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

<b>A</b> For the <b>2009</b> calendar year, or tax year beginning 07-01-2009 and ending 06-30-2010		<b>C</b> Name of organization Mercy Hospital Iowa City Iowa		<b>D</b> Employer identification number 42-0680391	
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		Doing Business As		<b>E</b> Telephone number (319) 339-0300	
<b>Please use IRS label or print or type. See Specific Instructions.</b>		Number and street (or P O box if mail is not delivered to street address) Room/suite 500 East Market Street		<b>G</b> Gross receipts \$ 232,561,867	
		City or town, state or country, and ZIP + 4 Iowa City, IA 52245			
		<b>F</b> Name and address of principal officer Michael G Heinrich 500 East Market Street Iowa City, IA 52245		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
				<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
		<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c) ( 3 ) ◀ (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number ▶	
		<b>J</b> Website: ▶ www.mercyiowacity.org			
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1873		<b>M</b> State of legal domicile IA	

Part I Summary			
Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities To heal and comfort the sick and improve the health of the community in the spirit of Jesus Christ		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . . <b>3</b> 1		
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . . <b>4</b> 1		
	<b>5</b> Total number of employees (Part V, line 2a) . . . . . <b>5</b> 1,35		
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . . <b>6</b> 43		
	<b>7a</b> Total gross unrelated business revenue from Part VIII, column (C), line 12 . . . . . <b>7a</b> 1,256,11		
	<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . . <b>7b</b> -239,73		
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	939,199	641,893
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	139,087,253	139,027,638
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-6,872,693	1,412,313
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	1,579,552	1,710,827
		134,733,311	142,792,671
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .	189,917	164,192
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .		0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	79,490,083	80,458,816
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .		0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) . . . . .	60,210,668	61,873,140
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	139,890,668	142,496,148
	<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .	-5,157,357	296,523
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	<b>20</b> Total assets (Part X, line 16) . . . . .	260,856,362	275,560,202
	<b>21</b> Total liabilities (Part X, line 26) . . . . .	131,407,112	137,974,454
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .	129,449,250	137,585,748

<b>Part II Signature Block</b>	
<b>Sign Here</b>	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
	<div> <div>*****</div> <div>Signature of officer</div> </div> <div> <div>2011-05-04</div> <div>Date</div> </div>
	<div> <div>MICHAEL G HEINRICH Executive VP of Finance &amp; CFO</div> <div>Type or print name and title</div> </div>
<b>Paid Preparer's Use Only</b>	<div> <div>Preparer's signature</div> <div>Date</div> <div> <div>Check if self-employed</div> <div><input checked="" type="checkbox"/></div> </div> <div>Preparer's identifying number (see instructions)</div> </div>
	<div> <div>Firm's name (or yours if self-employed), address, and ZIP + 4</div> <div> <div>DELOITTE TAX LLP</div> <div>50 SOUTH SIXTH STREET STE 2800</div> <div>MINNEAPOLIS, MN 554021538</div> </div> </div>
	<div> <div>EIN</div> <div>Phone no (612) 397-4000</div> </div>

Part III

Statement of Program Service Accomplishments

1

Briefly describe the organization’s mission

Mercy Iowa City ("Mercy") heals and comforts the sick and works to improve the health of the community in the spirit of Jesus Christ and the Catholic tradition of the Sisters of Mercy

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 \$ 102,159,651 including grants of \$ ) (Revenue \$ 137,748,540 )

Hospital Services In keeping with our mission of healing and comforting the sick, providing hospital medical services is at the heart of what we do. These services are provided in inpatient and outpatient settings in situations that may be emergent, acute, or chronic. Services include a 24-hour emergency unit, intensive care, cardiovascular care and the services of a cardiac cath lab, maternity unit and newborn nursery, surgical services, cancer care, orthopedic care, telemetry monitored care, medical care, stroke care, behavioral health care, and skilled nursing

4b

(Code ) (Expenses \$ 701,410 including grants of \$ ) (Revenue \$ 281,430 )

Education The ongoing education of Mercy staff members is critical in the fast-changing field of health care and is necessary in many cases to meet regulation and certification. In addition to the efforts designed for staff members, Mercy provides a setting for many students who are considering or pursuing health care careers. For high school students, a health careers class is offered to give students insight into possible careers and options, it also prepares students for the certified nursing assistant exam. Mercy also works with students from Kirkwood Community College, and other local colleges, offering such options as a paid summer nursing internship program, a lab student rotation opportunity, and job shadow opportunity in anesthesiology

4c

(Code ) (Expenses \$ 2,976,115 including grants of \$ 164,192 ) (Revenue \$ )

Community Benefit Mercy's community benefits take many forms, beginning with traditional charity care of \$1.2 million, the unpaid cost of Medicaid (\$1.8 million), and subsidized health services related to Mercy's provision of a community hospice facility (\$94,000). Other examples are varied, they include cash donations to community non-for-profits such as the Free Medical Clinic, free meeting space to valued community organizations, leadership time and skills that further the work of community non-for-profits, first aid booths provided at public events. These efforts are detailed in Mercy's community benefit report, prepared annually. As a trusted, longtime member of the community, Mercy plays an important role not only in furthering community health but the general community good

4d

Other program services (Describe in Schedule O )

(Expenses \$ including grants of \$ ) (Revenue \$ )












