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Form 990

Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2008

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning 07-01-2008 and ending 06-30-2009

B 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

Doing Business As

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

Room/suite

City or town, state or country, and ZIP + 4  
JANESVILLE, WI 535475003

D Employer identification number

39-0816848

E Telephone number

(608) 756-6000

G Gross receipts \$ 439,208,247

F Name and address of Principal Officer  
JAVON BEA  
PO BOX 5003 - 1000 MINERAL POINT  
JANESVILLE, WI 535475003

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

I Tax-exempt status ☒ 501(c) ( 3 ) ☐ (insert no ) ☐ 4947(a)(1) or ☐ 527

J Web site: ☐ www.mercyhealthsystem.org

K Type of organization ☒ Corporation ☐ trust ☐ association ☐ other ☐

L Year of Formation 1972

M State of legal domicile WI

Part I Summary			
Activities & Governance	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
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 291,698Current Year 236,056
	9	Program service revenue (Part VIII, line 2g)	384,392,672420,506,408
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,829,061-715,230
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	103,591115,470
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	386,617,022420,142,704
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	249,137
Expenses	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)	234,721,301247,006,590
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0
	b	(Total fundraising expenses, Part IX, column (D), line 25 <sup>0</sup> )	
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	142,362,078156,291,265
	18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	377,083,379403,546,992
	19	Revenue less expenses Subtract line 18 from line 12	9,533,64316,595,712
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Year 315,144,604End of Year 328,015,658
	21	Total liabilities (Part X, line 26)	190,549,823212,194,382
	22	Net assets or fund balances Subtract line 21 from line 20	124,594,781115,821,276

Part II Signature Block

Please Sign Here

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

\*\*\*\*\*

Signature of officer

2010-05-12

Date

JAVON BEA CEO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature William T Murphy CPA

Date 2010-05-12

Check if self-employed ☒

Preparer's PTIN (See Gen Inst )

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

EIN

Phone no (608) 752-5835

May the IRS discuss this return with the preparer shown above? (See instructions)

☒ Yes ☐ No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2008)

Part IIStatement 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 \$ including grants of \$ ) (Revenue \$ )

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 \$ 334,765,633









Must equal Part IX, Line 25, column (B).

Form 990 (2008)

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4	No
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	5	
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 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10	Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
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 	11	Yes
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 	12	Yes
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the U S ?	14a	No
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	14b	No
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	15	No
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	16	No
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I	17	No
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19	Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20	Yes
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 	21	Yes
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 	22	Yes
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J 	23	Yes
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25 	24a	Yes
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	No
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I 	25a	No
b	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 	25b	No
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 	26	No
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 	27	No

**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> . . . . . 		No
<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> . . . . . 	Yes	
<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> . . . . . 		No
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		No
<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> . . . . .		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .		No
<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> . . . . .		No
<b>33</b>	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . . 		No
<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> . . . . . 	Yes	
<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> . . . . . 	Yes	
<b>36</b>	501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . . 		No
<b>37</b>	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? <i>If "Yes," complete Schedule R, Part VI</i> . . . . . 		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 . . . . .	1a243		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .	1b0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	1c	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 . . . . .	2a3,660		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? . . . <b>Note:</b> <i>If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.</i>	2b		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .	3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	3b	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)? . . . . .	4a		No
b	If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts</b> .			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, <i>Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction</i> ? . . . . .	5c		
6a	Did the organization solicit any contributions that were not tax deductible? . . . . .	6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	6b		
7	Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of \$75 or more? . . . . .	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	7d		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7f		No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . . .	7g		No
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? . . . . .	7h		No
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .	8		
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966? . . . . .	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	9b		
10	Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .	10b		
11	Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders . . . . .	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .	11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? . . . .	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .	12b		

**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 2-7 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? . . . . .		No
<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? . . . . .		No
<b>4</b>	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . . . .		No
<b>5</b>	Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .		No
<b>6</b>	Does the organization have members or stockholders? . . . . .		No
<b>7a</b>	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .		No
<b>7b</b>	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .		No
<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? . . . . .	Yes	
<b>8b</b>	each committee with authority to act on behalf of the governing body? . . . . .	Yes	
<b>9a</b>	Does the organization have local chapters, branches, or affiliates? . . . . .		No
<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 . . . . .		No
<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 . . . . .		No

