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Return of Organization Exempt From Income Tax

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

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

A For the **2010** calendar year, or tax year beginning **JUL 1, 2010** and ending **JUN 30, 2011**

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	C Name of organization MERCY FOUNDATION		D Employer identification number 23-7072762
	Doing Business As		E Telephone number 916-851-2700
	Number and street (or P O box if mail is not delivered to street address)	Room/suite	
	3400 DATA DR, 3RD FLOOR		G Gross receipts \$ 13,401,786.
City or town, state or country, and ZIP + 4 RANCHO CORDOVA, CA 95670		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
F Name and address of principal officer KEVIN DUGGAN SAME AS C ABOVE		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)() (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		If "No," attach a list (see instructions)	
J Website: WWW.MERCYFOUNDATIONSACRAMENTO.ORG		H(c) Group exemption number 0928	
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		L Year of formation 1954	M State of legal domicile CA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: RAISING PHILANTHROPIC SUPPORT AND COMMUNITY AWARENESS FOR THE MINISTRIES OF THE SISTERS OF MERCY.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	30
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	28
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	75
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 6,034,848.	Current Year 9,775,193.
	9 Program service revenue (Part VIII, line 2g)	0.	0.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,117,849.	1,336,512.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<15,185.>	<7,706.>
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,137,512.	11,103,999.
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	6,815,624.
14 Benefits paid to or for members (Part IX, column (A), line 4)		0.	0.
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		9,503.	456,990.
16a Professional fundraising fees (Part IX, column (A), line 11e)		126,000.	0.
b Total fundraising expenses (Part IX, column (D), line 25) 1,936,332.			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)		2,448,736.	2,492,596.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		9,399,863.	8,727,815.
19 Revenue less expenses. Subtract line 18 from line 12	<2,262,351.>	2,376,184.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 31,115,717.	End of Year 35,077,987.
	21 Total liabilities (Part X, line 26)	5,950,547.	6,467,187.
	22 Net assets or fund balances. Subtract line 21 from line 20	25,165,170.	28,610,800.

Part II Signature Block

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

Sign Here	Signature of officer <i>Kevin B. Duggan</i>	Date 5/15/12			
	Type or print name and title Kevin B. Duggan, President and CEO				
Paid Preparer Use Only	Print/Type preparer's name LINDA D. GEERY	Preparer's signature <i>Linda D. Geery</i>	Date 5/11/12	Check if self-employed <input type="checkbox"/>	PTIN P00364484
	Firm's name GILBERT ASSOCIATES, INC.		Firm's EIN 68-0037990		
	Firm's address 2880 GATEWAY OAKS DR, STE 100 SACRAMENTO, CA 95833		Phone no 916-646-6464		

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

SCANNED JUN 22 2012

917 12

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

X

1 Briefly describe the organization's mission:
INSPIRED BY THE MISSION OF THE SISTERS OF MERCY TO CONNECT THOSE WITH RESOURCES TO THOSE IN NEED, MERCY FOUNDATION RAISES PHILANTHROPIC SUPPORT AND COMMUNITY AWARENESS TO ENHANCE THE LIVES OF PEOPLE IN THE COMMUNITIES WE SERVE. MERCY FOUNDATION FOCUSES ON HEALTHCARE,

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?
If "Yes," describe these new services on Schedule O.

Yes No X

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?
If "Yes," describe these changes on Schedule O.

Yes No X

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 \$ 6,021,276. including grants of \$ 5,807,829.) (Revenue \$)
GIVING STOCK CAN HELP COMBINE YOUR CHARITABLE GIVING GOALS WITH EFFECTIVE ESTATE AND FINANCIAL PLANNING. BY GIVING APPRECIATED STOCK TO MERCY FOUNDATION, YOU AVOID CAPITAL GAIN TAXES THAT WILL BE DUE AS A RESULT OF ITS SALE. THIS WAY, YOU TURN STOCK MARKET GAINS INTO COMMUNITY INVESTMENT TO CARE FOR THOSE IN GREATEST NEED.

GRANTS

MERCY FOUNDATION ALSO RELIES ON SUPPORT FROM FAMILY AND CORPORATE FOUNDATIONS. WITH A WIDE VARIETY OF PROGRAMS AVAILABLE TO SUPPORT THOSE IN NEED, THE MINISTRIES OF THE SISTERS OF MERCY HAVE SIMILARITIES TO MANY GRANTING ORGANIZATIONS' FUNDING PRIORITIES.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services. (Describe in Schedule O.)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 6,021,276.