4e

Total program service expenses

\$ 105,837,176

Part IV

Checklist of Required Schedules

		Yes	No		
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes		
2	Is the organization required to complete Schedule B, Schedule of Contributors? 	2	Yes		
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3		No	
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II 	4	Yes		
5	<b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5			
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6		No	
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7		No	
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8		No	
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9		No	
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	Yes		
11	Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.	11	Yes		
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.				
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.				
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.				
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.				
	• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.				
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X.				
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12		No	
12A	Was the organization included in consolidated, independent audited financial statements for the tax year?	Yes	No		
	If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional		12A	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No	
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No	
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	14b		No	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Part II	15		No	
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III	16		No	
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17		No	
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		No	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		No	
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20	Yes		

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		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? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . .	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable . . . . .	1a	57	
	b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .			1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return . . . . .	2a	1,359	
	b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)			
3a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .			3a	Yes
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .			3b	Yes
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .			4a	No
b If "Yes," enter the name of the foreign country: <input type="text"/> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts				
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .			5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? . . . . .			5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? . . . . .			6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .			6b	
7 Organizations that may receive deductible contributions under section 170(c).				
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .			7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .			7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .			7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year . . . . .			7d	
e Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .			7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .			7f	No
g For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . . .			7g	
h For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? . . . . .			7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .			8	
9 Sponsoring organizations maintaining donor advised funds.				
a Did the organization make any taxable distributions under section 4966? . . . . .			9a	
b Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .			9b	
10 Section 501(c)(7) organizations. Enter				
a Initiation fees and capital contributions included on Part VIII, line 12 . . . . .			10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			10b	
11 Section 501(c)(12) organizations. Enter				
a Gross income from members or shareholders . . . . .			11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .			11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year			12b	

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . . . . .	1a	13	
b	Enter the number of voting members that are independent . . . . .	1b	12	
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	Yes	
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	Yes	
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	Yes	
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	Yes	
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	Yes	
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	Yes	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶IA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ Jean Berge 500 E Market Street Iowa City, IA 52245 (319) 339-3238

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

• 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

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

[illegible]



<b>1b Total</b> . . . . .	2,693,232	0	472,242
---------------------------	-----------	---	---------

**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▶57

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

**Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
Cross Medical Laboratories 2406 Towncrest Drive Iowa City, IA 52244	LABORATORY SERVICES	340,363
Deloitte & Touche LLP 50 S 6th St Suite 2800 Minneapolis, MN 55402	AUDITING SERVICES	153,222
Rohrbach Associates PC 325 E Washington Iowa City, IA 52244	ENGINEERING/ARCHITECTURE	145,336
Phelan Tucker Mullen Walker Tucker & Gel Box 2150 Iowa City, IA 52244	LEGAL SERVICES	104,970

**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 ▶4

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues . . . . .	1b					
	c	Fundraising events . . . . .	1c					
	d	Related organizations . . . .	1d	570,654				
	e	Government grants (contributions)	1e	71,239				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f . . . . .			641,893			
Program Service Revenue			Business Code					
	2a	Patient Serv Revenue	621,400	84,678,644	84,678,644			
	b	Medicare/Medicaid	621,400	48,801,777	48,801,777			
	c	Program Relat Revenue	621,400	720,000	720,000			
	d	Purchase Discounts	621,400	369,067	369,067			
	e	Contract Lab Revenue	621,500	353,851	353,851			
	f	All other program service revenue		4,104,299	2,848,182	1,256,117		
	g	Total. Add lines 2a-2f . . . . .			139,027,638			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .			3,705,620		3,705,620	
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties . . . . .						
	6a	(i) Real		(ii) Personal				
		Gross Rents	1,920,127					
		b Less rental expenses	1,200,575					
		c Rental income or (loss)	719,552					
	d	Net rental income or (loss) . . . . .			719,552		719,552	
	7a	(i) Securities		(ii) O ther				
		Gross amount from sales of assets other than inventory	86,221,025	54,289				
		b Less cost or other basis and sales expenses	88,525,358	43,263				
		c Gain or (loss)	-2,304,333	11,026				
	d	Net gain or (loss) . . . . .			-2,293,307		-2,293,307	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .		a				
		b Less direct expenses . . . . .	b					
		c Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .		a				
		b Less direct expenses . . . . .	b					
		c Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances . . . . .		a				
b Less cost of goods sold . . . . .		b						
c Net income or (loss) from sales of inventory . . .								
Miscellaneous Revenue		Business Code						
11a	Cafeteria Income	722,210	719,132			719,132		
b	Access	621,400	95,933	95,933				
c	Miscellaneous revenue	900,099	29,277	29,277				
d	All other revenue . . . . .		146,933	133,239		13,694		
e	Total. Add lines 11a-11d . . . . .			991,275				
12	Total revenue. See Instructions . . . . .			142,792,671	138,029,970	1,256,117	2,864,691	

