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Form <b>990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047 <div> <div>2009</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

<b>A For the 2009 calendar year, or tax year beginning 07-01-2009 and ending 06-30-2010</b>				
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>Please use IRS label or print or type. See Specific Instructions.</b>	<b>C Name of organization</b> MERCY HEALTH SYSTEM CORPORATION		<b>D Employer identification number</b> 39-0816848
		Doing Business As		<b>E Telephone number</b> (608) 756-6000
		Number and street (or P O box if mail is not delivered to street address) PO BOX 5003 - 1000 MINERAL POINT	Room/suite	<b>G Gross receipts \$</b> 432,050,482
		City or town, state or country, and ZIP + 4 JANESVILLE, WI 535475003		
	<b>F Name and address of principal officer</b> JAVON BEA PO BOX 5003 - 1000 MINERAL POINT JANESVILLE, WI 535475003		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>I Tax-exempt status</b> <input checked="" type="checkbox"/> 501(c) ( 3 ) (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)		
<b>J Website:</b> www.mercyhealthsystem.org		<b>H(c)</b> Group exemption number		
<b>K Form of organization</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			<b>L Year of formation</b> 1972	<b>M State of legal domicile</b> WI

Part I		Summary		
Activities & Governance	<b>1</b>	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		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	
	<b>5</b>	Total number of employees (Part V, line 2a)	<b>5</b> 3,58	
	<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	
	<b>7a</b>	Total gross unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b> 7,537,71	
	<b>b</b>	Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b> -17,43	
Revenue	<b>8</b>	Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b> 236,056	<b>Current Year</b> 239,288
	<b>9</b>	Program service revenue (Part VIII, line 2g)	420,506,408	419,084,944
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-715,230	658,102
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	115,470	1,891,518
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	420,142,704	421,873,852
Expenses	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	249,137	0
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)		0
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	247,006,590	254,680,596
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)		0
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) $\rightarrow$ 0		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	156,291,265	150,038,775
	<b>18</b>	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	403,546,992	404,719,371
	<b>19</b>	Revenue less expenses Subtract line 18 from line 12	16,595,712	17,154,481
Net Assets or Fund Balances			<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b>	Total assets (Part X, line 16)	328,015,658	342,696,939
	<b>21</b>	Total liabilities (Part X, line 26)	212,194,382	243,539,510
	<b>22</b>	Net assets or fund balances Subtract line 21 from line 20	115,821,276	99,157,429

Part II		Signature Block			
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		2011-05-10 Date		
	JAVON BEA CEO Type or print name and title				
Paid Preparer's Use Only	Preparer's signature William T Murphy CPA		Date 2011-05-10	Check if self-employed <input checked="" type="checkbox"/>	Preparer's identifying number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4		Baker Tilly Virchow Krause LLP 500 Midland Court PO Box 8130 Janesville, WI 535478130		EIN
					Phone no (608) 752-5835

**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 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

<b>4a</b>	(Code )	(Expenses \$ 331,025,130 including grants of \$ )	(Revenue \$ 410,684,713 )
HOSPITAL ADMISSIONS 10,202, NURSING HOME ADMISSIONS 297, BIRTHS 1,091, OUTPATIENT VISITS 1,117,017			












**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 \$ \_\_\_\_\_ )

<b>4e</b>	<b>Total program service expenses</b>	<b>\$ 331,025,130</b>
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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	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4	No
5	<b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5	
6	Did the organization maintain any donor advised funds or any similar funds or 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, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11	Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. 	11	Yes
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.		
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.		
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.		
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.		
	• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.		
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.		
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12	Yes
12A	Was the organization included in consolidated, independent audited financial statements for the tax year?	Yes	No
	If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional 	12A	Yes
13	Is the organization a school 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 United States?	14a	No
14b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? 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 U S ? 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 U S ? If "Yes," complete Schedule F, Part III	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions 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 of gross income from gaming activities 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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	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? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	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? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	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> . . . . .	34	Yes	
35	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> . . . . .	35	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable . . . . .	1a	242	
	b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	
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 . . . . .	2a	3,580	
	b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)			
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: <input type="text"/> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts				
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 line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? . . . . .			5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and 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 receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .			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	
h For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? . . . . .			7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .			8	
9 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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . . . . .	1a	9	
b	Enter the number of voting members that are independent . . . . .	1b	7	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .	5		No
6	Does the organization have members or stockholders? . . . . .	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body? . . . . .	8a	Yes	
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9		No

Section B. Policies

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates? . . . . .	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .	10b		
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11		No
11A	Describe in Schedule O the process, if any, used by the organization to review the Form 990 . . . . .			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	12c	Yes	
13	Does the organization have a written whistleblower policy? . . . . .	13	Yes	
14	Does the organization have a written document retention and destruction policy? . . . . .	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official . . . . .	15a	Yes	
b	Other officers or key employees of the organization . . . . .	15b	Yes	
	If "Yes" to line a or b, describe the process in Schedule O (See instructions )			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	16b		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶IL , WI
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ JOHN COOK 1000 MINERAL POINT JANESVILLE, WI 535475003 (608) 756-6642

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

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

Form 990 (2009)