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)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		
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? <i>If "Yes," complete Schedule D, Part I</i>	X	
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
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? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b 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? <i>If "Yes," complete Schedule D, Part VII</i>		X
c 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? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d 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? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f 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 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
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? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach its audited financial statements to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)		

Part IV Checklist of Required Schedules (continued)

	Yes	No
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>	X	
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>	X	
23 Did the organization answer "Yes" to Part VII, Section A, line 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>	X	
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 lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
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>		X
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>		X
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>		X
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>	X	
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	X	
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	X	
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>	X	
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
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>		X
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>		X
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>	X	
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?		X
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
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>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

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

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year		
1b Enter the number of voting members included in line 1a, above, who are independent		
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?	X	
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?		X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6 Does the organization have members or stockholders?	X	
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	X	
7b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a The governing body?	X	
8b Each committee with authority to act on behalf of the governing body?	X	
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		X

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?		X
10b 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?		
11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?		X
11b Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a Does the organization have a written conflict of interest policy? If "No," go to line 13	X	
12b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	X	
13 Does the organization have a written whistleblower policy?	X	
14 Does the organization have a written document retention and destruction policy?	X	
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?		
15a The organization's CEO, Executive Director, or top management official	X	
15b Other officers or key employees of the organization	X	
If "Yes" to line 15a or 15b, 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?		X
16b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **CA**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply
 Own website Another's website Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization. **TRISHA PENA - 916-851-2708**
3400 DATA DRIVE, RANCHO CORDOVA, CA 95670

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

Check if Schedule O contains a response to any question in this Part VII

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

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

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

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

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
GIL A. ALBIANI MEMBER	1.00	X					0.	0.	0.	
PATRICE N. COYLE MEMBER	1.00	X					0.	0.	0.	
KEN CRAWFORD MEMBER	1.00	X					0.	0.	0.	
CATHERINE DOUGHERTY MEMBER	1.00	X					0.	0.	0.	
EILEEN ENRIGHT MEMBER	1.00	X					0.	0.	0.	
ROBERT FLAUTT MEMBER	1.00	X					0.	0.	0.	
JOAN GANN MEMBER	1.00	X					0.	0.	0.	
LAWRENCE B. GARCIA MEMBER	1.00	X					0.	0.	0.	
DIANE R. GRENZ MEMBER	1.00	X					0.	0.	0.	
CECILIA DELURY MEMBER	1.00	X					0.	0.	0.	
JACK KIMMEL MEMBER	1.00	X					0.	0.	0.	
SHARON MARGETTS MEMBER	1.00	X					0.	0.	0.	
TIMOTHY MORAN MEMBER	1.00	X					0.	0.	0.	
ALICE PEREZ MEMBER	1.00	X					0.	0.	0.	
MARK READ MEMBER	1.00	X					0.	0.	0.	
SILVIO REGGIARDO MEMBER	1.00	X					0.	0.	0.	
TIM ROGERS MEMBER	1.00	X					0.	0.	0.	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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			
ELIZABETH LEONARD SCHATZ MEMBER	1.00	X						0.	0.	0.
LINDA J. VAN REES MEMBER	1.00	X						0.	0.	0.
JOSE ABAD MEMBER	1.00	X						0.	0.	0.
STEPHEN BAUER MEMBER	1.00	X						0.	0.	0.
MIKE KIMMEL MEMBER	1.00	X						0.	0.	0.
TIM MICKIEWICZ MEMBER	1.00	X						0.	0.	0.
CAREYANN MORRIS MEMBER	1.00	X						0.	0.	0.
ALAN SHATZEL MEMBER	1.00	X						0.	0.	0.
MERRILY P. WONG MEMBER	1.00	X						0.	0.	0.
1b Sub-total								0.	0.	0.
c Total from continuation sheets to Part VII, Section A								898,969.	0.	161,378.
d Total (add lines 1b and 1c)								898,969.	0.	161,378.

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 **6**

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

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. **NONE**

(A) Name and business address	(B) Description of services	(C) Compensation

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 **0**

SEE PART VII, SECTION A CONTINUATION SHEETS

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	1 a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c 87,975.				
	d Related organizations	1d				
	e Government grants (contributions)	1e 40,615.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 9,646,603.				
	g Noncash contributions included in lines 1a-1f \$	835,594.				
	h Total. Add lines 1a-1f		9,775,193.			
Program Service Revenue	2 a _____	Business Code				
	b _____					
	c _____					
	d _____					
	e _____					
	f All other program service revenue					
	g Total. Add lines 2a-2f					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		761,452.			761,452.
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6 a Gross Rents	(i) Real (ii) Personal				
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss)					
	7 a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other	2791819.			
	b Less: cost or other basis and sales expenses		2216759.			
	c Gain or (loss)		575,060.			
	d Net gain or (loss)		575,060.			575,060.
	8 a Gross income from fundraising events (not including \$ 87,975. of contributions reported on line 1c). See Part IV, line 18		a 73,322.			
	b Less direct expenses		b 81,028.			
	c Net income or (loss) from fundraising events		<7,706.>			<7,706.>
	9 a Gross income from gaming activities See Part IV, line 19		a			
b Less: direct expenses		b				
c Net income or (loss) from gaming activities						
10 a 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					
11 a _____						
b _____						
c _____						
d All other revenue						
e Total. Add lines 11a-11d						
12 Total revenue. See instructions			11103999.	0.	0.	1328806.