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	149,860	149,860		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	14,332	14,332		
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 . . . . .	1,204,968	524,352	680,616	
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	54,385,264	41,710,118	12,675,146	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	10,290,153	7,630,148	2,660,005	
9	Other employee benefits . . . . .	10,656,848	7,864,643	2,792,205	
10	Payroll taxes . . . . .	3,921,583	2,945,264	976,319	
11	Fees for services (non-employees)				
a	Management . . . . .				
b	Legal . . . . .	159,507		159,507	
c	Accounting . . . . .	153,934		153,934	
d	Lobbying . . . . .	31,006		31,006	
e	Professional fundraising See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .				
g	Other . . . . .	4,143,417	3,096,254	1,047,163	
12	Advertising and promotion . . . . .	1,014,118	854	1,013,264	
13	Office expenses . . . . .	23,351,127	19,146,901	4,204,226	
14	Information technology . . . . .	2,962,092	490,856	2,471,236	
15	Royalties . . . . .				
16	Occupancy . . . . .	2,186,029	167,518	2,018,511	
17	Travel . . . . .	275,358	196,995	78,363	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .				
20	Interest . . . . .	2,348,927	1,450,487	898,440	
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	11,238,189	9,751,033	1,487,156	
23	Insurance . . . . .	1,531,228		1,531,228	
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 Debt Expense	4,647,382	4,647,382		
b	Pharmacy Supplies	2,906,703	2,906,703		
c	Food Expense	995,352	995,352		
d	Blood Bank Fees	781,464	781,464		
e	Collection Fees	723,431	3	723,428	
f	All other expenses	2,423,876	1,366,657	1,057,219	
25	Total functional expenses. Add lines 1 through 24f	142,496,148	105,837,176	36,658,972	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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			4,130,217	1	7,639,588
	2	Savings and temporary cash investments . . . . .			4,518,849	2	2,258,443
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			22,203,644	4	23,982,485
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .			99,898	5	47,498
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			3,702,045	8	3,725,191
	9	Prepaid expenses and deferred charges . . . . .			1,922,370	9	1,992,917
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D . . . . .	10a	205,082,468	75,763,678	10c	69,174,323
	b	Less accumulated depreciation . . . . .	10b	135,908,145			
	11	Investments—publicly traded securities . . . . .			110,902,442	11	125,823,927
	12	Investments—other securities. See Part IV, line 11 . . . . .				12	
	13	Investments—program-related. See Part IV, line 11 . . . . .			1,292,014	13	2,452,176
	14	Intangible assets . . . . .				14	
	15	Other assets. See Part IV, line 11 . . . . .			36,321,205	15	38,463,654
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			260,856,362	16	275,560,202
Liabilities	17	Accounts payable and accrued expenses . . . . .			11,938,254	17	13,086,521
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			64,492,482	20	63,313,168
	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 . . . . .			540,685	23	549,246
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities. Complete Part X of Schedule D . . . . .			54,435,691	25	61,025,519
	26	Total liabilities. Add lines 17 through 25 . . . . .			131,407,112	26	137,974,454
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 . . . . .			129,449,250	27	137,585,748
	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 . . . . .			129,449,250	33	137,585,748
	34	Total liabilities and net assets/fund balances . . . . .			260,856,362	34	275,560,202

**Part XI Financial Statements and Reporting**

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? . . .		No
<b>b</b> Were the organization's financial statements audited by an independent accountant? . . . . .	Yes	
<b>c</b> If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . . .	Yes	
<b>d</b> If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
<b>3a</b> As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .		No
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . .		

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public  
Inspection

Name of the organization Mercy Hospital Iowa City Iowa	Employer identification number  42-0680391
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3Gross receipts from activities that are not an unrelated trade or business under section 513						
4Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5The value of services or facilities furnished by a governmental unit to the organization without charge						
6Total. Add lines 1 through 5						
7aAmounts included on lines 1, 2, and 3 received from disqualified persons						
bAmounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
cAdd lines 7a and 7b						
8Public Support (Subtract line 7c from line 6 )						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9Amounts from line 6						
10aGross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
bUnrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
cAdd lines 10a and 10b						
11Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13Total support (Add lines 9, 10c, 11 and 12.)						
14First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17	
18Investment income percentage from 2008 Schedule A, Part III, line 17	18	
19a33 1/3% support tests—2009. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
b33 1/3% support tests—2008. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
20Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		



**Part IV**

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

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**  
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2009

Open to Public  
Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered “Yes,” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35a (regarding proxy tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization Mercy Hospital Iowa City Iowa	Employer identification number 42-0680391
---	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2 Political expenditures ▶ \$
- 3 Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a Was a correction made? ☐ Yes ☐ No
- b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ \$
- 3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No
- 5 State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A

Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

A

Check

☒

if the filing organization belongs to an affiliated group

B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

4-Year Averaging Period Under Section 501(h)  
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a)		(b)
		Yes	No	Amount
<b>1</b>	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	<b>a</b> Volunteers?		No	
	<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	<b>c</b> Media advertisements?		No	
	<b>d</b> Mailings to members, legislators, or the public?		No	
	<b>e</b> Publications, or published or broadcast statements?		No	
	<b>f</b> Grants to other organizations for lobbying purposes?		No	
	<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		
	<b>j</b> Total lines 1c through 1i			
<b>2a</b>	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
	<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
	<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
	<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3	

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Explanation of Other Lobbying Activities	Mercy Hospital, Iowa City, Iowa is a member of the Iowa Hospital Association (IHA). A percentage of membership dues paid to IHA relate to lobbying activities.

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.

OMB No 1545-0047

2009

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Mercy Hospital Iowa City Iowa

Employer identification number  
42-0680391

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

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

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

1

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

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

3

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

4

Number of states where property subject to conservation easement is located ►\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, 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

► \$ \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2009

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 . . . . .	9,665,745	12,302,591		
b	Contributions . . . . .	140,749	36,954		
c	Investment earnings or losses . . . . .	1,003,105	-2,231,983		
d	Grants or scholarships . . . . .	155,909	441,817		
e	Other expenditures for facilities and programs . . . . .				
f	Administrative expenses . . . . .				
g	End of year balance . . . . .	10,653,690	9,665,745		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 80.000 %

b

Permanent endowment ▶ 20.000 %

c

Term endowment ▶

3a

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

(i) unrelated organizations . . . . .

3a(i)

No

(ii) related organizations . . . . .