<b>1b</b>	<b>Total</b> . . . . .	9,400,900	0	2,482,849
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**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization▶352

		<b>Yes</b>	<b>No</b>
<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> . . . . .		No
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	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> . . . . .		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
Findorff Inc 300 S Bedford St Madison, WI 53703	ConSTRUCTION	4,803,718
Mckesson Information Solutions PO Box 98347 Chicago, IL 606938347	Patient Stmt Processing/Maintenance	3,276,446
Hammel Green & Abrahamson PO BOX 86 Minneapolis, MN 554861861	Architectual Services	1,569,565
MAGILL CONSTRUCTION COMPANY 977 KOOPMAN LANE ELKHORN, WI 53121	CONSTRUCTION	1,463,772
Quest Diagnostics 1355 Mittel Blvd Woodale, IL 60191	Lab Services	1,185,074

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶33

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues . . . . .	1b					
	c	Fundraising events . . . . .	1c					
	d	Related organizations . . . .	1d					
	e	Government grants (contributions)	1e	85,299				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	153,989				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f . . . . .		239,288				
Program Service Revenue			Business Code					
	2a	PATIENT SERVICE REVENUE	621,110	410,684,713	410,684,713			
	b	UNRELATED BUSINESS INC	561,000	7,537,717		7,537,717		
	c	CAFETERIA	722,210	862,514			862,514	
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f . . . . .		419,084,944				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .		630,875			630,875	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties . . . . .						
	6a	(i) Real		(ii) Personal				
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss) . . . . .						
	7a	(i) Securities		(ii) Other				
		10,193,657		10,200				
		10,030,200		146,430				
		163,457		-136,230				
	d	Net gain or (loss) . . . . .		27,227			27,227	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .		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 . . . . .		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	OTHER INVESTMENTS		900,099	1,635,183			1,635,183	
b	MISCELLANEOUS		900,099	256,335			256,335	
c								
d	All other revenue . . . . .							
e	Total. Add lines 11a-11d . . . . .		1,891,518					
12	Total revenue. See Instructions . . . . .		421,873,852	410,684,713	7,537,717		3,412,134	

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				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
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 . . . . .	6,290,725		6,290,725	
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	201,581,651	166,722,406	34,859,245	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	8,710,503	6,471,754	2,238,749	
9	Other employee benefits . . . . .	25,947,316	18,903,940	7,043,376	
10	Payroll taxes . . . . .	12,150,401	9,266,758	2,883,643	
11	Fees for services (non-employees)				
a	Management . . . . .				
b	Legal . . . . .	278,406		278,406	
c	Accounting . . . . .	48,300		48,300	
d	Lobbying . . . . .				
e	Professional fundraising See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .	72,296		72,296	
g	Other . . . . .	19,194,616	10,552,592	8,642,024	
12	Advertising and promotion . . . . .	2,926,964	64,061	2,862,903	
13	Office expenses . . . . .	68,658,238	64,870,872	3,787,366	
14	Information technology . . . . .	934,940	444,978	489,962	
15	Royalties . . . . .				
16	Occupancy . . . . .	6,995,882	6,261,314	734,568	
17	Travel . . . . .	758,346	283,877	474,469	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	1,306,457	915,606	390,851	
20	Interest . . . . .	5,191,460	4,646,357	545,103	
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	17,965,441	16,061,847	1,903,594	
23	Insurance . . . . .	6,535,620	5,487,047	1,048,573	
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	BAD DEBTS	11,839,837	11,839,837	0	0
b	WI MEDICAID & OTHER TAX	6,072,326	6,072,326	0	0
c	EQUIPMENT REPAIRS & MAI	5,303,587	3,682,314	1,621,273	0
d	SPECIAL PROJECT FUND	1,633,754	0	1,633,754	0
e	INTER-ENTITY TRANSACTIO	-8,929,639	-2,269,571	-6,660,068	0
f	All other expenses	3,251,944	746,815	2,505,129	
25	Total functional expenses. Add lines 1 through 24f	404,719,371	331,025,130	73,694,241	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			16,365	1	16,320
	2	Savings and temporary cash investments . . . . .			17,302,367	2	13,332,054
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			77,923,407	4	67,615,922
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			7,765,991	8	9,501,828
	9	Prepaid expenses and deferred charges . . . . .			3,797,071	9	4,648,927
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	331,174,508	171,405,846	10c	173,375,036
	b	Less accumulated depreciation . . . . .	10b	157,799,472			
	11	Investments—publicly traded securities . . . . .				11	
	12	Investments—other securities See Part IV, line 11 . . . . .			39,951,670	12	66,794,118
	13	Investments—program-related See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .				14	
	15	Other assets See Part IV, line 11 . . . . .			9,852,941	15	7,412,734
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			328,015,658	16	342,696,939
Liabilities	17	Accounts payable and accrued expenses . . . . .			63,062,543	17	69,162,408
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			55,208,692	20	37,224,761
	21	Escrow or custodial account liability Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .				23	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities Complete Part X of Schedule D . . . . .			93,923,147	25	137,152,341
	26	Total liabilities. Add lines 17 through 25 . . . . .			212,194,382	26	243,539,510
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			115,821,276	27	99,157,429
	28	Temporarily restricted net assets . . . . .				28	
	29	Permanently restricted net assets . . . . .				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			115,821,276	33	99,157,429
	34	Total liabilities and net assets/fund balances . . . . .			328,015,658	34	342,696,939

**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 _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? . . .		No
<b>b</b> Were the organization's financial statements audited by an independent accountant? . . . . .	Yes	
<b>c</b> If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . . .	Yes	
<b>d</b> If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separated basis		
<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? . . . . .		No
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . .		

