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DLN: 93493136016682

Department of the Treasury

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)

OMB No 1545-0047

Open to Public Inspection

▶ The organization may have to use a copy of this return to satisfy state reporting requirements Internal Revenue Service A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011 MERCY MEDICAL CENTER Doing Business As

D Employer identification number B Check if applicable 45-0231183 Address change Name change E Telephone number ☐ Initial return Number and street (or P O box if mail is not delivered to street address) Room/suite (701)774-7400 1301 15th Ave W Terminated G Gross receipts \$ 53,800,270 Amended return City or town, state or country, and ZIP + 4 Williston, ND 58801 Application pending Name and address of principal officer **H(a)** Is this a group return for affiliates? MATTHEW GRIMSHAW CEO 1301 15th Ave W **H(b)** Are all affiliates included? Williston, ND 58801 If "No," attach a list (see instructions) **H(c)** Group exemption number ► 0928 **▽** 501(c)(3) **▽** Tax-exempt status 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527 Website: ► WWW MERCY-WILLISTON ORG M State of legal domicile ND L Year of formation 1920 Part I Summary Briefly describe the organization's mission or most significant activities MERCY MEDICAL CENTER IS A CRITICAL ACCESS HOSPITAL SERVING A LARGE GEOGRAPHICAL AREA COMMUNITY BENEFITS INCLUDE UNCOMPENSATED CARE, MEDICAL EDUCATION AND AWARENESS, SUPPORT SERVICES, AND Activities & Governance COMMUNITY OUTREACH 2 Check this box 🔭 if the organization discontinued its operations or disposed of more than 25% of its net assets 3 Number of voting members of the governing body (Part VI. line 1a) 10 7 4 Number of independent voting members of the governing body (Part VI, line 1b) . 5 538 Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . Total number of volunteers (estimate if necessary) 6 100 59,012 7a Total unrelated business revenue from Part VIII, column (C), line 12. **7**a **b** Net unrelated business taxable income from Form 990-T, line 34 . -5,798 **Prior Year Current Year** 395,220 Contributions and grants (Part VIII, line 1h) . . 1,564,912 Program service revenue (Part VIII, line 2g) . . 46,402,444 51,496,416 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . 513,636 665,286 1,056,251 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 1,234,588 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12 49,537,243 53,791,510 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . 41,017 13 17,587 0 14 Benefits paid to or for members (Part IX, column (A), line 4) Salaries, other compensation, employee benefits (Part IX, column (A), lines 15 Expenses 24,156,162 23,846,553 5-10) Professional fundraising fees (Part IX, column (A), line 11e) . . . 0 0 16a b Total fundraising expenses (Part IX, column (D), line 25) \blacktriangleright **17** Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) . 21,372,017 25,475,831 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 45,545,766 49,363,401 Revenue less expenses Subtract line 18 from line 12 . 4,428,109 19 3,991,477 Assets or de Balances **Beginning of Current**

Signature Block Part II

20

21

22

Egg.

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 KERRY MONSON CFO Type or print name and title			2012-05-15 Date	
	Print/Type preparer's name	Preparer's signature	Date	Check if self- employed •	PTIN
Paid Preparer	Firm's name FCATHOLIC HEALTH INITIATIVES		Firm's EIN		
Jse Only	Firm's address • 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112	Phone no (720) 874- 1500			
	RS discuss this return with the preparer	shown above? (see instructions) .			✓ Yes No

Total assets (Part X, line 16) . .

Total liabilities (Part X, line 26)

Net assets or fund balances Subtract line 21 from line 20

Year

32,041,745

6,545,222

25,496,523

End of Year

40,376,416

5,230,606

35,145,810

Form	990 (2010)					Page 2
Par	Statement of Check if Sched			lishments uestion in this Part III		দ
AND		SSION IS TO NURT	URE THE HEA	GOSPEL URGES US TO	HE CHURCH BY BRINGING D EMPHASIZE HUMAN DIC	
2	the prior Form 990 or	990-EZ?			which were not listed on	Γ Yes Γ No
3		ease conducting, or i	make sıgnıfıcaı	nt changes in how it con		✓ Yes 厂 No
	If "Yes," describe thes					1 es 140
4	Describe the exempt p Section 501(c)(3) and	purpose achievement d 501(c)(4) organizat	s for each of th		argest program services by e required to report the amo ervice reported	
4a	(Code SEE SCHEDULE H) (Expenses \$	44,622,296	including grants of \$	19,424) (Revenue \$	51,496,416)
4b	(Code) (Expenses \$		ıncludıng grants of \$) (Revenue \$)
4 c	(Code) (Expenses \$		ıncludıng grants of \$) (Revenue \$)
4d	Other program service (Expenses \$	•	nedule O) luding grants o	f\$) (Revenue \$)
4e	Total program service	e expenses - \$	44,622,29	16		
_						

Part TV	Checklist	of Require	d 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? <i>If "Yes," complete Schedule D, Part II</i>	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		Νo
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			
а	Did the organization report an amount for land, buildings, and equipment in Part X, line10? 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	Yes	
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
	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	Yes	
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	Yes	
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? <i>If</i> "Yes," complete Schedule G, Part I (see instructions)	17		N o
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If</i> "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		N o
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	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
C	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If</i> "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
С	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? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		N o
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
а	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 \Box Yes \Box No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	
		F:	orm 990	(2010)

Part V Statements Regarding Other IRS Filings and Tax Compliance

	Check if Schedule O contains a response to any question in this Part V			
			Yes	No
3	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable 1a 39			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0			
С	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return			
)	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	20	165	
	Did the organization have unrelated business gross income of \$1,000 or more during the year?	За	Yes	
,	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
	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		Νo
)	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			
	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		Νo
)	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
:	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
	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		Νo
)	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).			
	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
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7 c		No
	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit	7-		NI -
	contract?	7e 7f		No No
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			
1	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
	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		
	Sponsoring organizations maintaining donor advised funds.			
	Did the organization make any taxable distributions under section 4966?	9a		
)	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
	Section 501(c)(7) organizations. Enter			
	Initiation fees and capital contributions included on Part VIII, line 12 10a Gross receipts, included on Form 990, Part VIII, line 12, for public use of club 10b			
,	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
,	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
)	If "Yes," enter the amount of tax-exempt interest received or accrued during the year 12b			
	Section 501(c)(29) qualified nonprofit health insurance issuers.			
1	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		
)	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			
:	Enter the amount of reserves on hand 13c			
i	Did the organization receive any payments for indoor tanning services during the tax year?	14a		Νo
,	If "Yes." has it filed a Form 720 to report these payments? If "No." provide an explanation in Schedule O	14b		

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											7
---	--	--	--	--	--	--	--	--	--	--	---

Se	ction 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			
b	Enter the number of voting members included in line 1a, above, who are independent			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		Νo
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			
а	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		N o
	ction B. Policies (This Section B requests information about policies not required by the Internal			
Re	venue Code.)			
			Yes	No
	Does the organization have local chapters, branches, or affiliates?	10a		No_
	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		No
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?			
а	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		
	ction C. Disclosure			
17	List the States with which a copy of this Form 990 is required to be filed ► ND			
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply Own website. Another's website. Upon request.			

- 19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization February Monson

1301 W 15th Ave W Williston, ND 58801 (701) 774-7408

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

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

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

- ◆ 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	(C) Position (check all that apply)						(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other
	per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
(1) DAVID BRENDSEL BOARD MEMBER	1	Х						0	0	0
(2) JEFFREY DROP SVP DIVISION OFFICER	1	х						0	684,808	74,336
(3) LAURIE FURUSETH CHAIR	1	х		Х				0	0	0
(4) DENNIS GOEBEL FORMER PRESIDENT/CEO	0						Х	0	174,357	24,986
(5) MATTHEW GRIMSHAW PRESIDENT/CEO	40	Х		х				0	122,906	16,229
(6) ROBERT KEMP BOARD MEMBER/PHYSICIAN	40	Х						286,421	0	39,164
(7) SISTER MARIE MICHELETTO BOARD MEMBER	1	Х						0	0	0
(8) CRAIG OKSOL VICE CHAIR	1	х		Х				0	0	0
(9) STEVE OYLOE BOARD MEMBER	1	х						0	0	0
(10) PATRICK SOGARD BOARD MEMBER	1	х						0	0	0
(11) NANCY HOFFELT BOARD MEMBER	1	х						0	0	0
(12) KERRY MONSON CFO/VP OF FINANCE	40			Х				148,187	0	24,068
(13) MICHAEL BOULTER ER PHYSICIAN	40					х		641,760	0	10,358
(14) MORRIS BELLIS ENT PHYSICIAN	40					х		369,402	0	30,037
(15) DAVID SKURDAL PHYSICIAN	40					х		434,319	0	32,981
(16) BRETT VIBETO GENERAL SURGEON	40					х		420,420	0	26,805
	·			'						Form 000 (2010)

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

	(A) Name and Title (B) Average hours per (C) Position (check all that apply) that apply) from the from related							,	ted f other				
		per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	rrom tne organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)		compens from t organizati relate organiza	he on and ed
	ERRY OLSON) MEMBER	1	х						0		o		0
	AVID LANOUE OPEDIC SURGEON	40					х		666,169		0		39,589
											\top		
											\top		
											+		
											\perp		
											+		
	Cub Tatal							<u> </u>			+		
1b c	Sub-Total						<u>· · ·</u>				+		
								 -	2,966,678	982,07	1	3	18,553
2	Total number of individuals (inclu \$100,000 in reportable compens	ıdıng but not lım	nited to	those	e lis		above) who	received more tha	n			
												Yes	No
3	Did the organization list any forn on line 1a? <i>If</i> "Yes," complete Sch								or highest compensa	ated employee	3	Yes	
	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule I for such individual											Yes	
5	Did any person listed on line 1a r services rendered to the organiza									r individual for •	5		No

Section B. Independent Contractors

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				
RUDOLF LOPERENA	ER PHYSICIAN	284,997				
PAUL OLSON 1551 COOK DRIVE MINOT, ND 587016866	ER PHYSICIAN	207,393				
DAKOTA TRAVEL NURSE 502 WEST MAIN STREET MANDAN, ND 58554	LOCUM NURSES	166,687				
PENNY WILKIE 4650 TOMAHAWK TRAIL S MANDAN, SD 58554	ER PHYSICIAN	157,320				
BILLINGS CLINIC PO BOX 30977 BILLINGS, MT 591070977	ONCOLOGY PHYSICIANS	151,875				
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 ►8						

Contributions, gifts, grants and other similar amounts	b c d	Federated campaigns Membership dues Fundraising events Related organizations Government grants (contributions)	. 1c . 1d	380,577	(A) Total revenue	Related or exempt function revenue	(C) Unrelated business revenue		-
ribution other si		All other contributions, gifts, grants,	1e , and 1f	6,893					
		sımılar amounts not ıncluded above							١,
E E		Noncash contributions included in lii			395,220				$\ \ $
<u> </u>	n	Total. Add lines 1a-1f		Business Code	393,220				}
Program Serwce Revenue	2a			Business Code					
9. 8.		PATIENT SERVICES		900099	51,173,674				-
ь П	b c	REHAB SERVICES REVENUE		532000 621400	293,918 28,824	·			\mathbf{I}
7.	d	RETIAD SERVICES REVENOE		621400	20,024	20,024			1
ૐ ⊊	e								1
ing.	f	All other program service rev	venue			0	0	0	
چ		Total. Add lines 2a-2f			0 51,496,416				1
-	_	Investment income (includin			31,130,110				1
		and other similar amounts)			229,904		586	229,318	
	4	Income from investment of tax-exe	empt bond proceeds		0				
	5	Royalties			0				
		Gross Rents	(ı) Real	(II) Personal					
		Less rental							
	-	expenses	0						
	-	Rental income or (loss)							
	d	Net rental income or (loss)		1	0				
	7a	Gross amount	(ı) Securities 441,642	(II) O ther 2,500					
	′ ′ ′ ′	from sales of assets other	_ ,						
	<u> </u>	than inventory Less cost or		8,760					
	ן ו	other basis and sales expenses		3,700					
	С	Gain or (loss)	441,642	-6,260					
	d	Net gain or (loss)			435,382			435,382	
ψ	8a	Gross income from fundraising (not including	ng events						
Other Revenue		\$							
ě		of contributions reported on I See Part IV, line 18							
45		,	a						
Ě		Less direct expenses							
•		Net income or (loss) from fur		_	0				-
			ctivities See Part IV, line 19 .	a b					
		Net income or (loss) from ga		-	0				
	10a	Gross sales of inventory, les	S						
		returns and allowances .	a						
	ь	Less cost of goods sold .							
		Net income or (loss) from sa			0				
		Miscellaneous Revenue		Business Code					1
	11a	LABORATORY SERVICES		621500	776,080			776,080	
	Ь	CAFETERIA		722100	133,588			133,588	
	C	INTERCOMPANY		900099	77,613			77,613	
	d	TRANSACTIONS All other revenue			247,307	0	58,426	188,881	
		Total. Add lines 11a-11d .			·		, -	, -	1
		 	•		1,234,588				
	12	Total revenue. See Instruction	ons		53,791,510		59,012	1,840,862	
						51,496,416]

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

Δ	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 no	ot include amounts reported on lines 6b, p, 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	19,124	19,124				
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0					
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	21,893	21,893				
4	Benefits paid to or for members	0					
5	Compensation of current officers, directors, trustees, and key employees	476,304	312,780	163,524			
6	Compensation not included above, to disqualified persons (as defined under section $4958(f)(1)$) and persons described in section $4958(c)(3)(B)$	0					
7	Other salaries and wages	19,317,393	17,918,796	1,398,597			
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	938,945	865,613	73,332			
9	Other employee benefits	1,891,570	1,743,838	147,732			
10	Payroll taxes	1,222,341	1,126,876	95,465			
а	Fees for services (non-employees) Management	0					
b	Legal	0					
C	Accounting	0					
d	Lobbying	0					
e	Professional fundraising services See Part IV, line 17	0					
f	Investment management fees	0					
g	Other	8,245,405	7,193,151	1,052,254			
12	Advertising and promotion	0					
13	Office expenses	7,824,210	7,653,305	170,905			
14	Information technology	0					
15	Royalties	0					
16	Occupancy	709,831	701,377	8,454			
17	Travel	265,063	215,999	49,064			
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0					
19	Conferences, conventions, and meetings	0					
20	Interest	81,985	81,985				
21	Payments to affiliates	1,085,580		1,085,580			
22	Depreciation, depletion, and amortization	1,551,770	1,498,400	53,370			
23 24	Insurance	454,289	135,987	318,302			
а	INCOME/SALES/PROPERTY TAXES	44,398	42,754	1,644			
b	BAD DEBTS	4,217,243	4,217,243	2,5.1			
c	RECRUITMENT AND RELOCATION	445,152	445,152				
d	REPAIRS AND MAINTENANCE	303,093	300,860	2,233			
e	RENOVATIONS	96,509	96,509	_,			
f	All other expenses	151,303	30,654	120,649	0		
25	Total functional expenses. Add lines 1 through 24f	49,363,401	44,622,296	4,741,105	0		
26	Joint costs. Check here ► ☐ If following	,200,.01	11,122,230	.,. 12,133			
	SOP 98-2 (ASC 958-720) Complete this line only if the						
	organization reported in column (B) joint costs from a	0					
	combined educational campaign and fundraising solicitation	<u> </u>	<u>I</u>				

Part X Balance Sheet (A) (B) Beginning of year End of year 2.709 4,005 1 1 0 2 522,299 2 3 3 6,759,185 4 8,650,719 4 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of 21,654 5 80,435 Schedule L . . . 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) **A**ssets 6 726, 169 7 454,694 8 953,699 8 926,271 Prepaid expenses and deferred charges 46,644 9 137,032 10a Land, buildings, and equipment cost or other basis Complete 46.241.139 Part VI of Schedule D 10a 10b 32.996.644 12,777,075 **10c** b Less accumulated depreciation 13.244.495 11 11 9,385,772 8,352,518 12 12 Investments—other securities See Part IV, line 11 0 13 13 Investments—program-related See Part IV, line 11 . . 14 14 Intangible assets 2,402,092 15 6,970,694 15 16 Total assets. Add lines 1 through 15 (must equal line 34) . . . 32,041,745 16 40,376,416 **17** 3,963,782 17 4,354,906 Accounts payable and accrued expenses . 18 18 19 19 20 20 Liabilities 21 21 Escrow or custodial account liability $Complete\ Part\ IV\ of\ Schedule\ D$. . 22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified 22 23 23 Secured mortgages and notes payable to unrelated third parties . . 24 24 Unsecured notes and loans payable to unrelated third parties 25 Other liabilities Complete Part X of Schedule D 2.581.440 25 875,700 26 6,545,222 26 5.230.606 **Total liabilities.** Add lines 17 through 25 Organizations that follow SFAS 117, check here ▶ 🔽 and complete lines 27 Balances through 29, and lines 33 and 34. 27 Unrestricted net assets 23,454,204 27 28,534,889 Temporarily restricted net assets 2,042,319 28 6,610,921 28 Fund F 29 29 Permanently restricted net assets Organizations that do not follow SFAS 117, check here ▶ □ and complete lines 30 through 34. ŏ 30 Capital stock or trust principal, or current funds 30 Assets 31 Paid-in or capital surplus, or land, building or equipment fund 31 32 32 Retained earnings, endowment, accumulated income, or other funds ž 25,496,523 35,145,810 33 33 Total net assets or fund balances 34 Total liabilities and net assets/fund balances 32.041.745 40.376.416 34

Ра	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		537	791,510
2	Total expenses (must equal Part IX, column (A), line 25)	2			363,401
3	Revenue less expenses Subtract line 2 from line 1	3			128,109
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		25,4	196,523
5	Other changes in net assets or fund balances (explain in Schedule O)	5		5,2	221,178
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		35,1	145,810
Par	Tt XII Financial Statements and Reporting Check if Schedule O contains a response to any question in this Part XII			୮	
1	Accounting method used to prepare the Form 990			Yes	No
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of 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		2 c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were in on a separate basis, consolidated basis, or both	ssued			
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis				
За	Single Audit Act and OMB Circular A-133?		За		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the i audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	required	3b		

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

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

DLN: 93493136016682

OMB No 1545-0047

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

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.