3a(ii)

Yes

b

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

3b

Yes

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 . . . . .		6,234,374		6,234,374
b Buildings . . . . .		110,440,352	66,239,248	44,201,104
c Leasehold improvements . . . . .		589,029	542,447	46,582
d Equipment . . . . .		65,097,125	51,719,126	13,377,999
e Other . . . . .		22,721,588	17,407,324	5,314,264
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				69,174,323

Schedule D (Form 990) 2009



Part XI

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	142,792,671
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	142,496,148
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	296,523
4	Net unrealized gains (losses) on investments	4	10,991,310
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-3,151,335
9	Total adjustments (net) Add lines 4 - 8	9	7,839,975
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	8,136,498

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	152,593,438
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	11,139,341
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	2,194,846
e	Add lines 2a through 2d . . . . .	2e	13,334,187
3	Subtract line 2e from line 1 . . . . .	3	139,259,251
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	3,533,420
c	Add lines 4a and 4b . . . . .	4c	3,533,420
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .	5	142,792,671

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements . . . . .	1	144,588,604
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	2,243,460
e	Add lines 2a through 2d . . . . .	2e	2,243,460
3	Subtract line 2e from line 1 . . . . .	3	142,345,144
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	151,004
c	Add lines 4a and 4b . . . . .	4c	151,004
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	142,496,148

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 V, Line 4	Description of Intended Use of Endowment Funds	All Restricted Endowed Funds are used for the benefit of Mercy Hospital Iowa City - capital equipment employee grants, scholarships, etc
Part XI, Line 8 - Other Adjustments		Change in unrecognized pension actuarial loss (\$3,382,416) Change in beneficial interest in Foundation \$925,131 Transfer to Mercy Hospital Self Insurance Plan & Trust (\$694,050)
Part XII, Line 2d - Other Adjustments		Trust Income on Audit Report \$74,840 Rental Expenses \$1,194,875 Change in beneficial interest in net assets of Foundation \$925,131
Part XII, Line 4b - Other Adjustments		Foundation Contribution \$6,144 Reclassified Expense \$144,860 Change in unrecognized pension actuarial loss \$3,382,416
Part XIII, Line 2d - Other Adjustments		Trust Expenses \$1,048,585 Rental Expenses \$1,194,875
Part XIII, Line 4b - Other Adjustments		Misclassified expense in audit \$144,860 Foundation contribution \$6,144
		Mercy adopted the provisions of FIN No 48 in fiscal 2008. As a result of the implementation of FIN No 48, and as of June 30, 2010, Mercy recorded no liabilities for unrecognized tax benefits. Mercy is engaged in certain activities that result in unrelated business income.



SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2009

Open to Public Inspection

**Name of the organization**  
Mercy Hospital Iowa City Iowa

**Employer identification number**  
42-0680391

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a . . . . .	1a Yes	
b	If "Yes," is it a written policy? . . . . .	1b Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>		
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients		
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input checked="" type="checkbox"/> 200%<input type="checkbox"/> Other _____</div>	3a Yes	
b	Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . <div><input checked="" type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____</div>	3b Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care		
4	Does the organization's policy provide free or discounted care to the "medically indigent"? . . . . .	4 Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy? . . . .	5a Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .	5b	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c	
6a	Does the organization prepare an annual community benefit report? . . . . .	6a Yes	
6b	If "Yes," does the organization make it available to the public? . . . . .	6b Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2) . . . .			1,148,780		1,148,780	0 830 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . .			4,931,448	3,327,830	1,603,618	1 160 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .			29,628	22,265	7,363	0 010 %
d <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .			6,109,856	3,350,095	2,759,761	2 000 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,105,292	125,216	980,076	0 710 %
f Health professions education (from Worksheet 5) . . . .			67,376	18,581	48,795	0 040 %
g Subsidized health services (from Worksheet 6) . . . .			3,258,435	2,651,440	606,995	0 440 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . .			456,368		456,368	0 330 %
j <b>Total</b> Other Benefits . . . .			4,887,471	2,795,237	2,092,234	1 520 %
k <b>Total.</b> Add lines 7d and 7j . . . .			10,997,327	6,145,332	4,851,995	3 520 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support		71,523		71,523	0.050 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total		71,523		71,523	0.050 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,793,889
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	3	290,737
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.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	39,409,335
6	Enter Medicare allowable costs of care relating to payments on line 5	6	56,475,207
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-17,065,872
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes
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.	9b	Yes

Part IVManagement Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	Iowa City Ambulatory Surgery Center	67.500 %		32.500 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

[illegible]

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

See additional data

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

See additional data

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 )

See additional data

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

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

IA

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 42-0680391  
**Name:** Mercy Hospital Iowa City Iowa

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

Part I, Line 7 Amounts in the table were derived using a cost accounting system that addresses all patient segments A cost to charge ratio derived from completing IRS worksheet 2 was used to determine the amounts in Part I, Line 7a, 7b, 7c, and 7g

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

Part I, Line 7f Bad debt expense of \$4,647,382 was subtracted for purposes of calculating the percentage in Schedule H, Part I, Line 7, column (f)

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

Part III, Line 4 We do not currently have a footnote to our financial statements that describes bad debt expense The amount on line 2 was derived from taking actual bad debt write-offs and applying the cost to charge ratio of 386 to that amount Mercy Hospital does not include bad debt amounts as part of community benefit An estimate of bad debt attributable to patients eligible for charity care has been estimated to be \$290,737 This estimate was derived by using the results of presumptive charity program implemented in FY 2011 The accounts recommended for presumptive charity as a percent of actual accounts written off to bad debt was 5.26% This percentage was applied to the total of actual accounts written off to bad debt in FY 2010

