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Form 990

Return of Organization Exempt From Income Tax

2009

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the 2009 calendar year, or tax year beginning 07-01-2009 and ending 06-30-2010

B Check if applicable	C Name of organization MERCY HEALTH SYSTEM CORPORATION	D Employer identification number 39-0816848
<input type="checkbox"/> Address change	Doing Business As	E Telephone number (608) 756-6000
<input type="checkbox"/> Name change	Number and street (or P O box if mail is not delivered to street address) PO BOX 5003 - 1000 MINERAL POINT	F Room/suite G Gross receipts \$ 432,050,482
<input type="checkbox"/> Initial return		
<input type="checkbox"/> Terminated		
<input type="checkbox"/> Amended return		
<input type="checkbox"/> Application pending		

F Name and address of principal officer JAVON BEA PO BOX 5003 - 1000 MINERAL POINT JANESVILLE, WI 535475003	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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I Tax-exempt status 501(c) (3) ► (insert no) 4947(a)(1) or 527**J** Website: ► www.mercyhealthsystem.org**K** Form of organization Corporation Trust Association Other ► **L** Year of formation 1972 **M** State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities The mission of Mercy Health System is to provide exceptional health care services resulting in healing in the broadest sense	
2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets	
3 Number of voting members of the governing body (Part VI, line 1a)	3 9
4 Number of independent voting members of the governing body (Part VI, line 1b)	4 7
5 Total number of employees (Part V, line 2a)	5 3,580
6 Total number of volunteers (estimate if necessary)	6 0
7a Total gross unrelated business revenue from Part VIII, column (C), line 12	7a 7,537,717
b Net unrelated business taxable income from Form 990-T, line 34	7b -17,434

8 Contributions and grants (Part VIII, line 1h)	Prior Year 236,056	Current Year 239,288
9 Program service revenue (Part VIII, line 2g)	420,506,408	419,084,944
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-715,230	658,102
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	115,470	1,891,518
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	420,142,704	421,873,852

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	249,137	0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	247,006,590	254,680,596
16a Professional fundraising fees (Part IX, column (A), line 11e)		0
b Total fundraising expenses (Part IX, column (D), line 25) ► 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	156,291,265	150,038,775
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	403,546,992	404,719,371
19 Revenue less expenses Subtract line 18 from line 12	16,595,712	17,154,481

20 Total assets (Part X, line 16)	Beginning of Current Year 328,015,658	End of Year 342,696,939
21 Total liabilities (Part X, line 26)	212,194,382	243,539,510
22 Net assets or fund balances Subtract line 21 from line 20	115,821,276	99,157,429

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge		
***** Signature of officer JAVON BEA CEO Type or print name and title	2011-05-10 Date	

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

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

Part III Statement of Program Service Accomplishments

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

4a (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 \$

4e Total program service expenses **\$ 331,025,130**

Part IV Checklist of Required Schedules

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

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

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

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

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

6 Did the organization maintain any donor advised funds or any 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

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

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

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

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

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.

- 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

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

14a Did the organization maintain an office, employees, or agents outside of the United States?

b 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

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

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

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

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

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

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

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		
6		No
7		No
8		No
9		No
10		No
11	Yes	
12	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20	Yes	

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? If "Yes," complete Schedule I, Parts I and II	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? If "Yes," complete Schedule I, Parts I and III	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? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	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	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	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? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	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)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		No
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? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	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? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	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? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. 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
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	3,580
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	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)?	No	
4b	If "Yes," enter the name of the foreign country. See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	No	
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	No	
5c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
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?	No	
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?	No	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	No	
7d	If "Yes," indicate the number of Forms 8282 filed during the year		
7e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	No	
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	No	
7g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
7h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		

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
 Own website Another's website Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table

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

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

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

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

1b Total	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**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
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, 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				
3 Investment income (including dividends, interest and other similar amounts)						
4 Income from investment of tax-exempt bond proceeds			630,875		630,875	
5 Royalties						
6a Gross Rents	(i) Real	(ii) Personal				
b Less rental expenses						
c Rental income or (loss)						
d Net rental income or (loss)						
7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
b Less cost or other basis and sales expenses	10,193,657	10,200				
c Gain or (loss)	10,030,200	146,430				
d Net gain or (loss)	163,457	-136,230	27,227		27,227	
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
b Less direct expenses	a					
c Net income or (loss) from fundraising events	b					
9a Gross income from gaming activities See Part IV, line 19						
b Less direct expenses	a					
c Net income or (loss) from gaming activities	b					
10a Gross sales of inventory, less returns and allowances						
b Less cost of goods sold	a					
c Net income or (loss) from sales of inventory	b					
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 TRANSACTION	-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 checked="" type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	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		
	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		
	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
	b Less accumulated depreciation	10b	157,799,472
			171,405,846
			10c 173,375,036
	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

1 Accounting method used to prepare the Form 990 Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c If "Yes," to 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

d 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
 Separate basis Consolidated basis Both consolidated and separated basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? 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

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

2009

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**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.