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

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

OMB No 1545-0047

2009

Open to Public  
Inspection

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

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

The organization is not a private foundation because it is (For lines 1 through 11, check only one box )

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h  

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

(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.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 (Explain in Part IV ) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2008 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2009. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support test—2008. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
b 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

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) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 through 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 \$5,000 or 1% of the amount on line 13 for the year						
cAdd lines 7a and 7b						
8Public Support (Subtract line 7c from line 6 )						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 June 30, 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						

Section C. Computation of Public Support Percentage

15Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	15	
16Public support percentage from 2008 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17	
18Investment income percentage from 2008 Schedule A, Part III, line 17	18	
19a33 1/3% support tests—2009. 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		
b33 1/3% support tests—2008. 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		
20Private 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.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. See instructions

Additional Data

Software ID:

Software Version:

EIN: 39-0816848

Name: MERCY HEALTH SYSTEM CORPORATION

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
ROWLAND MCCLELLAN CHAIRPERSON & DIRECTOR	1 00	X						747	0	0
THOMAS POOL VICE-CHAIRPERSON & DIRECTO	1 00	X						15,000	0	0
LARRY SQUIRE TREASURER & DIRECTOR	1 00	X						3,934	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						344	0	0
Katherine Schack DIRECTOR	1 00	X						0	0	0
BARB BORTNER VICE-PRESIDENT	55 00			X				178,564	0	21,245
DAN COLBY VICE-PRESIDENT	55 00			X				253,685	0	40,031
DAVID KURTZ VICE-PRESIDENT	55 00			X				185,907	0	25,055
JOHN COOK VICE-PRESIDENT	55 00			X				275,733	0	19,902
JOSEPH NEMETH VICE-PRESIDENT	55 00			X				267,232	0	41,707
KATHY HARRIS VICE-PRESIDENT	55 00			X				125,328	0	13,402
RUTH YARBROUGH VICE-PRESIDENT	55 00			X				217,437	0	39,935
RICHARD GRUBER VICE-PRESIDENT	55 00			X				188,532	0	13,195
RALPH TOPINKA VICE-PRESIDENT	55 00			X				337,589	0	39,800
SUE RIPSCH VICE-PRESIDENT	55 00			X				304,462	0	29,435
JAVON BEA PRESIDENT & DIRECTOR	55 00	X		X				1,979,023	0	1,660,001
Bradley Fideler Physician	40 00					X		1,385,066	0	311,318
Vikram Khanna Physician	40 00					X		1,002,362	0	51,413
Christopher Sturm Physician	40 00					X		940,840	0	49,243
John Bussa physician	40 00					X		859,424	0	72,757
Francis Kaveggia physician	40 00					X		866,191	0	54,410

Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses

<i>Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
BAD DEBTS	11,839,837	11,839,837	0	0
WI MEDICAID & OTHER TAX	6,072,326	6,072,326	0	0
EQUIPMENT REPAIRS & MAI	5,303,587	3,682,314	1,621,273	0
SPECIAL PROJECT FUND	1,633,754	0	1,633,754	0
INTER-ENTITY TRANSACTIO	-8,929,639	-2,269,571	-6,660,068	0

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

► **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.**  
► **Attach to Form 990. ► See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization  
MERCY HEALTH SYSTEM CORPORATION

Employer identification number  
39-0816848

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)  
☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area  
☐ Protection of natural habitat ☐ Preservation of a certified historic structure  
☐ Preservation of open space

2

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

	Held at the End of the Year
2a	Total number of conservation easements
2b	Total acreage restricted by conservation easements
2c	Number of conservation easements on a certified historic structure included in (a)
2d	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, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ► \_\_\_\_\_

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ \_\_\_\_\_

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9

In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization’s financial statements that describes the organization’s accounting for conservation easements

Part III

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

1a

If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

► \$ \_\_\_\_\_

(ii)

Assets included in Form 990, Part X

► \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

► \$ \_\_\_\_\_

Part III

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

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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 the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance . . . . .				
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) Accumulated depreciation	(d) Book value
1a Land . . . . .		26,450,912		26,450,912
b Buildings . . . . .		160,628,997	70,327,267	90,301,730
c Leasehold improvements . . . . .		5,207,960	3,026,448	2,181,512
d Equipment . . . . .		119,092,628	80,341,504	38,751,124
e Other . . . . .		19,794,011	4,104,253	15,689,758
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				173,375,036