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

Part III, Line 8    Mercy Hospital does not include Medicare shortfalls as part of it's community benefit    Total revenue was determined using charges per the CMS Provider Statistical Reimbursement System reports for Fee Reimbursed Services for the fiscal year ended 6/30/10  
Costs calculated using the Cost to Charge Ratio for the appropriate services from the submitted Medicare Cost Report form 2552-96 for the fiscal year ended 6/30/10



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

Part III, Line 9b Mercy Hospital has two policies related to debt collection The Financial Assistance Policy provides guidelines for forgiving all or part of a patient's financial responsibility for healthcare services received at Mercy Hospital Patients may be given a financial assistance application at the time of service, be offered financial assistance during the normal collection process or learn of the option on the Hospital website All patients with no insurance are offered financial assistance via billing statements and follow up telephone calls Any patient that is known to qualify for financial assistance is provided assistance The Payment Plan Policy enables those who qualify for partial financial assistance to establish payment plans of the remaining balance of their bill

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

Part V 1 Skilled nursing facility and 1 laboratory outreach clinic

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

Part VI, Line 2 Historically, a community health needs assessment is conducted every 5-10 years The most recent assessment was conducted in 2008 The organization engaged Professional Research Consultants to conduct the assessment The community health survey is a systematic, data-driven approach to determining the health status, behaviors and needs of residents in the communities the organization serves The survey instrument used for the assessment is based largely on the Centers for Disease Control and Prevention (CDC) Behavioral Risk Factor Surveillance System (BRFSS), as well as various other public health surveys and customized questions addressing gaps in indicator data relative to national health promotion and disease prevention objectives and other recognized health issues The results of the survey are used to improve health status, elevate overall quality of life, reduce health disparities, and increase accessibility to preventive services for all community residents Examples of areas of opportunity for community health improvement included diabetes (an area where Mercy offers a support group), heart disease and stroke (support groups and education provided), nutrition and overweight (cooking demonstrations and public access televised cooking show), barriers to accessing healthcare services (Mercy provides support to the local Free Medical Clinic and Healthy Kids Community Care school-based clinics), and bicycle safety (Mercy provides much support to the Johnson County SAFE KIDS Coalition)

**Form 990 Schedule H, Part VI - Supplemental Information, Line 3**

Part VI, Line 3 Evaluation for Medicaid, disability, & other types of coverage is provided for uninsured patients This service is provided for inpatient stays as well as high dollar outpatient services The evaluation is conducted during the patient stay or by a phone call to the patients home Financial Assistance information & applications are available at the point of registration in the hospital as well as at Mercy affiliated clinics The first statement sent to patients with no insurance explains that financial assistance is available & provides information about how to inquire about financial assistance Subsequent statements also contain information about who to contact for financial assistance Financial assistance is offered to all patients with no insurance on the first telephone contact During the collection process for insured patients, if the patient expresses concern about payment they are offered financial assistance and/or payment plan options Full or partial assistance is available If partial assistance is received the balance may be set up on a payment plan if needed

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

Part VI, Line 4 Mercy Hospital is located in the community of Iowa City, Iowa, in Johnson County in the east central part of the state The county's population is approximately 128,000 From 2000 to 2008 Johnson County experienced strong population growth of 15.4 percent, compared to 2.6 percent for the entire state Johnson County's population is projected to increase by another 9.5 percent by the year 2014 Mercy Hospital serves 10 counties in southeast Iowa, with the primary service area being Johnson County The secondary service area includes Cedar, Iowa, Muscatine and Washington counties The tertiary service area includes Henry, Jefferson, Keokuk, Lee and Louisa counties The population of the service area is approximately 325,168 Iowa City is home to the University of Iowa, which has an enrollment of 30,825 for the 2010-2011 academic year Johnson County is well-educated, of individuals 25 and older, 93.7 are high school graduates and 47.6 percent hold a bachelor's degree or higher The University of Iowa also provides the foundation for an economy that has particular strengths in education, health care, services, technology, agribusiness, and manufacturing University of Iowa Hospitals and Clinics and the Iowa City VA Medical Center are also located in Iowa City UIHC is a 700-bed comprehensive academic medical center that draws patients from the entire region ICVAMC cares for more than 40,000 military veterans in eastern Iowa and western Illinois According to the U S Census Bureau, 15.5 percent of the Johnson County population lived below the poverty line in 2007

