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| | | |
|---|--|----------------------------------|
| Form 990  Department of the Treasury Internal Revenue Service | Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ The organization may have to use a copy of this return to satisfy state reporting requirements | OMB No 1545-0047 |
| | | 2010 |
| | | Open to Public Inspection |

| | | |
|--|--|--|
| A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011 | | |
| 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 ALEGENT HEALTH-MERCY HOSPITAL CORNING IA | D Employer identification number 42-0782518 |
| | Doing Business As | E Telephone number (402) 343-4323 |
| | Number and street (or P O box if mail is not delivered to street address) PO BOX 368 | Room/suite |
| | G Gross receipts \$ 19,321,709 | |
| | City or town, state or country, and ZIP + 4 CORNING, IA 50841 | |
| | F Name and address of principal officer SCOTT M WOOTEN 12809 WEST DODGE ROAD OMAHA, NE 68154 | H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶ |
| 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 | | |
| J Website: ▶ WWW.ALEGENT.COM | | |
| 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 1953 |
| | | M State of legal domicile IA |

| | |
|---------------|----------------|
| Part I | Summary |
|---------------|----------------|

| | | | |
|---|---|----------------------------------|---------------------|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities TO PROVIDE HIGH QUALITY CARE FOR THE BODY, MIND AND SPIRIT OF EVERY PERSON | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| 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 | 10 | |
| 4 Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 7 | |
| 5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) | 5 | 170 | |
| 6 Total number of volunteers (estimate if necessary) | 6 | 23 | |
| 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 | Current Year |
| | 9 Program service revenue (Part VIII, line 2g) | 658,918 | 324,315 |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 18,140,286 | 16,198,015 |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 1,398 | 1,317 |
| | 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 178,999 | 2,337,031 |
| | | 18,979,601 | 18,860,678 |
| Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 472,122 | 472,036 |
| | 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) | 7,661,222 | 7,942,235 |
| | 16a Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| | b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰ | | |
| | 17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) | 8,763,285 | 9,951,477 |
| | 18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 16,896,629 | 18,365,748 |
| | 19 Revenue less expenses Subtract line 18 from line 12 | 2,082,972 | 494,930 |
| Net Assets or Fund Balances | | Beginning of Current Year | End of Year |
| | 20 Total assets (Part X, line 16) | 14,162,658 | 15,016,429 |
| | 21 Total liabilities (Part X, line 26) | 959,603 | 1,318,444 |
| | 22 Net assets or fund balances Subtract line 21 from line 20 | 13,203,055 | 13,697,985 |

| | |
|----------------|------------------------|
| 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 | | 2012-05-11 | | | |
| | Date | | | | | |
| Paid Preparer Use Only | Print/Type preparer's name LORRAINE A EGGER | | Preparer's signature LORRAINE A EGGER | Date | Check if self-employed <input type="checkbox"/> | PTIN |
| | Firm's name ▶ KPMG LLP | | | | | Firm's EIN ▶ |
| | Firm's address ▶ TWO CENTRAL PARK PLAZA SUITE 1501 OMAHA, NE 68102 | | | | | Phone no ▶ (402) 348-1450 |

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

FAITHFUL TO THE HEALING MINISTRY OF JESUS CHRIST, OUR MISSION IS TO PROVIDE HIGH QUALITY CARE FOR THE BODY, MIND AND SPIRIT OF EVERY PERSON OUR COMMITMENT TO HEALING CALLS US TO CREATE CARING AND COMPASSIONATE ENVIRONMENTS RESPECT THE DIGNITY OF EVERY PERSON CARE FOR THE RESOURCES ENTRUSTED TO US AS RESPONSIBLE STEWARDS COLLABORATE WITH OTHERS TO IMPROVE THE HEALTH OF OUR COMMUNITIES ATTEND ESPECIALLY TO THE NEEDS OF THOSE WHO ARE POOR AND DISADVANTAGED ACT WITH INTEGRITY IN ALL ENDEAVORS TO ACHIEVE THIS MISSION, WE PLEDGE TO BE CREATIVE, VISIONARY LEADERS COMMITTED TO HOLISTIC HEALTHCARE IN THE REGION

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

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

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 \$ 13,147,697 including grants of \$ 264,297) (Revenue \$ 10,320,207)

ALEGENT HEALTH MERCY HOSPITAL, CORNING SUPPORTS THE MISSION BY CONTINUALLY MAKING SERVICES MORE CONVENIENT AND ACCESSIBLE WHILE MAINTAINING A LEVEL OF EFFICIENCY THE HOSPITAL OFFERS THE FOLLOWING SERVICES TO PATIENTS 24-HOUR EMERGENCY CARE WITH HELIPORT ACCOMMODATIONS, DIAGNOSTIC IMAGING SERVICES, CARDIOVASCULAR SERVICES, CHEMOTHERAPY AND ELECTROENCEPHALOGRAMS (EEGS) PHYSICAL THERAPY

4b

(Code) (Expenses \$ 852,228 including grants of \$ 138,525) (Revenue \$ 5,408,936)

ALEGENT HEALTH MERCY HOSPITAL, CORNING HAS STRIVED TO IMPROVE THE HEALTH STATUS OF CHILDREN, TEENS, ADULTS, SENIOR CITIZENS, FRIENDS AND NEIGHBORS IN THIS RURAL COMMUNITY MERCY HOSPITAL-CORNING IS PROUD TO OFFER HEALTHCARE SERVICES CLOSE TO HOME WITHIN THE COMMUNITY ALEGENT HEALTH MERCY HOSPITAL, CORNING PROVIDES A VARIETY OF DIAGNOSTIC SERVICES TO THE COMMUNITY, SUCH AS CT SCANS, MRI AND NUCLEAR MEDICINE IN ADDITION TO GENERAL RADIOLOGY, MAMMOGRAPHY, SURGICAL RADIOGRAPHY AND ULTRASOUND

4c

(Code) (Expenses \$ 3,074,117 including grants of \$ 69,214) (Revenue \$ 2,702,544)

ALEGENT HEALTH MERCY HOSPITAL, CORNING PROVIDES SEVERAL SPECIALTY CLINICS EACH WEEK THROUGH VISITING SPECIALISTS IN THE FOLLOWING AREAS AUDIOLOGY, EAR, NOSE AND THROAT, CARDIOVASCULAR SERVICES, DERMATOLOGY, GASTROENTEROLOGY, GENERAL SURGERY/WOUND CARE, GYNECOLOGY/OBSTETRICS, ONCOLOGY, OPHTHALMOLOGY, ORTHOPEDIC SURGERY, PODIATRY, UROLOGY, SPEECH AND OCCUPATIONAL THERAPY AND PSYCHIATRY

4d



















Other program services (Describe in Schedule O)

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

4e

Total program service expenses \$ 17,074,042

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 (see instruction)?  | 2 Yes | |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I  | 3 | No |
| 4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II  | 4 Yes | |
| 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? 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 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? If "Yes," complete Schedule D, Part VI.  | 11a Yes | |
| 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? If "Yes," complete Schedule D, Part VII.  | 11b | No |
| 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? If "Yes," complete Schedule D, Part VIII.  | 11c | No |
| 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? If "Yes," complete Schedule D, Part IX.  | 11d Yes | |
| e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.  | 11e Yes | |
| 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)? If "Yes," complete Schedule D, Part X.  | 11f Yes | |
| 12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII  | 12a | No |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional  | 12b 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, Parts I and IV | 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, Parts II and IV | 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, Parts III and IV | 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 (see instructions) | 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 |
| 20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H  | 20a Yes | |
| b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions) | 20b Yes | |

Part IV

Checklist of Required Schedules (continued)

| | | | | |
|-----|--|-----|-----|----|
| 21 | Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> | 21 | | No |
| 22 | Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> | 22 | 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 lines 24b–24d and complete Schedule K. If "No," go to line 25</i> | 24a | | No |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | 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> | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> | 25b | | No |
| 26 | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| a | A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28b | | No |
| 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> | 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)? | 35 | Yes | |
| 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 checked="" type="checkbox"/> Yes <input 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> | 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? Note. All Form 990 filers are required to complete Schedule O | 38 | Yes | |

| | | | |
|--|--|------------|-----------|
| Part V Statements Regarding Other IRS Filings and Tax Compliance | | | |
| Check if Schedule O contains a response to any question in this Part V <input checked="" type="checkbox"/> | | | |
| | | Yes | No |
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. | 1a | 34 |
| b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. | 1b | 0 |
| 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 | 170 |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions). | 2b | Yes |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | 3a | No |
| b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O. | 3b | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | 4a | No |
| b | If "Yes," enter the name of the foreign country: _____ See instructions for 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? | 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 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 | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | 7g | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | 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 | |
| 13 | Section 501(c)(29) qualified nonprofit health insurance issuers. | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O. | 13a | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. | 13b | |
| c | Enter the amount of reserves on hand. | 13c | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | 14a | No |
| b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O. | 14b | |

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.
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 | | |
| 1a | 10 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent | 1b | 7 |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | 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 governing documents since the prior Form 990 was filed? | 4 | No |
| 5 | Did the organization become aware during the year of a significant 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 | Yes |
| 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 | |
| 11a | Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? | 11a | Yes |
| b | 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 | 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 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? | 16a | No |
| b | If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? | 16b | |

Section C. Disclosure

| | |
|----|--|
| 17 | List the States with which a copy of this Form 990 is required to be filed▶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 ▶ SCOTT M WOOTEN SENIOR VPCFO 12809 WEST DODGE ROAD OMAHA, NE 68154 (402) 343-4323 |

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, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, 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 | | | |
| (1) RICHARD HOGAN PRESIDENT | 2.00 | X | | X | | | | 0 | 0 | 0 |
| (2) DOUG LEONARD VICE-PRESIDENT | 2.00 | X | | X | | | | 0 | 0 | 0 |
| (3) KARL MCCARTY DIRECTOR | 2.00 | X | | | | | | 0 | 0 | 0 |
| (4) JANE RYCHNOVSKY DIRECTOR | 2.00 | X | | | | | | 0 | 0 | 0 |
| (5) LINDA SHEARER SECRETARY | 2.00 | X | | X | | | | 0 | 0 | 0 |
| (6) RODNEY TRIPLETT DIRECTOR/NETWORK EXEC | 2.00 | X | | X | | | | 0 | 136,049 | 31,108 |
| (7) MICHAEL GRUNDMAN DIRECTOR | 2.00 | X | | | | | | 0 | 0 | 0 |
| (8) DENISE MCNITT DIRECTOR | 2.00 | X | | | | | | 0 | 132,634 | 27,505 |
| (9) RANDY ALLMAN DIRECTOR | 2.00 | X | | | | | | 0 | 0 | 0 |
| (10) D RANDALL PRITZA MD DIRECTOR | 2.00 | X | | | | | | 0 | 579,930 | 33,752 |
| (11) TIM MAXA DIRECTOR | 2.00 | X | | | | | | 0 | 0 | 0 |
| (12) SCOTT WOOTEN AH SVP/CFO | 2.00 | | | X | | | | 0 | 540,779 | 136,617 |
| (13) DEBRA GOLDSMITH EX-OFFICIO/ADMINISTRATOR | 60.00 | | | X | | | | 107,987 | 0 | 27,388 |
| (14) RICHARD HACHTEN II AH PRESIDENT & CEO | 2.00 | | | X | | | | 0 | 1,049,479 | 278,627 |
| (15) MAEN HADDADIN MD PHYSICIAN | 60.00 | | | | | X | | 529,227 | 0 | 34,423 |
| (16) STEPHEN GRUBA MD PHYSICIAN | 60.00 | | | | | X | | 179,287 | 0 | 18,327 |

Part VII

| | |
|---|---|
| 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 |
| | 8 |

Section B. Independent Contractors

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 |
|--|--------------------------------|---------------------|
| REHABVISIONS 11623 ARBOR ST OMAHA, NE 68144 | REHAB SERVICES | 268,050 |
| DON SABO 713 CENTER STREET STANTON, IA 51573 | PHYSICIAN SERVICES | 229,040 |
| SHARED MEDICAL SERVICES 209 LIMESTONE PASS COLLEGE GROVE, WI 53527 | DIAGNOSTIC IMAGING | 114,185 |
| CASSLING 13808 F STREET OMAHA, NE 68137 | DIAGNOSTIC IMAGING | 102,736 |
| | | |
| 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) | (B) | (C) | (D) | | | |
|--|---|---|---|---|----------------------------|---|-------|--|--|
| | | | Total revenue | Related or exempt function revenue | Unrelated business revenue | 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 | 708 | | | | | | |
| | c | Fundraising events 1c | | | | | | | |
| | d | Related organizations 1d | 284,818 | | | | | | |
| | e | Government grants (contributions) 1e | 23,417 | | | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above 1f | 15,372 | | | | | | |
| | g | Noncash contributions included in lines 1a-1f \$ | | | | | | | |
| | h | Total. Add lines 1a-1f | 324,315 | | | | | | |
| | Program Service Revenue | | | Business Code | | | | | |
| 2a | | NET PATIENT SVC REVENUE | 621500 | 16,010,374 | 16,010,374 | | | | |
| b | | AFFILIATE REVENUE | 900099 | 155,647 | 155,647 | | | | |
| c | | HEALTH PROMOTIONS | 611710 | 31,994 | 31,994 | | | | |
| d | | | | | | | | | |
| e | | | | | | | | | |
| f | | All other program service revenue | | | | | | | |
| g | | Total. Add lines 2a-2f | 16,198,015 | | | | | | |
| Other Revenue | | 3 | Investment income (including dividends, interest and other similar amounts) | | | | | | |
| | | | 1,317 | | | 1,317 | | | |
| | 4 | Income from investment of tax-exempt bond proceeds | | | | | | | |
| | 5 | Royalties | | | | | | | |
| | 6a | Gross Rents | (i) Real | | | | | | |
| | | | | 1,200 | | | | | |
| | | | b | Less rental expenses | 1,030 | | | | |
| | | | c | Rental income or (loss) | 170 | | | | |
| | d | Net rental income or (loss) | | 170 | | | 170 | | |
| | 7a | Gross amount from sales of assets other than inventory | (i) Securities | | | | | | |
| | | | | 448,430 | | | | | |
| | | | b | Less cost or other basis and sales expenses | 448,430 | | | | |
| | | | c | Gain or (loss) | 0 | | | | |
| | d | Net gain or (loss) | | 0 | | | | | |
| | 8a | Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 a | | | | | | | |
| | | | | 4,325 | | | | | |
| | | | b | Less direct expenses b | 86 | | | | |
| | c | Net income or (loss) from fundraising events | | 4,239 | | | 4,239 | | |
| | 9a | Gross income from gaming activities See Part IV, line 19 a | | | | | | | |
| | | | b | | | | | | |
| c | | | Net income or (loss) from gaming activities | | | | | | |
| 10a | Gross sales of inventory, less returns and allowances a | | | | | | | | |
| | | | 13,241 | | | | | | |
| | | b | Less cost of goods sold b | 11,485 | | | | | |
| c | Net income or (loss) from sales of inventory | | 1,756 | | | 1,756 | | | |
| Miscellaneous Revenue | | Business Code | | | | | | | |
| 11a | OTHER OPERATING REVENUE | 900099 | 2,223,295 | 2,223,295 | | | | | |
| | | 722320 | 97,194 | | | 97,194 | | | |
| | | 900099 | 10,377 | 10,377 | | | | | |
| | | | | | | | | | |
| | | e | Total. Add lines 11a-11d | 2,330,866 | | | | | |
| 12 | Total revenue. See Instructions | 18,860,678 | 18,431,687 | 0 | | 104,676 | | | |