Department of the Treasury
Internal Revenue ServiceName 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

e **a** Type I **b** Type II **c** Type III - Functionally integrated **d** Type III - Other

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 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)

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

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

Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)

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 III Support Schedule for Organizations Described in IRC 509(a)(2)
 (Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 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 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public 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
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18
19a 33 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	
b 33 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	
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	

Part IV **Supplemental Information.** 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	Official	Key employee	Highest compensated employee			
ROWLAND MCCLELLAN Chairperson & Director	100	X					747	0	0
THOMAS POOL VICE-CHAIRPERSON & DIRECTOR	100	X					15,000	0	0
LARRY SQUIRE TREASURER & DIRECTOR	100	X					3,934	0	0
SIMA WEXLER SECRETARY & DIRECTOR	100	X					0	0	0
DAVE SYVERSON DIRECTOR	100	X					13,500	0	0
MARK GOELZER MD DIRECTOR	100	X					0	0	0
ROBERT CONSIGNY DIRECTOR	100	X					0	0	0
STEVE VAN GALDER DIRECTOR	100	X					344	0	0
Katherine Schack DIRECTOR	100	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 TRANSACTION	-8,929,639	-2,269,571	-6,660,068	0

2009

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

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

MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes 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? Yes 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	
2b	
2c	
2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ► _____

4 Number of states where property subject to conservation easement is located ► _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, 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 Yes No

(ii) related organizations Yes No

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

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		
INVEST - FUTURE REPLACE OF PROP, PLANT & EQUIPMENT	18,142,226	F
ASSETS UNDER BOND INDENTURE AGREEMENT	9,183,827	F
DEFERRED COMPENSATION	13,004,193	F
INVESTMENT IN MERCYCARE	14,182,986	F
INVESTMENTS - OTHER	4,280,886	F
BOND PROJECT FUND	8,000,000	F
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)	66,794,118	

Total. (Column (b) should equal Form 990, Part X, col (B) line 12) **66,794,118**

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

Total. (Column (b) should equal Form 990, Part X, col (B) line 13.)

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

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

Total. (Column (b) should equal Form 990, Part X, col (B) line 25) **137,152,341**

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	421,873,852
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	404,719,371
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	17,154,481
4	Net unrealized gains (losses) on investments	4	431,672
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	1	421,873,852
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	1	404,719,371
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

2009

Open to Public
InspectionSCHEDULE 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.

Name of the organization
MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-0816848

Part I Charity Care and Certain Other Community Benefits at Cost

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

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

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

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

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

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

100% 150% 200% Other _____

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

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

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

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

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

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

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

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

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

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

	Yes	No
1a	Yes	
1b	Yes	
3a	Yes	
3b	Yes	
4	Yes	
5a	Yes	
5b	Yes	
5c		No
6a	Yes	
6b	Yes	

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 Total Charity Care and Means-Tested Government Programs			67,967,135	38,454,120	29,513,015	7 510 %
e Other Benefits						
Community health improvement services and community benefit operations (from Worksheet 4)			1,502,353	173,394	1,328,959	0 340 %
Health professions education (from Worksheet 5)			4,067,438	3,034,317	1,033,121	0 260 %
Subsidized health services (from Worksheet 6)			11,259,427	7,412,629	3,846,798	0 980 %
Research (from Worksheet 7)			0	0		
Cash and in-kind contributions to community groups (from Worksheet 8)			267,947	0	267,947	0 070 %
j Total Other Benefits			17,097,165	10,620,340	6,476,825	1 650 %
k Total. Add lines 7d and 7j			85,064,300	49,074,460	35,989,840	9 160 %

Part II Community 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
1 Physical improvements and housing			0	0		
2 Economic development			0	0		
3 Community support			0	0		
4 Environmental improvements			0	0		
5 Leadership development and training for community members			0	0		
6 Coalition building			0	0		
7 Community health improvement advocacy			125,000	0	125,000	0 030 %
8 Workforce development			0	0		
9 Other			0	0		
10 Total			125,000		125,000	0 030 %

Part III Bad Debt, Medicare, & Collection Practices
Section A. Bad Debt Expense

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

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

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

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

	Yes	No
1	Yes	
2	5,339,764	
3	683,490	
4		
5	41,606,131	
6	91,320,773	
7	-49,714,642	
9a	Yes	
9b	Yes	

Section B. Medicare

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

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

7 Subtract line 6 from line 5. This is the surplus or (shortfall)

8 Describe 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

 Cost accounting system

 Cost to charge ratio

 Other

Section C. Collection Practices

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

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

Part IV Management 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

General medical & surgical

Licensed 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 aide 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	Critical access hospital	Teaching 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 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 and Rehabilitation 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 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

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 1) 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 2) HealthNet free clinic in Janesville Mercy physicians volunteer their services Mercy also donates lab, radiology and other ancillary services to patients 3) Cooperative Child Care Institute Collaboration with Janesville Public School District and Rock County Human Services to serve emotionally challenged children 4) Family Health Partnership Clinic and Well Child Clinic in Woodstock, IL and Harvard Free Clinic in McHenry County, IL Mercy physicians volunteer their services 5) Family Health Partnership Clinic McHenry County Department of Health collaboration to provide mammograms at Mercy facilities for women who cannot otherwise afford the service 6) Rock County Health Department Bioterrorism readiness project 7) Red Cross Blood drive and cooperative volunteer efforts 8) United Way Fund raising campaign and Rock County Needs Assessment Survey contributor 9) Area Police and Fire Departments Provide portable defibrillators for police vehicles and free or reduced-cost paramedic/EMT educational opportunities 10) 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**Department of the Treasury
Internal Revenue Service

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

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First-class or charter travel	<input checked="" type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input checked="" type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input checked="" type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

b If 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

1b Yes

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

2 Yes

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

<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input checked="" type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

4a No

a Receive a severance payment or change-of-control payment?

4b Yes

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

4c No

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

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

5a No

a The organization?

5b No

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

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

6a No

a The organization?

6b No

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

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

7 No

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

8 No

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

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

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**

OMB No 1545-0047

2009

**Open to Public
Inspection**

**SCHEDULE O
(Form 990)****Supplemental Information to Form 990**

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

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)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2009

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
MERCY HEALTH SYSTEM CORPORATION

Employer identification number

39-081684

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

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.)

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)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

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

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

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