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	5,765,979.	5,765,979.		
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	12,250.	12,250.		
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	456,990.	43,188.	99,288.	314,514.
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				
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal	31,203.		26,901.	4,302.
c Accounting	26,000.		26,000.	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	118,864.			118,864.
g Other	336,161.	36,370.	23,421.	276,370.
12 Advertising and promotion	16,715.		5,277.	11,438.
13 Office expenses	149,405.		149,405.	
14 Information technology	70,888.		17,856.	53,032.
15 Royalties				
16 Occupancy	42,281.	6,342.	14,798.	21,141.
17 Travel	33,485.		28,579.	4,906.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	51,536.		4,990.	46,546.
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	40,381.	6,057.	14,134.	20,190.
23 Insurance				
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a REIMB PERSONNEL EXPENSE	1,558,612.	151,090.	347,150.	1,060,372.
b TRAINING	17,065.		12,408.	4,657.
c				
d				
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	8,727,815.	6,021,276.	770,207.	1,936,332.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	56,783.	1	60,554.
	2 Savings and temporary cash investments	788,050.	2	1,034,206.
	3 Pledges and grants receivable, net	2,256,425.	3	5,198,368.
	4 Accounts receivable, net	426,695.	4	446,400.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7 Notes and loans receivable, net	1,056,025.	7	105,602.
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	7,501.	9	4,968.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 343,187.		
	b Less: accumulated depreciation	10b 124,614.	222,354.	10c 218,573.
	11 Investments - publicly traded securities	16,292,537.	11	16,843,247.
	12 Investments - other securities. See Part IV, line 11	49,447.	12	73,124.
	13 Investments - program-related. See Part IV, line 11	71,839.	13	73,764.
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	9,888,061.	15	11,019,181.
16 Total assets. Add lines 1 through 15 (must equal line 34)	31,115,717.	16	35,077,987.	
Liabilities	17 Accounts payable and accrued expenses	399,425.	17	318,076.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities. Complete Part X of Schedule D	5,551,122.	25	6,149,111.
	26 Total liabilities. Add lines 17 through 25	5,950,547.	26	6,467,187.
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	5,873,929.	27	2,381,623.
	28 Temporarily restricted net assets	13,686,459.	28	20,624,395.
	29 Permanently restricted net assets	5,604,782.	29	5,604,782.
	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	25,165,170.	33	28,610,800.
	34 Total liabilities and net assets/fund balances	31,115,717.	34	35,077,987.

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	11,103,999.
2	Total expenses (must equal Part IX, column (A), line 25)	2	8,727,815.
3	Revenue less expenses. Subtract line 2 from line 1	3	2,376,184.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	25,165,170.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,069,446.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	28,610,800.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

1 Accounting method used to prepare the Form 990: Cash Accrual Other _____

If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.

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

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

c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:

Separate basis Consolidated basis Both consolidated and separate basis

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

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

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

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization

MERCY FOUNDATION

Employer identification number

23-7072762

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 described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 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)(vii)**. (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 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)		X
11g(ii)		X
11g(iii)		X

(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 US?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
SISTERS OF MERCY OF THE DIGNITY HEALTH	26-24008001		X		X		X		974,854.
	94-11962033		X		X		X		4,803,375.
Total									5,778,229.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2010

Part II Support Schedule for Organizations Described in Sections 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 or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						

12 Gross receipts from related activities, etc. (see instructions) 12

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f)) 14 %

15 Public support percentage from 2009 Schedule A, Part II, line 14 15 %

16a 33 1/3% support test - 2010. 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 - 2009. If the organization did not check a 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 - 2010. 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 - 2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶

18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support. (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization

MERCY FOUNDATION

Employer identification number

23-7072762

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	7	
2 Aggregate contributions to (during year)	1,005,749.	
3 Aggregate grants from (during year)	85,349.	
4 Aggregate value at end of year	1,293,968.	
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area
- Protection of natural habitat Preservation of a certified historic structure
- Preservation of open space
- 2 Complete lines 2a through 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 Tax Year |
|--|---------------------------------|
| a Total number of conservation easements | 2a |
| b Total acreage restricted by conservation easements | 2b |
| c Number of conservation easements on a certified historic structure included in (a) | 2c |
| d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | 2d |
- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 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 (ASC 958), 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 (ASC 958), 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 (ASC 958) relating to these items
- a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
- b Assets included in Form 990, Part X ▶ \$ _____

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

3 Using the organization's acquisition, 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:

- c Beginning balance
- d Additions during the year
- e Distributions during the year
- f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	5,604,782.	5,604,582.	5,598,182.		
b Contributions		200.	1,438,586.		
c Net investment earnings, gains, and losses	598,728.	819,306.	<1,330,384.>		
d Grants or scholarships					
e Other expenditures for facilities and programs	598,728.	819,306.	101,802.		
f Administrative expenses					
g End of year balance	5,604,782.	5,604,782.	5,604,582.		