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 | 915 | 915 | | |
| 2 | Grants and other assistance to individuals in the U S See Part IV, line 22 | 471,121 | 471,121 | | |
| 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 | 169,199 | | 169,199 | |
| 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 | 6,361,765 | 5,852,824 | 508,941 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 276,461 | 254,344 | 22,117 | |
| 9 | Other employee benefits | 748,503 | 688,623 | 59,880 | |
| 10 | Payroll taxes | 386,307 | 355,402 | 30,905 | |
| a | Fees for services (non-employees) Management | | | | |
| b | Legal | | | | |
| c | Accounting | | | | |
| d | Lobbying | 2,454 | 2,454 | | |
| e | Professional fundraising services See Part IV, line 17 | | | | |
| f | Investment management fees | | | | |
| g | Other | 350,010 | 350,010 | | |
| 12 | Advertising and promotion | 64,052 | 58,928 | 5,124 | |
| 13 | Office expenses | 2,728,793 | 2,510,490 | 218,303 | |
| 14 | Information technology | | | | |
| 15 | Royalties | | | | |
| 16 | Occupancy | 396,653 | 396,653 | | |
| 17 | Travel | 27,135 | 24,964 | 2,171 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 | Conferences, conventions, and meetings | 10,029 | 9,227 | 802 | |
| 20 | Interest | 15,660 | 15,660 | | |
| 21 | Payments to affiliates | | | | |
| 22 | Depreciation, depletion, and amortization | 908,627 | 908,627 | | |
| 23 | Insurance | 27,084 | 24,917 | 2,167 | |
| 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 | PURCHASED SERVICES | 3,328,476 | 3,062,198 | 266,278 | |
| b | BAD DEBTS | 2,019,758 | 2,019,758 | | |
| c | MISCELLANEOUS | 32,223 | 29,645 | 2,578 | |
| d | MEMBERSHIP & DUES | 30,601 | 28,153 | 2,448 | |
| e | TAXES & LICENSES | 5,605 | 5,157 | 448 | |
| f | All other expenses | 4,317 | 3,972 | 345 | |
| 25 | Total functional expenses. Add lines 1 through 24f | 18,365,748 | 17,074,042 | 1,291,706 | 0 |
| 26 | Joint costs. Check here <input checked="" 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) | | (B) |
|-----------------------------|---|---|-----|------------|------------|-------------------|------------|-------------|
| | | | | | | Beginning of year | | End of year |
| Assets | 1 | Cash—non-interest-bearing | | | | 811,559 | 1 | 969,940 |
| | 2 | Savings and temporary cash investments | | | | | 2 | |
| | 3 | Pledges and grants receivable, net | | | | 1,872 | 3 | 1,846 |
| | 4 | Accounts receivable, net | | | | 1,951,070 | 4 | 2,069,439 |
| | 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) Schedule L | | | | | 6 | |
| | 7 | Notes and loans receivable, net | | | | | 7 | |
| | 8 | Inventories for sale or use | | | | 443,843 | 8 | 381,327 |
| | 9 | Prepaid expenses and deferred charges | | | | | 9 | |
| | 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a | 17,854,150 | 7,867,424 | 10c | 7,289,823 | |
| | b | Less: accumulated depreciation | 10b | 10,564,327 | | | | |
| | 11 | Investments—publicly traded securities | | | | | 11 | |
| | 12 | Investments—other securities. See Part IV, line 11 | | | | | 12 | |
| | 13 | Investments—program-related. See Part IV, line 11 | | | | | 13 | |
| | 14 | Intangible assets | | | | | 14 | |
| | 15 | Other assets. See Part IV, line 11 | | | | 3,086,890 | 15 | 4,304,054 |
| 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | | | 14,162,658 | 16 | 15,016,429 | |
| Liabilities | 17 | Accounts payable and accrued expenses | | | | 252,003 | 17 | 398,680 |
| | 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 | | | | 355,556 | 24 | 350,953 |
| | 25 | Other liabilities. Complete Part X of Schedule D | | | | 352,044 | 25 | 568,811 |
| | 26 | Total liabilities. Add lines 17 through 25 | | | | 959,603 | 26 | 1,318,444 |
| 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 | | | | 13,203,055 | 27 | 13,697,985 |
| | 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 | | | | 13,203,055 | 33 | 13,697,985 |
| | 34 | Total liabilities and net assets/fund balances | | | | 14,162,658 | 34 | 15,016,429 |

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 | 18,860,678 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 18,365,748 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 494,930 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 13,203,055 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | 0 |
| 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 | 13,697,985 |

Part XII

Financial Statements and Reporting

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

| | | Yes | No |
|----|--|-----|----|
| 1 | 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 | | |
| 2a | Were the organization's financial statements compiled or reviewed by an independent accountant? | | No |
| b | Were the organization's financial statements audited by an independent accountant? | Yes | |
| c | If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O | Yes | |
| 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis | | |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | | No |
| 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

2010

Open to Public Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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)(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 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 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 for 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 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—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  | | |

Part IV

Supplemental Information. Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any 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

2010

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, 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, Part V, line 35a (Proxy Tax), then

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

| | |
|--|--|
| Name of the organization ALEGENT HEALTH-MERCY HOSPITAL CORNING IA | Employer identification number 42-0782518 |
|--|--|

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 | ▶ \$ 0 |
| 3 | Volunteer hours | 0 |

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 | ▶ \$ 0 |
| 2 | Enter the amount of any excise tax incurred by organization managers under section 4955 | ▶ \$ 0 |
| 3 | If the organization incurred a section 4955 tax, did it file Form 4720 for this year? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4a | Was a correction made? | <input type="checkbox"/> Yes <input type="checkbox"/> 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? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5 | Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments 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><thead><tr><th>If the amount on line 1e, column (a) or (b) is:</th><th>The lobbying nontaxable amount is:</th></tr></thead><tbody><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></tbody></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) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (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 |
| 1 | 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 | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | No | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | Yes | | 2,454 |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | | No | |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? If "Yes," describe in Part IV | | No | |
| j | Total lines 1c through 1i | | | 2,454 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | 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). | 2a | |
| a | Current year | | |
| b | Carryover from last year | | |
| c | Total | | |
| 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 |
|------------|------------------|-------------|
|------------|------------------|-------------|

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
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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</div> <div><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</div> <div><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 |
| 2a | |
| 2b | |
| 2c | |
| 2d | |

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes

☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes

☐ No

9

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

Part III

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

1a

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

1b

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) 2010

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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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 | 20,338 | 982 | 3,471 | | |
| b Contributions | 27,073 | 19,356 | | | |
| c Investment earnings or losses | -26,565 | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | 2,489 | | |
| f Administrative expenses | | | | | |
| g End of year balance | 20,846 | 20,338 | 982 | | |

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 0 %

b

Permanent endowment ▶ 0 %

c

Term endowment ▶ 100 000 %

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

3a(i)

Yes

No

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 | | 7,500 | | 7,500 |
| b Buildings | | 6,770,533 | 2,882,546 | 3,887,987 |
| c Leasehold improvements | | | | |
| d Equipment | | 10,758,956 | 7,485,175 | 3,273,781 |
| e Other | | 317,161 | 196,606 | 120,555 |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶ | | | | 7,289,823 |

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 | |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | |
| 4 | Net unrealized gains (losses) on investments | 4 | |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | |

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 | |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | |
| a | Net unrealized gains on investments | 2a | |
| b | Donated services and use of facilities | 2b | |
| c | Recoveries of prior year grants | 2c | |
| d | Other (Describe in Part XIV) | 2d | |
| e | Add lines 2a through 2d | 2e | |
| 3 | Subtract line 2e from line 1 | 3 | |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1 | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | |
| 5 | Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12) | 5 | |

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

| | | | |
|---|---|----|--|
| 1 | Total expenses and losses per audited financial statements | 1 | |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | |
| a | Donated services and use of facilities | 2a | |
| b | Prior year adjustments | 2b | |
| c | Other losses | 2c | |
| d | Other (Describe in Part XIV) | 2d | |
| e | Add lines 2a through 2d | 2e | |
| 3 | Subtract line 2e from line 1 | 3 | |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | |
| 5 | Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18) | 5 | |

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 |
|--|------------------|---|
| DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS | PART V, LINE 4 | ENDOWMENT FUNDS ARE INTENDED TO HELP WITH THE ORGANIZATIONAL OPERATIONS OF MERCY HEALTH CARE FOUNDATION AND ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA |
| | | PART X, LINE 2 - ENTITIES OF THE ALEGENT HEALTH SYSTEM RECOGNIZE THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED. SUCH TAX POSITIONS, WHICH ARE MORE THAN 50% LIKELY OF BEING REALIZED, ARE MEASURED AT THEIR HIGHEST VALUE. CHANGES IN RECOGNITION OR MEASUREMENT ARE REFLECTED IN THE PERIOD IN WHICH THE CHANGE IN JUDGEMENT OCCURS. DURING 2011 AND 2010, MANAGEMENT DETERMINED THAT THERE ARE NO INCOME TAX POSITIONS REQUIRING RECOGNITION IN THE CONSOLIDATED FINANCIAL STATEMENTS. |

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

2010

Open to Public Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

Part I

Financial Assistance and Certain Other Community Benefits at Cost

| | | | |
|----|--|-----|----|
| | | Yes | No |
| 1a | Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a | Yes | |
| b | If "Yes," is it a written policy? | Yes | |
| 2 | If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most hospitals | | |
| 3 | Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year 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 FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % 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 <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | | No |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | | 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? | | |
| 6a | Does the organization prepare a community benefit report during the tax year? | Yes | |
| 6b | If "Yes," did the organization make it available to the public? | Yes | |
| | Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | | |

| 7 Financial Assistance and Certain Other Community Benefits at Cost | | | | | | |
|---|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| Financial Assistance 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 Financial Assistance at cost (from Worksheets 1 and 2) | | 819 | 262,904 | | 262,904 | 1 610 % |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | | | | |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d Total Financial Assistance and Means-Tested Government Programs | | 819 | 262,904 | | 262,904 | 1 610 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | 277 | 32,060 | 1,563 | 30,497 | 0 190 % |
| f Health professions education (from Worksheet 5) | | 11 | 19,691 | | 19,691 | 0 120 % |
| g Subsidized health services (from Worksheet 6) | | | 342,676 | 221,069 | 121,607 | 0 740 % |
| h Research (from Worksheet 7) | | | 26,916 | 11,164 | 15,752 | 0 100 % |
| i Cash and in-kind contributions to community groups (from Worksheet 8) | | 324 | 20,643 | 7 | 20,636 | 0 130 % |
| j Total Other Benefits | | 612 | 441,986 | 233,803 | 208,183 | 1 280 % |
| k Total. Add lines 7d and 7j | | 1,431 | 704,890 | 233,803 | 471,087 | 2 890 % |

Part IICommunity Building Activities

during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1Physical improvements and housing | | | 9,000 | | 9,000 | 0.060 % |
| 2Economic development | | | 1,800 | | 1,800 | 0.010 % |
| 3Community support | | | 196 | | 196 | 0 % |
| 4Environmental improvements | | | | | | |
| 5Leadership development and training for community members | | | | | | |
| 6Coalition building | | | 49,650 | | 49,650 | 0.300 % |
| 7Community health improvement advocacy | | | 493 | | 493 | 0 % |
| 8Workforce development | | | | | | |
| 9Other | | | | | | |
| 10Total | | | 61,139 | | 61,139 | 0.370 % |

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

| | | | |
|---|--|-----|-----------|
| | | Yes | No |
| 1 | Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? | 1 | Yes |
| 2 | Enter the amount of the organization's bad debt expense (at cost) | 2 | 1,244,373 |
| 3 | Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy | 3 | 237 |
| 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 a portion of bad debt amounts as community benefit. | | |

Section B. Medicare

| | | | |
|---|--|---|------------|
| 5 | Enter total revenue received from Medicare (including DSH and IME) | 5 | 7,289,950 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 9,631,300 |
| 7 | Subtract line 6 from line 5. This is the surplus or (shortfall) | 7 | -2,341,350 |
| 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 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |

Schedule H (Form 990) 2010

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 4

| Name and address | | Type of Facility (Describe) |
|------------------|--|-----------------------------|
| 1 | AH CORNING RURAL HEALTH CLINIC 601 ROSARY DRIVE CORNING,IA 50841 | RURAL HEALTH CLINIC |
| 2 | AH CORNING RURAL HEALTH CLINIC 601 ROSARY DRIVE CORNING,IA 50841 | RURAL HEALTH CLINIC |
| 3 | AH CORNING RURAL HEALTH CLINIC 601 ROSARY DRIVE CORNING,IA 50841 | RURAL HEALTH CLINIC |
| 4 | AH CORNING RURAL HEALTH CLINIC 601 ROSARY DRIVE CORNING,IA 50841 | RURAL HEALTH CLINIC |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 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 financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities 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)
- 6
- Affiliated health care system.** 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
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 3C ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA IS PART OF THE ALEGENT HEALTH SYSTEM THE AMOUNT OF FINANCIAL ASSISTANCE WRITE-OFF FOR ENTITIES OF THE ALEGENT HEALTH SYSTEM WILL BE BASED ON A FINANCIAL ASSISTANCE SLIDING FEE SCHEDULE UTILIZING A DERIVATIVE OF THE CURRENT US DEPT OF HOUSING AND URBAN DEVELOPMENT (HUD) VERY LOW INCOME GUIDELINES, WHICH ARE UPDATED YEARLY ALL EFFORTS ARE MADE TO ESTABLISH WHETHER PATIENTS ARE ELIGIBLE FOR FINANCIAL ASSISTANCE PRIOR TO SERVICE IF POSSIBLE, OTHERWISE AS SOON AS POSSIBLE FOLLOWING SERVICE REPRESENTATIVES OF THE ALEGENT HEALTH SYSTEM HELP PATIENTS SEEK REIMBURSEMENT FROM LOCAL, STATE AND FEDERAL PROGRAMS AT NO CHARGE TO THE PATIENT AFTER THESE EFFORTS AND RESOURCES HAVE BEEN EXHAUSTED, PATIENTS ARE ASSISTED IN THE APPLICATION PROCESS FOR FINANCIAL ASSISTANCE CONSISTENT WITH THE ALEGENT HEALTH SYSTEM'S FINANCIAL ASSISTANCE POLICY THE APPLICATION PROCESS REQUIRES THAT THE PATIENT COMPLETE A PERSONAL FINANCIAL APPLICATION AND PROVIDE VERIFICATION DOCUMENTS VERIFICATION INCLUDES EMPLOYMENT VERIFICATION AND OBTAINING DOCUMENTATION OF THE APPLICANT'S FINANCIAL CONDITION SUCH AS FEDERAL TAX RETURN, PAY STUB, NET WORTH AND/OR LIQUID ASSETS AND REASONABLE HOUSEHOLD OR BUSINESS EXPENSES FINANCIAL ASSISTANCE MAY STILL BE GRANTED IN CERTAIN CIRCUMSTANCES INVOLVING A CATASTROPHIC OCCURRENCE RESULTING IN MEDICAL BILLS GROSSLY EXCEEDING THE PATIENT'S ABILITY TO PAY, AND IN THESE SITUATIONS, THE PATIENT'S RESPONSIBILITY WILL BE LIMITED TO 20% OF THE FAMILY'S GROSS ANNUAL INCOME PART I, LINE 6A THE ALEGENT HEALTH SYSTEM PRODUCES A PUBLIC COMMUNITY BENEFIT REPORT THAT IS MAILED TO A CORE CONSTITUENCY AND PLACED IN KEY PLACES THROUGHOUT THE ORGANIZATION IT IS ALSO AVAILABLE ON THE COMPANY'S INTRANET SITE, AND ON ITS PUBLIC WEBSITE AT WWW.ALEGENT.COM |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 7 THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE WERE WORKSHEETS 1 - 8 PROVIDED WITH THE SCHEDULE H INSTRUCTIONS THE COST TO CHARGE RATIO DERIVED FROM WORKSHEET 2 WERE USED TO CALCULATE TOTAL COMMUNITY BENEFIT EXPENSE FOR CHARITY CARE |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 7G ALEGENT HEALTH-MERCY HOSPITAL PROVIDES SUBSIDIZED HEALTH TO THE BROADER COMMUNITY THROUGH RURAL COMMUNITY SUPPORT CLINICS, RURAL HEALTH CLINICS, EMERGENCY AND TRAUMA CARE |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, L7 COL(F) BAD DEBT OF \$2,019,758 INCLUDED IN THE FUNCTIONAL EXPENSE TOTAL PART IX, LINE 25 IS NOT INCLUDED IN THE TOTAL OPERATING EXPENSE USED TO CALCULATE THE TABLE 7 PERCENTAGES |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART II ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA LEADERSHIP PARTICIPATES IN COMMUNITY TOBACCO AND ECONOMIC DEVELOPMENT COALITIONS THROUGH A CONTRACT WITH THE STATE, ALEGENT HEALTH MERCY HOSPITAL, CORNING AND FAMILY HOME CARE SERVE AS THE LOCAL HEALTH DEPARTMENT FOR COLFAX COUNTY, IOWA THE HOSPITAL ALSO PROMOTES COMMUNITY BUILDING AND PHYSICAL ACTIVITY THROUGH ITS SUPPORT OF SCHOOL RECESS RESEARCH AND FUNDING OF ENHANCEMENTS TO THE LOCAL SWIMMING POOL |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART III, LINE 4 THE AUDITED FOOTNOTES FOR ENTITIES OF THE ALEGENT HEALTH SYSTEM DO NOT CONTAIN FOOTNOTES RELATED TO BAD DEBT EXPENSE BAD DEBT EXPENSE IS IDENTIFIED ON THE CONSOLIDATED STATEMENT OF OPERATIONS WHICH IS CONSISTENT WITH THE REPORTING PRACTICE OF OTHER HEALTH CARE ORGANIZATIONS BAD DEBT EXPENSE (AT COST) FOR ENTITIES OF ALEGENT HEALTH ARE DETERMINED BY USING THE COST TO CHARGE RATIO FROM MEDICARE COST REPORTS PER ENTITY AND MULTIPLYING THE RATIO BY THE ACTUAL BAD DEBT CHARGES PER ENTITY TO DETERMINE THE AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE (AT COST) ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY, REPRESENTATIVES OF THE ALEGENT HEALTH SYSTEM DETERMINE IF AN ACCOUNT NEEDS TO BE MOVED FROM BAD DEBT TO CHARITY WHEN A PATIENT EITHER COMES FORWARD AND COMPLETES A CHARITY APPLICATION, WHICH IS APPROVED OR IF IT IS DETERMINED THAT THE PATIENT HAS NO OTHER RESOURCES TO PAY THE ACCOUNT BALANCE |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 8 THE ALEGENT HEALTH SYSTEM DOES NOT CONSIDER MEDICARE SHORTFALLS TO BE COMMUNITY BENEFIT, PER THE RECOMMENDATION OF THE CATHOLIC HEALTH ASSOCIATION THE MEDICARE CHARGES REPORTED ON LINE 5 AND 6 ARE FROM MEDICARE COST REPORTS WHICH USE A COST TO CHARGE RATIO |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART III, LINE 9B THE ALEGENT HEALTH SYSTEM'S SELF PAY BILLING AND BAD DEBT POLICY HAS A CLEARLY DELINEATED PROCESS FOR COLLECTION AGENCIES TO FOLLOW, INCLUDING EXPLICIT INSTRUCTIONS TO ADHERE TO THE SAME FINANCIAL ASSISTANCE GUIDELINES AS ALEGENT HEALTH, WHICH ENSURE THAT NO CHARITY CARE PATIENTS GO INTO COLLECTIONS |

| Identifier | ReturnReference | Explanation |
|---|-----------------|---|
| ALEGENT HEALTH MERCY HOSPITAL, CORNING | | PART V, SECTION B, LINE 11H SIZE OF FAMILY IS ALSO USED IN THE CALCULATION |

| Identifier | ReturnReference | Explanation |
|---|-----------------|--|
| ALEGENT HEALTH MERCY HOSPITAL, CORNING | | PART V, SECTION B, LINE 13G INFORMATION ABOUT THE FINANCIAL ASSISTANCE POLICY IS MADE AVAILABLE AT WWW ALEGENT COM AND THROUGH BROCHURES PROVIDED AT THE MAIN PATIENT REGISTRATION AREAS LETTERS AND BILLING STATEMENTS SENT OUT TO PATIENTS INCLUDE A STATEMENT THAT FINANCIAL ASSISTANCE MAY BE AVAILABLE AND HOW TO OBTAIN ADDITIONAL INFORMATION COUNSELORS OF THE ALEGENT HEALTH SYSTEM ALSO DISSEMINATE INFORMATION ON THE FINANCIAL ASSISTANCE POLICY TO PATIENTS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | <p>PART VI, LINE 2 THROUGH A CONTRACT WITH THE STATE, ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA SERVES AS THE LOCAL HEALTH DEPARTMENT FOR ADAMS AND TAYLOR COUNTY, IA AND LEADS THE COMMUNITY HEALTH NEEDS ASSESSMENT, COMMUNITY PLANNING AND IMPLEMENTATION EVERY 2 YEARS AS REQUIRED BY STATE LAW THE ALEGENT HEALTH SYSTEM SUPPORTS THIS LOCAL PROCESS AS A CORPORATE ACTIVITY THAT DEVELOPS AND INTEGRATES COUNTY BASED HEALTH PROFILES FOR EACH OF THE COUNTIES WHERE ONE OF OUR LICENSED HOSPITALS ARE LOCATED THE PROCESS TO DEVELOP THE ASSESSMENT IS COLLABORATIVE IN NATURE AND INVOLVES HEALTH DEPARTMENTS, EXISTING HEALTH COALITIONS, COMMUNITY MEMBERS AND HOSPITAL LEADERSHIP, AS IS SUPPORTED BY THE ALEGENT HEALTH PLANNING AND COMMUNITY BENEFIT DEPARTMENT STAFF THE ALEGENT HEALTH PLANNING DEPARTMENT CONDUCTS MARKET ASSESSMENTS THAT IDENTIFY THE POPULATION AND DEMOGRAPHIC CHARACTERISTICS ADDITIONALLY, IN COOPERATION WITH LOCAL HEALTH DEPARTMENTS AND COALITIONS, THE ALEGENT HEALTH COMMUNITY BENEFIT/HEALTHIER COMMUNITY DEPARTMENT CONDUCTS AN ANNUAL REVIEW OF THE DOCUMENTED COMMUNITY HEALTH NEEDS AND PLANS OF EACH OF THE COMMUNITIES IT SERVES THIS ASSESSMENT PROCESS INVOLVES SUMMARIZING EXISTING DATA AND RESEARCH FROM LOCAL HEALTH DEPARTMENT REPORTS AND LOCAL COALITION REPORTS INTO A COMPREHENSIVE SUMMARY GRID INCORPORATING A MULTITUDE OF FACTORS INCLUDING- DEMOGRAPHICS, HEALTH STATUS METRICS, BEHAVIORAL RISK FACTOR SURVEILLANCE SURVEY (BRFSS) DATA, DOCUMENTED HEALTH ISSUES, QUALITATIVE INFORMATION FROM QUALITATIVE AND COMMUNITY BASED PROCESSES AND IDENTIFICATION OF ALEGENT HEALTH'S PARTICIPATION AND SPECIFIC STRATEGIC ACTION PLANS THE PROFILES ARE INTEGRATED INTO THE GOVERNANCE AND PLANNING FOR ALEGENT HEALTH ON TWO LEVELS I REPORTING TO THE COMMITTEE OF THE BOARD OF DIRECTORS CHARGED WITH HEALTH PLANNING OVERSIGHT AND,II INTO THE ANNUAL STRATEGIC PLANNING PROCESSES OF ALEGENT HEALTH</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 3 THERE ARE SEVERAL FINANCIAL ASSISTANCE ACCESS POINTS THROUGHOUT A PATIENT'S CARE CYCLE. BILLS CONTAIN FINANCIAL ASSISTANCE VERBIAGE, SIGNS ARE POSTED IN CLINICS AND HOSPITALS, AND THERE IS INFORMATION ON FINANCIAL ASSISTANCE POSTED AT REGISTRATION POINTS THROUGHOUT CLINICS AND HOSPITALS. INFORMATION ON THE ALEGENT HEALTH SYSTEM'S FINANCIAL ASSISTANCE POLICIES ARE LOCATED SEVERAL PLACES ON WWW.ALEGENT.COM. REPRESENTATIVES OF THE ALEGENT HEALTH SYSTEM HELP PATIENTS SEEK REIMBURSEMENT FROM LOCAL, STATE AND FEDERAL PROGRAMS AT NO CHARGE TO THE PATIENT. AFTER THESE EFFORTS AND RESOURCES HAVE BEEN EXHAUSTED, PATIENTS ARE ASSISTED IN THE APPLICATION PROCESS FOR FINANCIAL ASSISTANCE CONSISTENT WITH THE ALEGENT HEALTH SYSTEM'S FINANCIAL ASSISTANCE POLICY. |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 4 ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA SERVES ADAMS AND TAYLOR COUNTIES IN IOWA CORNING IS LOCATED IN THE ROLLING HILLS OF SOUTHWEST IOWA THE ADAMS COUNTY ESTIMATED POPULATION AS OF 2010 WAS 4,029, A DECREASE OF OVER 10 PERCENT FROM 2000 AND THE TAYLOR COUNTY ESTIMATED POPULATION AS OF 2010 WAS 6,317, A DECREASE OF 9 2 PERCENT FROM 2000 THERE ARE APPROXIMATELY 955 SQUARE MILES COMBINED CENSUS ESTIMATES SHOW THAT ADAMS (98 1%) AND TAYLOR (96 1%) COUNTIES RACIAL AND ETHNIC MAKEUP IS PREDOMINANTLY WHITE THE MEDIAN HOUSEHOLD INCOME IN ADAMS COUNTY IS \$40,368, AND IN TAYLOR COUNTY IS \$40,300 COMPARED TO \$48,872 FOR THE STATE OF IOWA IN ADAMS COUNTY, THE CORNING SCHOOLS PROVIDE FREE OR REDUCED LUNCH TO 53 6% OF THE STUDENTS AND THE PRESCOTT SCHOOLS TO 65 0% OF THEIR STUDENTS THE NUMBER OF STUDENTS RECEIVING FREE OR REDUCED LUNCH IN TAYLOR COUNTY RANGES FROM 49 9% IN THE BEDFORD SCHOOL DISTRICT, 53 6% IN THE LENOX SCHOOL DISTRICT TO 78 6% IN THE CLEARFIELD SCHOOL DISTRICT |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | <p>PART VI, LINE 6 ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA FURTHER PROMOTES THE HEALTH OF ITS COMMUNITY THROUGH FINANCIAL AND IN-KIND DONATIONS BOARD OF DIRECTORS - THE BOARD OF DIRECTORS MANAGES THE AFFAIRS OF ALEGENT HEALTH-MERCY HOSPITAL, CORNING THE NUMBER OF DIRECTORS IS NOT LESS THAN FIVE AND NO MORE THAN FIFTEEN ALEGENT HEALTH-MERCY HOSPITAL, CORNING'S BOARD OF DIRECTORS IS PRIMARILY COMPRISED OF VOLUNTEER MEMBERS OF THE LOCAL COMMUNITY WHO ARE LEADERS IN THE FIELDS OF BUSINESS, HEALTHCARE, ACCOUNTING AND MEDICINE AND UNDERSTAND THEIR ROLE IN PROVIDING STRONG CORPORATE GOVERNANCE EMERGENCY DEPARTMENT - ALEGENT HEALTH-MERCY HOSPITAL, CORNING HAS A FULL-TIME EMERGENCY DEPARTMENT THAT IS OPEN TO THE PUBLIC AND PROVIDES MEDICAL SCREENING EXAMINATIONS AND STABILIZING TREATMENT WITHIN THE CAPABILITIES AND CAPACITY OF THE HOSPITAL REGARDLESS OF BUT NOT LIMITED TO THE PATIENT'S RACE, COLOR, SEX, AGE, AND/OR ABILITY TO PAY THE HOSPITAL IS IN COMPLIANCE WITH THE FEDERAL EMTALA REGULATIONS MEDICAL STAFF - THE HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF ALL QUALIFIED MDS, DOS, OTHER HEALTHCARE PRACTITIONERS, AND MID-LEVEL PRACTITIONERS ARE ELIGIBLE TO APPLY FOR PRIVILEGES AT THE HOSPITAL ALEGENT HEALTH-MERCY HOSPITAL, CORNING'S POLICY ON PHYSICIAN CREDENTIALING IS THAT NO INDIVIDUAL IS TO BE DENIED MEDICAL STAFF APPOINTMENT BASED ON SEX, RACE, CREED, COLOR OR NATIONAL ORIGIN THE STANDARDS A PHYSICIAN MUST MEET FOR APPOINTMENT RELATE TO (1) EDUCATIONAL QUALIFICATIONS AND LICENSING, (2) PROFESSIONAL COMPETENCE, (3) CHARACTER, (4) ETHICAL STANDING, AND (5) ABILITY TO RELATE TO AND WORK WITH OTHERS APPLICATIONS ARE REVIEWED AT SEVERAL LEVELS WITHIN THE ORGANIZATION PHYSICIANS WHO HAVE BEEN GRANTED STAFF PRIVILEGES AUTOMATICALLY BECOME MEMBERS OF THE MEDICAL STAFF AT THE HOSPITAL</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 7 THE SENIOR LEADERSHIP OF THE INDIVIDUAL HOSPITALS ARE ENGAGED IN THE COMMUNITY NEEDS ASSESSMENT PROCESS THAT IS CONDUCTED FROM THE CORPORATE OFFICES OF THE ALEGENT HEALTH SYSTEM (SEE PART VI-2/COMMUNITY NEEDS ASSESSMENT) THE HOSPITAL IS INVOLVED IN SHARED BUDGET DECISION MAKING TO MEET THE PRIORITIZED COMMUNITY HEALTH NEEDS IN COLLABORATION WITH COMMUNITY PARTNERS THE CORPORATE FUNCTION IS FUNDED FROM THE OPERATIONS OF THE INDIVIDUAL HOSPITALS TO LEVERAGE EXPERTISE AND TIME THAT IS FOCUSED ON PROMOTING HEALTH VERSUS ADDRESSING ACUTE CARE NEEDS THE INDIVIDUAL HOSPITALS BECOME MORE INVOLVED IN SPECIFIC STRATEGIC RESPONSES THROUGH THE SERVICES THEY PROVIDE AND THEIR PARTICIPATION IN THE COALITIONS ACROSS THE ALEGENT HEALTH SERVICE AREA |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | PART VI, LINE 7 | THE ALEGENT HEALTH SYSTEM FILES REPORTS WITH THE NEBRASKA HOSPITAL ASSOCIATION (NEBRASKA) AND IOWA HOSPITAL ASSOCIATION (IOWA) ADDITIONALLY, ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM AND ALEGENT HEALTH MERCY HOSPITAL, CORNING REPORT TO CATHOLIC HEALTH INITIATIVES, LOCATED IN COLORADO |