Inspection **Employer identification number**

MERCY MEDICAL CENTER 45-0231183 Reason for Public Charity Status (All organizations must complete this part.) See instructions

1	1_	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).									
2	Γ	A scho	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)								
3	굣	A hosp	ıtal or a coo	erative hospital service organization described in section 170(b)(1)(A)(iii).							
4	Γ			n organization operat ty, and state	organization operated in conjunction with a hospital described in section $170(b)(1)(A)(iii)$. Enter the , and state						
5	\vdash	An orga	anızatıon op	erated for the benefit	t of a college	or universit	y owned or o	perated by a	government	al unit desci	ribed in
		sect ion	170(b)(1)(A)(iv). (Complete P	art II)						
6	Γ	A feder	al, state, or	local government or	government	al unit desci	nbed in secti o	on 170(b)(1)(A)(v).		
7	Γ	describ	ed in	at normally receives A)(vi) (Complete P	ormally receives a substantial part of its support from a governmental unit or from the general public					ral public	
8	г			described in section		A)(vi) (Com	nlete Part II	1			
9	<u>'</u>			at normally receives					uitions mem	hershin fees	and aross
	'	_		ities related to its ex							-
				oss investment inco							
			_	janization after June				-		ax, nom ba	311103303
10	Г			ganized and operated							
11	<u>'</u>	_		ganized and operated		-	· ·			carry out t	he purposes of
	,	one or the box	more publici	y supported organized besthe type of supported by Type I	ations descri orting organi	ibed in section i <u>za</u> tion and c	on 509(a)(1)	or section 5 s 11e throug	509(a)(2) Se gh 11h	e section 5 0	
e f	Γ	other the section of the ocheck t	nan foundatı 1509(a)(2) rganızatıon this box	ox, I certify that the on managers and othe	ner than one	or more publ	licly supporte	ed organizati Type I, Type	ions describe	d in section	509(a)(1) or
g		followin	ig persons?	2006, has the organi rectly or indirectly c							Yes No
				governing body of th						11g(
				er of a person descri		_				11g(
		(iii) a 3	35% control	led entity of a perso	n described i	n (ı) or (ıı) a	bove?			11g(
h		Provide	the following	ng information about	the supporte	ed organizati	on(s)		1		
Name of (ii) (described on co		(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 organizati col (i) organithe U	on in anized	(vii) A mount of support			
				instructions))	Yes	No	Yes	No	Yes	No	
Tota	1										

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.)

S	ection A. Public Support		and to quanty t			Jaco complete	
	endar year (or fiscal year beginning						
Care	in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1	Gifts, grants, contributions, and						
	membership fees received (Do not						
	ınclude 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						
Ū	line 4						
S	ection B. Total Support		<u> </u>	I I.			
	endar year (or fiscal year beginning						
	ın) >	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7	A mounts from line 4						
8	Gross income from interest,						
Ū	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)					<u> </u>	
12	Gross receipts from related activiti	es, etc (See inst	ructions)			12	
13	First Five Years If the Form 990 is t	for the organizati	on's first, second	, thırd, fourth, or	fifth tax year as a	501(c)(3) organı	
	check this box and stop here						►
	-tiC Ct-ti	L'a Carana at B					
<u> </u>	ection C. Computation of Pub Public Support Percentage for 2010			11 column (f))			
	· ·		•	II Column (1))		14	
15	Public Support Percentage for 2009	Schedule A, Pa	rt II, line 14			15	
16a	33 1/3% support test—2010. If the				line 14 is 33 1/3%	or more, check	
_	and stop here. The organization qua						▶ □
b	33 1/3% support test—2009. If the				5a, and line 15 is 3	33 1/3% or more,	- -
	box and stop here. The organization				45.46		►
1/a	10%-facts-and-circumstances test-						
	is 10% or more, and if the organization made						rt a d
	in Part IV how the organization mee	ts the "racts and	circumstances"	test ine organiz	ration qualifies as	a publicly suppo	
L	organization	_2000 If+b	anization did not	chack a hay an l	no 12 165 166 -	r 17a and line	► □
D	10%-facts-and-circumstances test- 15 is 10% or more, and if the organ						
	Explain in Part IV how the organization						v
	supported organization	aon meets the 10	acts and circuilis	tances test file	z organizacion qual	mes as a publici	y ▶[¯
18	Private Foundation If the organizati	on did not check	a box on line 13	. 16a. 16b. 17a o	r 17b, check this	box and see	- 1
	instructions	on ala not check	a box on fine 15	, 100, 100, 1700	I by check tills	SON GING SCC	▶ □

organization

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 (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total ın) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified 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 Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total in) 9 Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include 12 gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 11 and 12) 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 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 Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) 17 **17** Investment income percentage from 2009 Schedule A, Part III, line 17 18 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

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 **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 A (Form 990 or 990-EZ) 2010

DLN: 93493136016682

OMB No 1545-0047

Open to Public **Inspection**

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527 ► Complete if the organization is described below.

Political Campaign and Lobbying Activities

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

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities),

- ◆ 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

Na	ction 501(c)(4), (5), or (6) organi me of the organization RCY MEDICAL CENTER			Employer ide	ntıfıcatıon number		
			==	45-0231183			
ar		ganization is exempt und			7 organization.		
1	·	ganization's direct and indirect po	litical campaign act	civities in Part IV			
2	Political expenditures			•	\$		
3	Volunteer hours						
ar	t I-B Complete if the or	ganization is exempt und	er section 501(c)(3).			
1	Enter the amount of any excis	e tax incurred by the organization	under section 4955	5 	\$		
2	Enter the amount of any excis	e tax incurred by organization mai	nagers under sectio	n 4955 🕨	\$		
3	If the organization incurred a s	section 4955 tax, did it file Form 4	720 for this year?		┌ Yes ┌ No		
4a	Was a correction made?				☐ Yes ☐ No		
b	If "Yes," describe in Part IV						
ar	t I-C Complete if the or	ganization is exempt unde	er section 501(c) except section 50	1(c)(3).		
1	Enter the amount directly expe	ended by the filing organization for	section 527 exemp	pt function activities 🕨	\$		
2	Enter the amount of the filing of exempt funtion activities	organization's funds contributed to	other organizations	s for section 527 ►	\$		
,	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b						
3	rotal exempt function expendi	tures Add lines 1 and 2 Enter he	re and on Form 112	20-POL, line 17b ►	\$		
4 5	Did the filing organization file l Enter the names, addresses a	Form 1120-POL for this year? nd employer identification number	(EIN) of all section	ı 527 political organization			
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio	Form 1120-POL for this year?	(EIN) of all section the amount paid fro d directly delivered	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from	is to which the filing funds Also enter the anization, such as a ation in Part IV		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide informa	funds Also enter the anization, such as a ation in Part IV (e) A mount of political contributions received		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		
4	Did the filing organization file l Enter the names, addresses a organization made payments amount of political contributio separate segregated fund or a	Form 1120-POL for this year? nd employer identification number For each organization listed, enter ns received that were promptly an political action committee (PAC)	(EIN) of all section the amount paid fro d directly delivered If additional space	i 527 political organization om the filing organization's to a separate political org is needed, provide information (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none,		

Р	art II-A Complete if the organization under section 501(h)).	is exempt under section 501(c)(3)	and filed Form 5768	(election
	Check If the filing organization belongs to a Check If the filing organization checked bo	n affiliated group x A and "limited control" provisions apply		
	Limits on Lobbying E (The term "expenditures" means ar		(a) Filing O rganization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lobbyıng)		
b	Total lobbying expenditures to influence a legisl	ative body (direct lobbying)		
C	Total lobbying expenditures (add lines 1a and 1	o)		
d	O ther exempt purpose expenditures			
е	Total exempt purpose expenditures (add lines 1	c and 1d)		
f	Lobbying nontaxable amount Enter the amount to columns	rom the following table in both		
	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		
	Grassroots nontaxable amount (enter 25% of lir	e 1f)		
h	Subtract line 1g from line 1a If zero or less, ent	er -0 -		
i	Subtract line 1f from line 1c If zero or less, ente	r-0-		
j	If there is an amount other than zero on either lii section 4911 tax for this year?	ne 1h or line 1i, did the organization file Form	4720 reporting	┌ Yes ┌ 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 Expendit	ures During 4	4-Year Avera	ging 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
L	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			
а	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	
е	Publications, or published or broadcast statements?		Νo	
f	Grants to other organizations for lobbying purposes?	Yes		1,517
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo	
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			1,517
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		ļ	
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			
·	TITE A Complete if the exercise is exempt under certical FO1(c)(4), section	E04/-	\(\ - \ \ \ -	

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	
_			

- Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).
- a Current year
- Carryover from last year
- Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues 3
- 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?
 - Taxable amount of lobbying and political expenditures (see instructions)

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
EXPLANATION OF LOBBYING ACTIVITIES		THE ENTITY'S CONTROLLING ORGANIZATION PAYS ANNUAL DUES TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND CATHOLIC HEALTH ASSOCIATION (CHA), A PORTION OF WHICH IS ALLOCATED TO LOBBYING IN ADDITION, MERCY MEDICAL CENTER PAID DUES TO THE NORTH DAKOTA HOSPITAL ASSOCIATION THE AMOUNT SHOWN ON LINE 1F REPRESENTS THIS ENTITY'S SHARE OF ALLOCATED LOBBYING EXPENSES AHA \$155, CHA \$466, NDHA \$896

2a

2b

2c

3

4

5

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DLN: 93493136016682

OMB No 1545-0047

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.

Open to Public

	onn 330. F See Separate instructions.		
lame of the organization IERCY MEDICAL CENTER		Emp	oloyer identification number
JERCY MEDICAL CENTER		45-	0231183
Part I Organizations Maintaining Donor A			
organization answered "Yes" to Form 99	(a) Donor advised funds		(b) Funds and other accounts
Total number at end of year	(a) Donor advised funds	'	(b) Fullus allu otilei accounts
Aggregate contributions to (during year)			
Aggregate grants from (during year)			
Aggregate value at end of year			
Did the organization inform all donors and donor adv funds are the organization's property, subject to the		onor auv	Yes No
Did the organization inform all grantees, donors, and used only for charitable purposes and not for the ber conferring impermissible private benefit			
art II Conservation Easements. Complete	ıf the organization answered "Yes"	' to Forr	n 990, Part IV, line 7.
Preservation of land for public use (e g , recreat Protection of natural habitat Preservation of open space Complete lines 2a-2d if the organization held a qual easement on the last day of the tax year	Preservation of	a certifie	rically importantly land area d historic structure onservation
			Held at the End of the Year
a Total number of conservation easements		2a	
b Total acreage restricted by conservation easements	:	2b	
c Number of conservation easements on a certified his	storic structure included in (a)	2c	
d Number of conservation easements included in (c) a	cquired after 8/17/06	2d	
Number of conservation easements modified, transfe the taxable year *	erred, released, extinguished, or termina	ated by th	ne organization during
Number of states where property subject to conserv	ation easement is located ►		
Does the organization have a written policy regarding enforcement of the conservation easements it holds		andling of	fviolations, and Yes No
Staff and volunteer hours devoted to monitoring, insp	pecting and enforcing conservation ease	ements d	uring the year ►
A mount of expenses incurred in monitoring, inspecti	ng, and enforcing conservation easeme	nts durın	g the year 🕨 \$
Does each conservation easement reported on line 2 $170(h)(4)(B)(I)$ and $170(h)(4)(B)(II)$?	2(d) above satisfy the requirements of s	ection	Γ Yes Γ No
In Part XIV, describe how the organization reports c balance sheet, and include, if applicable, the text of the organization's accounting for conservation easer	the footnote to the organization's financ		
Organizations Maintaining Collection Complete if the organization answered		, or Ot	her Similar Assets.
If the organization elected, as permitted under SFAS art, historical treasures, or other similar assets held provide, in Part XIV, the text of the footnote to its fir	5 116, not to report in its revenue states for public exhibition, education or rese	arch in fu	
If the organization elected, as permitted under SFAS historical treasures, or other similar assets held for provide the following amounts relating to these items	public exhibition, education, or research		
(i) Revenues included in Form 990, Part VIII, line 1			▶ \$
(ii) Assets included in Form 990, Part X			► \$
If the organization received or held works of art, hist following amounts required to be reported under SFA		for finan	
Revenues included in Form 990. Part VIII. line 1			▶ \$

b Assets included in Form 990, Part X

Part	III Organizations Maintaining Co	<u>llections of Art</u>	t, His	tori	<u>cal Tre</u>	eası	ıres, or Ot	<u>he</u>	<u>r Similar Asse</u>	ets (co	ontinued)
	Using the organization's accession and other items (check all that apply)	records, check an	y of th	ne foll	owing th	nat ai	re a significar	nt u:	se of its collectio	n	
a j	Public exhibition		d	Γ	Loan o	rexc	hange progra	ms			
ь [Scholarly research		e	Γ	Other						
c	Preservation for future generations										
	Provide a description of the organization's co Part XIV	llections and expla	ıın hov	w the	/ further	the	organızatıon's	sex	empt purpose in		
	During the year, did the organization solicit of assets to be sold to raise funds rather than t									Yes	┌ No
Part		ements. Comple	ete ıf	the	organiz	atıo			es" to Form 99	0,	
	Is the organization an agent, trustee, custod included on Form 990, Part X?	ian or other interme	edıary	forc	ontrıbut	ions	or other asse	ets r		Yes	┌ No
b 1	If "Yes," explain the arrangement in Part XI\	/ and complete the	follow	ving ta	able				A		
_	5						H.		Amo	unt	
_	Beginning balance						<u> </u>	lc ld			
	Additions during the year						<u> </u>	-			
_	Distributions during the year						_	Le 16			
	Ending balance						<u></u> 1	1f			
	Did the organization include an amount on Fo		e 21?						ı	Yes	│ No
	If "Yes," explain the arrangement in Part XIV				1.1157		- 000				
Part	Endowment Funds. Complete	f the organization (a)Current Year)Prior \						•\Eour V	ears Back
1a	Beginning of year balance	(a)Curient rear	(D	JETIOI	Cai	(0)10	VO TEATS DACK	(u)	Tillee Teals back (e ji Oui i	ears back
	Contributions										
	Investment earnings or losses										
	Grants or scholarships										
	Other expenditures for facilities										
	and programs										
f	Administrative expenses										
g	End of year balance										
2	Provide the estimated percentage of the yea	r end balance held	as						•		
a	Board designated or quasi-endowment 🕨										
b i	Permanent endowment 🕨										
c ·	Term endowment 🕨										
3a /	Are there endowment funds not in the posses	ssion of the organiz	ation	that a	re held	and a	admınıstered	for	the		
	organization by								25(i)	Yes	No
	(i) unrelated organizations			•	• •	•		•	3a(i) 3a(ii)		
	(ii) related organizations								3b	<u> </u>	<u> </u>
	Describe in Part XIV the intended uses of th	•				•		•			
Part						90. P	art X. line 1	10.			
	Description of investment	<u>, </u>		(a)	Cost or o	ther	(b)Cost or oth	ner	(c) Accumulated depreciation	(d) Bo	ok value
1a ! ·	and						328,0		,		328,028
	uildings		•				<u> </u>		19 219 971		· · · · · · · · · · · · · · · · · · ·
	easehold improvements		•	-			27,177,2	∠04	19,219,871		7,957,413 0
ت ∟و	asenoid improvements		•					\dashv			0
A =	auunmant						17 200 3	ادمد	42 406 200		2 704 004
	quipment		•				17,200,3		13,406,209		3,794,094
e 0	quipment	rm 990 Part V colu	mn (P) //nc	10(c))		17,200,3 1,535,5	524	13,406,209 370,564		3,794,094 1,164,960 3,244,495

