle Rust	(i) (ii)	830,769		18,545	9,280	29,784	888,378
Ramez Khoury	(i) (ii)	763,346	46,638	20,416	38,378	30,982	899,760
Francis Kaveggia	(i) (ii)	384,500	420,139	25,466	15,500	32,638	878,243

Schedule K
(Form 990)

OMB No 1545-0047

Supplemental Information on Tax Exempt Bonds

2008

Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceTo be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a.
Provide descriptions, explanations, and any additional information in Schedule O.

Name of the organization

MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

Part I Bond Issues (Required for 2008)

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
						Yes	No	Yes	No
Wisconsin Health and Educational A Facilities Authority	39-1337855	97710VQA9	10-17-2003	22,995,000	Refinance Mercy Health System 1992 Bond		X		X

Part II Proceeds (Optional for 2008)

1 Total Proceeds of Issue	A		B		C		D		E	
	Yes	No								
2 Gross Proceeds in Reserve Funds										
3 Proceeds in Refunding or Defeasance Escrows										
4 Other Unspent Proceeds										
5 Issuance Costs from Proceeds										
6 Working Capital Expenditures from Proceeds										
7 Capital Expenditures from Proceeds										
8 Year of Substantial Completion										
9 Were the bonds issued as part of a current refunding issue?										
10 Were the bonds issued as part of an advance refunding issue?										
11 Has the final allocation of proceeds been made?										
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?										

Part III Private Business Use (Optional for 2008)

1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	A		B		C		D		E	
	Yes	No								
2 Are there any lease arrangements with respect to the financed property which may result in private business use?										

Part III Private Business Use (Continued)

	A		B		C		D		E	
	Yes	No								
3a Are there any management or service contracts with respect to the financed property which may result in private business use?										
3b Are there any research agreements with respect to the financed property which may result in private business use?										
3c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?										
4 Enter the percentage of financed property used in a private business use by entities other than a 501(c)(3) organization or a state or local government										
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another 501(c)(3) organization, or a state or local government										
6 Total of lines 4 and 5										
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?										

Part IV Arbitrage (Optional for 2008)

	A		B		C		D		E	
	Yes	No								
1 Has a Form 8038-T been filed with respect to the bond issue?										
2 Is the bond issue a variable rate issue?										
3a Has the organization or the government issuer identified a hedge with respect to the bond issue on its books and records?										
b Name of provider										
c Term of hedge										
4a Were gross proceeds invested in a GIC?										
b Name of provider										
c Term of GIC										
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5 Were any gross proceeds invested beyond an available temporary period?										
6 Did the bond issue qualify for an exception to rebate?										

SCHEDULE O
(Form 990)**Supplemental Information to Form 990****2008****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**► 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.****Name of the organization**

MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 10		NO REVIEW WAS OR WILL BE CONDUCTED

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		Officers, directors, and key employees are required to report all conflicts of interest. The compliance officer is responsible for investigating all conflicts and reporting to the board

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		The Mercy Alliance Compensation Committee is comprised of the Board Chairperson, Secretary, and the Treasurer. The Compensation Committee is assisted by independent legal council and an independent compensation consultant. The compensation Committee, legal council, and the compensation consultant meet throughout the year and report directly to the Board of Directors annually. This process was completed for 2009

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		Governing Documents, Conflict of Interest Policy & Financial Statements are available upon request

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► **Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, lines 33, 34, 35, 36, or 37.**
► See separate instructions.

► See separate instructions

Name of the organization
MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-081684

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
MERCY ALLIANCE INC 1000 MINERAL POINT JANESVILLE, WI535475003 39-1679859	MANAGEMENT OF HEALTHCARE ORGANIZATIONS	WI	501(C)(3)	11A	N/A
MERCY FOUNDATION INC 1000 MINERAL POINT JANESVILLE, WI535475003 23-7275336	TO SUPPORT MERCY HEALTH SYSTEM & THE HOUSE OF MERCY	WI	501(C)(3)	11A	MERCY HEALTH SYSTEM CORPORATION
MERCY HEALTH SYSTEM ASSOCIATION OF VOLUNTEERS 1000 MINERAL POINT JANESVILLE, WI535475003 39-0912682	TO SUPPORT MERCY HEALTH SYSTEM CORPORATION	WI	501(C)(3)	11C	MERCY HEALTH SYSTEM CORPORATION
MERCY ASSISTED CARE INC 901 MINERAL POINT JANESVILLE, WI535475003 39-1035110	HOME HEALTH CARE & SERVICES	WI	501(C)(3)	9	MERCY ALLIANCE INC
MERCY ALLIANCE INC 901 GRANT STREET HARVARD, IL60033 31-1551871	MEDICAL HEALTHCARE	IL	501(C)(3)	3	MERCY ALLIANCE INC
HARVARD MEMORIAL HOSPITAL FOUNDATION 901 GRANT STREET HARVARD, IL60033 36-4308662	TO SUPPORT MERCY HARVARD HOSPITAL, INC	IL	501(C)(3)	11A	MERCY HARVARD HOSPITAL INC
MERCY CRYSTAL LAKE HOSPITAL AND MEDICAL CENTER 1000 MINERAL POINT JANESVILLE, WI535475003 20-1673011	NONE	IL	501(C)(3)	3	MERCY ALLIANCE INC