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

Open to Public
Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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

| 1 (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 |
|--|---------|------------------------------------|--------------------------|-----------------------------------|---|--|------------------------------------|
| | | | | | | | |
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- 2

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

Enter total number of other organizations ▶

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) if additional space is needed.

| (a)Type of grant or assistance | (b)Number of recipients | (c)Amount of cash grant | (d)Amount of non-cash assistance | (e)Method of valuation (book, FMV, appraisal, other) | (f)Description of non-cash assistance |
|-------------------------------------|-------------------------|-------------------------|----------------------------------|--|---|
| (1) CHARITY CARE | 819 | | 470,521 | BOOK | REDUCE OR WRITE OFF OF PATIENT SERVICES |
| (2) ROSE ANN AUXILIARY SCHOLARSHIPS | 3 | 600 | | | |
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Part IV

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

| Identifier | Return Reference | Explanation |
|--|------------------|--|
| PROCEDURE FOR MONITORING GRANTS IN THE U S | PART I, LINE 2 | SCHEDULE I, PART I, LINE 2 ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IOWA RECOGNIZES THE RIGHT TO QUALITY HEALTHCARE REGARDLESS OF AGE, SEX, RACE, RELIGION, NATIONAL ORIGIN, OR ABILITY TO PAY BUSINESS OFFICE STAFF HELP PATIENTS SEEK LOCAL, STATE, AND FEDERAL REIMBURSEMENT AT NO CHARGE WHEN NO OTHER SOURCE OF PAYMENT IS AVAILABLE FINANCIAL ASSISTANCE IS PROVIDED TO PATIENTS WITH DEMONSTRATED INABILITY TO PAY FOR MEDICALLY NECESSARY SERVICES THESE FUNDS ARE DIRECTLY USED TO OFFSET THE PATIENTS ACCOUNTS RECEIVABLE SCHEDULE I, PART I, LINE 2 THE ORGANIZATION MAKES GRANTS TO OTHER 501(C)(3) ORGANIZATIONS AND THE FUNDS ARE ONLY PROVIDED FOR CHARITABLE PURPOSES |
| OTHER INFORMATION | PART IV | THE ROSE ANN AUXILIARY SCHOLARSHIP IS PROVIDED TO FUND THE SECOND SEMESTER OF STUDY TO ELIGIBLE HIGH SCHOOL SENIORS ENTERING THE HEALTH CARE FIELD APPLYING STUDENTS MUST INDICATE A HEALTH CARE MAJOR AND COLLEGE OR INSTITUTION THEY PLAN TO ATTEND ACCOMPANIED BY A LETTER STATING REASONS WHY THEY SHOULD RECEIVE THE SCHOLARSHIP AND PERSONAL INFORMATION TO HELP THE SELECTION COMMITTEE IN MAKING THEIR DECISION AFTER THE SCHOLARSHIP IS GRANTED, STUDENTS MUST PROVIDE GRADES FOR THEIR FIRST SEMESTER AND PROOF OF ENROLLMENT FOR A SECOND SEMESTER |

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

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 ALEGENT HEALTH-MERCY HOSPITAL CORNING IA | Employer identification number 42-0782518 |
|--|--|

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> <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 type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div> | | |
| b | If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain | | |
| 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 | | |
| | <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <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 | | |
| a | Receive a severance payment or change-of-control payment from the organization or a related organization? | | No |
| b | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | Yes | |
| c | 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 | | |
| a | The organization? | Yes | |
| b | 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 | | |
| a | The organization? | Yes | |
| b | Any related organization? | Yes | |
| | 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 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) RODNEY TRIPLETT | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 106,049 | 15,434 | 14,566 | 10,891 | 22,721 | 169,661 | 0 |
| (2) DENISE MCNITT | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 107,418 | 13,483 | 11,733 | 9,660 | 18,471 | 160,765 | 0 |
| (3) D RANDALL PRITZA MD | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 530,528 | 35,000 | 14,402 | 13,934 | 22,799 | 616,663 | 0 |
| (4) SCOTT WOOTEN | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 339,420 | 127,094 | 74,265 | 119,946 | 18,483 | 679,208 | 0 |
| (5) RICHARD HACHTEN II | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 664,833 | 256,516 | 128,130 | 264,929 | 15,034 | 1,329,442 | 0 |
| (6) MAEN HADDADIN MD | (i) | 466,068 | 39,123 | 24,036 | 14,700 | 22,428 | 566,355 | 0 |
| | (ii) | 0 | 0 | 22,428 | 0 | 0 | 22,428 | 0 |
| (7) STEPHEN GRUBA MD | (i) | 149,593 | 18,115 | 11,579 | 13,075 | 6,041 | 198,403 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) BETHEL KOPP MD | (i) | 306,958 | 31,269 | 12,620 | 12,993 | 12,580 | 376,420 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) JOSEPH PICCOLO | (i) | 158,436 | 0 | 19,071 | 10,115 | 17,797 | 205,419 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (10) CAROLINE AMAO MD | (i) | 170,255 | 0 | 4,911 | 9,852 | 20,168 | 205,186 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (11) | | | | | | | | |
| (12) | | | | | | | | |
| (13) | | | | | | | | |
| (14) | | | | | | | | |
| (15) | | | | | | | | |
| (16) | | | | | | | | |

Part IIISupplemental 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 4B | THE FOLLOWING REPORTABLE INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN FROM ALEGENT HEALTH (A RELATED ORGANIZATION) DURING THE 2010 CALENDAR YEAR. AMOUNTS DEFERRED FROM THE PLAN WERE INCLUDED COLUMN C OF THE SCHEDULE J. RICHARD HACHTEN II - \$116,268. SCOTT WOOTEN - \$48,613. |
| | PART I, LINE 5 | PHYSICIANS EMPLOYED BY ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA ARE COMPENSATED BASED ON THEIR INDIVIDUAL REVENUES LESS EXPENSES. ABSENT EXTENUATING CIRCUMSTANCES, THERE IS NO GUARANTEED BASE SALARY OR MINIMUM SALARY PAST THEIR INITIAL START-UP PERIOD. |
| | PART I, LINE 6 | COMPENSATION FOR MEMBERS OF MANAGEMENT OF ALEGENT HEALTH AND RELATED ENTITIES IS DETERMINED AT A SYSTEM LEVEL. MEMBERS OF MANAGEMENT INCLUDE RICHARD HACHTEN II, SCOTT WOOTEN, DEBRA GOLDSMITH, DENISE MCNITT AND RODNEY TRIPLETT. MEMBERS OF ALEGENT HEALTH MANAGEMENT ARE ELIGIBLE FOR AN ANNUAL INCENTIVE BONUS. INCENTIVE AWARDS ARE BASED ON FOUR INDIVIDUAL PERFORMANCE MEASURES WHICH ARE LINKED TO FOUR SYSTEM PERFORMANCE GOALS. FOR EACH MANAGER, 75% OF THE INCENTIVE AWARD WILL BE DETERMINED BY SYSTEM PERFORMANCE GOALS AND 25% DETERMINED BY INDIVIDUAL PERFORMANCE MEASURES. ONE OF THE FOUR SYSTEM PERFORMANCE GOALS IS DEPENDENT ON THE NET FINANCIAL RESULTS OF THE ENTIRE ALEGENT HEALTH SYSTEM FOR THE FISCAL YEAR. |
| SUPPLEMENTAL INFORMATION | PART III | PART I, LINE 3 - ALEGENT HEALTH GOVERNANCE OF EXECUTIVE COMPENSATION. ACTING AS PRUDENT STEWARDS OF ITS FINANCIAL RESOURCES, THE ALEGENT HEALTH BOARD COMPENSATION COMMITTEE RECOMMENDS AND THE BOARD EXECUTIVE COMMITTEE APPROVES EXECUTIVE COMPENSATION PHILOSOPHY, POLICY AND GUIDELINES. IT DOES SO WITH THE OBJECTIVE OF ATTRACTING AND RETAINING TOP EXECUTIVE TALENT TO ENSURE ALEGENT HEALTH IS ABLE TO FULFILL ITS FAITH-BASED MISSION AND ACHIEVE ITS VISION OF BECOMING WORLD-CLASS. THE ALEGENT HEALTH COMPENSATION COMMITTEE FOLLOWS A THOROUGH AND INTENTIONAL PROCESS THAT INCLUDES CONSULTATION WITH INDEPENDENT, EXPERT COUNSEL AND CAREFULLY COMPARES COMPENSATION LEVELS TO MARKET-BASED COMPENSATION OF SIMILAR SIZED, NON-PROFIT AND FOR-PROFIT HEALTH SYSTEMS. THE COMPENSATION COMMITTEE ALSO UTILIZES A BLEND OF NON-PROFIT AND GENERAL INDUSTRY DATA FOR EXECUTIVE ROLES WHERE THE RECRUITING MARKET IS ARGUABLY BROADER THAN THE NON-PROFIT SECTOR. TOTAL COMPENSATION INCLUDES BASE COMPENSATION, AND ALSO INCLUDES PERFORMANCE-BASED INCENTIVE COMPENSATION FOR ACHIEVING BOARD-SET GOALS FOR CLINICAL QUALITY, PATIENT SAFETY AND SATISFACTION, PHYSICIAN PERCEPTION, STRATEGIC AND FACILITY PLANNING AND FINANCIAL PERFORMANCE. IT MAY ALSO INCLUDE OTHER CASH PAYMENTS SUCH AS ONE-TIME RELOCATION COSTS, AND/OR CASH PAYMENTS FOR DEFERRED COMPENSATION. ADDITIONALLY, COMPENSATION FOR NON-EXECUTIVE LEVEL MANAGEMENT POSITIONS WITHIN THE ALEGENT HEALTH SYSTEM ARE DETERMINED BY THE ALEGENT HEALTH HUMAN RESOURCE DEPARTMENT. THE HUMAN RESOURCE DEPARTMENT COMPARES MANAGEMENT COMPENSATION LEVELS TO SIMILAR POSITIONS WITHIN THE GEOGRAPHICAL AREA IN ORDER TO DETERMINE REASONABLE COMPENSATION. SCHEDULE J, PART II. THE ALEGENT HEALTH EXECUTIVES HAVE A PROVISION IN THEIR COMPENSATION AGREEMENT THAT PROVIDES FOR POTENTIAL SEVERANCE PAYMENTS IN THE EVENT OF TERMINATION WITHOUT CAUSE OR CHANGE OF CONTROL. THE AMOUNT OF SEVERANCE AN EXECUTIVE MAY OR MAY NOT RECEIVE IF TERMINATED ACCORDING TO THE COMPENSATION AGREEMENT IS INCLUDED AS DEFERRED COMPENSATION IN COLUMN C. |

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 to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public
Inspection

| | |
|--|--|
| Name of the organization ALEGENT HEALTH-MERCY HOSPITAL CORNING IA | Employer identification number 42-0782518 |
|--|--|

| Identifier | Return Reference | Explanation |
|---|------------------|--|
| FORM 990, PART VI, SECTION A, LINE 2 | | LINDA SHEARER AND MICHAEL GRUNDMAN - BUSINESS RELATIONSHIP RICHARD HOGAN AND MICHAEL GRUNDMAN - BUSINESS RELATIONSHIP |

| Identifier | Return Reference | Explanation |
|--------------------------------------|------------------|--|
| FORM 990, PART VI, SECTION A, LINE 6 | | ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM IS THE SOLE MEMBER OF ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IOWA |

| Identifier | Return Reference | Explanation |
|--|------------------|---|
| FORM 990, PART VI, SECTION A, LINE 7A | | ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM APPOINTS INDIVIDUALS TO SERVE ON THE BOARD OF DIRECTORS. THE BOARD, OR A NOMINATING COMMITTEE OF THE BOARD, PRESENT A SLATE OF NOMINEES AND THEIR CREDENTIALS TO THE MEMBER FOR APPROVAL. ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM MAY REJECT ANY NOMINEE OR APPOINT INDIVIDUALS DIRECTLY TO THE BOARD OF DIRECTORS, OR REQUEST ADDITIONAL NOMINEES BY GIVING WRITTEN NOTICE OF SUCH ACTIONS TO THE CHAIRMAN OF THE BOARD. |

| Identifier | Return Reference | Explanation |
|--|------------------|---|
| FORM 990, PART VI, SECTION A, LINE 7B | | THE POWERS, DUTIES AND RIGHTS RESERVED TO ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM WILL BE, BUT ARE NOT LIMITED TO, THE FOLLOWING A TO AMEND, REVISE OR ALTER THE ARTICLES OF INCORPORATION OR THE BY LAWS, B TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, MEMBERS OF THE BOARD OF DIRECTORS, C TO APPROVE ANY MERGER OR CONSOLIDATION INTO OR WITH ANY OTHER CORPORATION, ORGANIZATION OR ASSOCIATION, AND TO APPROVE THE DISSOLUTION OR OTHERWISE WRAPPING UP OF THE AFFAIRS, D TO APPROVE THE SALE, LEASE, EXCHANGE, MORTGAGE, PLEDGE OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF THE ASSETS, E TO APPROVE THE INCORPORATION OR DISSOLUTION OF AFFILIATED ENTITIES ORGANIZATIONS OR ASSOCIATIONS, AND F TO RECEIVE THE ANNUAL REPORT OF THE BOARD OF DIRECTORS |

| Identifier | Return Reference | Explanation |
|--|------------------|--|
| FORM 990, PART VI, SECTION B, LINE 11 | | ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IA IS PART OF THE ALEGENT HEALTH SYSTEM. TAX RETURNS FOR ENTITIES OF THE ALEGENT HEALTH SYSTEM ARE PREPARED BY THE SYSTEM TAX DEPARTMENT. FOLLOWING THE PREPARATION OF ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IA FORM 990 BY ALEGENT HEALTH INTERNAL TAX STAFF, THE RETURN IS REVIEWED BY THE ALEGENT HEALTH TAX DIRECTOR, EXTERNAL TAX ADVISOR AND THE CHIEF FINANCIAL OFFICER. ADDITIONALLY, THE BOARD OF DIRECTORS ARE PROVIDED A WEB LINK THAT DIRECTS THEM TO THE FINAL TAX RETURN AND ALL REQUIRED SCHEDULES. QUESTIONS ARE REFERRED TO THE ALEGENT HEALTH TAX DIRECTOR AND THE BOARD IS NOTIFIED OF THE DATE THE TAX RETURN WILL BE FILED. |

| Identifier | Return Reference | Explanation |
|------------|---|---|
| | FORM 990, PART VI, SECTION B, LINE 12C | WRITTEN CONFLICT OF INTEREST POLICY - ALEGENT HEALTH MERCY HOSPITAL, CORNING, IOWA HAS ADOPTED THE CONFLICT OF INTEREST POLICY AND CONFLICT INVESTIGATION PROCESS OF ALEGENT HEALTH ANNUAL COMPLETION OF THE DISCLOSURE STATEMENT IS REQUIRED BY THE BOARD OF DIRECTORS STATED DISCLOSURES ARE INVESTIGATED BY THE ALEGENT HEALTH COMPLIANCE OFFICER AND REPORTED TO THE CONFLICTS OF INTEREST COMMITTEE. THE CONFLICTS OF INTEREST COMMITTEE REVIEWS THE INVESTIGATION AND MAKES RECOMMENDATIONS TO THE GOVERNANCE COMMITTEE. THE GOVERNANCE COMMITTEE MAKES THE FINAL DETERMINATION OF WHETHER OR NOT THERE IS A DISQUALIFYING EVENT AND COMMUNICATES IT TO THE ALEGENT HEALTH MERCY HOSPITAL, CORNING, IOWA BOARD OF DIRECTORS. AT ANY TIME A BOARD MEMBER OR KEY EMPLOYEE MAY DECLARE A CONFLICT OF INTEREST AND RECUSE HIS/HERSELF FROM THE DISCUSSION. THE INDIVIDUAL IS ALSO REQUIRED TO DISCLOSE ANY KNOWN OR POSSIBLE CONFLICTS OF INTEREST THAT ARISE DURING THE CALENDAR YEAR. |