Part VII Investments—Other Securities. Se	e Form 990, Part X, line 12.	
(a) Description of security or category	(b)Book value	(c) Method of valuation
(Including name of security) (1)Financial derivatives	0	Cost or end-of-year market value
(2)Closely-held equity interests	0	
(3)Other	<u> </u>	
(A) CHI OIP - FIXED INCOME	4,470,073	F
(B) CHI OIP - EQUITY SECURITIES	4 9 1 5 6 9 9	F
(B) CHI OIF - EQUITT SECURITES	4,915,699	
	+	
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)	9,385,772	
Part VIII Investments—Program Related. S		
(a) Description of investment type	(b) Book value	(c) Method of valuation
(a) bescription of investment type	(2) Book value	Cost or end-of-year market value
Total. (Column (b) should equal Form 990, Part X, col (B) line 13)	F	
Part IX Other Assets. See Form 990, Part X, (a) Desc		(h) Paak valua
(1) INVESTMENT IN UNCONSOLIDATED ORGS	приоп	(b) Book value 6,970,694
(1) INVESTMENT IN UNCONSOLIDATED ONGS		0,570,054
Tabal (Column (h) should equal Form 200, Part V, col (R) live	15)	6.070.604
Total. (Column (b) should equal Form 990, Part X, col.(B) line		
Part X Other Liabilities. See Form 990, Part	: X, line 25.	
Dart X Other Liabilities. See Form 990, Part (a) Description of Liability	(b) A mount	
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount	
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	6,970,694
Part X Other Liabilities. See Form 990, Part	(b) A mount 0	
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	• 6,970,694
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	6,970,694
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	6,970,694
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	6,970,694
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	6,970,694
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0	6,970,694
Part X Other Liabilities. See Form 990, Part 1 (a) Description of Liability Federal Income Taxes	(b) A mount 0 875,700	6,970,694

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	58,336,112
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	49,363,401
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	8,972,711
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	0
9	Total adjustments (net) Add lines 4 - 8	9	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	8,972,711
	XII Reconciliation of Revenue per Audited Financial Statements With Revenue p		· ·
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		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
c	Recoveries of prior year grants		
d	Other (Describe in Part XIV) 2d 0		
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	0
4	Amounts included on Form 990, Part VIII, line 12, but not on line $oldsymbol{1}$		
а	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	4 c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	0
Part	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	<u> </u>	
a	Donated services and use of facilities		
b	Prior year adjustments	1	
c	Other losses	1	
d	Other (Describe in Part XIV) 2d 0	1	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	0
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a		
b	Other (Describe in Part XIV) 4b 0	1	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	0
Par	t XIV Supplemental Information	•	

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

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 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
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	MERCY MEDICAL CENTER'S FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION CHI'S FIN 48 (ASC 740) FOOTNOTE FOR THE YEAR ENDED JUNE 30, 2011 READS AS FOLLOWS "CHI IS A TAX-EXEMPT COLORADO CORPORATION AND HAS BEEN GRANTED AN EXEMPTION FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE CHI OWNS CERTAIN TAXABLE SUBSIDIARIES AND ENGAGES IN CERTAIN ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE AND THEREFORE SUBJECT TO INCOME TAX AS OF JUNE 30, 2011, CHI HAS CURRENT NET DEFERRED TAX ASSETS OF \$2 1 MILLION AND A NONCURRENT NET DEFERRED TAX LIABILITY OF \$5 4 MILLION RELATED TO THESE TAXABLE ACTIVITIES MANAGEMENT REVIEWS ITS TAX POSITIONS ANNUALLY AND HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS THAT REQUIRE RECOGNITION IN THE CONSOLIDATED FINANCIAL STATEMENTS"

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DLN: 93493136016682

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2010

OMB No 1545-0047

Open to Public Inspection

SCHEDULE F (Form 990)

Department of the Treasury

to Part I

c Totals (add lines 3a and 3b)

Internal Revenue Service

► Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

Statement of Activities Outside the United States

► Attach to Form 990. ► See separate instructions.

Name of the organization MERCY MEDICAL CENTE Employer identification number

FRO	Y MEDICAL CENTER					
					45-0231183	
Pai	General Information "Yes" to Form 990, Par			ne United States. C		ation answered
•	For grantmakers. Does the cassistance, the grantees' eligible grants or assistance?	organization m Jibility for the	naıntaın record grants or assıs	stance, and the select	ion criteria used to awa	
	For grantmakers. Describe in Pa United States	rt V the organız	atıon's procedur	es for monitoring the use	e of grant funds outside t	he
	Activites per Region (Use Part \	/ if additional s	pace is needed])		
	(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
	CENTRAL AMERICA AND THE CARIBBEAN	0		GRANTS		66
	EUROPE (INCLUDING ICELAND AND GREENLAND)	0		GRANTS		3
	NORTH AMERICA (CANADA & MEXICO ONLY)	0		GRANTS		3
	SOUTH AMERICA	0	0	GRANTS		3
	SOUTH ASIA	0	0	GRANTS		87
	SUB SAHARAN AFRICA	0	0	GRANTS		21,01
	Sub-total Total from continuation sheets					

0

22,634

Use Part V if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) A mount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
			CENTRAL AMERICA AND THE CARIBBEAN	IMPROVE MEDICAL SERVICE	0	N/A	199	MEDICAL SUPPLIES	воок
				IMPROVE MEDICAL SERVICE	0	N/A	663	MEDICAL SUPPLIES	воок
				IMPROVE MEDICAL SERVICE	0	N/A	871	MEDICAL SUPPLIES	воок
				IMPROVE MEDICAL SERVICE	0	N/A	19,860	MEDICAL SUPPLIES	воок
2			ent organizations list or which the grantee						1
3		·	organizations or ent	•		. , , , , , ,		•	0
									(Form 990) 2010

Part II Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990,

Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000

Part III Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) A mount of cash grant	(e) Manner of cash disbursement	(f) A mount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
			I				
			1				
			i				
			1				
			 I		,		
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,			 I		1		
-			 I		,		
			ı		,		

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? <i>If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)</i>	굣	Yes	Γ	Νo
2	Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)	Г	Yes	▽	Νo
3	Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)	굣	Yes	Г	No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)	굣	Yes	Г	No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)	✓	Yes	Г	No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).	Γ	Yes	▽	Νo

Schedule F (Form 990) 2010

Schedule F (Form 990) 2010 Page **5**

Part V Supplemental Information
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

ldentifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule F, Part I, Line 2	MERCY MEDICAL CENTER ("MMC") DONATES EXCESS MEDICAL SUPPLIES TO A DOMESTIC 501(C)(3) ORGANIZATION THESE MEDICAL SUPPLIES ARE THEN DISTRIBUTED TO UNDERPROVIDED NATIONS MMC RELIES ON THE RECIPIENT ORGANIZATION TO MONITOR THE USE OF FUNDS OUTSIDE THE UNITED STATES

ldentifier	Return Reference	Explanation
METHOD USED TO ACCOUNT FOR EXPENDITURES	SCHEDULE F, PART I, COLUMN F	THE METHOD USED TO ACCOUNT FOR THE EXPENDITURES IS THE ACCRUAL METHOD WHICH IS CONSISTENT WITH THE ORGANIZATION'S FINANCIAL STATEMENTS

Schedule F (Form 990) 2010

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

DLN: 93493136016682

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization MERCY MEDICAL CENTER

Employer identification number

						0231183			
Pa	art I Financial Assista	ance and C	ertain Oth	er Community Be	nefits at Cost				
						-		Yes	No
1 a	Did the organization have a fi	nnancial assi	stance policy	y during the tax year? I	f "No," skip to questio	n 6a .	1a	Yes	
b	If "Yes," is it a written policy	?					1b	Yes	
2	If the organization has multip assistance policy to its vario				describes application	of the financial			
	Applied uniformly to all ho	ospitals		Applied uniformly	to most hospitals				
	Generally tailored to indiv		ls						
3	Answer the following based o organization's patients during		ncıal assısta	nce eligibility criteria t	hat applied to the large	est number of the			
а	Does the organization use Fe income individuals? If "Yes,"						За		No
	Γ _{100%} Γ _{150%}	F 20	о% Г	Other	%	-	- Ju		110
L				<u></u>		duuduale 2 If			
b	"Yes," indicate which of the fo		= -	-		dividuals? II			
		_	·			-	3b		No
	200% 250%	30	00%	350% — 40	0% Cother_	<u>%</u>			
С	If the organization does not u determining eligibility for free test or other threshold, regar	or discounte	d care Inclu	de in the description w	hether the organizatioi				
4	3					uring the tax year	4	Yes	
_	provide for free or discounted			_				i i	
5a	Did the organization budget amount					⊢	5a	Yes	
b	If "Yes," did the organization		•		_	⊢	5b		No
C	If "Yes" to line 5b, as a resul care to a patient who was elig						5c		
6a	Does the organization prepar			ort during the tax			6a	Yes	
6h	year?			ublic 2		1	~ 1	lu l	
OD	Complete the following table		•		instructions Do not s	uhmit these	6b	Yes	
	worksheets with the Schedule		Kaneeta piov	ided iii tile Scheddle ii	mstructions Do not s	abilite these			
7	Financial Assistance and C	Certain Other	Community I	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 be expense	nefit	(f) Pero total ex	
а	Financial Assistance at cost	(optional)					\dashv		
b	(from Worksheets 1 and 2) Unreimbursed Medicaid (from		1,426	767,116		767	,116	1	700 %
	Worksheet 3, column a) .		1,810				0		0 %
c	Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						0		0 %
d	Total Financial Assistance and Means-Tested Government								
	Programs	0	3,236	767,116	0	767	,116	1	700 %
e	Other Benefits Community health improvement services and community benefit operations (from								
£	(Worksheet 4)	22	5,963	110,045	1,510	108	,535	0	240 %
	Health professions education (from Worksheet 5)	7	97	105,124		105	,124	0	230 %
g	Subsidized health services (from Worksheet 6)	3	553	9,476		9	,476	0	020 %
h	Research (from Worksheet 7)						0		0 %
i	Cash and in-kind contributions to community groups								
	(from Worksheet 8)	18	14,139	222,586			,586		490 %
-	Total Other Benefits Total Add lines 7d and 7:	50 50	20,752	447,231 1 214 347	1,510	1 212			980 %

13

Part II Community 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	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
		programs (optional)					
1	Physical improvements and housing					0	0 %
_2	Economic development	1	1,800	6,959		6,959	0 010 %
_3	Community support	2	797	9,451		9,451	0 020 %
_4	Environmental improvements					0	0 %
5	Leadership development and training for community members	1	40	2,951		2,951	0 010 %
6	Coalition building	1	25	191		191	0 %
7	Community health improvement advocacy					0	0 %
8	Workforce development	2	26	375,523		375,523	0 760 %
9	Other					0	0 %
10	Total	7	2,688	395,075	0	395,075	0 800 %
Pa	Bad Debt, Medicar	e. & Collec	tion Practic	es			

			2,688	395,075		0 395,	,075	U	800 %
rt III	Bad Debt, Medicar	e, & Collection	on Practices						
tion A.	Bad Debt Expense							Vos	No
Dıd tl	he organization report bad			ncare Financial Ma	anagei	ment Association	1	Yes	110
					2	1,815,945			
		_			3	0			
In ad ratıor	ldition, describe the costir nale for including a portior	ng methodology	used in determining the	amounts reported					
ion B. I	Medicare								
Enter	r total revenue received fr	om Medicare (in	cluding DSH and IME)		5	9,968,753			
Enter	r Medicare allowable costs	of care relating	to payments on line 5		6	9,870,052			
		•	,		7	98,701			
Also	describe in Part VI the co	sting methodolo	ogy or source used to de						
Γ c	ost accounting system	▽ Cost	to charge ratio	Other					
ion C. C	Collection Practices								
Does	the organization have a w	vritten debt colle	ection policy?				9a	Yes	
				ce? Describe in P	art V I		96	Yes	
	rianagement comp		onit ventures						
((a) Name of entity		Description of primary activity of entity	(c) Organız profit % or ownershi	stock	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	pro	Physic fit % or wnershi	stock
				profit % or	stock	trustees, or key	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
				profit % or	stock	trustees, or key employees' profit %	pro	fit % or	stock
	Did to State Enter attribution B. Interest Check Check Check If "Y patie	Enter the amount of the organize Enter the estimated amount of attributable to patients eligible. Provide in Part VI the text of the In addition, describe the costing rationale for including a portion tion B. Medicare Enter total revenue received for Enter Medicare allowable costs. Subtract line 6 from line 5. This Describe in Part VI the extent Also describe in Part VI the extent Also describe in Part VI the concept to Cost accounting system tion C. Collection Practices. Does the organization have a wif "Yes," does the organization patients who are known to qual	Did the organization report bad debt expense is Statement No 15? Enter the amount of the organization's bad debt Enter the estimated amount of the organization attributable to patients eligible under the organizationale for including a portion of bad debt amount of the footnote to the second of the footnote	Did the organization report bad debt expense in accordance with Heath Statement No 15?	Did the organization report bad debt expense in accordance with Heathcare Financial Mistatement No 15?	Did the organization report bad debt expense in accordance with Heathcare Financial Manager Statement No 15?	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? Enter the amount of the organization's bad debt expense (at cost)	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? Enter the amount of the organization's bad debt expense (at cost)

Part	V Facility Information									
Section A. Hospital Facilities (list in order of size, measured by total revenue per facility, from largest to smallest) How many hospital facilities did the organization operate during the tax year? 1		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	
Name	and address									Other (Describe)
1	MERCY MEDICAL CENTER 1301 15TH AVE W WILLISTON,ND 58801	×	х			х		x		OP CLINICS (PSYCH, FAMILY PRACTICE, GENERAL SURGERY, ORTHO)
		<u> </u>	-		<u> </u>	-				
		1								
-										
		<u> </u>								
		+-			-	-		-		
		+			-			-	-	
		+								

Part V Facility Information (continued) Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility:	
Line Number of Hospital Facility (from Schedule H, Part V, Section A):	

			Yes	No
Cor	mmunity Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply)			
	a A definition of the community served by the hospital facility			
	b Demographics of the community			
	c Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
	d How data was obtained			
	e The health needs of the community			
	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and			
	minority groups			
	The process for identifying and prioritizing community health needs and services to meet the community health needs			
	h The process for consulting with persons representing the community's interests			
	i Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
	j Cother (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who			
	represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into	3		
4	account input from persons who represent the community, and identify the persons the hospital facility consulted Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the			
-	other hospital facilities in Part VI	4		
5	Did the hospital facility make its Needs Assessment widely available to the public?	5		
	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
	a Hospital facility's website			
	b Available upon request from the hospital facility			
	c T Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
	a 「 Adoption of an implementation strategy to address the health needs of the hospital facility's community			
	b Execution of the implementation strategy			
	c Participation in the development of a community-wide community benefit plan			
	d Participation in community-wide community benefit plan			
	e 「 Inclusion of a community benefit section in operational plans			
	f Adoption of a budget for provision of services that address the needs identified in the CHNA			
	g Prioritization of health needs in the community			
	h 「 Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	i			
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
in	ancial Assistance Policy			
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
8	Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8		
	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9		
	If "Yes," indicate the FPG family income limit for eligibility for free care%			

P	art V F	acility Information (continued)			
				Yes	No
10	Used FPG	to determine eligibility for providing discounted care to low income individuals?	10		
	If "Yes," ır	ndicate the FPG family income limit for eligibility for discounted care%			
11	Explained	the basis for calculating amounts charged to patients?	11		<u> </u>
	If "Yes," ır	ndicate the factors used in determining such amounts (check all that apply)			
	a Γ Inc	ome level			1
	b Ass	set level			1
	с Г Мес	dical indigency			1
	d Ins	urance status			1
	e T Uni	nsured discount			
	f Med	dicaid/Medicare			1
	g ☐ Sta	te regulation			1
		er (describe in Part VI)			1
12	•	the method for applying for financial assistance?	12		1
		measures to publicize the policy within the community served by the hospital facility?	13		
		ndicate how the hospital facility publicized the policy (check all that apply)			
		policy was posted at all times on the hospital facility's web site			
		policy was attached to all billing invoices			
	<u> </u>	policy was posted in the hospital facility's emergency rooms or waiting rooms			
		policy was posted in the hospital facility's admissions offices			
		policy was provided, in writing, to patients upon admission to the hospital facility			
	<u> </u>	policy was available upon request			
		er (describe in Part VI)			
Bil	ling and Col		I	<u> </u>	
		spital facility have in place during the tax year a separate billing and collections policy, or a written financial			
		e policy that explained actions the hospital facility may take upon non-payment?	14		<u> </u>
15		of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	_	during the tax year			
	b Law	orting to credit agency			
	<u>-</u>				
	<u>-</u>	ns on residences			
	<u> </u>	ly attachments or arrests			
	•	er (describe in Part VI)			ł
10		spital facility engage in or authorize a third party to engage in any of the following collection actions during ar?	16		
		heck all collection actions in which the hospital facility or a third party engaged (check all that apply)			
		orting to credit agency			
	b Law	vsuits .			
	c Lier	ns on residences			
	<u>-</u>	ly attachments			
	<u> </u>	er (describe in Part VI)			1
17	-	which actions the hospital facility took before initiating any of the collection actions checked in question 16			
	(check all	that apply)			
	a Not	ified patients of the financial assistance policy upon admission			1
	b \prod Not	ified patients of the financial assistance policy prior to discharge			
	•	ified patients of the financial assistance policy in communications with the patients regarding the patients'			l
	bills				l
	· · · · · · · · · · · · · · · · · · ·	umented its determination of whether a patient who applied for financial assistance under the financial			l
		nce policy qualified for financial assistance per (describe in Part VI)			
	- 010	ier ruescribe in rait VII			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts generally billed to individuals who had insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI) 20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