**Section B. Policies**

		Yes	No
<b>12a</b>	Does the organization have a written conflict of interest policy? If "No", go to line 13 . . . . .	Yes	
<b>12b</b>	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	Yes	
<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 . . . . .	Yes	
<b>13</b>	Does the organization have a written whistleblower policy? . . . . .	Yes	
<b>14</b>	Does the organization have a written document retention and destruction policy? . . . . .	Yes	
<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? . . . . .	Yes	
<b>15b</b>	Other officers or key employees of the organization? . . . . . Describe the process in Schedule O	Yes	
<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? . . . . .		No
<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**

<b>17</b>	List the States with which a copy of this Form 990 is required to be filed <u>IL , WI</u>
<b>18</b>	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. <input type="checkbox"/> own website <input type="checkbox"/> another's website <input checked="" type="checkbox"/> upon request
<b>19</b>	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.
<b>20</b>	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

## Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

[illegible]



## Part VII

(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			
<b>1b Total . . . . .</b>								9,747,876	0	3,152,471

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

		Yes	No
<b>3</b>	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> . . . . .	<b>3</b>	No
<b>4</b>	For any individual listed online 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> . . . . .	<b>4</b>	Yes
<b>5</b>	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> . . . . .	<b>5</b>	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 606938347	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 554861861	Architectual Services	1,690,889
Quest Diagnostics 1355 Mittel Blvd Woodale, IL 60191	Lab Services	1,317,017

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 \$							
	h	Total (Add lines 1a-1f) . . . . .		236,056					
	Program Service Revenue	2a	PATIENT SERVICE REVENU	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) . . . . .		567,077			567,077	
		4	Income from investment of tax-exempt bond proceeds . . . . .						
	5	Royalties . . . . .							
	6a	Gross Rents	(i) Real	(ii) Personal					
	b	Less rental expenses							
	c	Rental income or (loss)							
	d	Net rental income or (loss) . . . . .							
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
			17,545,455	237,781					
			17,807,367	1,258,176					
			-261,912	-1,020,395					
	b	Less cost or other basis and sales expenses			-1,282,307			-1,282,307	
	c	Gain or (loss)							
	d	Net gain or (loss) . . . . .							
	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 . . . . .							
	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 . . . . .								
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 . . . . .								
	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 . . . . .			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) Beginning of year		(B) End of year		
Assets	<b>1</b>	Cash—non-interest-bearing . . . . .	19,169	<b>1</b>	16,365	
	<b>2</b>	Savings and temporary cash investments . . . . .	11,035,780	<b>2</b>	17,302,367	
	<b>3</b>	Pledges and grants receivable, net . . . . .		<b>3</b>		
	<b>4</b>	Accounts receivable, net . . . . .	81,569,067	<b>4</b>	77,923,407	
	<b>5</b>	Receivables from current and former officers, directors, trustees, key employees or other related parties <i>Complete Part II of Schedule L</i> . . . . .		<b>5</b>		
	<b>6</b>	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> . . . . .		<b>6</b>		
	<b>7</b>	Notes and loans receivable, net . . . . .		<b>7</b>		
	<b>8</b>	Inventories for sale or use . . . . .	8,368,672	<b>8</b>	7,765,991	
	<b>9</b>	Prepaid expenses and deferred charges . . . . .	4,655,077	<b>9</b>	3,797,071	
	<b>10a</b>	Land, buildings, and equipment cost basis				
		<b>10a</b>	319,464,228			
	<b>b</b>	Less accumulated depreciation <i>Complete Part VI of Schedule D</i> . . . . .				
		<b>10b</b>	148,058,382	156,469,380	<b>10c</b>	171,405,846
	<b>11</b>	Investments—publicly traded securities . . . . .		<b>11</b>		
	<b>12</b>	Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i> . . . . .	44,626,847	<b>12</b>	39,951,670	
	<b>13</b>	Investments—program-related See Part IV, line 11 <i>Complete Part VIII of Schedule D</i> . . . . .		<b>13</b>		
<b>14</b>	Intangible assets . . . . .		<b>14</b>			
<b>15</b>	Other assets See Part IV, line 11 <i>Complete Part IX of Schedule D</i> . . . . .	8,400,612	<b>15</b>	9,852,941		
<b>16</b>	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	315,144,604	<b>16</b>	328,015,658		
Liabilities	<b>17</b>	Accounts payable and accrued expenses . . . . .	47,867,136	<b>17</b>	63,062,543	
	<b>18</b>	Grants payable . . . . .		<b>18</b>		
	<b>19</b>	Deferred revenue . . . . .		<b>19</b>		
	<b>20</b>	Tax-exempt bond liabilities . . . . .	54,961,545	<b>20</b>	54,907,843	
	<b>21</b>	Escrow account liability <i>Complete Part IV of Schedule D</i> . . . . .		<b>21</b>		
	<b>22</b>	Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons <i>Complete Part II of Schedule L</i> . . . . .		<b>22</b>		
	<b>23</b>	Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>		
	<b>24</b>	Unsecured notes and loans payable . . . . .		<b>24</b>		
	<b>25</b>	Other liabilities <i>Complete Part X of Schedule D</i> . . . . .	87,721,142	<b>25</b>	94,223,996	
	<b>26</b>	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .	190,549,823	<b>26</b>	212,194,382	
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>					
	<b>27</b>	Unrestricted net assets . . . . .	124,594,781	<b>27</b>	115,821,276	
	<b>28</b>	Temporarily restricted net assets . . . . .		<b>28</b>		
	<b>29</b>	Permanently restricted net assets . . . . .		<b>29</b>		
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>					
	<b>30</b>	Capital stock or trust principal, or current funds . . . . .		<b>30</b>		
	<b>31</b>	Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>		
	<b>32</b>	Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>		
	<b>33</b>	Total net assets or fund balances . . . . .	124,594,781	<b>33</b>	115,821,276	
	<b>34</b>	Total liabilities and net assets/fund balances . . . . .	315,144,604	<b>34</b>	328,015,658	