Schedule D (Form 990) 2009



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)	1421,873,852
2	Total expenses (Form 990, Part IX, column (A), line 25)	2404,719,371
3	Excess or (deficit) for the year Subtract line 2 from line 1	317,154,481
4	Net unrealized gains (losses) on investments	4431,672
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8-34,250,000
9	Total adjustments (net) Add lines 4 - 8	9-33,818,328
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10-16,663,847

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements . . . . .	1421,873,852
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	421,873,852
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	421,873,852

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements . . . . .	1404,719,371
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities . . . . .2a	
b	Prior year adjustments . . . . .2b	
c	Other losses . . . . .2c	
d	Other (Describe in Part XIV) . . . . .2d	
e	Add lines 2a through 2d . . . . .2e	0
3	Subtract line 2e from line 1 . . . . .3	404,719,371
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	404,719,371

Part XIV Supplemental Information		
Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.		
Identifier	Return Reference	Explanation
Part XI, Line 8 - Other Adjustments		CHANGES IN PENSION OBLIGATIONS -6950000 TRANSFER TO MERCY ALLIANCE, INC -27300000

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**  
▶ **Attach to Form 990.**  
▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

**Name of the organization**  
MERCY HEALTH SYSTEM CORPORATION

**Employer identification number**  
39-0816848

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No
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 <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>		
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 <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input checked="" type="checkbox"/> 150%<input type="checkbox"/> 200%<input type="checkbox"/> Other _____</div> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input checked="" type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____</div> 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"? . . . . .	3a 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 Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2) . . . .			8,150,970	0	8,150,970	2 070 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . .			55,468,313	35,764,790	19,703,523	5 020 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .			4,347,852	2,689,330	1,658,522	0 420 %
d <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .			67,967,135	38,454,120	29,513,015	7 510 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,502,353	173,394	1,328,959	0 340 %
f Health professions education (from Worksheet 5) . . . .			4,067,438	3,034,317	1,033,121	0 260 %
g Subsidized health services (from Worksheet 6) . . . .			11,259,427	7,412,629	3,846,798	0 980 %
h Research (from Worksheet 7)			0	0		
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . .			267,947	0	267,947	0 070 %
j <b>Total</b> Other Benefits . . . .			17,097,165	10,620,340	6,476,825	1 650 %
k <b>Total.</b> Add lines 7d and 7j . . . .			85,064,300	49,074,460	35,989,840	9 160 %



Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(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			0	0		
2Economic development			0	0		
3Community support			0	0		
4Environmental improvements			0	0		
5Leadership development and training for community members			0	0		
6Coalition building			0	0		
7Community health improvement advocacy			125,000	0	125,000	0.030 %
8Workforce development			0	0		
9Other			0	0		
10Total			125,000		125,000	0.030 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense (at cost)	2	5,339,764	
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	683,490	
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, and rationale for including other bad debt amounts in community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	41,606,131	
6Enter Medicare allowable costs of care relating to payments on line 5	6	91,320,773	
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-49,714,642	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" 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

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

**Part V Facility Information**

Name and address	Other (Describe)					
	ER-other	ER-24 hours	Research facility	Critical access hospital	Teaching hospital	Children's hospital
See Additional Data Table						

Part VI

Supplemental Information

Complete this part to provide the following information

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions

See additional data

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

See additional data

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

Part VI, Line 3 All uninsured patients are notified of Mercy's financial aid policy upon registration Information is also available at the health system's website, in our emergency rooms, Financial Services Offices, and with the patient financial counselors Appropriate personnel have been trained on how to interact with patients about financial aid availability, and how to direct patients to appropriate financial aid staff The hospitals have translation services available as needed

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

See additional data

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

Part VI, Line 5 Mercy's many health improvement and benefit services/operations were the result of Mercy filling a community need Mercy's collaborative efforts and the efforts of its related entities have brought assistance to the area's underserved (as detailed in #2 above)

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

Part VI, Line 6 The hospitals of Mercy Health System have an open medical staff with privileges available to all qualified physicians in the area Mercy Health System has a governing body in which independent persons representative of the community comprise a majority

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

See additional data

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

WI

Additional Data

Software ID:

Software Version:

EIN: 39-0816848

Name: MERCY HEALTH SYSTEM CORPORATION

Form 990 Schedule H, Part V - Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Mercy Hospital 1000 Mineral Point Avenue Janesville, WI 53548	X	X		X			X		
Mercy Walworth Hospital and Medical Cent N2950 State Road 67 Lake Geneva, WI 53147	X	X			X		X		
Mercy Manor Transition Center 1000 Mineral Point Avenue Janesville, WI 53548									Skilled Nursing/Sub-Acute Care Facility
Mercy Regional Cancer Center 1000 Mineral Point Avenue Janesville, WI 53548									Radiation Oncology Clinic/Radiation Therapy Facility
House of Mercy Homeless Shelter 320 Lincoln Street Janesville, WI 53548									Homeless Center
Mercy Algonquin Medical Center 2401 Harnish Drive Suite 101 Algonquin, IL 60102									Outpatient Physician Clinic
Mercy Bariatric Wellness Center 250 E Center Drive Suite 201 Vernon Hills, IL 60061									Outpatient Physician Clinic
Mercy Barrington Medical Center 500 West Highway 22 Barrington, IL 60010									Outpatient Physician Clinic
Mercy Beloit Medical Center 2825 Prairie Avenue Beloit, WI 53511									Outpatient Physician Clinic/Urgent Care Facility
Mercy Brodhead Medical Center 2310 First Center Avenue Brodhead, WI 53520									Outpatient Physician Clinic
Mercy Center for Corrective Eye Surgery 5400 W Elm Street Suite 120 McHenry, IL 60050									Outpatient Physician Clinic
Mercy Center for Corrective Eye Surgery 8780 W Golf Road Ste 304 Niles, IL 60714									Outpatient Physician Clinic
Mercy Clinic East 3524 East Milwaukee Street Janesville, WI 53546									Outpatient Physician Clinic/Urgent Care Facility
Mercy Clinic East Pharmacy 3524 East Milwaukee Street Janesville, WI 53546									Retail Pharmacy
Mercy Clinic South 849 Kellogg Avenue Janesville, WI 53546									Residency Program / Outpatient Physician Clinic
Mercy Clinic West 1000 Mineral Point Avenue Janesville, WI 53548									Outpatient Physician Clinic & Medical Oncology
Mercy Clinic West Pharmacy 1000 Mineral Point Avenue Janesville, WI 53548									Retail Pharmacy
Mercy Crystal Lake Chiropractic and Reha 330 W Terra Cotta Road Rte 176 Crystal Lake, IL 60014									Chiropractor
Mercy Crystal Lake Medical Center East 390 Congress Parkway Crystal Lake, IL 60014									Outpatient Physician Clinic
Mercy Crystal Lake Medical Center West 350 Congress Parkway Crystal Lake, IL 60014									Outpatient Physician Clinic
Mercy Crystal Lake OBGYN 750 E Terra Cotta Ste B Crystal Lake, IL 60014									Outpatient Physician Clinic
Mercy Crystal Lake Medical Center South 415-A Congress Parkway Crystal Lake, IL 60014									Outpatient Physician Clinic
Mercy Delavan Medical Center 1038 E Geneva St Delavan, WI 53115									Outpatient Physician Clinic
Mercy Edgerton Medical Center 217 N Main Street Edgerton, WI 53534									Outpatient Physician Clinic
Mercy Evansville Medical Center 300 Union Street Evansville, WI 53536									Outpatient Physician Clinic
Mercy Harvard Clinic South 348 S Division Harvard, IL 60033									outpatient Physician Clinic
Mercy Health Mall 1010 North Washington Janesville, WI 53548									Outpatient Physician Clinic/Urgent Care Facility
Mercy Health Mall Pharmacy 1010 North Washington Janesville, WI 53548									Retail Pharmacy
Mercy Lake Geneva Medical Center 350 Peller Road Lake Geneva, WI 53147									outpatient Physician Clinic
Mercy Lakeside Orthopaedics 352 Peller Road Lake Geneva, WI 53147									Outpatient Physician Clinic
Mercy McHenry Internal Medicine Center 633 Ridgeview Drive McHenry, IL 60050									Outpatient Physician Clinic
Mercy McHenry Medical Center 3922 Mercy Drive McHenry, IL 60050									Outpatient Physician Clinic
Mercy Milton Medical Center 725 South Janesville Street Milton, WI 53563									Outpatient Physician Clinic
Mercy Milton Pharmacy 725 South Janesville Street Milton, WI 53563									Retail Pharmacy
Mercy Northwest Women's Group 47 West Acorn Lane Lake in the Hills, IL 601564804									Outpatient Physician Clinic
Mercy Options-Cooperative Childcare Inst 20 East Court Street Janesville, WI 53548									Treatment Facility for Adolescents
Mercy Options-Janesville 903 Mineral Point Avenue Janesville, WI 53548									Physician & Therapist Services Mental Health & Addiction Treatment
Mercy Regional Dialysis Center 903 Mineral Point Avenue Janesville, WI 53548									Dialysis Center
Mercy Regional Lung Center 903 Mineral Point Avenue Janesville, WI 53548									Physicians Clinic & Sleep Disorder Center
Mercy Richmond Medical Center 9715 Prairie Ridge Richmond, IL 60071									Outpatient Physician Clinic
Mercy Sharon Medical Center 118 Plain Street Sharon, WI 53585									Outpatient Physician Clinic
Mercy Sports Medicine and Rehabilitation 557 North Washington Janesville, WI 53548									Outpatient Physician Clinic and Rehabilitation Facility
Mercy Terrace 510 N Terrace Street Janesville, WI 53548									Outpatient Physician Clinic
Mercy Walworth Pharmacy N2950 State Road 67 Lake Geneva, WI 53147									Retail Pharmacy
Mercy Whitewater Medical Center 507 West Main Street Whitewater, WI 53190									Outpatient Physician Clinic
Mercy Whitewater Sports Medicine & Rehab 519 West Main Street Whitewater, WI 53190									Outpatient Physician Clinic and Rehabilitation Facility
Mercy Woodstock Medical Center 2000 Lake Avenue Woodstock, IL 60098									Outpatient Physician Clinic/Urgent Care Facility
Mercy Woodstock Pharmacy 2000 Lake Avenue Woodstock, IL 60098									Retail Pharmacy