20

	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)				
Hov	w many non-hospital facilities did the organization ope	erate during the tax year?			
Nar	me and address	Type of Facility (Describe)			
1 2 3 4 5 6 7 8 9	MERCY MEDICAL CENTER - HOME HEALTH 1301 15TH AVE W WILLISTON, ND 58801	HOME HEALTH AGENCY			
		Schedule H (Form 990) 2010			

Part V Facility Information (continued)

Schedule H (Form 990) 2010

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, 6i, 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
- 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
- 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.)
- 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
Eligibility criteria for free or discounted care		WHEN CATHOLIC HEALTH INITIATIVES (THE ULTIMATE PARENT ORGANIZATION TO MERCY MEDICAL CENTER ESTABLISHED ITS FINANCIAL ASSISTANCE POLICY, IT WAS DETERMINED THAT ESTABLISHING A HOUSEHOLD INCOME SCALE BASED ON THE HUD VERY LOW INCOME GUIDELINES MORE ACCURATELY REFLECTS THE SOCIOECONOMIC DISPERSIONS AMONG THE 69 URBAN AND RURAL COMMUNITIES IN 19 STATES SERVED BY CHI HOSPITALS AND HEALTH CARE FACILITIES MERCY MEDICAL CENTER BASES ITS FINANCIAL ASSISTANCE ELIGIBILITY ON HUD'S 130% OF VERY LOW INCOME GUIDELINES BASED ON GEOGRAPHY, AND AFFORDS THE UNINSURED AND UNDERINSURED THE ABILITY TO OBTAIN FINANCIAL ASSISTANCE WRITE-OFFS, BASED ON A SLIDING SCALE, RANGING FROM 25%-100% OF CHARGES AN INDIVIDUAL'S INCOME UNDER THE HUD GUIDELINES IS A SIGNIFICANT FACTOR IN DETERMINING ELIGIBILITY FOR FINANCIAL ASSISTANCE HOWEVER, IN DETERMINING WHETHER TO EXTEND DISCOUNTED OR FREE CARE TO A PATIENT, THE PATIENT'S ASSETS MAY ALSO BE TAKEN INTO CONSIDERATION FOR EXAMPLE, A PATIENT SUFFERING A CATASTROPHIC ILLNESS MAY HAVE A REASONABLE LEVEL OF INCOME, BUT A LOW LEVEL OF LIQUID ASSETS SUCH THAT THE PAYMENT OF MEDICAL BILLS WOULD BE SERIOUSLY DETRIMENTAL TO THE PATIENT'S BASIC FINANCIAL (AND ULTIMATELY PHYSICAL) WELL-BEING AND SURVIVAL SUCH A PATIENT MAY BE EXTENDED DISCOUNTED OR FREE CARE BASED UPON THE FACTS AND CIRCUMSTANCES

Identifier	ReturnReference	Explanation
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	4,217,243

Identifier	ReturnReference	Explanation
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	A COST ACCOUNTING SYSTEM WAS NOT USED TO COMPUTE AMOUNTS IN THE TABLE, RATHER COSTS IN THE TABLE WERE COMPUTED USING THE ORGANIZATION'S COST-TO-CHARGE RATIO THE COST-TO-CHARGE RATIO COVERS ALL PATIENT SEGMENTS THE COST-TO-CHARGE RATIO FOR THE YEAR ENDED 6/30/11 WAS COMPUTED USING THE FOLLOWING FORMULA OPERATING EXPENSE (BEFORE RESTRUCTURING, IMPAIRMENT AND OTHER LOSSES) DIVIDED BY GROSS PATIENT REVENUE WORKSHEET 2 WAS NOT USED TO DERIVE THE COST-TO-CHARGE RATIO

Identifier	ReturnReference	Explanation
Identifier Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	Explanation COSTING METHODOLOGY FOR AMOUNTS REPORTED ON LINE 2 IS DETERMINED USING THE ORGANIZATION'S COST/CHARGE RATIO OF 59% WHEN DISCOUNTS ARE EXTENDED TO SELF-PAY PATIENTS, THESE PATIENT ACCOUNT DISCOUNTS ARE RECORDED AS A REDUCTION IN REVENUE, NOT AS BAD DEBT EXPENSE MERCY MEDICAL CENTER DOES NOT BELIEVE THAT ANY PORTION OF BAD DEBT EXPENSE COULD REASONABLY BE ATTRIBUTED TO PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SINCE AMOUNTS DUE FROM THOSE INDIVIDUALS' ACCOUNTS WILL BE RECLASSIFIED FROM BAD DEBT EXPENSE TO CHARITY CARE WITHIN 30 DAYS FOLLOWING THE DATE THAT THE PATIENT IS DETERMINED TO QUALIFY FOR CHARITY CARE MERCY MEDICAL CENTER DOES NOT ISSUE SEPARATE COMPANY AUDITED FINANCIAL STATEMENTS HOWEVER, THE ORGANIZATION IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS HOWEVER, THE INITIATIVES THE CONSOLIDATED FOOTNOTE READS AS FOLLOWS "THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THESE REVIEWS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE AFTER SATISFACTION OF AMOUNTS DUE FROM UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PATIENT BALANCES WITH
		AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES

Identifier	ReturnReference	Explanation
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	MERCY MEDICAL CENTER IS DESIGNATED AS A CRITICAL ACCESS HOSPITAL ("CAH") CAHS ARE RURAL COMMUNITY HOSPITALS THAT ARE CERTIFIED TO RECEIVE COST-BASED REIMBURSEMENT FROM MEDICARE THE REIMBURSEMENT THAT CAHS RECEIVE IS INTENDED TO IMPROVE THEIR FINANCIAL PERFORMANCE AND THEREBY REDUCE HOSPITAL CLOSURES CAHS ARE CERTIFIED UNDER A DIFFERENT SET OF MEDICARE CONDITIONS OF PARTICIPATION (COP) SHORTFALLS ARE CREATED WHEN A FACILITY RECEIVES PAYMENTS THAT ARE LESS THAN THE COSTS OF CARING FOR PROGRAM BENEFICIARIES BECAUSE SHORTFALLS ARE BASED ON COSTS, NOT CHARGES, MERCY MEDICAL CENTER, DUE TO THEIR DESIGNATION AS A CAH, RECEIVED COST-BASED REIMBURSEMENT FOR MEDICARE PURPOSES, MERCY MEDICAL CENTER WILL NOT EXPERIENCE MEDICARE RELATED SHORTFALLS ALTHOUGH NOT PRESENTED ON THE MEDICARE COST REPORT, IN ORDER TO FACILITATE A MORE ACCURATE UNDERSTANDING OF THE "TRUE" COST OF SERVICES (FOR "SHORTFALL" PURPOSES) THE CHI WORKBOOK ALLOWS A HEALTH CARE FACILITY NOT TO OFFSET COSTS THAT MEDICARE CONSIDERS TO BE NON-ALLOWABLE, BUT FOR WHICH THE FACILITY CAN LEGITIMATELY ARGUE ARE RELATED TO THE CARE OF THE FACILITY'S PATIENTS IN ADDITION, ALTHOUGH NOT REPORTABLE ON THE MEDICARE COST REPORT, THE CHI WORKBOOK INCLUDES THE COST OF SERVICES THAT ARE PAID VIA A SET FEE-SCHEDULE RATHER THAN BEING REIMBURSED BASED ON COSTS (E G OUTPATIENT CLINICAL LABORATORY) FINALLY, THE CHI WORKBOOK ALLOWS A FACILITY TO INCLUDE OTHER HEALTH CARE SERVICES PERFORMED BY A SEPARATE FACILITY (SUCH AS A PHYSICIAN PRACTICE) THAT ARE MAINTAINED ON SEPARATE BOOKS AND RECORDS (AS OPPOSED TO THE MAIN FACILITY'S BOOKS AND RECORDS WHICH HAS ITS COSTS OF SERVICE INCLUDED WITHIN A COST REPORT)

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	MERCY MEDICAL CENTER'S DEBT COLLECTION POLICY PROVIDES THAT MERCY MEDICAL CENTER WILL PERFORM A REASONABLE REVIEW OF EACH INPATIENT ACCOUNT
		PRIOR TO TURNING AN ACCOUNT OVER TO A THIRD-
		PARTY COLLECTION AGENT AND PRIOR TO INSTITUTING
		ANY LEGAL ACTION FOR NON-PAYMENT, TO ASSURE
		THAT THE PATIENT AND PATIENT GUARANTOR ARE NOT
		ELIGIBLE FOR ANY ASSISTANCE PROGRAM (E G
		MEDICAID) AND DO NOT QUALIFY FOR COVERAGE
		THROUGH MERCY MEDICAL CENTER'S COMMUNITY
		ASSISTANCE POLICY AFTER HAVING BEEN TURNED OVER
		TO A THIRD-PARTY COLLECTION AGENT, ANY PATIENT
		ACCOUNT THAT IS SUBSEQUENTLY DETERMINED TO
		MEET THE MERCY MEDICAL CENTER COMMUNITY
		ASSISTANCE POLICY IS REQUIRED TO BE RETURNED
		IMMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT
		TO MERCY MEDICAL CENTER FOR APPROPRIATE FOLLOW-
		UP MERCY MEDICAL CENTER REQUIRES ITS THIRD-
		PARTY COLLECTION AGENTS TO INCLUDE A MESSAGE ON
		ALL STATEMENTS INDICATING THAT IF A PATIENT OR
		PATIENT GUARANTOR MEETS CERTAIN STIPULATED
		INCOME REQUIREMENTS, THE PATIENT OR PATIENT
		GUARANTOR MAY BE ELIGIBLE FOR FINANCIAL
		ASSISTANCE ALL OF CATHOLIC HEALTH INITIATIVES'
		HOSPITALS' CONTRACTS WITH THIRD PARTY
		COLLECTION AGENCIES INCLUDE THE FOLLOWING
		STANDARDS * NEITHER CHI HOSPITALS NOR THEIR
		COLLECTION AGENCIES WILL REQUEST BENCH OR
		ARREST WARRANTS AS A RESULT OF NON-PAYMENT, *
		NEITHER CHI HOSPITALS NOR THEIR COLLECTION
		AGENCIES WILL SEEK LIENS THAT WOULD REQUIRE THE
		SALE OR FORECLOSURE OF A PRIMARY RESIDENCE, AND
		* NO CATHOLIC HEALTH INITIATIVES' COLLECTION
		AGENCY MAY SEEK COURT ACTION WITHOUT HOSPITAL
		APPROVAL FINALLY, COLLECTION AGENCIES ARE
		TRAINED ON THE CATHOLIC HEALTH INITIATIVES
		MISSION, CORE VALUES AND STANDARD OF CONDUCT
		TO MAKE SURE ALL PATIENTS ARE TREATED WITH
		DIGNITY AND RESPECT

Identifier	ReturnReference	Explanation
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	MERCY MEDICAL CENTER INCLUDES INFORMATION CONCERNING ITS FINANCIAL ASSISTANCE POLICY ON ITS WEBSITE IN ADDITION, MMC PROMINENTLY DISPLAYS ITS FINANCIAL ASSISTANCE POLICY IN BOTH ENGLISH AND SPANISH IN OBVIOUS LOCATIONS THROUGHOUT THE HOSPITALS, INCLUDING THE EMERGENCY ROOMS AND OTHER PATIENT INTAKE AREAS, AS WELL AS IN MMC OUTPATIENT FACILITIES IN ADDITION, MMC REGISTRATION CLERKS ARE TRAINED TO PROVIDE CONSULTATION TO THOSE WHO HAVE NO INSURANCE OR POTENTIALLY INADEQUATE INSURANCE CONCERNING THEIR FINANCIAL OPTIONS INCLUDING APPLICATION FOR MEDICAID AND FOR FINANCIAL ASSISTANCE UNDER MMC'S FINANCIAL ASSISTANCE POLICY UPON REGISTRATION (AND ONCE ALL EMTALA REQUIREMENTS ARE MET), PATIENTS WHO ARE IDENTIFIED AS UNINSURED (AND NOT COVERED BY MEDICARE OR MEDICAID) ARE PROVIDED WITH A PACKET OF INFORMATION THAT ADDRESSES THE FINANCIAL ASSISTANCE POLICY AND PROCEDURES INCLUDING AN APPLICATION FOR ASSISTANCE MMC REGISTRATION CLERKS READ THE ORGANIZATION'S MEDICAL ASSISTANCE POLICY TO THOSE WHO APPEAR TO BE INCAPABLE OF READING, AND PROVIDE TRANSLATORS FOR NON ENGLISH-SPEAKING INDIVIDUALS MMC'S STAFF WILL ALSO ASSIST THE PATIENT/GUARANTOR WITH APPLYING FOR OTHER AVAILABLE COVERAGE (SUCH AS MEDICARE ELIGIBLE PATIENTS IN ENROLLMENT BY PROVIDING REFERRALS TO THE APPROPRIATE GOVERNMENT AGENCIES

Identifier	ReturnReference	Explanation
Affiliated health care system	Schedule H, Part VI, Line 6	EXPLANATION MERCY MEDICAL CENTER, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES CATHOLIC HEALTH INITIATIVES (CHI) IS A NATIONAL FAITH-BASED NONPROFIT HEALTH CARE ORGANIZATION WITH HEADQUARTERS IN ENGLEWOOD, COLORADO CHI'S EXEMPT PURPOSE IS TO SERVE AS AN INTEGRAL PART OF ITS NATIONAL SYSTEM OF HOSPITALS AND OTHER CHARITABLE ENTITIES, WHICH ARE DESCRIBED AS MARKET-BASED ORGANIZATIONS, OR MBOS AN MBO IS A DIRECT PROVIDER OF CARE OR SERVICES WITHIN A DEFINED MARKET AREA THAT MAY BE AN INTEGRATED HEALTH SYSTEM AND/OR A STAND-ALONE HOSPITAL OR OTHER FACILITY OR SERVICE PROVIDER CHI SERVES AS THE PARENT CORPORATION OF ITS MBOS WHICH ARE COMPRISED OF 73 HOSPITALS, 40 LONG-TERM CARE, ASSISTED- AND RESIDENTIAL-LIVING FACILITIES, TWO COMMUNITY HEALTH-SERVICES ORGANIZATIONS, TWO ACCREDITED NURSING COLLEGES, AND HOME HEALTH AGENCIES TOGETHER, THESE FACILITIES PROVIDED \$612 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT IN THE 2011 FISCAL YEAR, INCLUDING SERVICES FOR THE POOR, FREE CLINICS, EDUCATION AND RESEARCH CHI PROVIDES STRATEGIC PLANNING AND MANAGEMENT SERVICES AS WELL AS CENTRALIZED "SHARED SERVICES" FOR THE MBOS THE PROVISION OF CENTRALIZED MANAGEMENT AND SHARED SERVICES - INCLUDING AREAS SUCH AS ACCOUNTING, HUMAN RESOURCES, PAYROLL AND SUPPLY CHAIN PROVIDES ECONOMIES OF SCALE AND PURCHASING POWER TO THE MBOS THE COST SAVINGS ACHIEVED THROUGH CHI'S CENTRALIZATION ENABLE MBOS TO DEDICATE ADDITIONAL RESOURCES TO HIGH-QUALITY HEALTH CARE AND COMMUNITY OUTREACH SERVICES TO THE MOST VULNERABLE MEMBERS OF OUR SOCIETY MERCY MEDICAL CENTER OPERATES WITH ITS WHOLLY OWNED AFFILIATES AND COMMUNITY PARTNERS, ALONG WITH ITS FUNDRAJISING ARM, THE MERCY MEDICAL FOUNDATION, TO SERVE THE HEALTH CARE NEEDS OF THE WILLISTON, ND COMMUNITIES