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

- a Board designated or quasi-endowment _____ %
- b Permanent endowment 100.00 %
- 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
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

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

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI 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				
b Buildings				
c Leasehold improvements				
d Equipment		343,187.	124,614.	218,573.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				218,573.

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12) ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 13) ▶		

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

(a) Description	(b) Book value
(1) ASSETS IN CHARITABLE REMAINDER TRUST	11,019,181.
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	11,019,181.

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

1. (a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) LIABILITIES IN CHARITABLE	
(3) REMAINDER TRUST	6,149,111.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	6,149,111.

FIN 48 (ASC 740) Footnote: In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	11,103,999.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	8,727,815.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	2,376,184.
4	Net unrealized gains (losses) on investments	4	579,390.
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	490,056.
9	Total adjustments (net) Add lines 4 through 8	9	1,069,446.
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	3,445,630.

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	12,135,609.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	579,390.
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	490,056.
e	Add lines 2a through 2d	2e	1,069,446.
3	Subtract line 2e from line 1	3	11,066,163.
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	118,864.
b	Other (Describe in Part XIV.)	4b	<81,028.>
c	Add lines 4a and 4b	4c	37,836.
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	11,103,999.

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

1	Total expenses and losses per audited financial statements	1	8,689,979.
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	81,028.
e	Add lines 2a through 2d	2e	81,028.
3	Subtract line 2e from line 1	3	8,608,951.
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	118,864.
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	118,864.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	8,727,815.

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, line 2, 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.

PART V, LINE 4: THE INTENDED USE OF MERCY FOUNDATION'S ENDOWMENT FUNDS

IS TO PRESERVE AND ENHANCE THE VALUE OF THE ENTRUSTED FUNDS AND TO USE THE INTEREST INCOME PER DONOR INTENT.

PART X, LINE 2: THE FOUNDATION HAS IMPLEMENTED THE AMENDED ACCOUNTING PRINCIPLES RELATED TO ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES AND HAS DETERMINED THAT THERE IS NO MATERIAL IMPACT ON THE FINANCIAL STATEMENTS. WITH SOME EXCEPTIONS, THE FOUNDATION IS NO LONGER SUBJECT TO U.S. FEDERAL

Part XIV Supplemental Information (continued)

AND STATE INCOME TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS PRIOR TO
2007.

PART XI, LINE 8 - OTHER ADJUSTMENTS:

CHANGE IN CHARITABLE REMAINDER TRUST ASSET 490,056.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

CHANGE IN VALUE OF CRT ASSET 490,056.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

SPECIAL EVENT EXPENSES -81,028.

PART XIII, LINE 2D - OTHER ADJUSTMENTS:

SPECIAL EVENT EXPENSES 81,028.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		GALS ON THE GREEN GOLF T (event type)	(event type)	NONE (total number)	
Revenue	1	Gross receipts	161,297.		161,297.
	2	Less: Charitable contributions	87,975.		87,975.
	3	Gross income (line 1 minus line 2)	73,322.		73,322.
Direct Expenses	4	Cash prizes			
	5	Noncash prizes			
	6	Rent/facility costs	43,421.		43,421.
	7	Food and beverages			
	8	Entertainment			
	9	Other direct expenses	37,607.		37,607.
	10	Direct expense summary Add lines 4 through 9 in column (d)			(81,028)
	11	Net income summary Combine line 3, column (d), and line 10			<7,706.>

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1	Gross revenue			
Direct Expenses	2	Cash prizes			
	3	Noncash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No
	7	Direct expense summary Add lines 2 through 5 in column (d)			()
	8	Net gaming income summary Combine line 1, column d, and line 7			

9 Enter the state(s) in which the organization operates gaming activities: _____
 a is the organization licensed to operate gaming activities in each of these states? Yes No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No

b If "Yes," explain: _____

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
2010
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Name of the organization: **MERCY FOUNDATION** Employer identification number: **23-7072762**

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. 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. Part II can be duplicated if additional space is needed

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
DIGNITY HEALTH 3400 DATA DRIVE RANCHO CORDOVA, CA 95670	94-1196203	501(C)(3)	4,803,375.	0.			SUPPORT HOSPITAL PROGRAMS
SISTERS OF MERCY 535 SACRAMENTO STREET AUBURN, CA 95603	94-2532630	501(C)(3)	952,474.	10,130.FMV		HOUSEHOLD ITEMS	SUPPORT WORKS OF SISTERS

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

3 Enter total number of other organizations **0.**

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990. **Schedule I (Form 990) (2010)**

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
TUITION ASSISTANCE	11	12,250.	0.		