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 6a Mercy Health System, Corp (MHS) submits an annual Community Benefit Statement to the Wisconsin Hospital Association Periodically, it publishes a pamphlet explaining the Community Benefits that Mercy Health System Corp, and the related organizations of MHS provide to the communities they serve MHS has supplied supplemental community benefit statement information with its 990 tax return since fiscal year 2006 (tax form 2005)
--

**Form 990 Schedule H, Part VI - Supplemental Information, Line 1**

Part I, Line 7 A cost-to-charge ratio methodology was used to determine costs associated with Charity Care, Unreimbursed Medicaid, and Other Means Tested Government Programs The cost-to-charge ratio was derived from IRS worksheet 2 Ratio of Patient Care Cost-to-Charge The cost of the Other Benefits referenced in the table of line 7 (community health improvement services and community benefit operations, health professions education, subsidized health services, cash and in-kind contributions) were determined using actual department/service specific data and/or cost accounting derived data

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 7g The subsidized health care line includes \$2,144,082 of expenses (column c) and \$1,292,916 of net expenses (column e) attributable to the costs of Trauma Surgeons These Surgeons staff the Level II Trauma program of Mercy Health System Corporation 24/7 Also included is \$507,008 of expenses (column c) and \$8,419 of net expenses (column e) of a clinic based diabetic center that is run in conjunction to the hospital based Nutrition/Wellness Program

**Form 990 Schedule H, Part VI - Supplemental Information, Line 1**

Part I, Line 7f Bad Debt Expense of \$11,839,837 included on Form 990, Part IX, line 25, was excluded from expenses when calculating the percentage in this column

**Form 990 Schedule H, Part VI - Supplemental Information, Line 1**

Part III, Line 4 Bad debt expense is accounted for in the following manner (as detailed in Note 1 of the audited financial statements of Mercy Health System Corporation and Subsidiaries) The carrying amounts of accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected management provides for probable uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to a valuation allowance based on its assessment of historical collection likelihood and the current status of individual accounts Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable The cost of bad debt on line 2 Part III was determined by applying the cost to charge ratio to those charges estimated and expensed as uncollectible The estimate of bad debt dollars that may have been covered through Mercy's financial assistance/charity care policy (had the proper paper work been completed by the individual needing assistance) is estimated at 12.8% This figure was based on the percent of Bad Debt account dollars that are reclassified for Charity and/or Bankruptcy purposes



**Form 990 Schedule H, Part VI - Supplemental Information, Line 1**

Part III, Line 8 Data for lines 5 & 6 of Part III and the Medicare Shortfall is based on Mercy's two hospitals' Medicare cost reports

**Form 990 Schedule H, Part VI - Supplemental Information, Line 1**

Part III, Line 9b Patients who are self-pay, regardless of whether they qualify for Mercy's Community Care Program, will receive a 20% discount from Mercy's standard fee schedule All self-pay patients meet with patient financial counselors and discuss payment options including Mercy's Community Care Program Patients must apply for Community Care and supply Mercy with the necessary financial and other information required Patients who qualify for Community Care benefits will receive a reduction in the balance owed, extended payment terms, or both The amount of the Community Care benefit will be based on the patient's ability to pay and the size of the outstanding balance

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part V Hospital & Regional Trauma Center 1Critical Access Hospital 1Sub-Acute/skilled nursing facility 1Radiation Oncology Clinic  
1Residency Program/Outpatient Physician Clinic 1Mental Health Clinic 1Residential Treatment Center for children ages 6-17 1Dialysis  
Center 1Other Outpatient Physicians Clinics 34Homeless Shelter 1Retail Pharmacies 6

**Form 990 Schedule H, Part VI - Supplemental Information, Line 2**

Part VI, Line 2 Mercy Health System Corporation does community needs assessments in conjunction with the Public Health Departments of Walworth (WI), Rock (WI), and McHenry (IL) counties every 18 months Mercy has dedicated staff that works with various agencies/programs of nearby communities to assess health needs Collaborative examples of Mercy and Mercy's related entities include i) The Community Health Center at Mercy Clinic South Partnership with the Community Health Center, Inc of Beloit, WI In 2006, Mercy partnered with Community Health Center, Inc to open this clinic in Janesville It provides free and low-cost care to low-income, uninsured and underinsured patients This first-of-its-kind partnership is the result of years of work with local partners and the federal government to design and debut a new model of care for the underserved The clinic sees over 200 new patients each month, has significantly improved patient outcomes, and has saved millions in unnecessary emergency department costs ii) HealthNet free clinic in Janesville Mercy physicians volunteer their services Mercy also donates lab, radiology and other ancillary services to patients iii) Cooperative Child Care Institute Collaboration with Janesville Public School District and Rock County Human Services to serve emotionally challenged children iv) Family Health Partnership Clinic and Well Child Clinic in Woodstock, IL and Harvard Free Clinic in McHenry County, IL Mercy physicians volunteer their services v) Family Health Partnership Clinic McHenry County Department of Health collaboration to provide mammograms at Mercy facilities for women who cannot otherwise afford the service vi) Rock County Health Department Bioterrorism readiness project vii) Red Cross Blood drive and cooperative volunteer efforts viii) United Way Fund raising campaign and Rock County Needs Assessment Survey contributor ix) Area Police and Fire Departments Provide portable defibrillators for police vehicles and free or reduced-cost paramedic/EMT educational opportunities x) Community Action, Inc Mercy leadership serves on strategic planning committee and Community Action Development Board