Part III Identification of Related Organizations Taxable as a Partnership

Part IV Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
JANESVILLE MEDICAL CENTER INC 1000 MINERAL POINT JANESVILLE, WI535475003 39-1520130	MANAGEMENT ENTITY OF UNION EMPLOYEES	WI	MERCY HEALTH SYSTEM CORPORATION	C		11,439	100 000 %
MERCYCARE INSURANCE COMPANY 3430 PALMER DRIVE JANESVILLE, WI53545 39-1768192	INSURANCE COMPANY	WI	mERCY HEALTH SYSTEM CORPORATION	C	4,597,976	35,975,456	100 000 %
MERCYCARE HMO INC - CONSOLIDATED WITH MERCYCARE INSURANCE CO 3430 PALMER DRIVE JANESVILLE, WI53545 20-1482553	INSURANCE COMPANY	WI	mERCY HEALTH SYSTEM CORPORATION	C			100 000 %

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)

	Yes	No
1a	Yes	
1b		No
1c		No
1d		No
1e	Yes	
1f		No
1g		No
1h		No
1i	Yes	
1j	Yes	
1k		No
1l		No
1m	Yes	
1n	Yes	
1o		No
1p	Yes	
1q	Yes	
1r		No

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)	MERCYCARE INSURANCE COMPANY	P	4,969,240
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership

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

Software ID:
Software Version:
EIN: 39-0816848
Name: MERCY HEALTH SYSTEM CORPORATION

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

(A) Name, address, and EIN of related organization	(B) Primary Activity	(C) Legal Domicile (State or Foreign Country)	(D) Exempt Code section	(E) Public charity status (if 501(c)(3))	(F) Direct Controlling Entity
MERCY ALLIANCE INC 1000 MINERAL POINT JANESVILLE, WI535475003 39-1679859	MANAGEMENT OF HEALTHCARE ORGANIZATIONS	WI	501(C)(3)	11A	N/A
MERCY FOUNDATION INC 1000 MINERAL POINT JANESVILLE, WI535475003 23-7275336	TO SUPPORT MERCY HEALTH SYSTEM & THE HOUSE OF MERCY	WI	501(C)(3)	11A	MERCY HEALTH SYSTEM CORPORATION
MERCY HEALTH SYSTEM ASSOCIATION OF VOLUNTEERS 1000 MINERAL POINT JANESVILLE, WI535475003 39-0912682	TO SUPPORT MERCY HEALTH SYSTEM CORPORATION	WI	501(C)(3)	11C	MERCY HEALTH SYSTEM CORPORATION
MERCY ASSISTED CARE INC 901 MINERAL POINT JANESVILLE, WI535475003 39-1035110	HOME HEALTH CARE & SERVICES	WI	501(C)(3)	9	MERCY ALLIANCE INC
MERCY ALLIANCE INC 901 GRANT STREET HARVARD, IL60033 31-1551871	MEDICAL HEALTHCARE	IL	501(C)(3)	3	MERCY ALLIANCE INC
HARVARD MEMORIAL HOSPITAL FOUNDATION 901 GRANT STREET HARVARD, IL60033 36-4308662	TO SUPPORT MERCY HARVARD HOSPITAL, INC	IL	501(C)(3)	11A	MERCY HARVARD HOSPITAL INC
MERCY CRYSTAL LAKE HOSPITAL AND MEDICAL CENTER 1000 MINERAL POINT JANESVILLE, WI535475003 20-1673011	NONE	IL	501(C)(3)	3	MERCY ALLIANCE INC