**Form 990 Schedule H, Part VI - Supplemental Information, Line 5**

Part VI, Line 5 Mercy provides cash donations to area organizations at work in the areas of economic development, community support, environmental improvements, and leadership development and training for community members (community building activities) The majority of these amounts are listed in Part I, line 7i as cash and in-kind contributions Economic developmentMercy works extensively with such groups at the Iowa City Area Chamber of Commerce and the Iowa City Area Development Group to support the business community, welcome innovation to the area, and develop the workforce Mercy's own growth benefits the community as well, particularly when Mercy's recruiting efforts attract new professionals to the area Community supportMercy has provided extensive support for many years to United Way of Johnson County Mercy holds its own campaign for employees each autumn (typically raising more than \$120,000) and provides much staff time and support to the local United Way organization For example, in 2008 Mercy President and CEO Ronald R Reed served as co-chair of the county-wide United Way campaign, which raised more than \$2.6 million Environmental improvementsMercy has been a good neighbor for its closest neighbors by maintaining its buildings and landscaping at a high level Mercy also pursues recycling and programs that reduce energy consumption, primarily as cost saving measures, but these programs benefit the entire community Leadership development and training for community membersMercy is involved on a regular basis with the Iowa City Area Chamber of Commerce annual Community Leadership Program In this nine-month program, 24 members of the civic community receive an in-depth look at the workings of local government, public works, education system, health care, arts community, and more This program gives participants a better understanding and appreciation of the entire community and develops fellowship among members from diverse backgrounds and settings Mercy is also involved with the Chamber's similar Youth Leadership Program Coalition buildingMercy is involved in many ways with local citizens and groups that are working to afford all members of our community a good quality of life and to improve the overall quality of life Mercy is a cosponsor of and provides leadership for the 17-year-old Johnson County Safe Kids Coalition, a grass-roots effort to reduce unintentional injuries to children from birth to age 14 Since its inception, the coalition has been active in promoting bike helmet sales and bike safety and safety education events The coalition is particularly active in providing free car seat check clinics to parents Mercy staff members also participate in local coalitions Johnson County Liveable Communities and Johnson County Consortium on Successful Aging (focused on elderly living issues) Community health improvement advocacyHealthy Kids Community Care is a school-based clinic that provides health care to children who have no other access to it Mercy made a large cash donation to this initiative and provided key leadership as the program developed In 2010 the clinic served 271 unduplicated patients/students during the 2009-2010 school year Mercy also provides financial support to the Free Medical Clinic, which saw 2,600 unduplicated patients in 2010 Those who seek care of the Free Medical Clinic typically have no other access to health care services Workforce developmentKirkwood Foundation, Workplace Learning Connection

**Form 990 Schedule H, Part VI - Supplemental Information, Line 6**

Part VI, Line 6 Mercy Iowa City is a faith-based institution that provides services based on the ethical and religious directives of the Catholic Church. An important part of Mercy's mission is to improve the health of the community. Mercy does so by: Ensuring that the medical staff is open to all qualified physicians, ensuring that the hospital is accredited and in good standing with The Joint Commission, ensuring that the board of directors is comprised of diverse, independent individuals, not employees of the hospital, representing the community and also providing necessary expertise, establishing and carrying out a conflict of interest policy, providing a site for clinical experience for a variety of health care professionals, providing charity care and financial assistance with medical bills as needed to community members, participating in such programs as Medicare, Medicaid, and hawk-i, an insurance program for needy Iowa children, absorbing unreimbursed costs for such government programs, ensuring that account collections are carried out in compliance with state and federal guidelines, providing emergency room services and working with local and state officials in community preparedness issues, treating emergency patients according to EMTALA guidelines and serving all patients regardless of their ability to pay, investing surplus funds in services, technology, and personnel that will further the benefit of the community.

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Grants and Other Assistance to Organizations,  
Governments and Individuals in the United States

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

OMB No 1545-0047

2009

Open to Public  
Inspection

Name of the organization  
Mercy Hospital Iowa City Iowa

Employer identification number  
42-0680391

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
American Heart Association - Midwest AffiliatePO Box 4002902 Des Moines, IA 503402902	135613797	501(C)(3)	12,000				Iowa City Events Sponsor 09-10
Community Foundation of Johnson County325 E Washington Street Iowa City,IA 52240	421508117	501(C)(3)	100,000				Healthy Kids Funds
Iowa City Free Medical Clinic2440 Towncrest Drive Iowa City,IA 52240	420960955	501(C)(3)	15,500				General Support
Iowa City Area Development Group325 E Washington Street Iowa City,IA 52240	421234837	501(C)(6)	10,000				Foster Local business development

2

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

3

3

Enter total number of other organizations . . . . .

1





Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2009

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
Mercy Hospital Iowa City Iowa

Employer identification number  
42-0680391

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. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	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	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?	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. <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
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	Receive a severance payment or change-of-control payment?		No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	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	The organization?		No
5b	Any related organization?		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	The organization?		No
6b	Any related organization?		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		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		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

**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				
Ronald R Reed	(i)	405,116	0	21,155	57,493	30,238	514,002	0
	(ii)	0	0	0	0	0	0	0
Michael G Heinrich	(i)	265,123	0	27,549	18,360	46,825	357,857	21,591
	(ii)	0	0	0	0	0	0	0
Jean M Berge	(i)	143,544	0	1,730	21,683	17,863	184,820	0
	(ii)	0	0	0	0	0	0	0
Cindy Penney	(i)	145,430	0	719	7,500	31,099	184,748	0
	(ii)	0	0	0	0	0	0	0
Stephen J Scheckel MD	(i)	343,367	10,000	4,550	0	33,146	391,063	0
	(ii)	0	0	0	0	0	0	0
Eric J Stenberg MD	(i)	343,658	0	322	0	44,079	388,059	0
	(ii)	0	0	0	0	0	0	0
Peter D Wallace MD	(i)	309,580	3,000	28,575	59,915	20,286	421,356	12,470
	(ii)	0	0	0	0	0	0	0
Martin Izakovic MD	(i)	283,478	58,267	540	6,927	31,848	381,060	0
	(ii)	0	0	0	0	0	0	0
Philip T Barns MD	(i)	296,906	0	623	0	44,980	342,509	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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	Health club membership dues were paid for Mercy's CEO, Ronald Reed in the amount of \$1,089.67 and were included as taxable income on his W-2.
	Part I, Line 4a	Mercy established an IRC Section 457 (f) plan as a way of retaining executives, officers and select groups of highly compensated employees with supplemental retirement benefits. The following individuals participated in and received payments from the plan: Peter Wallace \$12,470.12, Michael Heinrich \$21,591.16, Thomas Clancy \$0, Catherine Abrams \$0, Ronald Reed \$0, Cindy Penney \$0.