**Form 990 Schedule H, Part VI - Supplemental Information, Line 4**

Part VI, Line 4 One hospital of Mercy Health System Corporation is located in Janesville, WI It is currently the only general acute care hospital located in Janesville, WI, and is the largest of six hospitals within a 30-mile radius It is licensed for 240 beds and is located in Rock County, WI, where approximately 11% of the population is below the poverty level Median household income in Rock Co is below the State's average Rock County's unemployment rate as of February, 2010 was at 12.7%, due in large part to the closing of General Motors assemble plant in December 2008 General Motors used to be the largest employer in the area Mercy Health System's second hospital is in Walworth County It is designated as a critical access 6 bed hospital Walworth County is also estimated to have approximately 11% of the population below the poverty level Walworth's unemployment rate as of February, 2010 was at 10.7% The two hospitals' payor demographics included 37.6% Medicare, and 15.1% Medicaid for the fiscal year of July 1, 2009 - June 30, 2010 (as determined by charges billed)

**Form 990 Schedule H, Part VI - Supplemental Information, Line 7**

Part VI, Line 7 Mercy Health System Corporation operates two hospitals and has community clinics located throughout six counties of Wisconsin and Illinois. It is part of a larger integrated health system and affiliated with other separately reported organizations. Mercy Alliance Inc. is the parent company of Mercy Health System Corporation, Mercy Assisted Care Inc, and Mercy Harvard Hospital Inc. Mercy Assisted Care provides Home Health Services and DME (durable medical equipment) services, thus providing continuation of care to Mercy Health System patients and the community as a whole. Mercy Harvard Hospital provides acute care services in McHenry County, Illinois. Mercy Health System Corp. works with the Mercy Foundation, Inc. to operate a Homeless Shelter in Janesville, WI. The House of Mercy Homeless Center provides shelter, support, and training to women, children, and families to help fight homelessness. It sheltered over 4,700 individuals since it opened in 1996. Mercy Hospital Association of Volunteers, Inc. is the organization/tax entity of Mercy's volunteers. Volunteers numbered 1,209 in Calendar Year 2009. This organization not only supports Mercy's services, but provides benefits to the community as a whole. In conjunction with Mercy Health System's meal preparation, the volunteers participate in and oversee a Meals on Wheels program. Participant/nutrition specific meals are prepared and delivered to the elderly needing assistance in Janesville. The Volunteer Association runs a Hospitality House in which family members of patients are offered free housing during their loved ones' extended hospital stay and rehabilitation.

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2009

Open to Public Inspection

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
MERCY HEALTH SYSTEM CORPORATION

Employer identification number  
39-0816848

Part I

Questions Regarding Compensation

	Yes	No
<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 checked="" type="checkbox"/> Housing allowance or residence for personal use</div></div><div><div><input type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Payments for business use of personal residence</div></div><div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div></div><div><div><input type="checkbox"/> Discretionary spending account</div><div><input checked="" type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>b</div> <div>If any of the boxes in line 1a are 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>	1bYes	
<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>	2Yes	
<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><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Written employment contract</div></div><div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div></div><div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	4a	No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	4bYes	
<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>	4c	No
<div></div> <div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</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>a</div> <div>The organization?</div>	5a	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<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>a</div> <div>The organization?</div>	6a	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<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>	7	No
<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>	8	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div>	9	

**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) Retirement and other 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 reportable compensation				
BARB BORTNER	(i)	130,620	45,554	2,390	0	21,245	199,809	0
	(ii)	0	0	0	0	0	0	0
DAN COLBY	(i)	178,849	63,435	11,401	0	40,031	293,716	0
	(ii)	0	0	0	0	0	0	0
DAVID KURTZ	(i)	130,620	45,883	9,404	0	25,055	210,962	0
	(ii)	0	0	0	0	0	0	0
JOHN COOK	(i)	212,406	56,250	7,077	0	19,902	295,635	0
	(ii)	0	0	0	0	0	0	0
JOSEPH NEMETH	(i)	179,182	80,392	7,658	0	41,707	308,939	0
	(ii)	0	0	0	0	0	0	0
RUTH YARBROUGH	(i)	152,725	54,028	10,684	0	39,935	257,372	0
	(ii)	0	0	0	0	0	0	0
RICHARD GRUBER	(i)	139,245	45,883	3,404	0	13,195	201,727	0
	(ii)	0	0	0	0	0	0	0
RALPH TOPINKA	(i)	246,192	87,250	4,147	0	39,800	377,389	0
	(ii)	0	0	0	0	0	0	0
SUE RIPSCH	(i)	220,127	82,022	2,313	0	29,435	333,897	0
	(ii)	0	0	0	0	0	0	0
JAVON BEA	(i)	810,298	661,794	506,931	1,619,257	40,744	3,639,024	0
	(ii)	0	0	0	0	0	0	0
Bradley Fideler	(i)	1,153,500	215,066	16,500	280,175	31,143	1,696,384	0
	(ii)	0	0	0	0	0	0	0
Vikram Khanna	(i)	485,800	500,062	16,500	20,175	31,238	1,053,775	0
	(ii)	0	0	0	0	0	0	0
Christopher Sturm	(i)	627,145	297,195	16,500	20,175	29,068	990,083	0
	(ii)	0	0	0	0	0	0	0
John Bussa	(i)	362,700	474,724	22,000	48,175	24,582	932,181	0
	(ii)	0	0	0	0	0	0	0
Francis Kaveggia	(i)	362,100	455,310	48,781	20,175	34,235	920,601	0
	(ii)	0	0	0	0	0	0	0