| Identifier | Return Reference | Explanation |
|------------|--|--|
| | FORM 990, PART VI, SECTION B, LINE 15 | THE GOVERNING BOARD OF ALEGENT HEALTH ENGAGED THE SERVICES OF AN INDEPENDENT CONSULTING FIRM THAT HOLDS ITSELF OUT TO THE PUBLIC AS A COMPENSATION CONSULTANT THAT IS QUALIFIED TO AND REGULARLY PERFORMS EXECUTIVE AND OFFICER COMPENSATION STUDIES. THE CONSULTING FIRM CONDUCTED A REVIEW AND ANALYSIS OF THE TOTAL COMPENSATION PAID TO THE CEO AND OTHER OFFICERS AND KEY EMPLOYEES OF THE ORGANIZATION, BASED ON COMPARABLE COMPENSATION FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS AND DETERMINED THAT THE COMPENSATION WAS REASONABLE. THE CONSULTING FIRM ISSUED AN OPINION LETTER AS TO THE REASONABLENESS OF THE TOTAL COMPENSATION PAID TO EMPLOYEES IDENTIFIED AS DISQUALIFIED PERSONS. THE OPINION LETTER SETTING FORTH THE FINDINGS WAS REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE OF THE GOVERNING BOARD. CONTEMPORANEOUS DOCUMENTATION AND RECORDKEEPING WITH RESPECT TO DELIBERATIONS AND DECISIONS REGARDING THE COMPENSATION ARRANGEMENTS WERE MAINTAINED. THIS PROCESS WAS USED FOR THE SENIOR VICE PRESIDENT, CHIEF FINANCIAL OFFICER, PRESIDENT & CHIEF EXECUTIVE OFFICER. |

| Identifier | Return Reference | Explanation |
|------------|---------------------------------------|---|
| | FORM 990, PART VI, SECTION C, LINE 19 | THE CONFLICT OF INTEREST POLICY IS MADE AVAILABLE TO THE PUBLIC ON THE WEBSITE AT WWW.ALEGENT.COM. ALEGENT HEALTH MEMORIAL HOSPITAL, CORNING, IOWA DOES NOT MAKE THE FINANCIAL STATEMENTS OR GOVERNING DOCUMENTS AVAILABLE TO THE PUBLIC. HOWEVER, ARTICLES OF INCORPORATION ARE AVAILABLE AT WWW.SOS.STATE.IA.US |

| Identifier | Return Reference | Explanation |
|------------|------------------------|--|
| | PART VII, SECTION A | RICHARD HACHTEN II AND SCOTT WOOTEN ARE EXECUTIVES OF THE ALEGENT HEALTH SYSTEM AND AVERAGE HOURS PER WEEK FOR AFFILAITE ORGANIZATIONS IS 60 RODNEY TRIPLETT, DENISE MCNITT, AND D RANDALL PRITZA ARE EMPLOYED BY AFFILIATED ORGANIZATIONS OF THE ALEGENT HEALTH SYSTEM AND THE AVERAGE HOURS PER WEEK FOR THOSE AFFILIATED ORGANIZATIONS ARE 60 |

| Identifier | Return Reference | Explanation |
|------------|--|--|
| | FORM 990, PART I, LINE 5 AND PART V, LINE 2A | THE EMPLOYEES LISTED IN PART I, LINE 5 AND PART V, LINE 2A ARE EMPLOYED BY ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IA. HOWEVER, THROUGH A COMMON PAY AGENT AGREEMENT, THE EMPLOYEES ARE PAID BY ALEGENT HEALTH AND PAYROLL EXPENSES ARE ALLOCATED TO ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IA. |

| Identifier | Return Reference | Explanation |
|------------|---------------------------------|---|
| | FORM 990, PART V, LINE 1C | PAYMENTS TO VENDORS FOR ENTITIES THAT ARE PART OF THE ALEGENT HEALTH SYSTEM ARE MADE BY ALEGENT HEALTH, THEREFORE NO FORM 1099S ARE ISSUED BY ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IOWA. ALEGENT HEALTH FILES THE FORM 1099S AND COMPLES WITH THE BACKUP WITHHOLDING RULES FOR REPORTABLE PAYMENTS TO VENDORS AND GAMING WINNINGS. THE 1099S ISSUED BY ALEGENT HEALTH ON BEHALF OF ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IA ARE REPORTED TO THE IRS. |

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

2010

Open to Public Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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 |
|---|-------------------------|--|---------------------|---------------------------|----------------------------------|
| | | | | | |
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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 | (g) Section 512(b)(13) controlled organization | |
|---|-------------------------|--|----------------------------|---|----------------------------------|---|----|
| | | | | | | Yes | No |
| See Additional Data Table | | | | | | | |
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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) Disproporrtionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|--|-------------------------|--|-------------------------------------|---|------------------------------|---------------------------------------|--|----|---|---|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| See Additional Data Table | | | | | | | | | | | | |
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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 |
|---|-------------------------|---|-------------------------------------|--|------------------------------|--|--------------------------------|
| (1) ALEGENT HEALTHCREIGHTON ST JOSEPH MANAGED CARE SERVICES INC 12809 W DODGE ROAD OMAHA, NE68164 47-0802396 | MANAGED CARE SERVICES | NE | N/A | C | | | |
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Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" on 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

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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

No

No

No

No

No

No

No

No

No

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 | (d) Method of determining amount involved |
|-----------------------------------|---------------------------------|------------------------|---|
| (1) MERCY HEALTH CARE FOUNDATION | C | 284,818 | BOOK VALUE |
| (2) | | | |
| (3) | | | |
| (4) | | | |
| (5) | | | |
| (6) | | | |

Schedule R (Form 990) 2010

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]

Part VII

Supplemental Information

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

| Identifier | Return Reference | Explanation |
|------------|------------------|-------------|
|------------|------------------|-------------|

Software ID:

Software Version:

EIN: 42-0782518

Name: ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501 (c)(3)) | (f) Direct controlling entity | (g) Section 512 (b)(13) controlled organization | |
|---|--|--|----------------------------|--|--|--|----|
| | | | | | | Yes | No |
| ALEGENT HEALTH 12809 WEST DODGE ROAD OMAHA, NE68154 47-0757164 | LICENSED HOSPITAL/ADMINISTRATIVE SUPPORT | NE | 501(C)(3) | L3 | N/A | | No |
| ALEGENT HEALTH CLINIC 12809 WEST DODGE ROAD OMAHA, NE68154 47-0765154 | CLINICAL SERVICES | NE | 501(C)(3) | L3 | ALEGENT HEALTH | | No |
| ALEGENT HEALTH FOUNDATION 12809 WEST DODGE ROAD OMAHA, NE68154 47-0648586 | SUPPORT OF ALEGENT HEALTH AND AFFILIATES EXEMPT ACTIVITIES | NE | 501(C)(3) | L7 | ALEGENT HEALTH | | No |
| ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM 7500 MERCY ROAD OMAHA, NE68124 47-0484764 | LICENSED HOSPITAL | NE | 501(C)(3) | L3 | ALEGENT HEALTH | | No |
| ALEGENT HEALTH-IMMANUEL MEDICAL CENTER 6901 N 72ND STREET OMAHA, NE68122 47-0376615 | LICENSED HOSPITAL | NE | 501(C)(3) | L3 | ALEGENT HEALTH | | No |
| MERCY HEALTH CARE FOUNDATION 603 ROSARY DRIVE CORNING, IA50841 42-1461064 | SUPPORT OF ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA EXEMPT ACTIVITIES | IA | 501(C)(3) | L11 I | ALEGENT HEALTH-MERCY HOSPITAL CORNING IA | Yes | |
| AH COMMUNITY MEMORIAL HOSPITAL OF MISSOURI VALLEY IA 631 NORTH 8TH STREET MISSOURI VALLEY, IA51555 42-0776568 | LICENSED HOSPITAL | IA | 501(C)(3) | L3 | ALEGENT HEALTH-IMMANUEL MEDICAL CENTER | | No |
| COMMUNITY MEMORIAL HOSPITAL MEDICAL SERVICES FOUNDATION 631 NORTH 8TH STREET MISSOURI VALLEY, IA51555 42-1294399 | SUPPORT OF ALEGENT HEALTH COMMUNITY MEMORIAL HOSPITAL OF MISSOURI VALLEY, IA | IA | 501(C)(3) | L11 I | ALEGENT HEALTH COMMUNITY MEMORIAL HOSPITAL OF MO VALLEY IA | | No |
| ALEGENT HEALTH MEMORIAL HOSPITAL SCHUYLER 104 W 17TH STREET SCHUYLER, NE68661 47-0399853 | LICENSED HOSPITAL | NE | 501(C)(3) | L3 | ALEGENT HEALTH-IMMANUEL MEDICAL CENTER | | No |
| SCHUYLER MEMORIAL HOSPITAL FOUNDATION INC 104 W 17TH STREET SCHUYLER, NE68661 36-3630014 | SUPPORT OF ALEGENT HEALTH MEMORIAL HOSPITAL, SCHUYLER EXEMPT ACTIVITIES | NE | 501(C)(3) | L11 I | ALEGENT HEALTH MEMORIAL HOSPITAL SCHUYLER | | No |
| MERCY HOSPITAL FOUNDATION COUNCIL BLUFFS 800 MERCY DRIVE COUNCIL BLUFFS, IA51503 42-1178204 | SUPPORT OF ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM | IA | 501(C)(3) | L11 I | ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM | | No |

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal Domicile (State or Foreign Country) | (d) Direct Controlling Entity | (e) Predominant income (related, 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 on Box 20 of K-1 (\$) | (j) General or Managing Partner? | | (k) Percentage ownership |
|---|--------------------------------|---|--|---|---|--|--|----|---|--|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| AVANTAS LLC 11128 JOHN GALT BLVD STE 400 OMAHA, NE68137 39-2045003 | STAFFING OF NURSES | NE | N/A | RELATED | | | | No | | | No | 0 % |
| LAKESIDE AMBULATORY SURGICAL CENTER LLC 17030 LAKESIDE HILLS PLZ STE 206 OMAHA, NE68130 20-4267902 | AMBULATORY SURGICAL CENTER | NE | N/A | RELATED | | | | No | | | No | 0 % |
| LAKESIDE ENDOSCOPY CENTER LLC 17001 LAKESIDE HILLS PLZ STE 201 OMAHA, NE68130 20-5544496 | ENDOSCOPY SERVICES | NE | N/A | RELATED | | | | No | | | No | 0 % |
| OMAHA AMBULATORY INVESTMENT COMPANY LLC 12809 WEST DODGE ROAD OMAHA, NE68154 06-1786989 | PARENT HOLDING COMPANY ASC | NE | N/A | RELATED | | | | No | | | No | 0 % |
| AH NORTHWEST IMAGING CENTER LLC 3606 N 156TH STREET STE 104 OMAHA, NE68154 06-1786985 | DIAGNOSTIC TESTING FACILITY | NE | N/A | RELATED | | | | No | | | No | 0 % |
| PRAIRIE HEALTH VENTURES LLC 421 S 9TH STREET STE 102 LINCOLN, NE68508 20-4962103 | PROFESSIONAL TECH SERVICES | NE | N/A | RELATED | | | | No | | | No | 0 % |
| BERGAN MERCY SURGERY CENTER LLC 7710 MERCY ROAD STE 100 OMAHA, NE68124 20-8671994 | AMBULATORY SURGICAL CENTER | NE | N/A | RELATED | | | | No | | | No | 0 % |
| NEBRASKA SPINE LLC 6901 N 72ND STREET STE 20300 OMAHA, NE68122 27-0263191 | SPINE HOSPITAL | NE | N/A | RELATED | | | | No | | | No | 0 % |



**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidated Financial Statements

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 1501
222 South 15th Street
Omaha, NE 68102-1610

Suite 1600
233 South 13th Street
Lincoln, NE 68508-2041

Independent Auditors' Report

The Board of Directors
Alegent Health—Bergan Mercy Health System and Affiliates

We have audited the accompanying consolidated balance sheets of Alegent Health—Bergan Mercy Health System and Affiliates (Health System) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Health System's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alegent Health—Bergan Mercy Health System and Affiliates as of June 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The 2011 consolidating information included in Exhibits I, II, and III is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations, and changes in net assets of the individual affiliates. The information has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

KPMG LLP

Omaha, Nebraska
September 8, 2011

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidated Balance Sheets

June 30, 2011 and 2010

(Amounts in thousands)

| Assets | <u>2011</u> | <u>2010</u> |
|--|--------------------------|--------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 53,637 | \$ 22,690 |
| Patient accounts receivable, net of allowance for uncollectible accounts of \$30,474 in 2011 and \$26,945 in 2010 | 49,447 | 51,801 |
| Intercompany receivable | 2,585 | 35,906 |
| Other accounts receivable | 1,558 | 1,988 |
| Inventories | 10,299 | 9,575 |
| Prepaid expenses | 140 | 280 |
| Total current assets | <u>117,666</u> | <u>122,240</u> |
| Assets limited as to use | | |
| Long-term investments | 231,958 | 190,902 |
| Other investments | 2,212 | 2,304 |
| Total assets limited as to use | <u>234,170</u> | <u>193,206</u> |
| Property and equipment | | |
| Land | 3,349 | 3,349 |
| Land improvements | 12,418 | 12,335 |
| Buildings and improvements | 395,373 | 345,724 |
| Equipment | 183,254 | 168,039 |
| Construction in progress | 7,286 | 43,691 |
| | <u>601,680</u> | <u>573,138</u> |
| Less accumulated depreciation | <u>295,807</u> | <u>268,328</u> |
| Property and equipment, net | <u>305,873</u> | <u>304,810</u> |
| Other assets | | |
| Investment in joint ventures | 250 | 250 |
| Investments held for deferred compensation plans | — | 814 |
| Investment in Alegant Health | 50,159 | 12,587 |
| Other assets | 53 | 55 |
| Total other assets | <u>50,462</u> | <u>13,706</u> |
| Total assets | <u><u>\$ 708,171</u></u> | <u><u>\$ 633,962</u></u> |

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidated Balance Sheets

June 30, 2011 and 2010

(Amounts in thousands)

| Liabilities and Net Assets | 2011 | 2010 |
|---|-------------|-------------|
| Current liabilities | | |
| Current portion of long-term debt | \$ 6,222 | \$ 5,632 |
| Accounts payable | 3,826 | 5,408 |
| Accrued salaries, wages, and benefits | 649 | 91 |
| Accrued vacation and sick leave | 157 | 95 |
| Estimated third-party payor settlements | 4,242 | 2,552 |
| Other liabilities and accrued expenses | 6,737 | 7,715 |
| Total current liabilities | 21,833 | 21,493 |
| Long-term debt, net of current portion | 173,898 | 166,246 |
| Other long-term liabilities | 3,481 | 1,756 |
| Payable under deferred compensation plans | — | 814 |
| Total liabilities | 199,212 | 190,309 |
| Net assets | | |
| Unrestricted | 503,561 | 438,711 |
| Temporarily restricted | 3,607 | 3,151 |
| Permanently restricted | 1,791 | 1,791 |
| Total net assets | 508,959 | 443,653 |
| Total liabilities and net assets | \$ 708,171 | \$ 633,962 |

See accompanying notes to consolidated financial statements

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidated Statements of Operations