**Part XI Financial Statements and Reporting**

			Yes	No
<b>1</b>	Accounting method used to prepare the Form 990 <input type="checkbox"/> cash <input checked="" type="checkbox"/> accrual <input type="checkbox"/> other			
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .	<b>2a</b>		No
<b>b</b>	Were the organization's financial statements audited by an independent accountant? . . . . .	<b>2b</b>	Yes	
<b>c</b>	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? . . . . .	<b>2c</b>	Yes	
<b>3a</b>	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>3a</b>		No
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? . . . . .	<b>3b</b>		

SCHEDULE A

(Form 990 or 990EZ)

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 HEALTH SYSTEM CORPORATION	Employer identification number 39-0816848
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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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>Section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>Section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>Section 170(b)(1)(A)(iii).</b> (Attach Schedule H )
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>Section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in <b>Section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>Section 170(b)(1)(A)(v).</b>
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in <b>Section 170(b)(1)(A)(vi)</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>Section 170(b)(1)(A)(vi)</b> (Complete Part II )
9	<input type="checkbox"/>	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 <b>Section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>Section 509(a)(4).</b> (See instructions )
11	<input type="checkbox"/>	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 <b>Section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <div><div>a <input type="checkbox"/> Type I</div><div>b <input type="checkbox"/> Type II</div><div>c <input type="checkbox"/> Type III - Functionally Integrated</div><div>d <input type="checkbox"/> Type III - Other</div></div>
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <div><div>(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?</div><div>(ii) a family member of a person described in (i) above?</div><div>(iii) a 35% controlled entity of a person described in (i) or (ii) above?</div></div>
h	<input type="checkbox"/>	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 <b>Total.</b> 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 <b>Public Support</b> 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 <b>Total Support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 <b>First Five Years.</b> 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 <b>stop here</b>						<input type="checkbox"/>

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 <b>33 1/3% 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 <b>stop here.</b> The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b <b>33 1/3% Test - 2007.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a <b>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 <b>stop here.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 <b>Private Foundation.</b> If the organization did not check the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		<input type="checkbox"/>

Part IIISupport 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
1Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3Gross receipts from activities that are not an unrelated trade or business under section 513						
4Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5The value of services or facilities furnished by a governmental unit to the organization without charge						
6Total Add lines 1-5						
7aAmounts included on lines 1, 2, and 3 received from disqualified persons						
bAmounts 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						
cTotal of lines 7a and 7b						
8Public 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
9Amounts from line 6						
10aGross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
bUnrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
cAdd lines 10a and 10b						
11Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
13Total Support (Add lines 9, 10c, 11 and 12)						
14First 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 and 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	Former			
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 SYVERSON , 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