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT AND	SCHEDULE H, PART VI, LINES	MERCY MEDICAL CENTER ("MMC") IS A SOLE COMMUNITY
COMMUNITY INFORMATION	1,2,4 AND 5	HOSPITAL LOCATED IN WILLISTON, NORTH DAKO TA, WITH A SERVICE POPULATION OF OVER 60,000 PEOPLE
		AND GROWING OUR COMMUNITY HAS FOUND IT DIFFICULT TO SECURE AN ACCURATE CENSUS DUE TO
		THE CURRENT "OIL BOOM" ECONOMY THE ROOTS OF MERCY MEDICAL CENTER ORIGINATED IN DUBLIN,
		IRELAND, WHERE CATHERINE MCAULEY ESTABLISHED THE SISTERS OF MERCY IN 1831 CATHERINE'S MISSION
		WAS TO GIVE BACK TO THE COMMUNITY BY PR OVIDING
		FOR THE NEEDS OF THE POOR IN ORDER TO BRING HEALTHCARE TO WESTERN NORTH DAKOTA, THE
		SISTERS OF MERCY FOUNDED MERCY HOSPITAL IN 1920 SINCE THEN, MMC HAS CONTINUED THE LEGA CY OF
		GIVING BACK TO THE COMMUNITIES IT SERVES AND CARRYING ON THE MISSION OF PROVIDING FO R THOSE
		IN NEED IN 1974, MERCY HOSPITAL MOVED TO ITS CURRENT LOCATION AT 1301 15TH AVENUE WEST
		ALONG WITH THE MOVE, CAME NEW CHANGES AND AN
		EXPANSION OF SERVICES TODAY, MMC IS C OMPOSED OF GENERAL ACUTE CARE SERVICES, LEONARD P
		NELSON FAMILY CANCER TREATMENT CENTER, CRAVEN- HAGAN CLINIC (MULTI-SPECIALTY GROUP), AND
		BEHAVIORAL HEALTH SERVICES MMC PROVIDES HEALTHCARE FOR A REGION WHICH HAS A POPULATION
		OF APPROXIMATELY 60,000 AND PROVIDES EMPLOY MENT FOR NEARLY 460 PEOPLE IN 1996, MMC AND ALL
		OF ITS SERVICE LINES BECAME A PART OF THE
		CATHOLIC HEALTH INITIATIVES ("CHI") SYSTEM MMC AND CHI CONTINUE THE ESSENTIAL HEALTHCARE
		COMMITMENT OF ITS FOUNDING CONGREGATIONS TO BUILD HEALTHY COMMUNITIES BY CARING FOR THE
		VULNERABLE, CARING FOR THE WHOLE PERSON IN BODY, MIND AND SPIRIT, AND GOING OUTSIDE THE WA LLS OF
		ITS FACILITIES TO CARE FOR PEOPLE IN NEED THE MISSION OF MMC AND CHI IS TO NURTURE THE HEALING
		MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, ENERGY, AND VIABILITY IN THE 21ST CENTURY FIDELITY
		TO THE GOSPEL URGES US TO EMPHASIZE HUMAN
		DIGNITY AND SOCIAL JUSTIC E AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES MMC IS
		THE PREFERRED REGIONAL H EALTHCARE PROVIDER AND WORK COMMUNITY, DELIVERING HIGH QUALITY, PATIENT
		CENTERED CARE AND EXCELLENT SERVICE IN A WELCOMING AND SAFE ENVIRONMENT IT IS MMC'S GOAL
		TO HOLD TRUE TO OUR CORE VALUES OF REVERENCE, INTEGRITY, COMPASSION, AND EXCELLENCE, AND IN
		DOING SO WE STRI VE TO PARTNER WITH REGIONAL ORGANIZATIONS, AGENCIES, AND ENTITIES TO PROVIDE
		COMMUNITY BEN EFITS SO THAT TOGETHER WE CAN
		BUILD A HEALTHIER COMMUNITY THE FOLLOWING REPORT OUTLINES T HE COMMUNITY BENEFITS AND
		SERVICES MMC HAS PROVIDED TO THE REGION THIS PAST YEAR AS A NON -PROFIT, CATHOLIC HEALTHCARE
		ORGANIZATION, WE TREAT PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THIS IS CONSISTENT WITH OUR
		MISSION AND CORE VALUES IN ADDITION, MMC PROVIDES THOU SANDS OF DOLLARS IN RESOURCES,
		INCLUDING TIME AND CONTRIBUTIONS, TO MANY ORGANIZATIONS THR OUGHOUT THE REGION
		COMMUNITY SERVICE HAS BEEN A VITAL COMPONENT
		OF MMC SINCE ITS INCEPTIO N MMC OPERATES A 24- HOUR EMERGENCY ROOM 365 DAYS PER YEAR THAT
		EMERGENCY ROOM IS OPEN TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY MMC HAS AN OPEN
		MEDICAL STAFF, PARTICIPATES IN MEDICARE AND MEDICAID, AND HAS AN ACTIVE CHARITY CARE
		PROGRAM MMC IS INCLUDED IN THE OFFICIAL CATHOLIC DIRECTORY AS A TAX-EXEMPT HOSPITAL
		COMMUNITY BENEFIT APPROACH THROUGHO UT ITS HISTORY, MMC HAS BEEN INTIMATELY INVOLVED IN
		COMMUNITY HEALTH COLLABORATION AND HAS PLAYED
		A KEY ROLE IN EVALUATING AREA HEALTH ISSUES BY SETTING PRIORITIES AND PLANS FOR IM PROVEMENT
		MMC CONTINUES OUR DEEP COMMITMENT AND INVOLVEMENT IN THE COMMUNITY HEALTH COLLA
		BORATIVE PROCESS MMC'S COMMUNITY BENEFIT PLAN IS BASED ON OUR UNDERSTANDING OF UNIQUE CO
		MMUNITY NEEDS DERIVED FROM COLLABORATIVE NEEDS ASSESSMENTS, FOCUS GROUPS, AND SURVEYS COND
		UCTED WITH OUR COMMUNITY PARTNERS IT IS GENERALLY RECOGNIZED THAT THE HEALTH OF THE
		COMMU NITY IS NOT THE RESPONSIBILITY OF ANY ONE
		ENTITY, BUT RATHER REQUIRES THE COORDINATED EFFO RTS OF BOTH PRIVATE AND PUBLIC ENTITIES TO
		REALIZE AN IMPROVED HEALTH STATUS OF A COMMUNIT Y MMC HAS BEEN WORKING WITH PUBLIC AND PRIVATE
		ENTITIES IN OUR SERVICE AREA TO MEASURE AN D IMPROVE THE HEALTH STATUS OF THE COMMUNITY THE
		MOST RECENT ASSESSMENT, COMPLETED IN 200 4 REFLECTS THE COMPILATION AND ANALYSIS OF
		EXTENSIVE DATA SOURCES TO IDENTIFY ISSUES HAVIN G A SIGNIFICANT IMPACT ON THE HEALTH AND GENERAL
		WELL BEING OF AREA RESIDENTS INFORMATION
		RELATING TO COMMUNITY HEALTH ISSUES WAS GATHERED FROM FOUR FOCUS GROUPS THERE WERE 32
		PA RTICIPANTS INCLUDING NINE CONSUMER REPRESENTATIVES, SIX HEALTH CARE PROVIDERS, TEN
		BUSINES S AND INDUSTRY REPRESENTATIVES, AND SEVEN CLERGY AND RELIGIOUS LEADERS FOCUS GROUP
		PARTIC IPANTS WERE ASKED TO IDENTIFY THOSE SEGMENTS OF THE COMMUNITY THAT DO NOT HAVE
		READY ACCES S TO HEALTH CARE SERVICES, THE TYPES
		OF SERVICES THEY HAVE DIFFICULTY ACCESSING, THE ROOT CAUSES BEHIND THESE ACCESS ISSUES, AND
		GAPS IN THE SERVICES THAT COULD BE ADDRESSED TO BET TER MEET THESE ACCESS NEEDS SUMMARY OF
		ASSESSMENT FINDINGS ALL FOUR OF THE GROUPS HAD IN DIVIDUALS THAT EXPRESSED GRATITUDE FOR THE
		HOSPITAL AND PRIMARY CARE SERVICES THAT ARE AVA ILABLE THROUGH MMC AND ITS PHYSICIANS THEY
		BELIEV

FROM THESE SERVICES AS A NON-PROFIT HEALTHCA RE FACILITY, MR PROVIDES HAILAGE SERVICES TO ALL THOSE IN NEED, RECARDLESS OF THEIR AB ILITY TO PAY MMC RECORDIZES THE COST OF PROVIDING SERVICES WHEN QUARTIFYING ITS CHARITY CARE BENEFIT FOR FISCAL YEAR 2011, MMC PROVIDED \$787,116 IN DISCOUNTS TO THE UNINSURED AND UNDERINGUES COMMUNITY DITEACH FOR THE POOR THE MERCY RIDER PROGRAM BEGAN OPERATIONS I N 1990 AS A PROSENT OF ASSIST WOMEN AND CHILDREN WIND AS A PROSENT OF ASSIST WOMEN AND CHILDREN WIND AS A PROSENT OF ASSIST WOMEN AND CHILDREN WIND ASSISTS THOSE WITH YEAR OWN UNTO A ROGGAM THE HILD ASSISTS THOSE WITH YEAR OWN UNTO A ROGGAM THE HILD ASSISTS THOSE WITH YEAR OWN UNTO A ROGGAM THE HILD ASSISTS THOSE WITH YEAR OWN UNTO A ROGGAM THE HILD ASSISTS THOSE WITH YEAR OWN UNTO A ROGGAM THE HILD ASSISTS THOSE WITH YEAR OWN PROME HILD ASSISTS AND THE PROGRAM PROVED HILD ASSISTS AND THE ROGGAM PROME HILD ASSISTS AND HILD AS	Identifier	ReturnReference	Explanation
EVENT BRINGS THE "MERCY FAMILY" AND THE LARGER	NEEDS ASSESSMENT AND	SCHEDULE H, PART VI, LINES 1,2,4 AND 5	ED THAT EXISTING ACCESS-TO-CARE ISSUES CAN BE IMPROVED THROUGH COMMUNITY COLLABORATION MO TO PARTICIPANTS REMARKED THAT ACCESS TO HEALTH CARE IN WILLISTON IS NOT AN OVERWHELMING PR OBLEM, BUT ONE THAT IS CERTAINLY CHALLENGED BY THE COMMUNITY'S REMOTE LOCATION IN WESTERN NORTH DAKOTA NINE KEY FACTORS HAVING THE GREATEST IMPACT ON THE OVERALL WELLNESS OF THE A REA EMERGED IN THE REVIEW (1) READY ACCESS TO PRIMARY CARE, (2) READY ACCESS TO SPECIALTY CARE, (3) READY ACCESS TO QUALITY CARE, (4) AVAILABILITY AND COST OF HEALTH INSURANCE, (5) DENIAL OF CARE, (6) CHARITY CARE, (7) ACCESS TO ADFORDABLE PRESCRIPTION DRUGS, (8) ACCESS TO HOME CARE, ADULT DAY CARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND TRANSPORTATION, (9) ACCESS TO ADEQUATE PARENTING AND ADVACARE, ASSISTED LIVING AND ADVACARE, ASSISTED ADVACARE, ASSISTED LIVING AND ADVACARE, ASSISTED ASSISTED ADVACARE, ASSISTED ASSISTED ASSI
COMMUNITY TO GETH ER IN AN EFFORT TO RAISE MONEY TO SUPPORT PROGRAMS FOR OUR YOUTH (CONTINUED ON NEXT PAGE)			TO SUPPORT PROGRAMS FOR OUR YOUTH (CONTINUED

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT AND	SCHEULDE H, PART VI, LINES	(CONTINUED FROM ABOVE) MMC DONATES EXCESS
COMMUNITY INFORMATION	1,2,4 AND 5	MEDICAL SUPPLIES AND EQUIPMENT TO UNDERPROVIDED NATIONS IN ADDITION, MMC HAS A
		COMMUNITY OUTREACH COORDINATOR AVAILABLE TO
		HELP PATIENTS WITH REIMBURSEMENT ISSUES MMC'S CRAVEN-HAGAN CLINIC OFFERS A SPORTS PHYSICAL
		EVENT EACH Y EAR PHYSICIANS AND STAFF MEMBERS VOLUNTEER THEIR TIME TO PROVIDE THIS VALUABLE
		SERVICE STUDENTS PAY A FEE OF \$20, WHICH IS DONATED BACK TO THE SCHOOL OF THEIR CHOICE MMC
		ALSO PA RTICIPATES IN MANY LOCAL EVENTS THAT ARE
		INSTRUMENTAL IN ADDRESSING COMMUNITY BUILDING NEE DS INCLUDING THE MAKE-A-WISH FOUNDATION,
		UNITED WAY, MENTORS AND FRIENDS, CASUAL FOR CHARI TY DAY, AG OPEN, HEALTH FAIR, BIBLE CAMPS,
		SCIENCE FAIRS, LOCAL PTOS, AS WELL AS CHURCH AN D YOUTH GROUPS MMC EMPLOYEES ARE ACTIVE
		SUPPORTERS OF THE BASIN UNITED WAY CAMPAIGN MMC REPRESENTATIVES TRAVEL TO SURROUNDING
		RURAL COMMUNITIES TO HELP ADDRESS HEALTH AND
		SAFETY NEEDS MMC ALSO PROVIDES RESOURCES AND FUNDING FOR MANY RURAL SCHOOLS AND COMMUNITY
		ORGANI ZATIONS IN AN EFFORT TO ENHANCE THEIR HEALTHIER COMMUNITY INITIATIVES, INCLUDING AFTER
		PRO M AND AFTER GRADUATION DRUG AND ALCOHOL FREE EVENTS MMC PARTICIPATES IN THE REGIONAL
		INTE RVENTION STRATEGIES GROUP WHICH DEVELOPS
		LOCAL STRATEGIES TO DEAL, TREAT, AND INTERVENE WITH THOSE THAT HAVE MENTAL HEALTH AND SUBSTANCE
		ABUSE ISSUES OTHER COMMUNITY OUTREACH MEAS URES INCLUDE * CHRISTIAN AWARENESS COMMITTEE
		WHICH ANNUALLY DONATES SCHOOL SUPPLIES TO AR EA SCHOOLS AND CONDUCTS A FOOD DRIVE FOR THE
		HOLIDAYS * THE CHRISTIAN AWARENESS COMMITTEE
		AND MERCY EMPLOYEES SUPPORT CHILDREN IN THIRD WORLD COUNTRIES WITH FUNDS TO HELP WITH THE IR
		EDUCATION AND NUTRITION NEEDS * MMC AND ITS EMPLOYEES AND FAMILY MEMBERS ARE ACTIVE SU
		PPORTERS OF THE RELAY FOR LIFE THROUGH DONATIONS OF CASH AND TIME TO THE EVENT * MMC
		PROV IDES CLOSED CAPTIONING ON LOCAL TELEVISION NEWS STATIONS FOR THE HEARING IMPAIRED * MMC P
		ROVIDES A TRAINED SEXUAL ASSAULT NURSE EXAMINER
		THIS PERSON IS ON CALL AND AVAILABLE TO P ROVIDE ASSISTANCE IN CASES OF SEXUAL ASSAULT * MMC IS
		ACTIVE IN LOCAL DISASTER TRAINING A ND POST-911 PREPAREDNESS ACTIVITIES * MMC CANCER TREATMENT
		EMPLOYEES MAKE GAS AND FOOD CO UPONS AVAILABLE TO PATIENTS IN NEED OF ASSISTANCE MMC EMPLOYEES
		CONDUCT FOOD AND TOY DRIV ES ESPECIALLY DURING THE HOLIDAY SEASON * DURING THE 4TH OF JULY
		CELEBRATIONS ORGANIZED BY THE HOMETOWN
		WILLISTON COMMITTEE, MMC SPONSORED A FREE FEED FOR OVER 1800 PEOPLE ALL FO OD AND LABOR WAS
		DONATED BY MMC FOR THIS EVENT THE PURPOSE OF THIS EVENT IS TO SHOWCASE WILLISTON FOR FORMER
		AND CURRENT RESIDENTS THIS EVENT ALLOWED MMC TO SHOW OUR COMMITMENT TO THE COMMUNITY AND
		OUR DESIRE TO PARTICIPATE IN LOCAL EVENTS
		COLLABORATIVE EFFORTS TO IM PROVE COMMUNITY HEALTH MMC UNDERSTANDS ITS ROLE IN PROVIDING
		SUPPORT SERVICES IN AN EFFOR T TO BUILD A HEALTHIER COMMUNITY MMC COORDINATES SUPPORT
		GROUPS FOR PATIENTS AND FAMILIES IN WHICH WE SERVE THIS PAST YEAR, MMC SPONSORED SEVERAL
		SUPPORT PROGRAMS SUCH AS DIABETE S SUPPORT GROUP, GRIEF SUPPORT GROUP, AND THE CANCER
		SUPPORT GROUP THESE GROUPS HAVE PROVIDED A
		COMMUNITY BENEFIT TO WELL OVER 400 PEOPLE IN ADDITION, OUR HOSPICE PROGRAM SERVES A LARGE
		GEOGRAPHICAL AREA, AND ALTHOUGH IT IS A SUBSIDIZED PROGRAM, NUMEROUS DONATIONS ARE
		RECEIVED, THROUGH MEMORIALS, IN APPRECIATION OF THE EXCELLENT CARE FAMILY MEMBERS RECEIVE D. A
		UNIQUE EVENT, SPONSORED BY THE HOSPICE PROGRAM, IS CAMP MEND-A-HEART THIS CAMP HELPS GRIEVING
		CHILDREN COPE WITH THEIR DEVASTATING LOSS AND
		GAIN SUPPORT FROM OTHERS WITH SIMI LAR NEEDS HOSPICE MAKES PRESENTATIONS TO THE COMMUNITY
		ON THE BENEFITS AND SERVICES OF THE HOSPICE PROGRAM HOSPICE ALSO PROVIDES TELEPHONE
		COUNSELING TO THE REGION ONE OF OUR PH YSICIANS ALSO SERVES AS MEDICAL DIRECTOR OF THE HOSPICE
		PROGRAM WITHOUT CHARGING FOR HIS S ERVICES MMC PARTICIPATES IN AN ANNUAL EVENT HEALTH FAIR HELD
		IN CONJUNCTION WITH THE UPPE R MISSOURI VALLEY
		FAIR ("UMVF") THE HEALTH FAIR ATTRACTED OVER 1200 PEOPLE AND PROVIDED F REE SERVICES SUCH AS BODY
		MASS INDEX (BMI), ADVANCE DIRECTIVES, PROPER HAND WASHING, AND B LOOD PRESSURE SCREENINGS MERCY
		COLLABORATES WITH INDEPENDENT PHYSICIANS AND OTHER AREA HE ALTHCARE PROVIDERS TO OFFER THESE
		VALUABLE SERVICES TO THE COMMUNITY MMC OFFERS
		DISCOUNTE D MEALS TO THE ELDERLY PROVIDED THROUGH OUR HOSPITAL CAFETERIA THIS SERVICE
		PROMOTES EATI NG A WELL BALANCED MEAL AND GETS THE ELDERLY UP AND OUT OF THEIR RESIDENCES MMC
		PROMOTES MEDICAL EDUCATION & AWARENESS THROUGH * FREE PRENATAL EDUCATION * BABY BASICS
		* LAMAZE * BABY SITTING CLINICS * SEAT BELT
		AWARENESS * SMOKING CESSATION PROGRAMS * HEARING SCREENIN GS FOR NEWBORNS * HEALTH
		CAREERS CLASSES (JOB SHADOWING) * UPPER MISSOURI VALLEY HEALTH FA IR MMC ALSO PROVIDES FREE
		MEETING ROOM SPACE FOR PARENTING EDUCATION PROGRAMS, CANCER SUP PORT GROUP, DIABETES
		SUPPORT GROUP, AND MORE THE HALLORAN HOUSE,
		LOCATED ON MMC'S CAMPUS, OFFERS PATIENTS AND THEIR FAMILIES A LOCAL PLACE TO STAY WHILE BEING
		TREATED IN OUR LEONA RD P NELSON FAMILY CANCER TREATMENT CENTER OR REC
<u>.</u>	•	