Years ended June 30, 2011 and 2010

(Amounts in thousands)

| | <u>2011</u> | <u>2010</u> |
|---|------------------|-----------------|
| Unrestricted revenues, gains, and other support | | |
| Net patient service revenue | \$ 451,907 | \$ 434,555 |
| Cafeteria, building rental, sales to nonpatients, and other | 40,682 | 47,465 |
| Total revenues, gains, and other support | <u>492,589</u> | <u>482,020</u> |
| Operating expenses | | |
| Salaries and wages | 164,680 | 171,552 |
| Employee benefits | 45,824 | 54,169 |
| Supplies | 83,385 | 88,482 |
| Purchased services | 43,508 | 44,404 |
| Professional services | 19,421 | 22,316 |
| Provision for bad debts | 29,225 | 26,976 |
| Other expenses | 15,310 | 15,082 |
| Depreciation and amortization | 40,850 | 33,268 |
| Rentals and leases | 8,124 | 8,381 |
| Interest | 6,794 | 2,717 |
| Equity in operating loss of Alegent Health | 9,098 | 9,694 |
| Total operating expenses | <u>466,219</u> | <u>477,041</u> |
| Operating income | <u>26,370</u> | <u>4,979</u> |
| Other income (loss) | | |
| Interest and investment income | 254 | 286 |
| Equity in income of investment limited partnership | 33,647 | 21,111 |
| Other, net | (111) | 301 |
| Equity in other income of Alegent Health | 820 | 391 |
| Total other income, net | <u>34,610</u> | <u>22,089</u> |
| Excess of revenues over expenses, before joint operating agreement adjustment | 60,980 | 27,068 |
| Joint operating agreement adjustment | <u>(19,785)</u> | <u>(16,837)</u> |
| Excess of revenues over expenses | 41,195 | 10,231 |
| Other changes in unrestricted net assets | | |
| Contributions for the purchase of property and equipment | 39 | 114 |
| Joint operating agreement adjustment – capital expenditures | 17,406 | (3,868) |
| Transfers to other Alegent affiliates | (39,360) | — |
| Equity in other changes in unrestricted net assets of Alegent Health | 45,395 | (6,374) |
| Other | 175 | 350 |
| Increase in unrestricted net assets | <u>\$ 64,850</u> | <u>\$ 453</u> |

See accompanying notes to consolidated financial statements

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2011 and 2010

(Amounts in thousands)

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Balance, June 30, 2009 | \$ 438,258 | \$ 2,654 | \$ 1,790 | \$ 442,702 |
| Excess of revenues over expenses | 10,231 | — | — | 10,231 |
| Contributions for the purchase of property and equipment | 114 | — | — | 114 |
| Contributions restricted by donor | — | 40 | — | 40 |
| Joint operating agreement adjustment – capital expenditures | (3,868) | — | — | (3,868) |
| Equity in other changes in net assets of Alegant Health | (6,374) | 457 | 1 | (5,916) |
| Other | 350 | — | — | 350 |
| | <u>453</u> | <u>497</u> | <u>1</u> | <u>951</u> |
| Balance, June 30, 2010 | <u>438,711</u> | <u>3,151</u> | <u>1,791</u> | <u>443,653</u> |
| Excess of revenues over expenses | 41,195 | — | — | 41,195 |
| Contributions for the purchase of property and equipment | 39 | — | — | 39 |
| Contributions restricted by donor | — | 28 | — | 28 |
| Joint operating agreement adjustment – capital expenditures | 17,406 | — | — | 17,406 |
| Net assets released from restrictions for use in operations | — | (27) | — | (27) |
| Transfers to other Alegant affiliates | (39,360) | — | — | (39,360) |
| Equity in other changes in net assets of Alegant Health | 45,395 | 455 | — | 45,850 |
| Other | 175 | — | — | 175 |
| | <u>64,850</u> | <u>456</u> | <u>—</u> | <u>65,306</u> |
| Balance, June 30, 2011 | <u>\$ 503,561</u> | <u>\$ 3,607</u> | <u>\$ 1,791</u> | <u>\$ 508,959</u> |

See accompanying notes to consolidated financial statements

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

(Amounts in thousands)

| | <u>2011</u> | <u>2010</u> |
|--|------------------|------------------|
| Cash flows from operating activities | | |
| Increase in net assets | \$ 65,306 | \$ 951 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 40,850 | 33,268 |
| Provision for bad debts | 29,225 | 26,976 |
| Equity in income of investment limited partnership | (33,647) | (21,111) |
| Contributions restricted by donor | (28) | (40) |
| Contributions for the purchase of property and equipment | (39) | (114) |
| Joint operating agreement adjustment – capital expenditures | (17,406) | 3,868 |
| Transfers to other Alegent affiliates | 39,360 | — |
| Equity in other changes in net assets of Alegent Health | (45,850) | 5,916 |
| Other changes in net assets | (175) | (350) |
| Decrease (increase) in current assets | | |
| Receivables | | |
| Patients | (26,871) | (28,976) |
| Affiliates | 33,321 | 1,239 |
| Other | 430 | 757 |
| Inventories | (724) | (426) |
| Prepaid expenses | 140 | (127) |
| Increase (decrease) in liabilities | | |
| Accounts payable | (2,735) | 5,907 |
| Accrued salaries, wages, and benefits | 558 | (107) |
| Accrued vacation and sick leave | 62 | (18) |
| Estimated third-party payor settlements | 1,690 | 2,242 |
| Other liabilities and accrued expenses | (978) | (3,713) |
| Net cash provided by operating activities | <u>82,489</u> | <u>26,142</u> |
| Cash flows from investing activities | | |
| Purchase of assets limited as to use | (28,038) | (24,245) |
| Sale of assets limited as to use | 20,721 | 476 |
| Additions to property and equipment | (40,760) | (93,149) |
| Contributions for the purchase of property and equipment | 39 | 114 |
| Equity in other changes in net assets of Alegent Health | 45,850 | (5,916) |
| Decrease (increase) in investment in Alegent Health | (37,572) | 15,219 |
| Decrease (increase) in other long-term assets and liabilities | 1,727 | (183) |
| Net cash used in investing activities | <u>(38,033)</u> | <u>(107,684)</u> |
| Cash flows from financing activities | | |
| Principal payments on long-term debt | (2,882) | (4,552) |
| Payments on Alegent line of credit | — | (25,000) |
| Proceeds from long-term debt | 11,124 | 100,028 |
| Transfers from other Alegent affiliates | (39,360) | — |
| Joint operating agreement adjustment – capital expenditures | 17,406 | (3,868) |
| Restricted contributions | 28 | 40 |
| Other changes in net assets | 175 | 350 |
| Net cash provided by (used in) financing activities | <u>(13,509)</u> | <u>66,998</u> |
| Net increase (decrease) in cash and cash equivalents | 30,947 | (14,544) |
| Cash and cash equivalents, beginning of year | <u>22,690</u> | <u>37,234</u> |
| Cash and cash equivalents, end of year | <u>\$ 53,637</u> | <u>\$ 22,690</u> |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the year for interest (net of amount capitalized) | \$ 6,794 | \$ 2,717 |

See accompanying notes to consolidated financial statements

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(Amounts in thousands)

(1) Organization

Alegent Health—Bergan Mercy Health System and Affiliates (Health System) is a not-for-profit organization that operates a health care delivery system in eastern Nebraska and western Iowa. The sole corporate member of the Health System is Catholic Health Initiatives (CHI). The mission of CHI is to nurture the healing ministry of the Church, bringing it new life, energy, and viability in the 21st century. CHI is committed to fidelity to the Gospel, with emphasis on human dignity and social justice in the creation of healthier communities. CHI is sponsored by a lay-religious partnership, calling on other Catholic sponsors and systems to unite to ensure the future of Catholic health care.

The consolidated financial statements include the accounts of the following entities or operating divisions:

Alegent Health—Bergan Mercy Health System and Affiliates (which includes)
The Archbishop Bergan Mercy Medical Center, Omaha, Nebraska
Alegent Health—Mercy Hospital, Council Bluffs, Iowa
Avantas, LLC
Alegent Health—Mercy Hospital, Corning, Iowa

Significant intercorporate accounts and transactions have been eliminated in the consolidation.

As discussed in note 3, the Health System has entered into a Joint Operating Agreement with Alegent Health—Immanuel Medical Center (Immanuel) forming the Alegent Health system (Alegent).

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Health System. These policies are in accordance with U.S. generally accepted accounting principles.

(a) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of 12 months or less.

(c) Investments

At June 30, 2011 and 2010, over 99% of the Health System's investment portfolio is invested in the CHI investment limited partnership, respectively. (note 4). Investments in partnerships are recorded using the equity method of accounting with the related equity in losses reported as other income in the accompanying consolidated financial statements.

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(Amounts in thousands)

(d) Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally using the first-in, first-out method.

(e) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method based on the following useful lives:

| | |
|----------------------------|---------------|
| Land improvements | 10 – 40 years |
| Buildings and improvements | 5 – 40 years |
| Equipment | 3 – 20 years |

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During the years ended June 30, 2011 and 2010, the Health System capitalized approximately \$1.270 and \$3.767, respectively, of interest.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support and are excluded from the excess of revenues over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(f) Investment in Joint Ventures

The Health System has invested in certain joint ventures and accounts for such investments using either the cost or the equity method of accounting based on the relative percentage of ownership and the level of influence over the investee.

(g) Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Health System first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(Amounts in thousands)

(h) *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity.

Temporarily and permanently restricted net assets held by the Health System are recorded and accounted for in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-205, *Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds*.

The Health System holds endowment funds for support of its programs and operations. As required by U.S. generally accepted accounting principles, net assets and the changes therein associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Health System has interpreted UPMIFA as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Health System classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Interest, dividends, and net appreciation of the donor-restricted endowment funds are classified according to donor stipulations. Absent any donor-imposed restrictions, interest, dividends, and net appreciation are deemed appropriated for expenditure when earned. In accordance with UPMIFA, the Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) the duration and preservation of the endowment fund,
- (2) the purposes of the Health System and the donor-restricted endowment fund,
- (3) general economic conditions,
- (4) the possible effect of inflation or deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Health System, and
- (7) the investment policies of the Health System.

Endowment assets are invested in the CHI investment limited partnership (note 4).

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(Amounts in thousands)

(i) *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

(j) *Net Patient Service Revenue*

The Health System has agreements with third-party payors that provide for payments to the Health System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(k) *Charity Care – Benefits for the Poor and Underserved*

The Health System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Health System does not pursue collection of amounts once determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations. The amount of charges foregone for services and supplies furnished under the Health System's charity policy aggregated approximately \$49,578 and \$45,950 in 2011 and 2010, respectively.

(l) *Excess of Revenues over Expenses*

The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were

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to be used for the purpose of acquiring such assets), and certain joint operating agreement settlements

(m) *Estimated Malpractice Costs*

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported

(n) *Fair Value of Financial Instruments*

The carrying amounts of cash and cash equivalents, accounts receivable, estimated third-party payor settlements, and payables approximate fair value due to the short duration of these instruments. Fair value for investments is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. The carrying amount of the investment in the CHI investment limited partnership is based on the net asset value reported by the limited partnership, which approximates fair value. The fair value of long-term debt as of June 30, 2011 and 2010 is approximately \$186.893 and \$172.064, respectively.

The Health System follows the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(o) *Asset Retirement Obligations*

The Health System recognizes the fair value of liabilities for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. Over time, the obligation is accreted to its present value each period. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations. The Health System's obligations relate to estimates of the costs to abate clinical and administrative facilities containing asbestos and to replace underground storage tanks. At June 30, 2011 and 2010, this long-term liability totaled \$1.732 and \$1.756, respectively.

(p) *Income Taxes*

All affiliated entities (see note 1) have been recognized as not-for-profit corporations by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except Avantas, LLC. Avantas, LLC is a multi-member limited liability company treated as a partnership and therefore is not subject to federal and state income taxes.

The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Such tax positions, which are more than 50% likely of being

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(Amounts in thousands)

realized, are measured at their highest value. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. During 2011 and 2010, management determined that there are no income tax positions requiring recognition in the consolidated financial statements.

(3) Joint Operating Agreement

The Health System has entered into a Joint Operating Agreement (the Agreement) with Immanuel for purposes of creating and operating an integrated health care delivery system.

Under the terms of the Agreement, the consolidated operating results and capital expenditures of the Health System and Immanuel are shared on an equal basis. Each entity continues to own its respective assets and is responsible for its own liabilities.

The Agreement provides for, among other things, joint management of the Health System, Immanuel, and Alegent Health, a separate not-for-profit corporation as described in Section 501(c)(3) of the Code. Alegent was established to improve the health status of the community through the development of a network to provide integrated health care services to the Midlands region. Alegent operates certain community health care clinics, Midlands Community Hospital located in Papillion, Nebraska, Lakeside Hospital and Alegent Health Foundation in Omaha, Nebraska, and provides management services to the Health System. The Health System and Immanuel are the sole corporate members of Alegent.

In connection with the activities and events described above, certain administrative functions of the Health System and Immanuel are performed at Alegent. These administrative functions include human resources, information systems, planning and marketing, legal, system management, accounting and finance, and other centralized functions. During 2011 and 2010, approximately \$75,740 and \$86,584, respectively, of such expenses were charged back to the Health System, at cost, and are reflected in operating expenses in the accompanying consolidated statements of operations.

The Agreement contains provisions related to dissolution that generally provide for distribution of the assets based on fair market value. Distribution percentages vary depending upon the manner in which dissolution occurs.

In connection with the Agreement, the Health System has recorded an adjustment to excess of revenues over expenses of \$(19,785) and \$(16,837) for the years ended June 30, 2011 and 2010, respectively, representing the sharing of the operating results of the Health System and Immanuel. In addition, \$17,406 and \$(3,868) have been reflected as adjustments to net assets in 2011 and 2010, respectively, which reflect the sharing of capital expenditures for the same periods.

The Health System has recorded its 50% share of the loss of Alegent Health and Affiliates of \$(8,278) and \$(9,303) for the years ended June 30, 2011 and 2010, respectively, which is reflected as equity in operating income and other income of Alegent in the accompanying consolidated statements of operations.

At June 30, 2011 and 2010, the Health System had recorded an intercorporate receivable of \$2,585 and \$35,906, respectively, as a result of these transactions.

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(Amounts in thousands)

(4) Assets Limited as to Use

The composition of assets limited as to use at June 30, 2011 and 2010 is set forth in the following table

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|-------------------|
| Assets limited as to use | | |
| Investment in CHI investment limited partnership | \$ 231,958 | \$ 190,902 |
| Cash and cash equivalents | 285 | 512 |
| Other | 1,927 | 1,792 |
| Total | <u>\$ 234,170</u> | <u>\$ 193,206</u> |

The Health System has an undivided interest in the CHI investment limited partnership. The Health System accounts for its investment in the investment partnership using the equity method of accounting. At June 30, 2011 and 2010, the value of the CHI investment limited partnership approximated \$6.0 billion and \$5.0 billion, respectively, with the Health System's ownership interest approximating 4% for 2011 and 2010. The Health System's investment in the CHI investment limited partnership is comprised of the following as of June 30, 2011 and 2010 (all investments are at fair value):

| | <u>2011</u> | <u>2010</u> |
|--------------|-------------------|-------------------|
| Fixed income | \$ 107,884 | \$ 96,866 |
| Equity | 124,074 | 94,036 |
| Total | <u>\$ 231,958</u> | <u>\$ 190,902</u> |

The CHI investment limited partnership is comprised of the following investment classifications as of June 30, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------|-------------|-------------|
| Cash and cash equivalents | 9% | 5% |
| Common stocks | 40 | 36 |
| Corporate and other bonds | 11 | 16 |
| U.S. government securities | 3 | 6 |
| Fixed income funds | 15 | 17 |
| Hedge funds | 8 | 9 |
| Private equity funds | 6 | 6 |
| Real estate funds | 4 | 3 |
| Foreign currency exchange contracts | 3 | 1 |
| Other | 1 | 1 |
| Total | <u>100%</u> | <u>100%</u> |

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Investment income, gains, and losses for assets limited as to use and cash and cash equivalents are comprised of the following for the years ended June 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|------------------|------------------|
| Consolidated statements of operations | | |
| Interest and investment income | \$ 254 | \$ 286 |
| Equity in income of investment limited partnership | <u>33,647</u> | <u>21,111</u> |
| Total investment income | <u>\$ 33,901</u> | <u>\$ 21,397</u> |

(5) Net Patient Service Revenue

The Health System has agreements with third-party payors that provide for payments to the Health System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

(a) Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. In addition, Alegent Health—Mercy Hospital, Inc., Coming, Iowa, has been designated a Critical Access Hospital and, accordingly, is reimbursed its cost of providing services to Medicare beneficiaries.