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

SCHEDULE I, PART I, LINE 2: GRANTS: MERCY FOUNDATION HAS BEEN ESTABLISHED BY THE SISTERS OF MERCY TO ENCOURAGE AND DEVELOP FINANCIAL SUPPORT FOR THE SISTERS OF MERCY AND IS RESPONSIBLE FOR RAISING PHILANTHROPIC SUPPORT AND COMMUNITY AWARENESS FOR THE MINISTRIES OF THE SISTERS OF MERCY IN THE AREAS OF HEALTHCARE, EDUCATION, AFFORDABLE HOUSING, AND CARE FOR THE POOR AND THE ELDERLY THROUGHOUT THE GREATER SACRAMENTO REGION. ONE HUNDRED PERCENT OF ALL DONATIONS GO DIRECTLY TO THE PROGRAM OF THE DONOR'S CHOICE. THIS IS MADE POSSIBLE BY AN OPERATING GRANT TO MERCY FOUNDATION BY DIGNITY HEALTH.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No 1545-0047

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

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

▶ Attach to Form 990. ▶ See separate instructions.

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

MERCY FOUNDATION

Employer identification number

23-7072762

Part I Questions Regarding Compensation

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

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

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

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

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

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

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

- a** Receive a severance payment or change-of-control payment from the organization or a related organization?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?
 If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations 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:

- a** The organization?
b Any related organization?

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

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

- a** The organization?
b Any related organization?

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

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

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

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

	Yes	No
1b		
2		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

MERCY FOUNDATION

23-7072762

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is 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					
1 KEVIN DUGGAN	(i)	166,384.	21,457.	801.	10,563.	21,586.	220,791.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 ALISON SADLER	(i)	136,966.	19,095.	14,893.	13,941.	14,369.	199,264.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 ROSEMARY YOUNTS	(i)	126,830.	15,783.	1,032.	7,989.	15,791.	167,425.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 LISA WOODARD-MINK	(i)	131,656.	12,960.	408.	9,211.	15,652.	169,887.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

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
MICHAEL GENOVESE	MEMBER OF THE BOARD	34,682.	MANAGEMENT		X
TIM ROGERS	MEMBER OF THE BOARD	18,870.	MANAGEMENT		X

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: MICHAEL GENOVESE

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

MEMBER OF THE BOARD OF DIRECTORS & MANAGER OF INVESTED FUNDS

(D) DESCRIPTION OF TRANSACTION: MANAGEMENT FEES FOR INVESTMENTS

(A) NAME OF PERSON: TIM ROGERS

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

MEMBER OF THE BOARD OF DIRECTORS & MANAGER OF INVESTED FUNDS

(D) DESCRIPTION OF TRANSACTION: MANAGEMENT FEES FOR INVESTMENTS

**SCHEDULE M
(Form 990)**

Noncash Contributions

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▶ **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**
▶ **Attach to Form 990.**

Name of the organization: **MERCY FOUNDATION** Employer identification number: **23-7072762**

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art	X	1	4,700.	FMV
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods	X		10,130.	FMV
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded	X	6	820,764.	FMV
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29** **0**

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

	Yes	No
30a		X
31	X	
32a		X

b If "Yes," describe the arrangement in Part II.

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b If "Yes," describe in Part II.

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

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FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

EDUCATION, HOUSING, AND CARE FOR THE POOR AND ELDERLY.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

IN-KIND GIFTS

A NON-CASH GIFT, ALSO CALLED AN IN-KIND GIFT, IS A NON-MONETARY CONTRIBUTION OF EQUIPMENT, SUPPLIES, CORPORATE SERVICES/FACILITIES, PROFESSIONAL SERVICES OR OTHER PROPERTY THAT WILL BENEFIT THE WORKS OF MERCY PROGRAMS AND SERVICES. IN-KIND GIFTS MAY BE TAX-DEDUCTIBLE.

PLANNED GIFTS

ALTERNATE METHODS OF GIVING HAVE BECOME VERY POPULAR. DEFERRED OR PLANNED GIVING ENCOMPASSES VARIOUS PLANS THAT ARE DESIGNED TO LET YOU (AND EVEN A SURVIVOR, IF YOU WISH) ENJOY THE LIFETIME BENEFITS OF YOUR INTENDED GIFT.

WILLS AND BEQUESTS

INCLUDING A CHARITABLE BEQUEST IN YOUR WILL IS AN EFFECTIVE WAY TO MAKE A LASTING GIFT TO YOUR COMMUNITY AND BECOMES YOUR PERSONAL LEGACY OF GIVING. MOST ESTATES HAVE THREE CATEGORIES OF BENEFICIARIES: HEIRS, CHARITABLE ORGANIZATIONS AND THE GOVERNMENT. THE FOUNDATION ENCOURAGES DONORS TO MAXIMIZE THEIR GIFTS TO THE FIRST TWO AND LIMIT THE THIRD. THIS CAN BE ACCOMPLISHED THROUGH CAREFUL ESTATE PLANNING.