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEULDE H, PART VI, LINES 1,2,4 AND 5	EIVING OTHER SERVICES AT MMC GIVEN OUR LARGE GEOGRAPHIC AREA, THIS SERVICE IS WELL RECEIV ED BY OUR PATIENTS HOUSING AND MEALS AT THE HALLORAN HOUSE ARE PROVIDED FREE OF CHARGE TO THOSE WHO QUALIFY COMMUNITY BUILDING ACTIVITIES MMC CONTINUES TO HOST THE ANNUAL COMMUN ITY SALE THE COMMUNITY SALE PROVIDES AN OPPORTUNITY FOR THE COMMUNITY TO WORK TOGETHER, P ROVIDE HOUSEHOLD AND CLOTHING ITEMS AT INEXPENSIVE PRICES AND INFUSE MONEY BACK INTO THE COMMUNITY THE REVENUE FROM THE COMMUNITY SALE IS RETURNED TO THE COMMUNITY AS IT IS AWARDE D TO OTHER NON-PROFIT ENTITIES THAT SERVE THE YOUTH OF WILLISTON THIS YEAR, THE COMMUNITY SALE RAISED \$61,725 FOR THE WILLISTON COMMUNITY BUILDERS TO BUILD A NEW YOUTH SPLASH PARK WHILE IT IS NOT POSSIBLE TO SHARE ALL OF MMC'S EFFORTS TO GIVE BACK TO THE COMMUNITY, TH IS REPORT DOES OUTLINE THE LARGE CONTRIBUTIONS GIVEN ON BEHALF OF OUR ORGANIZATION TO WILL ISTON AND THE REGION MMC, IN ITS TRADITION OF FAITH, WILL CONTINUE TO PROVIDE COMMUNITY B ENEFITS AND ULTIMATELY BUILD A STRONGER, SAFER, AND HEALTHIER COMMUNITY

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Schedule I

(Form 990)

Department of the Treasury

Internal Revenue Service

Name of the organization

DLN: 93493136016682 OMB No 1545-0047

Employer identification number

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

Inspection

MERCY MEDICAL CENTER		l Annintana				45-0231183	
Part I General Informatio 1 Does the organization maintain the selection criteria used to av	records to substanti	ate the amount of the					✓ Yes
2 Describe in Part IV the organiza							, ,
Part II Grants and Other A Form 990, Part IV, lin duplicated if additional	e 21 for any recip	ient that received n	nore than \$5,000. Ch	eck this box if no one	recipient receive	ed more than \$5,000	es" to . Part II can be
1 (a) Name and address of organization or government	(p) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of gra or assistance
2 Enter total number of section 50						_	
3 Enter total number of other orga	IIIIZALIUIIS					<u> </u>	

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) A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

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
Procedures for monitoring use of grant funds		GRANTS AND DONATIONS ARE GIVEN AS NEEDED TO ORGANIZATIONS IN THE LOCAL AREA THE AMOUNTS GIVEN ARE REVIEWED BY THE FOUNDATION DIRECTOR A RECORD OF ALL GRANTS AND DONATIONS ARE CONTINUALLY MONITORED NO GRANT IS MORE THAN \$5,000

Compensation Information

DLN: 93493136016682

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury Internal Revenue Service

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

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

► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

Name	of	the	orga	niza	tion
1ERCY	ΜE	DICA	L CE	NTER	

Employer identification number

45-0231183

Pa	Questions Regarding Compensation	n				
					Yes	Νo
1a	Check the appropriate box(es) if the organization pro 990, Part VII, Section A, line 1a Complete Part II		iny of the following to or for a person listed in Form vide any relevant information regarding these items			
	First-class or charter travel	Г	Housing allowance or residence for personal use			
	Travel for companions	Г	Payments for business use of personal residence			
	Tax idemnification and gross-up payments	Γ	Health or social club dues or initiation fees			
	Discretionary spending account	Γ	Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the oreimbursement orprovision of all the expenses desc			1b		
2	Did the organization require substantiation prior to officers, directors, trustees, and the CEO/Executiv			2		
3	Indicate which, if any, of the following the organizat organization's CEO/Executive Director Check all t Compensation committee Independent compensation consultant					
	Form 990 of other organizations	<u>'</u>	Approval by the board or compensation committee			
	, rommisso or editer organizations	,	The pour of compensation committee			
4	During the year, did any person listed in Form 990, or a related organization	Part VI	I, Section A, line 1a with respect to the filing organization			
а	Receive a severance payment or change-of-control	l paymei	nt from the organization or a related organization?	4a	Yes	
b	Participate in, or receive payment from, a suppleme	ental nor	nqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-b	oased co	ompensation arrangement?	4c		No
	If "Yes" to any of lines $4a-c$, list the persons and p	rovide tl	he applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only m	ust com	plete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A compensation contingent on the revenues of					
а	The organization?			5a	Yes	
b	Any related organization?			5b		No
	If "Yes," to line 5a or 5b, describe in Part III					
6	For persons listed in form 990, Part VII, Section A compensation contingent on the net earnings of	, line 1a	, did the organization pay or accrue any			
а	The organization?			6a		No
b	Any related organization?			6b		No
	If "Yes," to line 6a or 6b, describe in Part III					
7	For persons listed in Form 990, Part VII, Section A payments not described in lines 5 and 6? If "Yes,"			7	Yes	
8	Were any amounts reported in Form 990, Part VII,					
	subject to the initial contract exception described i	n Regs	section 53 4958-4(a)(3)? If "Yes," describe			
	ın Part III			8		No
9	If "Yes" to line 8, did the organization also follow th section $534958-6(c)$?	ne rebutt	table presumption procedure described in Regulations	9		

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-MI	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	(F) Compensation	
		(i) Base compensation	(ii) Bonus & ıncentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ	
(1) JEFFREY DROP	(I) (II)	0 349,509	0 146,330	0 188,969	0 53,996	0 20,340	0 759,144		
(2) DENNIS GOEBEL	(1) (11)	0	0 0	0 174,357	0 14,300	0 10,686	0 199,343		
(3) ROBERT KEMP	(I) (II)	108,642 0	177,206 0	573 0	25,128 0	14,036 0	325,585 0		
(4) KERRY MONSON	(I) (II)	126,928 0	20,834 0	425 0	15,997 0	8,071 0	172,255 0		
(5) MICHAEL BOULTER	(1) (11)	636,216 0	0 0	5,544 0	0	10,358 0	652,118 0		
(6) MORRIS BELLIS	(1) (11)	346,264 0	17,982 0	5,156 0	20,228 0	9,809, 0	399,439 0		
(7) DAVID SKURDAL	(1) (11)	425,728 0	3,047 0	5,544 0	22,678 0	10,303	467,300 0		
(8) BRETT VIBETO	(I) (II)	398,580 0	21,084 0	756 0	20,228 0	6,577 0	447,225 0		
(9) DAVID LANOUE	(I) (II)	639,632 0	22,925 0	3,612 0	0	39,589 0	705,758 0		
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Severance or change-of-control payment	Part I, Line 4a	POST-TERMINATION PAYMENTS ARE ADDRESSED IN EXECUTIVE EMPLOYMENT AGREEMENTS FOR CATHOLIC HEALTH INITIATIVES ("CHI") AND RELATED ORGANIZATIONS' EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE, INCLUDING THE MBO CEOS THESE EMPLOYMENT AGREEMENTS REQUIRE THAT IN ORDER FOR THE EXECUTIVE TO RECEIVE POST-TERMINATION PAYMENTS, THESE INDIVIDUALS MUST EXECUTE A GENERAL RELEASE AND SETTLEMENT AGREEMENT POST-TERMINATION PAYMENT ARRANGEMENTS ARE PERIODICALLY REVIEWED FOR OVERALL REASONABLENESS IN LIGHT OF THE EXECUTIVE'S OVERALL COMPENSATION PACKAGE THE FOLLOWING REPORTABLE INDIVIDUALS RECEIVED SEVERANCE PAYMENTS FROM CATHOLIC HEALTH INITIATIVES DURING THE 2010 CALENDAR YEAR, AND THESE SEVERANCE PAYMENTS WERE INCLUDED IN THE INDIVIDUAL'S W-2 INCOME AND REPORTABLE COMPENSATION ON SCHEDULE J DENNIS GOEBEL \$177,446
	Part I, Line 4b	DURING THE 2010 CALENDAR YEAR CATHOLIC HEALTH INITIATIVES ("CHI"), A RELATED ORGANIZATION, MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR MBO CEOS AND OTHER CHI EMPLOYEES AT THE LEVEL OF SENIOR VICE PRESIDENT AND ABOVE THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN JEFFREY DROP, MATTHEW GRIMSHAW DURING 2010, THE FOLLOWING CONTRIBUTIONS WERE MADE BY CHI TO THE DEFERRED COMPENSATION PLAN JEFFREY DROP \$28,868, MATTHEW GRIMSHAW \$8,820
Compensation contingent on revenues of the organization	Part I, Line 5a	MERCY MEDICAL CENTER PROVIDED INCENTIVE COMPENSATION FOR CERTAIN PHYSICIANS BASED UPON "NET REVENUE " THESE AMOUNTS WERE NOT DETERMINED WITH REFERENCE TO ORGANIZATIONAL NET REVENUE OR ORGANIZATIONAL NET INCOME RATHER, THESE AMOUNTS WERE DETERMINED BASED UPON THE PHYSICIAN'S CONTRIBUTION TO NET REVENUE BASED ON SERVICES PERFORMED BY THAT INDIVIDUAL PHYSICIAN IN EXCESS OF A THRESHOLD TOTAL PHYSICIAN COMPENSATION IS APPROVED IN ADVANCE BY A COMMITTEE OF THE BOARD OF DIRECTORS OF MERCY MEDICAL CENTER FOLLOWING IRC SEC 4958 REBUTTABLE PRESUMPTION OF REASONABLENESS PROCEDURES
Non-fixed payments	Part I, Line 7	MERCY MEDICAL CENTER MAINTAINS A VARIABLE PAY PLAN FOR EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE (EXCEPT FOR PHYSICIANS) THAT PUTS A CERTAIN AMOUNT OF COMPENSATION AT RISK AWARDS OF INCENTIVE COMPENSATION UNDER THE VARIABLE PAY PLAN ARE MADE BASED UPON ACHIEVEMENT OF ORGANIZATIONAL OBJECTIVES INCLUDING PERFORMANCE IN RELATION TO BUDGET, AND ACHIEVEMENT OF INDIVIDUAL GOALS ALL COMPENSATION, INCLUDING ANY INCENTIVE COMPENSATION, IS CAPPED TO ENSURE THAT COMPENSATION REMAINS AT FAIR MARKET VALUE
TO ESTABLISH	PART I, LINE 3A	COMPENSATION FOR THE TOP MANAGEMENT OFFICIAL WAS ESTABLISHED AND PAID BY CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION CHI USED THE FOLLOWING TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION (1) COMPENSATION COMMITTEE, (2) INDEPENDENT COMPENSATION SURVEY OR STUDY, (5) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE

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As Filed Data -

DLN: 93493136016682

OMP No 1545 0047

OMB No 1545-0047

2010

Open to Public Inspection

Schedule L

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service Transactions with Interested Persons

► Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.

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

Name of the organization MERCY MEDICAL CENTER Employer identification number

MERCY MEDICAL CENTER						4	5-02311	8.3			
art I Excess Benefit Trar Complete If the organizat						organı	zations d	only).			
1 (a) Name of disqu			Tes on Form 990, F	(b) Desc				rait V, ii		(c)	
-				(2, 2 2 2 2					Yes	No	
2 Enter the amount of tax imposisection 4958							ear unde	* \$			
Part II Loans to and/or F Complete of the organiz	rom	Intere	sted Persons.					<u> </u>	a		
a) Name of interested person and purpose	or fro	oan to m the zation?	(c)O riginal principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?			(g)Written agreement?	
	То	From			Yes	No	Yes	No	Yes	No	
.) DR BRETT VIBETO SIGN ON ONUS											
		Х	50,000	1,743		No	Yes		Yes	<u> </u>	
) DR DAVID LANOUE SIGN ON ONUS											
B) DR MORRIS BELLIS SIGN ON		Х	100,000	71,292		No	Yes		Yes	-	
ONUS		x	50,000	7,400		No	Yes		Yes		
										┼	
									+	+	
otal			🕨 \$	80,435		•				'	
art IIII Grants or Assistar Complete if the orga					, line 2	:7.					
(a) Name of interested pers	on	(E	Relationship betwe) and the org		son	(c) A m	ount of g	rant or ty	/pe of assi	stance	
					+						

Part IV	Business	Transactions	Involvina	Interested	Persons

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

(a) Name of Interested person	(b) Relationship between interested (c) A mount of person and the transaction		(d) Description of transaction	organı	naring of zation's nues?
	organization			Yes	No
(1) KRIS KEMP			COMPENSATION OF EARNED WAGES		No
					
					+
					+

Part V Supplemental Information

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

Identifier Return Reference Explanation	on
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Schedule L (Form 990 or 990-EZ) 2010

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As Filed Data -

DLN: 93493136016682

OMB No 1545-0047

2010

Open to Public Inspection

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.