(b) Nebraska and Iowa Medicaid

Nebraska and Iowa inpatient and Iowa outpatient services rendered to Medicaid program beneficiaries are primarily paid at prospectively determined rates per discharge or procedure. Certain Nebraska outpatient services are reimbursed based on a percentage rate representing the average ratio of cost to charges discounted by 18%. Physician clinic services are paid based on fee schedule amounts. The hospitals designated as Critical Access Hospitals are reimbursed based on their reasonable costs.

Revenue from the Medicare and Medicaid programs accounted for approximately 31% and 10%, respectively, of the Health System's net patient service revenue for the year ended June 30, 2011, and approximately 29% and 10%, respectively, of the Health System's net patient service revenue for the year ended June 30, 2010. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2011 and 2010 net patient service revenue increased approximately \$1.137 and \$3.049, respectively, due to the removal of allowances previously estimated that were no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

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(Amounts in thousands)

The Health System also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Net patient service revenue, as reflected in the accompanying consolidated statements of operations, consists of the following:

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|-------------------|
| Gross patient charges | | |
| Inpatient charges | \$ 722,397 | \$ 703,780 |
| Outpatient charges | 519,345 | 464,004 |
| Total gross patient charges | <u>1,241,742</u> | <u>1,167,784</u> |
| Less | | |
| Deductions from gross patient charges | | |
| Contractual adjustments – Medicare, Medicaid, and other | <u>789,835</u> | <u>733,229</u> |
| Net patient service revenue | <u>\$ 451,907</u> | <u>\$ 434,555</u> |

(6) Long-Term Debt

Long-term debt as of June 30, 2011 and 2010 consists of the following:

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| Notes payable to CHI, due in varying monthly installments through December 1, 2028, with a weighted average yield of 4.6% during 2011 | \$ 68,142 | \$ 72,327 |
| Notes payable to CHI, due in varying monthly installments through December 1, 2039, with a weighted average yield of 4.6% during 2011 | 109,170 | 99,479 |
| Other long-term obligations | <u>2,808</u> | <u>72</u> |
| Total long-term debt | 180,120 | 171,878 |
| Less current maturities | <u>6,222</u> | <u>5,632</u> |
| Long-term debt, excluding current maturities | <u>\$ 173,898</u> | <u>\$ 166,246</u> |

The Health System, Immanuel, and Alegent have entered into the Alegent Financing Agreement (AFA) with CHI, which provides access to the capital markets. Under the terms of the AFA, the Health System is defined as a Participant and Alegent and Immanuel as Designated Affiliates. These categories define the level of participation and control of CHI. The terms of the AFA require the Alegent system to meet certain

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financial covenants and ratios and provide other limits relating to additional indebtedness and transfers of property, among others

On November 10, 2009, Bergan, Immanuel, and Alegent issued additional promissory notes to CHI for \$282 million. During 2010, Bergan received approximately \$100 million of its \$111 million in debt proceeds from CHI, and the remaining \$11 million in debt proceeds was received during 2011 as financed assets were placed into service.

Under the terms of the AFA, each party has issued promissory notes to CHI. The obligations issued under the AFA represent the individual obligations of the issuer. In the unlikely event that CHI would have insufficient funds to make required payments on its financial obligations, the Health System, Immanuel, Alegent, and all other Participants and Designated Affiliates of CHI may be required to contribute funds to CHI to enable it to meet its obligations.

Scheduled principal payments on long-term debt for the next five years and thereafter are approximately as follows:

| | | |
|------------|----|---------|
| 2012 | \$ | 6.222 |
| 2013 | | 9.277 |
| 2014 | | 6.850 |
| 2015 | | 7.193 |
| 2016 | | 7.552 |
| Thereafter | | 143.026 |

(7) Retirement Plans

(a) Alegent Health Retirement 403(b) Plan

Beginning January 1, 2010, the Health System participates in the Alegent 403(b) savings plan. Participating employees can contribute a portion of their salary to the plan, subject to IRS regulations. The Health System makes matching contributions up to a maximum of 3% based on salary and a fixed contribution up to 6% based on years of service. Pension expense related to this plan for the years ended June 30, 2011 and 2010 was \$6.370 and \$3.216, respectively.

(b) Alegent Health Multioptional Pension Plan

The Health System participates in the Alegent multioptional pension plan covering substantially all of the Health System's employees. During 2009, Alegent's board of directors approved a resolution to freeze the plan effective January 1, 2010. Generally, employees were eligible for participation after completing one year of service in which the employee completes 1,000 hours or more of service and had attained the age of 19. This Plan covered eligible employees as of January 1, 2010. For each plan year, a retirement benefit was provided for as a percentage of the eligible participant's annual compensation. Employee contributions to the plan were not permitted except for certain rollover provisions. Benefits earned under the plan are available to participants at a normal retirement age of

**ALEGENT HEALTH—
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(Amounts in thousands)

65, with early retirement available to participants who have reached the age of 55 and are 100% vested. Benefits vest after three years of service. Pension expense for the Health System for this plan for the years ended June 30, 2011 and 2010 was \$1.016 and \$3.816, respectively. Separate information applicable to the Health System is not available.

(8) Fair Value Measurements

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Health System has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets and liabilities that are measured at fair value on a recurring basis at June 30, 2011 and 2010.

| | | Fair value measurements at reporting date using | | | |
|---------------------------|---------------|--|---|---|--|
| | | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | June 30, 2011 | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 53,637 | \$ 53,467 | \$ 170 | \$ — | |
| Assets limited as to use | | | | | |
| Cash and cash equivalents | 285 | 23 | 262 | — | |
| Investment funds | 17 | — | 17 | — | |
| Other | 1,910 | — | 1,910 | — | |
| Total | \$ 55,849 | \$ 53,490 | \$ 2,359 | \$ — | |

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BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(Amounts in thousands)

| | | Fair value measurements at reporting date using | | | |
|---------------------------|---------------|--|---|---|--|
| | | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| | June 30, 2010 | | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 22,690 | \$ 22,175 | \$ 515 | \$ — | |
| Assets limited as to use | | | | | |
| Cash and cash equivalents | 512 | — | 512 | — | |
| Investment funds | 266 | — | 266 | — | |
| Other | 1,526 | — | 1,526 | — | |
| Total | \$ 24,994 | \$ 22,175 | \$ 2,819 | \$ — | |

(9) Concentrations of Credit Risk

The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2011 and 2010 approximated the following:

| | 2011 | 2010 |
|----------------------|------|------|
| Medicare | 33% | 32% |
| Medicaid | 17 | 17 |
| Managed care | 30 | 33 |
| Self-pay | 19 | 16 |
| Commercial and other | 1 | 2 |
| | 100% | 100% |

(10) Insurance Programs

The Health System participates in a centralized risk management program sponsored by Alegant for its hospital professional and general liability insurance coverage. The program provides for a deductible of \$2,000 per occurrence, with annual aggregates of \$4,000 for general liability and \$6,000 for hospital professional liability. In addition, the program has excess coverage purchased from the commercial insurance market providing for \$30,000 per occurrence and in the aggregate. In the event that the current policy is not renewed or replaced with equivalent insurance, claims based on occurrences during its term but reported subsequently will be uninsured. The Health System has established reserves for possible losses on both asserted and unasserted claims based upon an independent actuarial study.

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June 30, 2011 and 2010

(Amounts in thousands)

The Health System participates with Alegant in a workers' compensation self-insurance program, which provides coverage for all workers' compensation claims. Coverage is provided through a self-insurance program with a fronting policy whereby the responsibility for the initial \$400 and \$450, for Nebraska and Iowa, respectively, of each claim resides with the workers' compensation self-insurance program. A specific stop-loss agreement covers claims amounts in excess of \$400 and \$450 up to each state's statutory requirements. The Health System has established reserves for possible losses on both asserted and unasserted claims based upon an independent actuarial study.

The Health System is also self-insured under its employee group health and dental programs up to certain limits. Included in the accompanying consolidated statements of operations is a provision for premiums for excess coverage and payments for claims including estimates of the ultimate costs for both reported claims and claims incurred but not yet reported at year-end related to such claims.

Management of the Health System is presently not aware of any unasserted general and professional liability or group health, dental, or workers' compensation claims that would have a material adverse impact on the accompanying consolidated financial statements.

(11) Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Health System is in compliance with fraud and abuse, as well as other applicable government laws and regulations.

(12) Functional Expenses

The Health System provides health care services primarily to residents within its geographic location. Expenses included in the consolidated statements of operations as they relate to provision of these services are as follows for the years ended June 30, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|----------------------------|-------------------|-------------------|
| Health care services | \$ 414,690 | \$ 418,202 |
| General and administrative | 51,529 | 58,839 |
| Total operating expenses | <u>\$ 466,219</u> | <u>\$ 477,041</u> |

**ALEAGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(Amounts in thousands)

(13) Facility Plan

Alegent has developed an overall framework for integrating the elements of its facility plan referred to as Generation Patient. Successful implementation of all elements of Generation Patient will enable the enhancement and innovation of clinical services, facilities, and hospital campuses across the Alegent system. The investments in plant and equipment are funded through a combination of operating cash flow, investments, long-term debt, and philanthropy. Total Generation Patient expenditures are projected to approximate \$400,000 of which the Health System would fund 50% as a result of either direct acquisition for the Health System or through the equalization of expenditures provided by the Joint Operating Agreement. Expenditures are expected to conclude in 2012. As of June 30, 2011 and 2010, total costs incurred relating to Generation Patient projects for all Alegent entities approximated \$337.927 and \$317.379, respectively.

(14) Subsequent Events

The Health System has evaluated subsequent events from the consolidated balance sheet date through September 8, 2011, the date at which the consolidated financial statements were available to be issued, and determined there are no other items to disclose.

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Balance Sheet Information

June 30, 2011

(Amounts in thousands)

| Assets | The Archbishop Bergan Mercy Medical Center | Alegent Health Mercy Hospital | Mercy Medical Office Buildings, Inc. | Eliminations | Alegent Health— Bergan Mercy Health System |
|---|---|-------------------------------------|---|--------------|--|
| Current assets | | | | | |
| Cash and cash equivalents | \$ 51.307 | \$ (163) | \$ — | \$ — | \$ 51.144 |
| Patient accounts receivable | 55.582 | 21.691 | — | — | 77.273 |
| Less allowance for uncollectible accounts | 18.672 | 11.223 | — | — | 29.895 |
| Net patient accounts receivable | 36.910 | 10.468 | — | — | 47.378 |
| Intercompany receivable | — | 23.619 | — | (23.619) | — |
| Other accounts receivable | 965 | 9 | 20 | — | 994 |
| Inventories | 7.442 | 2.476 | — | — | 9.918 |
| Prepaid expenses | 3 | — | — | — | 3 |
| Total current assets | 96.627 | 36.409 | 20 | (23.619) | 109.437 |
| Assets limited as to use | | | | | |
| Long-term investments | 200.926 | 30.915 | — | — | 231.841 |
| Other investments | — | — | — | — | — |
| Total assets limited as to use | 200.926 | 30.915 | — | — | 231.841 |
| Property and equipment | | | | | |
| Land | 2.408 | 795 | 138 | — | 3.341 |
| Land improvements | 7.658 | 4.083 | 360 | — | 12.101 |
| Buildings and improvements | 297.397 | 67.479 | 18.825 | — | 383.701 |
| Equipment | 134.391 | 36.380 | 40 | — | 170.811 |
| Construction in progress | 7.174 | 112 | — | — | 7.286 |
| | 449.028 | 108.849 | 19.363 | — | 577.240 |
| Less accumulated depreciation | 212.547 | 61.227 | 9.264 | — | 283.038 |
| Property and equipment, net | 236.481 | 47.622 | 10.099 | — | 294.202 |
| Other assets | | | | | |
| Investments in joint ventures | 250 | — | — | — | 250 |
| Other assets | 2.935 | 12 | — | — | 2.947 |
| Investment in Alegent Health | 50.159 | — | — | — | 50.159 |
| Total other assets | 53.344 | 12 | — | — | 53.356 |
| Total assets | \$ 587.378 | \$ 114.958 | \$ 10.119 | \$ (23.619) | \$ 688.836 |

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Balance Sheet Information

June 30, 2011

(Amounts in thousands)

| Liabilities and Net Assets | The Archbishop Bergan Mercy Medical Center | Alegent Health Mercy Hospital | Mercy Medical Office Buildings, Inc. | Eliminations | Alegent Health— Bergan Mercy Health System |
|---|---|-------------------------------------|---|--------------|--|
| Current liabilities | | | | | |
| Current portion of long-term debt | \$ 4,876 | \$ 1,340 | \$ — | \$ — | \$ 6,216 |
| Accounts payable | 2,434 | 921 | — | — | 3,355 |
| Accrued salaries, wages, and benefits | 224 | 125 | — | — | 349 |
| Intercorporate payable | 20,915 | — | 4,832 | (23,619) | 2,128 |
| Estimated third-party payor settlements | 2,026 | 1,647 | — | — | 3,673 |
| Other liabilities and accrued expenses | 3,517 | 966 | — | — | 4,483 |
| Total current liabilities | 33,992 | 4,999 | 4,832 | (23,619) | 20,204 |
| Long-term debt, net of current portion | 130,206 | 40,597 | — | — | 170,803 |
| Other long-term liabilities | 1,449 | 282 | — | — | 1,731 |
| Total liabilities | 165,647 | 45,878 | 4,832 | (23,619) | 192,738 |
| Net assets | | | | | |
| Unrestricted | 416,354 | 69,080 | 5,287 | — | 490,721 |
| Temporarily restricted | 3,586 | — | — | — | 3,586 |
| Permanently restricted | 1,791 | — | — | — | 1,791 |
| Total net assets | 421,731 | 69,080 | 5,287 | — | 496,098 |
| Total liabilities and net assets | \$ 587,378 | \$ 114,958 | \$ 10,119 | \$ (23,619) | \$ 688,836 |