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Mercy Hospital Iowa City Iowa

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Employer identification number  
42-0680391

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
						Yes	No	Yes	No
A City of Hills Iowa	42-0920947	431669AA8	04-29-2008	39,235,000	Refund 2005 Bonds & Certain Issuance Costs (10/19/05)		X		X

Part II Proceeds

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Total proceeds of issue										
2 Gross proceeds in reserve funds										
3 Proceeds in refunding or defeasance escrows										
4 Other unspent proceeds										
5 Issuance costs from proceeds										
6 Working capital expenditures from proceeds										
7 Capital expenditures from proceeds										
8 Year of substantial completion	2008									
9 Were the bonds issued as part of a current refunding issue?	X									
10 Were the bonds issued as part of an advance refunding issue?		X								
11 Has the final allocation of proceeds been made?	X									
12 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X									

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?		X								
3b	Are there any research agreements with respect to the financed property which may result in private business use?		X								
3c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X									
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %									
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %									
6	Total of lines 4 and 5	0 %									
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X									

Part IV

Arbitrage

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

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

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

OMB No 1545-0047  
**2009**  
Open to Public Inspection

Name of the organization  
Mercy Hospital Iowa City Iowa

Employer identification number  
  
42-0680391

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ \$ \_\_\_\_\_

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ \$ \_\_\_\_\_

Part II Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Michael G Heinrich										
Split Dollar Life Insurance Policy		X	13,525	13,525		No		No		No
Ronald R Reed										
Split Dollar Life Insurance Policy		X	33,973	33,973		No		No		No
Total . . . . . ▶ \$ 47,498										

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

Additional Data

Software ID:  
Software Version:  
EIN: 42-0680391  
Name: Mercy Hospital Iowa City Iowa

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493131028251

SCHEDULE O  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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.

OMB No 1545-0047  
  
2009  
  
Open to Public Inspection

Name of the organization Mercy Hospital Iowa City Iowa	Employer identification number 42-0680391
---	--

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		Sister Sharon Kerrigan, board member, Sister Patricia Murphy, board member, and Sister Margaret Wright, board member are all members of the Sisters of Mercy of the Americas West Midw est Community

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Mercy's sole member is the Sisters of Mercy of the Americas West Midw est Community, Inc

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		Mercy's sole member, Sisters of Mercy of the Americas West Midw est Community, Inc , maintains a number of "reserved pow ers" including but not limited to approval of annual budgets, approval of amendments to the articles of incorporation and bylaw s, approval of real property transactions and approval of long term borrow ing

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		The Form 990 is prepared and review ed by Mercy Hospital management and is also review ed by Deloitte Tax LLP In addition, a board resolution w as established that provides that each board member be (i) provided a copy of the Form 990 as it is intended to be filed, and (ii) given a reasonable opportunity before filing to provide to the Audit Committ ee any comments, corrections, concerns or other input on the proposed Form The Audit Committee's review process shall be intended to reasonably verify that the Form 990 has been fully and accurately completed, including but not limited to, all inquiries therein relating to corporate governance After completing its review , the Audit Commtt ee, on the Board's behalf, shall have the authority to authorize the filing of the annual Form 990

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		A conflict of interest statement is signed at the beginning of Board members term and on an annual basis there after Any abstention from a vote is recorded in Board minutes After the fiscal year end a "look back" questionnaire is distributed to all Board members to disclose any conflicts of interest that may have taken place in the previous year

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		Compensation for all executives and other key employees is determined based on national or regional market data for comparable positions at comparatively sized hospitals The Executive Committee of the Board of Directors uses this market-based information to set the President and CEO's compensation In turn, the CEO uses the same information to set compensation for officers and key employees, w hich is also approved by the board

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		An annual statement of "Financial Highlights" is published in Mercy's annual report It provides annual Funds Available and Funds Applied in the form of percentages of Mercy's total budget The annual report is produced in print form and appears on Mercy's Website, w w w mercyiow acity org, as a PDF Mercy's governing documents and conflict of interest policy are not available to the public

Identifier	Return Reference	Explanation
Form 990, Part VII		The follow ing individuals held positions at both Mercy Hospital Self Insurance Plan and Trust and the Hospital The hours listed on Part VII are the average hours per week these individuals devoted to the Hospital during the year In addition, these individuals also devoted the follow ing average hours per week to Mercy Hospital Self Insurance Plan and Trust Ronald R Reed 1 0 hour Michael Heinrich 1 0 hour The follow ing individuals held positions at both Mercy Foundation and the Hospital The hours listed on Part VII are the average hours per week these individuals devoted to the Hospital during the year In addition, these individuals also devoted the follow ing average hours per week to Mercy Foundation Ronald R Reed 2 0 hours Michael Heinrich 2 0 hours Jean M Berge 1 0 hour Scott Fisher 1 0 hour



SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization  
Mercy Hospital Iowa City Iowa

Employer identification number  
42-0680391

Part I

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity
Mercy Foundation  500 East Market Street  Iowa City, IA 52245 23-7040506	Foundation/Fundraising	IA	501(C)(3)	11-I	N/A
Mercy Hospital Iowa City Iowa Self Insurance Plan and Trust  500 East Market Street  Iowa City, IA 52245 42-6591803	Self Insurance	IA	501(C)(3)	11-I	N/A
Sisters of Mercy of the Americas West Midwest Community Inc  7262 Mercy Road  Omaha, NE 68124 26-2400800	Religious Order	NE	501(C)(3)		N/A
Mercy Hospital Guild  500 East Market Street  Iowa City, IA 52245 42-6099912	Fundraising	IA	501(C)(3)	11-III-FI	N/A