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

<b>Name of the organization</b> MERCY HEALTH SYSTEM CORPORATION	<b>Employer identification number</b>  39-0816848
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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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

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) <div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)<input type="checkbox"/> Preservation of an historically importantly land area</div> <div><input type="checkbox"/> Protection of natural habitat<input type="checkbox"/> Preservation of certified historic structure</div> <div><input type="checkbox"/> Preservation of open space</div>											
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											
		<table><tr><th></th><th>Held at the End of the Year</th></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table>		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
	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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>											
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)? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>											
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 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

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

2

Provide the estimated percentage of the 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

(i)

unrelated organizations . . . . .

3a(i)

Yes

No

(ii)

related organizations . . . . .

3a(ii)

Yes

No

b

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

3b

Yes

No

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
b Buildings . . . . .		150,968,782	63,798,923	87,169,859
c Leasehold improvements . . . . .		10,540,810	6,664,595	3,876,215
d Equipment . . . . .		120,646,405	77,594,864	43,051,541
e 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

(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
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 12 ) ▶	39,951,670	

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

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

(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
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 25 )	94,223,996

**Schedule D (Form 990) 2008**

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)	142,704
2	Total expenses (Form 990, Part IX, column (A), line 25)	403,546,992
3	Excess or (deficit) for the year Subtract line 2 from line 1	16,595,712
4	Net unrealized gains (losses) on investments	222,442
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	-25,591,659
9	Total adjustments (net) Add lines 4 - 8	-25,369,217
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	-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 . . . . .	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 . . . . .	1403,546,992
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

OMB No 1545-0047

2008

Open to Public Inspection

► 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 . . . . .

1a

Yes

b

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

1b

Yes

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

3a

Yes

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"? . . . . .

4

Yes

5a

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

5a

Yes

b

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

5b

Yes

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? . . . . .

5c

No

6a

Does the organization prepare an annual community benefit report? . . . . .

6a

Yes

6b

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

6b

Yes

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 <i>worksheets 1 and 2</i> ) . . . .						
b Unreimbursed Medicaid (from <i>worksheet 3, column a</i> ) . . . .						
c Unreimbursed costs—other means-tested government programs (from <i>worksheet 3, column b</i> ) . . . . .						
d Total Charity Care and Means-Tested Programs . . . . .						
Other Benefits						
e Community health improvement services and community benefit operations (from <i>worksheet 4</i> ) . . . . .						
f Health professions education (from <i>worksheet 5</i> ) . . . . .						
g Subsidized health services (from <i>worksheet 6</i> ) . . . . .						
h Research (from <i>worksheet 7</i> ) . . . . .						
i Cash and in-kind contributions to community groups (from <i>worksheet 8</i> ) . . . . .						
j Total Other Benefits . . . . .						
k Total (line 7d and 7j) . . . . .						

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

Cat No 50192T

Schedule H (Form 990) 2008

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices (Optional for 2008)

Section A. Bad Debt Expense

		Yes	No
1Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15? . . . . .	1		
2Enter the amount of the organization's bad debt expense (at cost) . . . . .	2		
3Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3		
4Provide 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			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	
6Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	
7Enter line 5 less line 6—surplus or (shortfall) . . . . .	7	
8Describe 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 <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9aDoes the organization have a written debt collection policy? . . . . .	9a	Yes	
9bIf "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 . . . . .	9b	Yes	

Part IVManagement 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				







## Additional Data

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

**Form 990 Schedule H, Part V - Facility Information**[illegible]

Schedule I (Form 990)	Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.	OMB No 1545-0047
		2008
		Open to Public Inspection

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.

Name of the organization MERCY HEALTH SYSTEM CORPORATION	Employer identification number 39-0816848
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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 . . . . . ☐

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
City of Janesville Fire Department303 Milton Avenue Janesville, WI 53545				77,640	Cost	5 Defibrillators	Provide Life Saving Equipment to Emergency response personnel capable of transmitting data to the Janesville Hospital
City of Milton Fire Department614 W Madison Ave Milton, WI 53563				15,528	Cost	1 Defibrillator	Provide Life Saving Equipment to Emergency response personnel capable of transmitting data to the Janesville Hospital
Town of Linn - EMS Services N1457 Hillside Road Lake Geneva, WI 53147				17,900	Cost	1 Defibrillator	Provide Life Saving Equipment to Emergency response personnel
Fontana Rescue190 Douglas Street Fontana, WI 53125				17,900	Cost	1 Defibrillator	Provide Life Saving Equipment to Emergency response personnel
Delavan Rescue1436 Mound Road Delavan, WI 53115				107,400	Cost	6 Defibrillators	Provide Life Saving Equipment to Emergency response personnel

2	Enter total number of section 501(c)(3) and government organizations . . . . .	5
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.