See accompanying independent auditors' report

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Balance Sheet Information

June 30, 2011

(Amounts in thousands)

| Assets | Alegent Health Bergan Mercy Health System | Alegent Health Mercy Hospital, Corning, Iowa | Avantas | Eliminations | Alegent Health— Bergan Mercy Health System and Affiliates Consolidated |
|---|--|---|----------|--------------|---|
| Current assets | | | | | |
| Cash and cash equivalents | \$ 51,144 | \$ 989 | \$ 1,504 | \$ — | \$ 53,637 |
| Patient accounts receivable | 77,273 | 2,648 | — | — | 79,921 |
| Less allowance for uncollectible accounts | 29,895 | 579 | — | — | 30,474 |
| Net patient accounts receivable | 47,378 | 2,069 | — | — | 49,447 |
| Intercompany receivable | — | 4,713 | — | (2,128) | 2,585 |
| Other accounts receivable | 994 | 2 | 562 | — | 1,558 |
| Inventories | 9,918 | 381 | — | — | 10,299 |
| Prepaid expenses | 3 | — | 137 | — | 140 |
| Total current assets | 109,437 | 8,154 | 2,203 | (2,128) | 117,666 |
| Assets limited as to use | | | | | |
| Long-term investments | 231,841 | 117 | — | — | 231,958 |
| Other investments | — | 2,212 | — | — | 2,212 |
| Total assets limited as to use | 231,841 | 2,329 | — | — | 234,170 |
| Property and equipment | | | | | |
| Land | 3,341 | 8 | — | — | 3,349 |
| Land improvements | 12,101 | 317 | — | — | 12,418 |
| Buildings and improvements | 383,701 | 11,606 | 66 | — | 395,373 |
| Equipment | 170,811 | 5,924 | 6,519 | — | 183,254 |
| Construction in progress | 7,286 | — | — | — | 7,286 |
| | 577,240 | 17,855 | 6,585 | — | 601,680 |
| Less accumulated depreciation | 283,038 | 10,564 | 2,205 | — | 295,807 |
| Property and equipment, net | 294,202 | 7,291 | 4,380 | — | 305,873 |
| Other assets | | | | | |
| Investments in joint ventures | 250 | — | — | — | 250 |
| Other assets | 2,947 | — | — | (2,894) | 53 |
| Investment in Alegent Health | 50,159 | — | — | — | 50,159 |
| Total other assets | 53,356 | — | — | (2,894) | 50,462 |
| Total assets | \$ 688,836 | \$ 17,774 | \$ 6,583 | \$ (5,022) | \$ 708,171 |

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Balance Sheet Information

June 30, 2011

(Amounts in thousands)

| Liabilities and Net Assets | Alegent Health Bergan Mercy Health System | Alegent Health Mercy Hospital, Corning, Iowa | Avantas | Eliminations | Alegent Health— Bergan Mercy Health System and Affiliates Consolidated |
|---|--|---|----------|--------------|---|
| Current liabilities | | | | | |
| Current portion of long-term debt | \$ 6.216 | \$ 6 | \$ — | \$ — | \$ 6.222 |
| Accounts payable | 3.355 | 114 | 357 | — | 3.826 |
| Accrued salaries, wages, and benefits | 349 | 224 | 76 | — | 649 |
| Accrued vacation and sick leave | — | — | 157 | — | 157 |
| Intercompany payable | 2.128 | — | — | (2.128) | — |
| Estimated third-party payor settlements | 3.673 | 569 | — | — | 4.242 |
| Other liabilities and accrued expenses | 4.483 | 61 | 2.193 | — | 6.737 |
| Total current liabilities | 20.204 | 974 | 2.783 | (2.128) | 21.833 |
| Long-term debt, net of current portion | 170.803 | 345 | 5.644 | (2.894) | 173.898 |
| Other long-term liabilities | 1.731 | — | 1.750 | — | 3.481 |
| Total liabilities | 192.738 | 1.319 | 10.177 | (5.022) | 199.212 |
| Net assets | | | | | |
| Unrestricted | 490.721 | 16.434 | (3.594) | — | 503.561 |
| Temporarily restricted | 3.586 | 21 | — | — | 3.607 |
| Permanently restricted | 1.791 | — | — | — | 1.791 |
| Total net assets | 496.098 | 16.455 | (3.594) | — | 508.959 |
| Total liabilities and net assets | \$ 688.836 | \$ 17.774 | \$ 6.583 | \$ (5.022) | \$ 708.171 |

See accompanying independent auditors' report

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Statement of Operations Information

Year ended June 30, 2011

(Amounts in thousands)

| | The Archbishop Bergan Mercy Medical Center | Alegent Health Mercy Hospital | Mercy Medical Office Buildings, Inc. | Eliminations | Alegent Health— Bergan Mercy Health System |
|--|---|-------------------------------------|---|--------------|---|
| Unrestricted revenues, gains, and other support | | | | | |
| Gross patient charges | \$ 525,348 | \$ 193,325 | \$ — | \$ — | \$ 718,673 |
| Inpatient charges | 355,172 | 141,973 | — | — | 497,145 |
| Outpatient charges | 880,520 | 335,298 | — | — | 1,215,818 |
| Less | | | | | |
| Deductions from gross patient charges | 555,981 | 223,469 | — | — | 779,450 |
| Contractual adjustments and other | 324,539 | 111,829 | — | — | 436,368 |
| Net patient service revenue | 32,039 | 1,872 | 1,132 | — | 35,043 |
| Cafeteria, building rental, sales to nonpatients, and other | 356,578 | 113,701 | 1,132 | — | 471,411 |
| Total revenues, gains, and other support | | | | | |
| Operating expenses | | | | | |
| Salaries and wages | 91,884 | 32,614 | 4 | — | 124,502 |
| Employee benefits | 25,933 | 8,748 | — | — | 34,681 |
| Supplies | 65,090 | 16,695 | 31 | — | 81,816 |
| Intercompany services | 55,550 | 18,625 | 1,565 | — | 75,740 |
| Purchased services | 22,525 | 5,211 | 302 | — | 28,038 |
| Professional services | 10,135 | 4,275 | — | — | 14,410 |
| Provision for bad debts | 17,399 | 11,869 | — | — | 29,268 |
| Other expenses | 2,004 | 1,389 | 212 | — | 3,605 |
| Depreciation and amortization | 22,392 | 5,429 | 909 | — | 28,730 |
| Rentals and leases | 6,245 | 1,389 | 2 | — | 7,636 |
| Interest | 5,032 | 1,661 | — | — | 6,693 |
| Equity in operating loss of Alegent Health | 9,098 | — | — | — | 9,098 |
| Total operating expenses | 333,287 | 107,905 | 3,025 | — | 444,217 |
| Operating income (loss) | 23,291 | 5,796 | (1,893) | — | 27,194 |
| Other income (loss) | | | | | |
| Interest and investment income | 48 | 14 | — | — | 62 |
| Equity in income of investment limited partnership | 28,842 | 4,788 | — | — | 33,630 |
| Other, net | (111) | — | — | — | (111) |
| Equity in other income of Alegent Health | 820 | — | — | — | 820 |
| Total other income, net | 29,599 | 4,802 | — | — | 34,401 |
| Excess (deficiency) of revenues over expenses, before joint operating agreement adjustment | 52,890 | 10,598 | (1,893) | — | 61,595 |
| Joint operating agreement adjustment | (19,785) | — | — | — | (19,785) |
| Excess (deficiency) of revenues over expenses | 33,105 | 10,598 | (1,893) | — | 41,810 |
| Other changes in unrestricted net assets | | | | | |
| Contributions for the purchase of property and equipment | 59 | 28 | — | — | 87 |
| Joint operating agreement adjustment – capital expenditures | 17,406 | — | — | — | 17,406 |
| Transfers to other Alegent affiliates | (39,360) | — | — | — | (39,360) |
| Equity in other changes in unrestricted net assets of Alegent Health | 45,395 | — | — | — | 45,395 |
| Other | 175 | — | — | — | 175 |
| Increase (decrease) in unrestricted net assets | \$ 56,780 | \$ 10,626 | \$ (1,893) | \$ — | \$ 65,513 |

See accompanying independent auditors' report

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Statement of Operations Information

Year ended June 30, 2011

(Amounts in thousands)

| | Alegent Health— Bergan Mercy Health System | Alegent Health— Mercy Hospital Corning, Iowa | Avantas | Eliminations | Alegent Health— Bergan Mercy Health System and Affiliates Consolidated |
|--|---|---|----------------|---------------------|---|
| Unrestricted revenues, gains, and other support | | | | | |
| Gross patient charges | \$ 718,673 | \$ 3,724 | \$ — | \$ — | \$ 722,397 |
| Inpatient charges | 497,145 | 22,200 | — | — | 519,345 |
| Outpatient charges | 1,215,818 | 25,924 | — | — | 1,241,742 |
| Less | | | | | |
| Deductions from gross patient charges | 779,450 | 10,385 | — | — | 789,835 |
| Contractual adjustments and other | 436,368 | 15,539 | — | — | 451,907 |
| Net patient service revenue | 35,043 | 565 | 6,415 | (1,341) | 40,682 |
| Cafeteria, building rental, sales to nonpatients, and other | 471,411 | 16,104 | 6,415 | (1,341) | 492,589 |
| Total revenues, gains, and other support | | | | | |
| Operating expenses | | | | | |
| Salaries and wages | 124,502 | 4,578 | 3,961 | 31,639 | 164,680 |
| Employee benefits | 34,681 | 1,335 | 602 | 9,206 | 45,824 |
| Supplies | 81,816 | 2,353 | 10 | (794) | 83,385 |
| Intercompany services | 75,740 | — | — | (75,740) | — |
| Purchased services | 28,038 | 3,987 | 891 | 10,592 | 43,508 |
| Professional services | 14,410 | 2,403 | — | 2,608 | 19,421 |
| Provision for bad debts | 29,268 | (43) | — | — | 29,225 |
| Other expenses | 3,605 | 219 | 383 | 11,103 | 15,310 |
| Depreciation and amortization | 28,730 | 909 | 1,237 | 9,974 | 40,850 |
| Rentals and leases | 7,636 | 105 | 219 | 164 | 8,124 |
| Interest | 6,693 | 16 | 178 | (93) | 6,794 |
| Equity in operating loss of Alegent Health | 9,098 | — | — | — | 9,098 |
| Total operating expenses | 444,217 | 15,862 | 7,481 | (1,341) | 466,219 |
| Operating income (loss) | 27,194 | 242 | (1,066) | — | 26,370 |
| Other income (loss) | | | | | |
| Interest and investment income | 62 | 192 | — | — | 254 |
| Equity in income of investment limited partnership | 33,630 | 17 | — | — | 33,647 |
| Other, net | (111) | — | — | — | (111) |
| Equity in other income of Alegent Health | 820 | — | — | — | 820 |
| Total other income, net | 34,401 | 209 | — | — | 34,610 |
| Excess (deficiency) of revenues over expenses, before joint operating agreement adjustment | 61,595 | 451 | (1,066) | — | 60,980 |
| Joint operating agreement adjustment | (19,785) | — | — | — | (19,785) |
| Excess (deficiency) of revenues over expenses | 41,810 | 451 | (1,066) | — | 41,195 |
| Other changes in unrestricted net assets | | | | | |
| Contributions for the purchase of property and equipment | 87 | (48) | — | — | 39 |
| Joint operating agreement adjustment – capital expenditures | 17,406 | — | — | — | 17,406 |
| Transfers to other Alegent affiliates | (39,360) | — | — | — | (39,360) |
| Equity in other changes in unrestricted net assets of Alegent Health | 45,395 | — | — | — | 45,395 |
| Other | 175 | — | — | — | 175 |
| Increase (decrease) in unrestricted net assets | \$ 65,513 | \$ 403 | \$ (1,066) | \$ — | \$ 64,850 |

See accompanying independent auditors' report

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2011

(Amounts in thousands)

| | The Archbishop Bergan Mercy Medical Center | Alegent Health Mercy Hospital | Mercy Medical Office Buildings, Inc. | Eliminations | Alegent Health— Bergan Mercy Health System |
|--|---|--|---|---------------------|---|
| Unrestricted | | | | | |
| Balance, June 30, 2010 | \$ 359,574 | \$ 58,454 | \$ 7,180 | \$ — | \$ 425,208 |
| Excess (deficiency) of revenues over expenses | 33,105 | 10,598 | (1,893) | — | 41,810 |
| Contributions for the purchase of property and equipment | 59 | 28 | — | — | 87 |
| Joint operating agreement adjustment – capital expenditures | 17,406 | — | — | — | 17,406 |
| Transfers to other Alegent affiliates | (39,360) | — | — | — | (39,360) |
| Equity in other changes in unrestricted net assets of Alegent Health | 45,395 | — | — | — | 45,395 |
| Other | 175 | — | — | — | 175 |
| | <u>56,780</u> | <u>10,626</u> | <u>(1,893)</u> | <u>—</u> | <u>65,513</u> |
| Balance, June 30, 2011 | <u>\$ 416,354</u> | <u>\$ 69,080</u> | <u>\$ 5,287</u> | <u>\$ —</u> | <u>\$ 490,721</u> |
| Temporarily restricted | | | | | |
| Balance, June 30, 2010 | \$ 3,131 | \$ — | \$ — | \$ — | \$ 3,131 |
| Equity in other changes in temporarily restricted net assets of Alegent Health | 455 | — | — | — | 455 |
| | <u>455</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>455</u> |
| Balance, June 30, 2011 | <u>\$ 3,586</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 3,586</u> |
| Permanently restricted | | | | | |
| Balance, June 30, 2010 | \$ 1,791 | \$ — | \$ — | \$ — | \$ 1,791 |
| Equity in other changes in permanently restricted net assets of Alegent Health | — | — | — | — | — |
| | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Balance, June 30, 2011 | <u>\$ 1,791</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1,791</u> |

See accompanying independent auditors' report

**ALEGENT HEALTH—
BERGAN MERCY HEALTH SYSTEM AND AFFILIATES**

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2011

(Amounts in thousands)

| | Alegent Health— Bergan Mercy Health System | Alegent Health— Mercy Hospital Corning, Iowa | Avantas | Eliminations | Alegent Health— Bergan Mercy Health System and Affiliates Consolidated |
|--|---|---|----------------|---------------------|---|
| Unrestricted | | | | | |
| Balance, June 30, 2010 | \$ 425,208 | \$ 16,031 | \$ (2,528) | \$ — | \$ 438,711 |
| Excess (deficiency) of revenues over expenses | 41,810 | 451 | (1,066) | — | 41,195 |
| Contributions for the purchase of property and equipment | 87 | (48) | — | — | 39 |
| Joint operating agreement adjustment – capital expenditures | 17,406 | — | — | — | 17,406 |
| Transfers to other Alegent affiliates | (39,360) | — | — | — | (39,360) |
| Equity in other changes in unrestricted net assets of Alegent Health | 45,395 | — | — | — | 45,395 |
| Other | 175 | — | — | — | 175 |
| Increase (decrease) in unrestricted net assets | 65,513 | 403 | (1,066) | — | 64,850 |
| Balance, June 30, 2011 | \$ 490,721 | \$ 16,434 | \$ (3,594) | \$ — | \$ 503,561 |
| Temporarily restricted | | | | | |
| Balance, June 30, 2010 | \$ 3,131 | \$ 20 | \$ — | \$ — | \$ 3,151 |
| Contributions restricted by donor | — | 28 | — | — | 28 |
| Net assets released from restrictions for use in operations | — | (27) | — | — | (27) |
| Equity in other changes in temporarily restricted net assets of Alegent Health | 455 | — | — | — | 455 |
| Increase in temporarily restricted net assets | 455 | 1 | — | — | 456 |
| Balance, June 30, 2011 | \$ 3,586 | \$ 21 | \$ — | \$ — | \$ 3,607 |
| Permanently restricted | | | | | |
| Balance, June 30, 2010 | \$ 1,791 | \$ — | \$ — | \$ — | \$ 1,791 |
| Equity in other changes in permanently restricted net assets of Alegent Health | — | — | — | — | — |
| Increase in permanently restricted net assets | — | — | — | — | — |
| Balance, June 30, 2011 | \$ 1,791 | \$ — | \$ — | \$ — | \$ 1,791 |

See accompanying independent auditors` report