Name of the organization MERCY MEDICAL CENTER **Employer identification number**

45-0231183

ldentifier	Return Reference	Explanation
Significant changes in program services	Form 990, Part III, Line 3	DURING THE FISCAL YEAR ENDING JUNE 30, 2011, CATHOLIC HEALTH INITIATIVES ("CHI"), A RELATED ORGANIZATION, CREATED CHI HEALTH CONNECT AT HOME - FARGO ("CHCH"), A MINNESOTA NONPROFIT CORPORATION CHCH WAS CREATED TO NURTURE THE HEALING MINISTRY OF THE ROMAN CATHOLIC CHURCH BY BRINGING TOGETHER 10 EXISTING HOME CARE BUSINESSES INTO ONE LEGAL ENTITY THESE EXISTING HOME CARE BUSINESSES, LOCATED IN VARIOUS COMMUNITIES IN NORTH DAKOTA, MINNESOTA & SOUTH DAKOTA, WERE DEPARTMENTS OF HOSPITALS OWNED BY CHI MERCY MEDICAL CENTER TRANSFERRED THEIR HOME CARE SERVICE DIVISION TO CHCH DURING THE FISCAL YEAR ENDING JUNE, 30 2011 CENTRALIZING THE HOME CARE SERVICES INTO CHCH WILL REDUCE DUPLICATION OF SERVICES AMONG INDIVIDUAL AGENCIES AND PROVIDE AN INFRASTRUCTURE FOR STREAMLINED ADMINISTRATIVE PROCESSES AND ALSO ALLOWS FOR HIRING OF MORE SPECIALIZED STAFF IN THE AREAS OF CASE MANAGEMENT, PROCESS IMPROVEMENT AND FINANCIAL ANALYSIS THROUGH CONSOLIDATION, CHCH EXPECTS TO INCREASE PRODUCTIVITY AND PROVIDE THE ABILITY TO SHARE RESOURCES, CREATE CLINICAL BEST PRACTICES, BETTER MANAGE OUTCOMES AND GAIN EFFICIENCIES FROM STANDARDIZATION

ldentifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	ACCORDING TO THE BYLAWS OF MERCY MEDICAL CENTER, THE ENTITY'S SOLE MEMBER IS CATHOLIC HEALTH INITIATIVES, A COLORADO NONPROFIT CORPORATION

ldentifier Return Reference	Explanation
Members or stockholders electing Section A, Line 7a governing body	PURSUANT TO SECTION 6 5 OF THE ORGANIZATION'S BY LAWS, DIRECTORS OF THE CORPORATION SHALL BE APPOINTED BY THE CORPORATE MEMBER NO LATER THAN JUNE 30 OF EACH YEAR PRIOR TO EACH ANNUAL MEETING OF THE CORPORATE MEMBER, OR SUCH OTHER MEETING CALLED FOR THE PURPOSE OF APPOINTING DIRECTORS OF THE CORPORATION, THE NOMINATING COMMITTEE SHALL SELECT AND SUBMIT TO THE BOARD OF DIRECTORS A SLATE OF NOMINES QUALIFIED TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION THE BOARD OF DIRECTORS SHALL REVIEW THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ON THE RECOMMENDED SLATE AND SHALL VOTE TO ACCEPT OR REFUSE EACH NOMINEE. THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ACCEPTED BY THE BOARD OF DIRECTORS SHALL THEN BE SUBMITTED TO THE CORPORATE MEMBER, WHO SHALL THEN APPOINT OR REFUSE EACH NOMINEE IN ACCORDANCE WITH THE CORPORATE MEMBER'S BY LAWS AND WITH THE ENDORSEMENT OF THE SENIOR VICE PRESIDENT OF OPERATIONS NOTWITHSTANDING ANYTHING IN THE BY LAWS, THE CORPORATE MEMBER MAY UNILATERALLY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS SHOULD THE BOARD FAIL TO FURNISH THE CORPORATE MEMBER WITH A LIST OF INDIVIDUALS QUALIFIED TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION

ldentifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	MERCY MEDICAL CENTER'S (MMC) CORPORATE MEMBER IS CATHOLIC HEALTH INITIATIVES ("CHI") PURSUANT TO SECTION 5 4 OF THE ORGANIZATIONS BY LAWS, THE CORPORATE MEMBER SHALL HAVE THE SPECIFIC RIGHTS SET FORTH IN THE GOVERNANCE MATRIX PURSUANT TO THE GOVERNANCE MATRIX, THE FOLLOWING RIGHTS ARE RESERVED TO THE CHI BOARD DIRECTLY OR THROUGH POWERS DELEGATED TO THE CHI CHIEF EXECUTIVE OFFICER * SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF MMC * AMENDMENT OF THE CORPORATE DOCUMENTS OF MMC * APPROVE MEMBERS OF MMC * REMOVAL OF A MEMBER OF THE GOVERNING BODY OF MMC * APPROVAL OF ISSUANCE OF DEBT BY MMC * APPROVAL OF PARTICIPATION OF MMC IN A JOINT VENTURE * APPROVAL OF FORMATION OF A NEW CORPORATION BY MMC * APPROVAL OF A MERGER INVOLVING MMC * APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF MMC * TO REQUIRE THE TRANSFER OF ASSETS BY MMC TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES, AND TO SATISFY CHI DEBTS * ADOPTION OF LONG RANGE AND STRATEGIC PLANS FOR MMC PURSUANT TO SECTION 5 5 2 OF THE ORGANIZATIONS BY LAWS, CHI MAY, IN EXERCISE OF ITS APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE

ldentifier	Return Reference	Explanation
Review of form 990 by governing body	VI, Section B,	ONCE THE RETURN IS PREPARED, THE RETURN IS REVIEWED BY THE CHIEF FINANCIAL OFFICER AN ELECTRONIC COPY OF THE RETURN IS SENT TO EACH BOARD MEMBER BY EMAIL FOR THEIR REVIEW SUBSEQUENT TO THE RETURN BEING PROVIDED TO THE BOARD, THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AND STATE AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILING ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD

Identifier Return Reference	Explanation
Interest policy Part VI, Section B, Line 12c The Biological Part V	IN STHE POLICY OF MERCY MEDICAL CENTER THAT (1) EACH OF THE CORPORATIONS DIRECTORS, OF FICERS, NO BURLOYEES ACT AT ALL TIMES NA MANNER THAT FURTHERS THE CORPORATIONS CHARTA BLE UPPROSE OF SERVICE TO THE COMMUNITY AND EXERCISES CARE THAT HE OR SHE DOES NOT ACT NA MANNER HAT FURTHERS HIS OR FIELD COMMUNITY NO EXPENSES CARE THAT HE OR SHE DOES NOT ACT NA MANNER HAT FURTHERS HIS OR FIELD COMMUNITY INTERESTS TO THE DETRINENT OF THE CORPORATIONS COMMUNITY INTERESTS HIS OR FIELD COMPORATION OF THE CORPORATIONS COMMUNITY INTERESTS AND OTHERSHIP FURTHERS HIS OR FIELD CORPORATION THAT OF THE CORPORATION ANY POTENTIAL OR CITYLAC CONFLICTS OF INTEREST AND OTHERSHIPS FULLY DISCUSSES TO THE CORPORATION ANY POTENTIAL OR CITYLAC CONFLICTS OF INTERESTS OF THE CORPORATION THIS POLICY (1) COVERS ALL DIRECTORS, SHELD WITH THE BEST INTERESTS OF THE CORPORATION THIS POLICY (1) COVERS ALL DIRECTORS, SHELD WITH THE BEST INTERESTS OF THE CORPORATION THIS POLICY (1) COVERS ALL DIRECTORS, SHELD WITH THE CORPORATION THIS POLICY (1) COVERS ALL DIRECTORS, SHELD WITH THE CORPORATION THE POLICY (2) CAN PAPILIZED SHELD ESTATE LAWS SOVERNING CONFLICTED OF INTEREST APPLICABLE TO NON-PROFIT CORPORATIONS "AFFILIATE" INCLUDES ANY DIVIDING CONFLICT OR INTEREST OF THE CORPORATION OF THE CORPORATION OF THE THE THROUGH MEMBERSHIP OR STOCK OWNERSHIP F A DIRECTOR OF OFFICER, OR MICHOLOGY OF THE CORPORATION OF THE THROUGH MEMBERSHIP OR STOCK OWNERSHIP F A DIRECTOR OF OFFICER, OR MICHOLOGY OF THE CORPORATION OF THE

Identifier Return Reference	Explanation
Conflict of Interest policy Form 990, Part VI, Section B, Line 12c	TORS, THE BOARD SHALL TAKE WHATEVER ACTION IS DEEMED APPROPRIATE UNDER THE CIRCUMSTANCES W ITH RESPECT TO THE INDIVIDUAL IN ORDER TO BEST PROTECT THE INTERESTS OF THE CORPORATION IN CLUDING POSSIBLE DISCIPLINARY OR CORRECTIVE ACTION THE BOARD SHOULD CONSULT WITH A MEMBER OF THE CHI LEGAL RESOURCE GROUP WHEN CONSIDERING DISCIPLINARY OR CORRECTIVE ACTION WHEN CONFLICTS OF INTEREST ARE CONSIDERED BY THE BOARD, THE INDIVIDUAL MUST DISCLOSE ALL OF THE MATERIAL FACTS TO THE BOARD THE INDIVIDUAL SHALL NOT VOTE OR USE HIS OR HER PERSONAL INF LUENCE ON THE MATTER HOWEVER, IF REQUESTED, SUCH INDIVIDUAL IS NOT PREVENTED FROM BRIEFLY STATING HIS OR HER POSITION IN THE MATTER, NOR FROM ANSWERING PERTINENT QUESTIONS FROM BO ARD MEMBERS, AS HIS OR HER KNOWLEDGE MAY BE OF SIGNIFICANT IMPORTANCE. THE INDIVIDUAL SHALL BE EXCUSED FROM THE MEETING DURING DISCUSSION AND VOTE ON THE CONFLICT OF INTEREST MINU TES OF THE BOARD OF DIRECTORS SHALL REFLECT THE FOLLOWING. THE INDIVIDUAL MAKING THE DISCLOSURE, THE NATURE OF THE DISCLOSURE, DISCUSSION REGARDING ANY PROPOSED TRANSACTION, THE DE CISION MADE BY THE BOARD, AND THAT THE INTERESTED DIRECTOR ABSTAINED FROM VOTING. IMPLEMENTATION AND INTERPRETATION QUESTIONS REGARDING THE IMPLEMENTATION AND INTERPRETATION OF THIS POLICY SHALL BE REFERRED TO A MEMBER OF THE CHI LEGAL RESOURCE GROUP IF THE BOARD REASO NABLY BELIEVES THAT A DIRECTOR, OFFICER, OR EMPLOYEE HAS FAILED TO DISCLOSE EITHER AN ACTU AL OR POTENTIAL CONFLICT OF INTEREST, OR ALL MATERIAL FACTS SURROUNDING AN ACTUAL OR POSSI BLE CONFLICT AS REQUIRED BY THIS POLICY, THE INDIVIDUAL WILL BE GIVEN AN OPPORTUNITY TO EX PLAIN SUCH ALLEGED FAILURE TO DISCLOSE AFTER HEARING THE RESPONSE OF THE INDIVIDUAL, THE BOARD WILL CONDUCT SUCH ADDITIONAL INVESTIGATION AS MAY BE APPROPRIATE IF THE BOARD DETER MINES THAT THE INDIVIDUAL HAS IN FACT FAILED TO DISCLOSE AS REQUIRED BY THIS POLICY, THE BOARD DETER MINES THAT THE INDIVIDUAL HAS IN FACT FAILED TO DISCLOSE AS REQUIRED BY THIS POLICY, THE BOARD SHALL TAKE APPROPRIATE DISCIPLINARY OR CORRECTI

ldentifier	Return Reference	Explanation
Process used to establish compensation of top management official	Form 990, Part VI, Section B, Line 15a	THE ORGANIZATION'S CEO'S COMPENSATION IS PAID BY CHI CHI HAS A DEFINED COMPENSATION PHILOSOPHY BOTH THE EXECUTIVE AND NON-EXECUTIVE COMPENSATION STRUCTURES AND RANGES ARE REVIEWED ANNUALLY IN COMPARISON TO MARKET DATA CHI USES THE HAY GROUP AS THE INDEPENDENT THIRD PARTY TO ASSESS EXECUTIVE COMPENSATION PROGRAMS AND TO ENSURE THE REASONABLENESS OF ACTUAL SALARIES AND TOTAL COMPENSATION PACKAGES COMPENSATION OF THE SENIOR MOST EXECUTIVES IS REVIEWED ANNUALLY THE HAY GROUP REVIEWS BOTH CASH AND TOTAL COMPENSATION FOR OVERALL REASONABLENESS, FOR ADHERENCE TO CHI'S COMPENSATION PHILOSOPHY, AND FOR COMPARABILITY TO THE NOT-FOR-PROFIT HEALTHCARE MARKET THIS INDEPENDENT REVIEW IS DELIVERED BY HAY GROUP TO THE HR COMMITTEE OF THE CHI BOARD OF STEWARDSHIP TRUSTEES ANNUALLY AT THEIR SEPTEMBER MEETING AND MINUTES ARE SHARED WITH THE FULL BOARD AT THE DECEMBER MEETING. THE LAST REVIEW WAS SEPTEMBER 2011 IN ADDITION, IN DECEMBER 2009, HAY GROUP COMPLETED A COMPREHENSIVE REVIEW OF ALL POSITIONS AT THE LEVEL OF VICE PRESIDENT AND ABOVE TO DETERMINE AND VALIDATE APPROPRIATE COMPENSATION LEVELS

ldentifier	Return Reference	Explanation
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	THE CHIEF FINANCIAL OFFICER REPORTS TO A DIVISION CHIEF FINANCIAL OFFICER WHO REVIEWS AND ADJUSTS THE COMPENSATION FOR SENIOR LEADERSHIP COMPENSATION FOR SENIOR LEADERSHIP IS ALSO INTERNALLY REVIEWED BY A COMPENSATION COMMITTEE ON THE BOARD OF DIRECTORS A MARKET COMPARISON IS DONE ANNUALLY

Identifier	Return Reference	Explanation
Public Disclosure	VI, Section C,	THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT PUBLICLY AVAILABLE. THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN THE CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW CATHOLICHEALTHINT ORG OR AT WWW DACBOND ORG

ldentifier	Return Reference	Explanation
EXECUTIVE COMMITTEE COMPOSITION AND AUTHORITY	FORM 990, PART VI, LINE 1A	THE EXECUTIVE COMMITTEE SHALL CONSIST OF ONLY DIRECTORS OF THE CORPORATION AND SHALL BE COMPOSED OF THE CHAIRPERSON OF THE BOARD, THE VICE CHAIRPERSON OF THE BOARD, THE CHAIRPERSON OF THE FINANCE AND AUDIT COMMITTEE, AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, EACH OF WHOM SHALL SERVE AS AN EX OFFICIO VOTING MEMBER OF THE EXECUTIVE COMMITTEE EACH INDIVIDUAL APPOINTED TO THE EXECUTIVE COMMITTEE SHALL SERVE FOR A TERM OF ONE YEAR AND UNTIL HIS OR HER SUCCESSOR IS DULY APPOINTED BY THE BOARD OF DIRECTORS ANY VACANCY OF AN APPOINTED EXECUTIVE COMMITTEE MEMBERSHIP MAY BE FILLED FOR THE UNEXPIRED PORTION OF THE TERM IN THE MANNER THAT THE ORIGINAL COMMITTEE MEMBER WAS APPOINTED EXCEPT AS PROVIDED BY LAW, THE EXECUTIVE COMMITTEE SHALL HAVE AND MAY EXERCISE SUCH POWERS AS MAY BE DELEGATED TO IT BY THE BOARD OF DIRECTORS ADDITIONALLY, THE EXECUTIVE COMMITTEE SHALL HAVE AND MAY EXERCISE SUCH POWERS TO TRANSACT ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIOD BETWEEN REGULARLY SCHEDULE MEETINGS OF THE BOARD OF DIRECTORS, PROVIDED THAT SUCH ACTIONS TAKEN SHALL BE CONSISTENT WITH AND NOT CONFLICT WITH ANY ACTIONS OR POLICIES OF THE BOARD OF DIRECTORS OR OF THE CORPORATE MEMBER, WITH THESE BYLAWS, OR WITH APPLICABLE LAW ALL ACTIONS TAKEN BY THE EXECUTIVE COMMITTEE SHALL BE PROMPTLY REPORTED TO THE BOARD OF DIRECTORS AT THE NEXT REGULAR OR ANNUAL MEETING OF THE BOARD OF DIRECTORS THE EXECUTIVE COMMITTEE SHALL BE DETERMINED BY THE CHAIRPERSON THE EXECUTIVE COMMITTEE SHALL KEEP REGULAR MINUTES OF ITS PROCEEDINGS AND REPORT THE SAME TO THE BOARD OF DIRECTORS AT EACH REGULAR MEETING OF THE BOARD

ldentifier	Return Reference	Explanation
ESTIMATE OF HOURS DEVOTED TO RELATED ORGANIZATIONS	PART VII	COMPENSATION REPORTED ON FORM 990, PART VII WAS PAID TO THESE INDIVIDUALS BY RELATED ORGANIZATIONS IN EXCHANGE FOR THE FULFILLMENT OF THEIR DUTIES AS FULL-TIME, 60 HOUR-PER-WEEK EMPLOYEES

ldentifier	Return Reference	Explanation
Other changes in net assets or fund balances		NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS - 5373777, PRIOR PERIOD ADJUSTMENTS - 4000, CAPITAL RESOURCE POOL CONTRIBUTIONS207024, CHI CONNECT DEPRECIATION - 50425,

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

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

DLN: 93493136016682

OMB No 1545-0047

Employer identification number

2010

Open to Public Inspection

Schedule R (Form 990) 2010

SCHEDULE R (Form 990)

Name of the organization

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.