Part III

Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	Residence for personal use - The CEO is provided with a residence. The cost of renting the residence is treated as taxable compensation. Payments for business use of personal residence - The CEO is reimbursed for internet access and communication costs used for business purposes at his personal residence. The reimbursement is treated as taxable compensation. Health Club Dues - The CEO is reimbursed for Health Club Dues. This is treated as taxable compensation. Personal Services - The CEO is reimbursed for income tax preparation services. This is treated as taxable compensation.

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered**  
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,  
or Form 990-EZ, Part V lines 38a or 40b.  
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

**Name of the organization**  
MERCY HEALTH SYSTEM CORPORATION

**Employer identification number**  
39-0816848

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501 (c)(4) organizations only).  
Complete if the organization 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.**  
Complete if the organization 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.**  
Complete if the organization 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.**  
Complete if the organization 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	114,161	Employment - Finance Manager		No
Jamie Kurtz	Family Member of David Kurtz, Officer	33,432	Employment - Patient Account Representative		No
Kristen Goelzer	Family Member of Mark Goelzer, Director	292,124	Employment - Physician		No
JO ANNA BEA	Family Member of Javon Bea, President & Director	66,498	Employment - Manager Architectural & Interior Design		No

Additional Data

Software ID:

Software Version:

EIN: 39-0816848

Name: MERCY HEALTH SYSTEM CORPORATION

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493131017951

SCHEDULE O  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990

OMB No 1545-0047

2009

Open to Public Inspection

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.  
▶ Attach to Form 990.

Name of the organization MERCY HEALTH SYSTEM CORPORATION	Employer identification number 39-0816848
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Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		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 2010

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

Identifier	Return Reference	Explanation
FORM 990, PART I, LINE 6	TOTAL NUMBER OF VOLUNTEERS	MERCY HEALTH SYSTEM CORPORATION HAS REPORTED ZERO FOR THE TOTAL NUMBER OF VOLUNTEERS THIS IS DUE TO THE FACT THAT ALL 1,209 VOLUNTEERS FOR THE MERCY HEALTH SYSTEM CORPORATION ARE TECHNICALLY VOLUNTEERS OF THE MERCY HEALTH SYSTEM ASSOCIATION OF VOLUNTEERS AND AS SUCH HAVE BEEN REPORTED ON THEIR TAX RETURN PLEASE SEE THE MERCY HEALTH SYSTEM ASSOCIATION OF VOLUNTEERS TAX RETURN FOR MORE INFORMATION ON MERCY VOLUNTEER ACTIVITIES

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization  
MERCY HEALTH SYSTEM CORPORATION

Employer identification number  
39-0816848

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(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 (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
MERCY ALLIANCE INC  1000 MINERAL POINT  JANESVILLE, WI 535475003 39-1679859	MANAGEMENT OF HEALTHCARE ORGANIZATIONS	WI	501(C)(3)	11A	N/A
MERCY FOUNDATION INC  1000 MINERAL POINT  JANESVILLE, WI 535475003 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, WI 535475003 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, WI 535475003 39-1035110	HOME HEALTH CARE & SERVICES	WI	501(C)(3)	9	MERCY ALLIANCE INC
MERCY ALLIANCE INC  901 GRANT STREET  HARVARD, IL 60033 31-1551871	MEDICAL HEALTHCARE	IL	501(C)(3)	3	MERCY ALLIANCE INC
HARVARD MEMORIAL HOSPITAL FOUNDATION  901 GRANT STREET  HARVARD, IL 60033 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, WI 535475003 20-1673011	NONE	IL	501(C)(3)	3	MERCY ALLIANCE INC

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(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, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	
							Yes	No		Yes	No

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(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		10,969	100 000 %
MERCYCARE INSURANCE COMPANY 3430 PALMER DRIVE JANESVILLE, WI53545 39-1768192	INSURANCE COMPANY	WI	mERCY HEALTH SYSTEM CORPORATION	C	-248,491	39,303,114	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 (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, or 36.)

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	(b) Transaction type(a-r)	(c) Amount involved
(1) MERCYCARE INSURANCE COMPANY	P	5,228,911
(1) See Additional Data Table		
(2)		
(3)		
(4)		
(5)		
(6)		

Schedule R (Form 990) 2009

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