CHARITABLE GIFT ANNUITIES

A DONOR CAN WORK DIRECTLY WITH MERCY FOUNDATION TO ESTABLISH A

Name of the organization

MERCY FOUNDATION

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CHARITABLE GIFT ANNUITY, A POPULAR WAY OF GIVING THAT COMBINES THE BENEFIT OF AN INVESTMENT AND A GIFT, AND PROVIDES LIFE INCOME TO THE DONOR (AND ANOTHER RECIPIENT IF DESIRED THE - ANNUITANTS).

CHARITABLE REMAINDER TRUSTS

YOU CAN PLAN FOR THE FUTURE FOR YOU AND YOUR COMMUNITY. A CHARITABLE REMAINDER TRUST ALLOWS YOU TO INVEST SIGNIFICANT ASSETS AND RECEIVE INCOME FOR THE REST OF YOUR LIFE, KNOWING THAT WHATEVER REMAINS WILL BENEFIT YOUR COMMUNITY.

MERCY FOUNDATION UNDERSTANDS THAT YOUR PHILANTHROPIC GIVING MUST BLEND WITH YOUR OWN FINANCIAL NEEDS AND TAX PLANNING. THAT'S WHY, WITH A DONOR'S LEGAL AND TAX ADVISORS, MERCY FOUNDATION'S EXPERT STAFF WILL HELP CREATE A PLAN THAT SUITS A DONOR'S PERSONAL CIRCUMSTANCES.

FOR MORE INFORMATION ON HOW YOU CAN GIVE TO SUPPORT THE WORKS OF MERCY GO TO THE FOUNDATION'S WEBSITE AT WWW.SUPPORTMERCYFOUNDATION.ORG OR CALL 916-851-2700.

MANY MINISTRIES, ONE MISSION

MERCY FOUNDATION RAISES FUNDS FOR THE FOLLOWING SISTERS OF MERCY MINISTRIES WITHIN THE SACRAMENTO REGION, WITH ONE MISSION: TO ENHANCE THE LIVES OF PEOPLE IN THE COMMUNITY.

HEALTH CARE

* MERCY GENERAL HOSPITAL

* MERCY HOSPICE

* MERCY HOSPITAL OF FOLSOM

Name of the organization

MERCY FOUNDATION

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* MERCY SAN JUAN MEDICAL CENTER

* MERCY CLINICS

* METHODIST HOSPITAL OF SACRAMENTO

EDUCATION

* CRISTO REY HIGH SCHOOL SACRAMENTO

* MERCY EDUCATION RESOURCE CENTER

CARE FOR THE POOR AND ELDERLY

* BRUCEVILLE TERRACE SKILLED NURSING

* MERCY MCMAHON TERRACE

* SACRAMENTO LOAVES & FISHES

HOUSING

* MERCY HOUSING CALIFORNIA

OTHER MINISTRIES

* MERCY CENTER AUBURN

* MERCY VOLUNTEER CORPS

MAJOR GIFT INITIATIVES

IN FY11, MERCY FOUNDATION FOCUSED FUNDRAISING EFFORTS ON NINE

INITIATIVES:

* MERCY HEART & VASCULAR INSTITUTE

* MERCY NEUROLOGICAL INSTITUTE

* MERCY CANCER INSTITUTE

* MERCY HOSPICE

* MERCY ORTHOPEDICS

Name of the organization

MERCY FOUNDATION

Employer identification number

23-7072762

* BRUCEVILLE TERRACE

* LOAVES & FISHES

* CRISTO REY HIGH SCHOOL

* MERCY EDUCATION RESOURCE CENTER

NINE CABINETS WERE FORMED AROUND THE INITIATIVES, WHICH INCLUDED APPOINTMENT AND TRAINING OF MEMBERS. CASES FOR SUPPORT WERE DEVELOPED FOR EACH INITIATIVE. CULTIVATION AND EDUCATION EVENTS FOR INITIATIVES ARE SCHEDULED THROUGH FY12.

DATA MANAGEMENT

IMPLEMENTED DYNAMIC DONOR DATABASE SCREENING SYSTEM

EMPLOYEES LEND A HAND PROGRAM

MERCY FOUNDATION'S EMPLOYEES LEND A HAND PROGRAM EMPOWERS EMPLOYEES TO MAKE A DIFFERENCE IN THE COMMUNITY THROUGH CHARITABLE GIVING TO THE MERCY HOSPITALS AND OTHER SISTERS OF MERCY MINISTRIES. PARTICIPATION IN THE PROGRAM HAS DOUBLED IN THE LAST TWO YEARS. IN FY11, PROGRAM PARTICIPATION BY MERCY GENERAL HOSPITAL EMPLOYEES INCREASED BY 48 PERCENT; THE DIGNITY HEALTH SACRAMENTO SYSTEM OFFICE AND MEDICAL FOUNDATION BY 81 PERCENT; MERCY SAN JUAN MEDICAL CENTER BY 37 PERCENT; MERCY HOSPITAL OF FOLSOM BY 36 PERCENT; AND METHODIST HOSPITAL OF SACRAMENTO BY 70 PERCENT.