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	
							Yes	No		Yes	No
Cancer Care of Iowa City LLC  613 E Bloomington Ste 100 Iowa City, IA52245 42-1460774	Oncology Services	IA	N/A	Related	218,626	1,349,013		No			No
Iowa City Ambulatory Surgical Center LLC  2963 Northgate Drive Iowa City, IA52245 20-8503424	Outpatient Surgery	IA	N/A	Related	2,693,786	6,587,557		No		Yes	

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
Mercy Services Iowa City Inc 500 East Market Street Iowa City, IA52245 42-1241044	Medical Clinic Services	IA	N/A	C	-1,570,602	6,822,011	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

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

Yes

1m

No

1n

No

1o

No

1p

Yes

1q

No

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) See Additional Data Table		
(2)		
(3)		
(4)		
(5)		
(6)		

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

[illegible]

Software ID:

Software Version:

EIN: 42-0680391

Name: Mercy Hospital Iowa City Iowa

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)
(1)	Mercy Services Iowa City Inc	A	573,282
(2)	Cancer Care of Iowa City	A	120,146
(3)	Mercy Foundation	C	571,654
(4)	Mercy Services Iowa City Inc	P	726,720
(5)	Cancer Care of Iowa City	P	597,495
(6)	Mercy Foundation	P	274,902
(7)	Mercy Hospital Iowa Self-Insurance Plan and Trust	C	694,050

Form

4562

Depreciation and Amortization  
(Including Information on Listed Property)

OMB No 1545-0172

2009

Attachment  
Sequence No 67

Department of the Treasury  
Internal Revenue Service

See separate instructions. Attach to your tax return.

Name(s) shown on return Mercy Hospital Iowa City Iowa	Business or activity to which this form relates  Form 990 Page 10	Identifying number  42-0680391
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Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount See the instructions for a higher limit for certain businesses . . . . .	1	250,000
2 Total cost of section 179 property placed in service (see instructions) . . . . .	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	3	800,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0- . . . . .	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions . . . . .	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6			
7 Listed property Enter the amount from line 29 . . . . .	7		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7 . . . . .	8		
9 Tentative deduction Enter the smaller of line 5 or line 8 . . . . .	9		
10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562 . . . . .	10		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions) . . . . .	11		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11 . . . . .	12		
13 Carryover of disallowed deduction to 2010 Add lines 9 and 10, less line 12 .	13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property ) (See instructions )		
14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election . . . . .	15	
16 Other depreciation (including ACRS) . . . . .	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2009 . . . . .	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . .		

Section B—Assets Placed in Service During 2008 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Non-Res Prop Type 1 count 0 Non-Res Prop Type 2 count 0 Non-Res Prop Totals count 0

Part IV Summary (see instructions)			
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions . . . . .	22		0
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	23		

Part V

Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)  
**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?

☐ Yes ☐ No

24b If "Yes," is the evidence written?

☐ Yes ☐ No

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person  
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year ( <b>do not</b> include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions )		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) A mortization period or percentage	(f) A mortization for this year
42 A mortization of costs that begins during your 2009 tax year (see instructions)					
43 A mortization of costs that began before your 2009 tax year				43	
44 <b>Total.</b> Add amounts in column (f) See the instructions for where to report				44	

Additional Data

Software ID:  
Software Version:  
EIN: 42-0680391  
Name: Mercy Hospital Iowa City Iowa

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Mark Danielson Board Member	1 00	X						0	0	0
Cyndie Schmeiser Board Member	1 00	X						0	0	0
Scott Fisher Board Member	1 00	X						0	0	0
Geraldine Felton Board Member	1 00	X						0	0	0
SR Patricia Murphy Board Member	1 00	X						0	0	0
SR Margaret Wright Board Member	1 00	X						0	0	0
SR Sharon Kerrigan Board Member	1 00	X						0	0	0
Tim Krumm Board Member	1 00	X						0	0	0
Nyle Kauffman MD Board Member	1 00	X						0	0	0
Dick Oberman Board Member	1 00	X						0	0	0
Mary Westabrook Board Member	1 00	X						0	0	0
Mark Phillips Board Member	1 00	X						0	0	0
Ronald R Reed President & CEO	40 00	X		X				426,271	0	87,731
Michael G Heinrich Executive VP & CFO	40 00			X				292,672	0	65,185
Jean M Berge Director, Fiscal Mgmt	40 00			X				145,274	0	39,546
Cindy Penney VP Nursing	40 00			X				146,149	0	38,599
Stephen J Scheckel MD ECU Medical Director	40 00					X		357,917	0	33,146
Eric J Stenberg MD Physician	40 00					X		343,980	0	44,079
Peter D Wallace MD VP Medial Staff Affairs	40 00					X		341,155	0	80,201
Martin Izakovic MD Physician	40 00					X		342,285	0	38,775
Philip T Barns MD Physician	40 00					X		297,529	0	44,980



Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Patient Serv Revenue	621,400	84,678,644	84,678,644		
Medicare/Medicaid	621,400	48,801,777	48,801,777		
Program Relat Revenue	621,400	720,000	720,000		
Purchase Discounts	621,400	369,067	369,067		
Contract Lab Revenue	621,500	353,851	353,851		

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 Debt Expense	4,647,382	4,647,382		
Pharmacy Supplies	2,906,703	2,906,703		
Food Expense	995,352	995,352		
Blood Bank Fees	781,464	781,464		
Collection Fees	723,431	3	723,428	