(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

Part IV

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

Identifier	Return Reference	Explanation

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 HEALTH SYSTEM CORPORATION

Employer identification number  
39-0816848

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>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</div><div><div><div><input type="checkbox"/> First class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input checked="" type="checkbox"/> Housing allowance or residence for personal use</div><div><input checked="" type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input checked="" type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>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</div></div>	<div>1b</div> Yes	
<div><div>2</div><div>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?</div></div>	<div>2</div> Yes	
<div><div>3</div><div>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</div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a</div><div><div>a</div><div>Receive a severance payment or change of control payment?</div></div><div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div><div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div><div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div></div></div>	<div>4a</div>	No
	<div>4b</div> Yes	
	<div>4c</div>	No
<div><div>501(c)(3) and 501(c)(4) organizations only must complete lines 5-8.</div><div><div>5</div><div>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</div><div><div>a</div><div>The organization?</div></div><div><div>b</div><div>Any related organization?</div><div>If "Yes," to line 5a or 5b, describe in Part III</div></div></div></div>	<div>5a</div>	No
	<div>5b</div>	No
<div><div>6</div><div>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</div><div><div>a</div><div>The organization?</div></div><div><div>b</div><div>Any related organization?</div><div>If "Yes," to line 6a or 6b, describe in Part III</div></div></div>	<div>6a</div>	No
	<div>6b</div>	No
<div><div>7</div><div>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</div></div>	<div>7</div>	No
<div><div>8</div><div>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</div></div>	<div>8</div>	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) (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	



**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)	Supplemental Information on Tax Exempt Bonds	OMB No 1545-0047
		2008
		Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

To 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
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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
A Wisconsin Health and Educational 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)

		A		B		C		D		E	
1	Total Proceeds of Issue										
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										
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
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)

			A		B		C		D		E	
			Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?											
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	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts with respect to the financed property which may result in private business use?										
<b>3b</b> Are there any research agreements with respect to the financed property which may result in private business use?										
<b>3c</b> 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?										
<b>4</b> 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										
<b>5</b> 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										
<b>6</b> Total of lines 4 and 5										
<b>7</b> 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	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has a Form 8038-T been filed wth respect to the bond issue?										
<b>2</b> Is the bond issue a variable rate issue?										
<b>3a</b> Has the organization or the government issuer identified a hedge with respect to the bond issue on its books and records?										
<b>b</b> Name of provider										
<b>c</b> Term of hedge										
<b>4a</b> Were gross proceeds invested in a GIC?										
<b>b</b> Name of provider										
<b>c</b> Term of GIC										
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
<b>5</b> Were any gross proceeds invested beyond an available temporary period?										
<b>6</b> Did the bond issue qualify for an exception to rebate?										

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 38b or 40b.

OMB No 1545-0047

2008

Open to Public  
Inspection

Name of the organization MERCY HEALTH SYSTEM CORPORATION	Employer identification number  39-0816848
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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 Benefitting 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, line 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
James Nemeth	Family Member of Joseph Nemeth, Officer	103,704	Employment - Finance Manager		No
Jamie Kurtz	Family Member of David Kurtz, Officer	31,754	Employment - Patient Account Representative		No
Kristen Goelzer	Family Member of Mark Goelzer, Director	295,602	Employment - Physician		No

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

<b>Name of the organization</b> MERCY HEALTH SYSTEM CORPORATION	<b>Employer identification number</b> 39-0816848
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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)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization  
MERCY HEALTH SYSTEM CORPORATION

Employer identification number  
39-0816848

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

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income(related, investment, unrelated)	(F) Share of total income	(G) Share of end-of- year assets	(H) Disproporionate allocations?		(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner?	
							Yes	No		Yes	No

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)		

Schedule R (Form 990) 2008

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.

[illegible]



**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