GRATEFUL PATIENTS AND FAMILIES PROGRAM

THE GRATEFUL PATIENTS AND FAMILIES PROGRAM WAS LAUNCHED IN EARLY 2010 WITH QUARTERLY DIRECT MAIL APPEALS TO PATIENTS. IN FY11, THE PROGRAM EXPANDED TO INCLUDE GREATER MARKETING AND CAREGIVER EDUCATION AND

Name of the organization

MERCY FOUNDATION

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ENGAGEMENT THAT WILL CONTINUE THROUGH FY12 AND FY13. A SELF-MAILING BROCHURE AND POSTERS WERE DEVELOPED FOR DISTRIBUTION AT ALL FOUR MERCY HOSPITALS AND AT MERCY MEDICAL GROUP FACILITIES.

PLANNED GIVING

- * CONDUCTED EDUCATION SEMINARS FOR EXISTING AND PROSPECTIVE DONORS
- * DEVELOPED COMPREHENSIVE PLAN YOUR LEGACY WEB SITE (PLANYOURLEGACY.SUPPORTMERCYFOUNDATION.ORG), TO BE LAUNCHED IN FY 2012

MARKETING HIGHLIGHTS

- * CREATED FOUNDATION'S COMPREHENSIVE CASE BROCHURE
- * REVAMPED WEB SITE
- * EVALUATED AND IMPROVED MARKETING AND COMMUNICATIONS OPERATIONS FOR GREATER EFFICIENCY AND STEWARDSHIP OF BUDGET
- * ESTABLISHED SOCIAL MEDIA PRESENCE
- * LAUNCHED TARGETED ADVERTISING SUCH AS CATHOLIC RADIO SPONSORSHIP AND CATHOLIC HERALD ADS

OTHER ACCOMPLISHMENTS

- * CONDUCTED MINISTRY TOURS TO EDUCATE AND ENGAGE PROSPECTIVE DONORS ON INITIATIVES
- * CONTINUED DONOR THANK YOU CALL PROGRAM WITH INTERNAL STAFF AND VOLUNTEERS

FORM 990, PART VI, SECTION A, LINE 2: MEMBERS OF THE FOUNDATION'S BOARD OF DIRECTORS ARE EMPLOYED BY, AND HOLD OWNERSHIP IN, FIRMS THAT MANAGE CERTAIN INVESTMENTS AND CHARITABLE TRUST ACCOUNTS OF THE FOUNDATION. TOTAL MANAGED FUNDS WERE \$12,315,945 AND MANAGEMENT FEES EARNED BY THE INVESTMENT

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FIRMS FOR THOSE SERVICES TOTALED \$53,552 FOR THE YEAR ENDED JUNE 30, 2011.

FORM 990, PART VI, SECTION A, LINE 6: THE MEMBERS CONSIST OF 5 INDIVIDUALS (3 ARE MEMBERS OF AND APPOINTED BY THE SISTERS OF MERCY AND 2 ARE APPOINTED BY DIGNITY HEALTH).

FORM 990, PART VI, SECTION A, LINE 7A: THE CORPORATE MEMBERS MAY APPOINT AND REMOVE EACH MEMBER OF THE BOARD OF TRUSTEES.

FORM 990, PART VI, SECTION A, LINE 7B: THE CORPORATE MEMBERS OF THE FOUNDATION HAVE RESERVED RIGHTS. THEIR RESERVED RIGHTS ARE AS FOLLOWS:

I. APPROVE THE MISSION, PHILOSOPHY, LONG-RANGE GOALS, STRATEGIC PLANS AND MAJOR STANDARDS OF THE FOUNDATION.

II. APPOINT AND REMOVE EACH MEMBER OF THE BOARD OF TRUSTEES.

III. DETERMINE THE NUMBER OF MEMBERS OF THE BOARD OF TRUSTEES.

IV. APPROVE THE APPOINTMENT OF THE CHAIR AND SECRETARY OF THE FOUNDATION.

V. APPOINT AND/OR REMOVE THE FOUNDATION PRESIDENT.

VI. APPROVE THE CAPITAL AND OPERATING BUDGETS OF THE FOUNDATION.

VII. RECEIVE THE ANNUAL AUDITORS' REPORT AS TO THE FOUNDATION.

VIII. APPROVE THE SELECTION OF THE AUDITORS AND GENERAL LEGAL COUNSEL FOR THE FOUNDATION.

IX. APPROVE ANY MERGER, CONSOLIDATION OR DISSOLUTION OF THE FOUNDATION.

X. APPROVE THE ESTABLISHMENT OF ANY NEW CONSTITUENT FOUNDATION OR ANY SUBSIDIARY CORPORATION OR OPERATING CORPORATION OF THE FOUNDATION.

XI. APPROVE ANY BORROWING OF MONEY OR INCURRING OF INDEBTEDNESS BY THE FOUNDATION.

XII. APPROVE THE PURCHASE OF REAL ESTATE ASSETS OR ANY INTEREST THEREIN.

XIII. APPROVE THE EXPENDITURES OR TRANSFERS OF ASSETS TO A PERSON OR

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ORGANIZATION OUTSIDE CHW AND/OR THE MERCY COMMUNITY WHERE SUCH EXPENDITURES OR TRANSFER EXCEEDS 10% OF THE ASSETS OF THE FOUNDATION'S BALANCE SHEET, OTHER THAN TRANSFERS TO A BENEFICIARY PURSUANT TO A DESIGNATED "RESTRICTED" GIFT.

FORM 990, PART VI, SECTION B, LINE 11: THE MERCY FOUNDATION FINANCE COMMITTEE WILL REVIEW THE 990 BEFORE SUBMISSION. THEN THE 990 WILL BE MADE AVAILABLE TO THE BOARD.

FORM 990, PART VI, SECTION B, LINE 12C: EACH YEAR A NEW CONFLICT OF INTEREST STATEMENT IS SIGNED BY EACH OF THE BOARD OF TRUSTEES. THIS PROCESS IS MONITERED BY STAFF. AREAS WHERE A CONFLICT MAY ARISE ARE IN ACTIVITIES SUCH AS SUPPLIES OF GOODS & SERVICES, ENTITIES WITH WHICH MERCY IS DEALING OR PLANS TO DEAL IN CONNECTION WITH THE LEASE, PURCHASE, SALE OR GIFT OF REAL OR PERSONAL PROPERTY, OTHER FOUNDATIONS, HOSPITALS, HOME HEALTH, DONORS OR OTHERS GIVING SUPPORT TO MERCY, PATIENTS, RESIDENTS AND OTHERS RECEIVING CARE AND SERVICES, THIRD PARTY PAYORS OF HOSPITAL OR OTHER HEALTH CARE BENEFITS, BANKS OR OTHER LENDING OR SAVINGS OR TRUST INSTITUTIONS, INSURANCE COMPANIES, INVESTMENT COMPANIES, OR FINANCIAL PLANNING INSTITUTIONS AND OTHER ENTITIES WHICH MAY AFFECT THE OPERATION OF MERCY FOUNDATION. THE NATURE OF CONFLICTING INTEREST THAT MIGHT REASONABLY BE PERCEIVED BY OTHERS TO AFFECT THE JUDGEMENT OR CONDUCT OF THE INDIVIDUAL, SUCH AS, BUT NOT LIMITED TO: OWNING STOCK OR OTHER PROPRIETARY INTERESTS, HOLDING DEBT OR DEBT SECURITIES, HOLDING OFFICE, SERVING ON THE BOARD OF DIRECTORS, PARTICIPATING IN MANAGMENT OR BEING OTHERWISE EMPLOYED OR FORMERLY EMPLOYED, RECEIVING REMUNERATIONS FOR SERVICES WITH RESPECT TO INDIVIUDAL TRANSACTIONS, RECEIVING GIFTS OR UNSECURED LOANS, OBTAINING OR HOLDING AN INTEREST IN REAL ESTATE, SECURITIES OR OTHER PROPERTY WHICH

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MERCY IS CONSIDERING BUYING, LEASING OR SELLING OR DISCLOSING OR USING INFORMATION RELATING TO MERCY'S BUSINESS OR OPERATIONS FOR THE PERSONAL PROFIT OR ADVANTAGES OF THE INDIVIDUAL. THE FOLLOWING CONFLICTS OF INTEREST ARE APPARENT AND ABSOLUTELY PROHIBITED: LOANS, GIFTS, GRATUITIES AND ENTERTAINMENT AND INFORMATION OBTAINED THROUGH ASSOCIATION WITH MERCY.

FORM 990, PART VI, SECTION B, LINE 15: THE PRESIDENT'S SALARY AND PERFORMANCE EVALUATION IS PERFORMED EACH YEAR BY THE BOARD OF DIRECTORS. COMPENSATION IS DETERMINED BY DIGNITY HEALTH. OTHER KEY EMPLOYEES ARE DETERMINED BY MANAGEMENT AND SALARY IS APPROVED BY HR.

FORM 990, PART VI, SECTION C, LINE 19: MERCY FOUNDATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART XI, LINE 5, CHANGES IN NET ASSETS:

NET UNREALIZED GAINS ON INVESTMENTS:	579,390.
CHANGE IN CHARITABLE REMAINDER TRUST ASSET	490,056.
TOTAL TO FORM 990, PART XI, LINE 5	1,069,446.

FORM 990, PART XII, LINE 2C

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

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 or (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)

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	(d) Method of determining amount involved	Yes	No
1a						X
1b					X	
1c					X	
1d						X
1e						X
1f						X
1g						X
1h						X
1i						X
1j						X
1k					X	
1l						X
1m					X	
1n						X
1o						X
1p					X	
1q						X
1r					X	

(1)

(2)

(3)

(4)

(5)

(6)