Department of the Treasury Internal Revenue Service

ERCY MEDICAL CENTER							
David Identification of Dispersed of Entities (Complete	45-0231183						
Part I Identification of Disregarded Entities (Comple (a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state		(e) End-of-year assets	(f) Direct controlling		
	,	or foreign country)			entity		
Part II Identification of Related Tax-Exempt Organiz or more related tax-exempt organizations during the	zations (Complete he tax year.)	ıf the organization	answered "Yes"	on Form 990, Part	: IV, line 34 becau		
(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	
ee Additional Data Table						Yes	No

Cat No 50135Y

Part III Identifi because	it had one or m	c ed Org a ore relat	anızatıons Taxa ed organızatıons t	ble as a Partner reated as a partne	ship (Co ership du	mplete if ring the t	the org ax yeai	ganization r.)	answe	ered "\	res" on Fo	rm 990,	Part	IV, III	ne 34		
(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)	Share of t	(f) total income	(g) ne Share of end-of-year assets				(h) Disproprtionate allocations?		(i) Code V– amount in be Schedule (Form 10	ox 20 of K-1	x 20 of manag K-1 partne		(k) Percentage ownership
									Yes	No			Yes	No			
See Additional Data Table					-												
				ble as a Corpora ations treated as a							nswered "\	es" on	Form	990,	Part IV,		
(a) Name, address, and EIN of related organization (b) Primary active		(b) Primary activity	(c) Legal domicile (state or foreign country)		(d) (e) Direct controlling Type of e entity (C corp, S or trust		corp,			(g) Share of end-of-year assets			(h) Percentage ownership				
See Additional Data Table																	

(6)

Part	Transactions with Related Organizations (Complete if the organization answered "Ye	es" on Form 990, Par	t IV, line 34, 35, 3	5A, or 36.)		
N	Note. Complete line 1 if any entity is listed in Parts II, III or IV				Yes	No
1 Dur	ring the tax year, did the orgranization engage in any of the following transactions with one or more related orga	inizations listed in Part	s II-IV?			
a R	Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity			1a	Yes	
b 0	Gift, grant, or capital contribution to other organization(s)			1b		No
c G	Gift, grant, or capital contribution from other organization(s)			1c	Yes	
d L	Loans or loan guarantees to or for other organization(s)			1d		No
e L	Loans or loan guarantees by other organization(s)			1 e		No
f S	Sale of assets to other organization(s)			1f	\downarrow	No
g P	Purchase of assets from other organization(s)			1 <u>g</u>		No
h E	Exchange of assets			1h		No
i L	ease of facilities, equipment, or other assets to other organization(s)			11	<u> </u>	No
i L	ease of facilities, equipment, or other assets from other organization(s)			1j	Yes	
	Performance of services or membership or fundraising solicitations for other organization(s)			1k		\vdash
	Performance of services or membership or fundraising solicitations by other organization(s)			11	_	
	Sharing of facilities, equipment, mailing lists, or other assets			1m	+	No
	Sharing of paid employees			1n		No
	That might be part a simple of the control of the c				+	\vdash
o R	Reimbursement paid to other organization for expenses			10	Yes	
p R	Reimbursement paid by other organization for expenses			1р	Yes	
						<u> </u>
q	O ther transfer of cash or property to other organization(s)			<u>1q</u>		Ь
r O	Other transfer of cash or property from other organization(s)			1r		No
	f the answer to any of the above is "Yes," see the instructions for information on who must complete this line,	including covered relati	onchine and transact	tion throsholds		
		(b)		(d)		
	(a) Name of other organization	Transaction type(a-r)	(c) Amount involved	Method of determi		ount
(1)		τ, ρο(α ι,				
See Addı	itional Data Table					
(2)						
(3)						
(3)						
(4)						
(5)						

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d Are partr sect 501(d organiz	all ners non c)(3) ations?	(e) Share of end-of-year assets		r) ortionate tions?	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	
			Yes	No		Yes	No		Yes	No
									+	
									+	
										-
										1

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule R (Form 990) 2010

Software ID: 10000128 **Software Version:** v2010.1.0 **EIN:** 45-0231183

Name: MERCY MEDICAL CENTER

Form 990, Schedule R, Part II - Identification of I	Related Tax-Exempt Or	ganizations					
(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	Section (b)(1 contro	n 512 13) olled
						Yes	No
ALEGENT HEALTH - BERGAN MERCY HEALTH SYS 7500 MERCY ROAD OMAHA, NE68124 47-0484764	HEALTHCARE	NE	501(C)(3)	3	СНІ	Yes	
ALEGENT HEALTH - MERCY HOSPITAL CORNING							
PO BOX 368 CORNING, IA50841 42-0782518	HEALTHCARE	IA	501(C)(3)	3	AHBMHS	Yes	
ALVERNA APARTMENTS							
300 SE 8TH AVENUE LITTLE FALLS, MN56345 41-1351177	LTERM CARE	MN	501(C)(3)	9	СНІ	Yes	
APPLETREE COURT							
601 OAK STREET BRECKENRIDGE, MN56520 41-1850500	SENIOR HOMES	MN	501(C)(3)	9	SFH	Yes	
BISHOP DRUMM RETIREMENT CENTER							
1111 6TH AVENUE DES MOINES, IA50314 42-0725196	LTERM CARE	IA	501(C)(3)	9	CHI-IA CORP	Yes	
BORNEMANN HEALTHCARE CORPORATION							
2500 BERNVILLE RD PO BOX 316 READING, PA19603 23-2187242	HEALTHCARE	PA	501(C)(3)	11 - Type I	СНІ	Yes	
CARRINGTON HEALTH CENTER							
800 NORTH 4TH STREET CARRINGTON, ND58421 45-0227311	HEALTHCARE	ND	501(C)(3)	3	СНІ	Yes	
CATHOLIC HEALTH CARE FEDERATION							
198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 20-8473567	JURIDIC PERSON	СО	501(C)(3)	11 - Type I	CHI	Yes	
CATHOLIC HEALTH INITIATIVES							
198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 47-0617373	HEALTHCARE	СО	501(C)(3)	9	СНІ	Yes	
CATHOLIC HEALTH INITIATIVES COLORADO FOUNDATION							
961 EAST COLORADO AVENUE COLORADO SPRINGS, CO80903 84-0902211	FUNDRAISING	СО	501(C)(3)	7	CHI COLORADO	Yes	
CENTENNIAL MEDICAL GROUP INC							
2700 STEWART PARKWAY ROSEBURG, OR97470 90-0433062	PHYSICIANS	OR	501(C)(3)	9	ММС	Yes	
CHI COLORADO							
188 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 84-0405257	HEALTHCARE	CO	501(C)(3)	3	СНІ	Yes	

Form 990, Schedule R, Part II - Identification of Re	lated lax-Exempt Org	janizations					
(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	Section (b)(1 contro organiz	n 512 13) olled
						Yes	No
CHI HEALTH CONNECT AT HOME - FARGO							
4816 AMBER VALLEY PARKWAY FARGO, ND58104 27-1966847	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
CHI INSTITUTE FOR RESEARCH AND INNOVATION							
198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 27-1050565	HEALTHCARE	со	501(C)(3)	11 - Type I	CHI	Yes	
CHI KENTUCKY INC							
3900 OLYMPIC BLVD SUITE 400 ERLANGER, KY41018 20-2741651	HEALTHCARE	КҮ	501(C)(3)	11 - Type I	СНІ	Yes	
CHI NATIONAL FOUNDATION							
198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 27-0930004	FUNDRAISING	со	501(C)(3)	11 - Type I	СНІ	Yes	
CHI NATIONAL HOME CARE							
198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 45-1261716	HEALTHCARE	СО	501(C)(3)	11 - Type I	СНІ	Yes	
CHI NATIONAL SERVICES							
198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 45-2532084	HEALTHCARE	СО	501(C)(3)	9	СНІ	Yes	
CHI NEBRASKA							
555 SOUTH 70TH STREET LINCOLN, NE68510 36-3233121	HEALTHCARE	NE	501(C)(3)	11 - Type I	CHI	Yes	
CHI-IOWA CORP							
1111 6TH AVENUE DES MOINES, IA50314 42-0680448	HEALTHCARE	IA	501(C)(3)	3	мни	Yes	
CONTINUING CARE HOSPITAL							
150 NORTH EAGLE CREEK DRIVE LEXINGTON, KY40509 61-1400619	LTACH	КҮ	501(C)(3)	3	SJHS	Yes	
ENUMCLAW REGIONAL HOSPITAL ASSOCIATION							
1450 BATTERSBY AVENUE ENUMCLAW, WA98022 91-0715805	HEALTHCARE	WA	501(C)(3)	3	FHS	Yes	
FLAGET HEALTHCARE DBA FLAGET MEMORIAL HOSPITAL							
4305 NEW SHEPHERDSVILLE ROAD BARDSTOWN, KY40004 61-1345363	HEALTHCARE	KY	501(C)(3)	3	СНІ	Yes	
FLAGET MEMORIAL HOSPITAL FOUNDATION INC							
4305 NEW SHEPHERDSVILLE ROAD BARDSTOWN, KY40004 56-2351341	FUNDRAISING	КҮ	501(C)(3)	11 - Type I	FH	Yes	

(a)	(b)	(c) Legal domicile	(d) Exempt Code	(e) Public charity	(f)	(g Sectio	n 512
Name, address, and EIN of related organization	Primary activity	(state or foreign country)	section	status (If section 501(c) (3))	Direct controlling entity	(b)(i contr organiz	olled
						Yes	No
FRANCISCAN FOUNDATION							
1717 SOUTH J STREET TACOMA, WA98405 91-1145592	FUNDRAISING	WA	501(C)(3)	9	FHS	Yes	
FRANCISCAN HEALTH SYSTEM FKA FRANCISCAN HEALTH SYSTEM WEST					СНІ		
1717 SOUTH J STREET TACOMA, WA98405 91-0564491	HEALTHCARE	WA	501(C)(3)	3		Yes	
FRANCISCAN MEDICAL GROUP							
1708 SOUTH YAKIMA AVENUE TACOMA, WA98405 91-1939739	HEALTHCARE	WA	501(C)(3)	9	FHS	Yes	
FRANCISCAN VILLA OF SOUTH MILWAUKEE INC							
3601 SOUTH CHICAGO AVENUE SOUTH MILWAUKEE, WI53172 39-1093829	HEALTHCARE	WI	501(C)(3)	9	СНІ	Yes	
GETTYSBURG MEDICAL CENTER							
606 EAST GARFIELD AVENUE GETTYSBURG, SD57442 46-0234354	HEALTHCARE	SD	501(C)(3)	3	SMHC	Yes	
GLOBAL HEALTH INITIATIVES							
198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 20-1536108	MINISTRIES	со	501(C)(3)	11 - Type I	СНІ	Yes	
GOOD SAMARITAN COLLEGE OF NURSING & HEALTH SCIENCE					GHS		
375 DIXMYTH AVE CINCINNATI, OH45220 31-1778403	EDUCATION	KY	501(C)(3)	2		Yes	
GOOD SAMARITAN FOUNDATION OF CINCINNATI INC							
619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH45206 31-1206047	FUNDRAISING	он	501(C)(3)	11 - Type I	GSH	Yes	
GOOD SAMARITAN HOSPITAL							
PO BOX 1990 KEARNEY, NE68848 47-0379755	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
GOOD SAMARITAN HOSPITAL FOUNDATION							
PO BOX 1810 KEARNEY, NE68848 47-0659443	FUNDRAISING	NE	501(C)(3)	7	GSH	Yes	
HEALTH SET							
4200 WEST CONEJOS PLACE 436 DENVER, CO80204 84-1102943	LOW INC CARE	СО	501(C)(3)	7	CHI COLORADO	Yes	
HEALTHCARE AND WELLNESS FOUNDATION							
2400 ST FRANCIS DRIVE BRECKENRIDGE, MN56520 76-0761782	FUNDRAISING	MN	501(C)(3)	11 - Type I	SFMC	Yes	

Form 990, Schedule R, Part II - Identification of Re	elated lax-Exempt Org	ganizations					
(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	Section (b)(: contro	n 512 13) olled
						Yes	No
HOSPITAL ASSOCIATION FOR ST JOSEPH HOSPITAL							
7601 OSLER DRIVE TOWSON, MD21204 52-6050777	HEALTHCARE	MD	501(C)(3)	9	SJMC	Yes	
HOUSE OF MERCY							
1111 6TH AVENUE DES MOINES, IA50314 42-1323808	SHELTER	IA	501(C)(3)	7	CHI-IA CORP	Yes	
LAKEWOOD HEALTH CENTER							
600 MAIN AVENUE SOUTH BAUDETTE, MN56623 41-0758434	LTERM CARE	MN	501(C)(3)	3	СНІ	Yes	
LINUS OAKES INC							
2700 STEWART PARKWAY ROSEBURG, OR97470 93-0821381	SENIOR LIVING	OR	501(C)(3)	9	ММС	Yes	
LISBON AREA HEALTH SERVICES							
905 MAIN STREET LISBON, ND58054 82-0558836	HEALTHCARE	ND	501(C)(3)	3	СНІ	Yes	
MEMORIAL HEALTH CARE SYSTEM FOUNDATION							
2525 DE SALES AVENUE CHATTANOOGA, TN37404 62-1839548	FUNDRAISING	TN	501(C)(3)	7	MHCS	Yes	
MEMORIAL HEALTH CARE SYSTEM INC							
2525 DE SALES AVENUE CHATTANOOGA, TN37404 62-0532345	HEALTHCARE	TN	501(C)(3)	3	СНІ	Yes	
MEMORIAL HEALTH PARTNERS FOUNDATION INC							
6028 SHALLOWFORD ROAD CHATTANOOGA, TN37421 03-0417049	HEALTHCARE	TN	501(C)(3)	9	MHCS	Yes	
MERCY AUXILIARY OF CENTRAL IOWA							
1111 6TH AVENUE DES MOINES, IA50314 42-6076069	AUXILIARY	IA	501(C)(3)	11 - Type I	CHI-IA CORP	Yes	
MERCY CLINICS INC							
1111 6TH AVENUE DES MOINES, IA50314 42-1193699	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	Yes	
MERCY COLLEGE OF HEALTH SCIENCES							
1111 6TH AVENUE DES MOINES, IA50314 42-1511682	EDUCATION	IA	501(C)(3)	2	CHI-IA CORP	Yes	
MERCY FOUNDATION OF DES MOINES IA							
1111 6TH AVENUE DES MOINES, IA50314 23-7358794	FUNDRAISING	IA	501(C)(3)	7	CHI-IA CORP	Yes	

Form 990, Schedule R, Part II - Identification of Re	stated Tax-Exempt Or	Janizations					
(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	Section (b)(1 contro	g) on 512 (13) rolled ization
		'				Yes	No
MERCY FOUNDATION INC							
2700 STEWART PARKWAY ROSEBURG, OR97470 93-6088946	FUNDRAISING	OR	501(C)(3)	7	ммс	Yes	
MERCY HEALTH CARE FOUNDATION							
PO BOX 368 CORNING, IA50841 42-1461064	FUNDRAISING	NE	501(C)(3)	11 - Type I	АНМН	Yes	
MERCY HOSPITAL FOUNDATION COUNCIL BLUFFS							
800 MERCY DRIVE COUNCIL BLUFFS, IA51503 42-1178204	FUNDRAISING	IA	501(C)(3)	11 - Type I	AHBMHS	Yes	
MERCY HOSPITAL OF DEVILS LAKE							
1031 EAST SEVENTH STREET DEVILS LAKE, ND58301 45-0227012	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MERCY HOSPITAL OF VALLEY CITY							
570 CHAUTAUQUA BOULEVARD VALLEY CITY, ND58072 45-0226553	HEALTHCARE	ND	501(C)(3)	3	СНІ	Yes	
MERCY LIFECARE SYSTEMS							
2727 MCCLELLAND BLVD JOPLIN, MO64804 43-1305163	PROPERTY MGMT	МО	501(C)(3)	11 - Type I	SJRMC	Yes	
MERCY MEDICAL CENTER							
1301 15TH AVENUE WEST WILLISTON, ND58801 45-0231183	HEALTHCARE	ND	501(C)(3)	3	СНІ	Yes	
MERCY MEDICAL CENTER							
2700 STEWART PARKWAY ROSEBURG, OR97470 93-0386868	HEALTHCARE	OR	501(C)(3)	3	СНІ	Yes	
MERCY MEDICAL CENTER - CENTERVILLE	T	T				Ţ	
1 ST JOSEPHS DRIVE CENTERVILLE, IA52544 42-0680308	HEALTHCARE	IA	501(C)(3)	3	CHI-IA CORP	Yes	
MERCY MEDICAL FOUNDATION							
1301 15TH AVENUE WEST WILLISTON, ND58801 45-0381803	FUNDRAISING	ND	501(C)(3)	11 - Type I	ММС	Yes	
MERCY PROFESSIONAL PRACTICE ASSOCIATES INC							
1111 6TH AVENUE DES MOINES, IA50314 42-1470935	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	Yes	
MERCY REGIONAL MEDICAL CENTER OF DURANGO							
1010 THREE SPRINGS BLVD DURANGO, CO81301 84-0405515	HEALTHCARE	СО	501(C)(3)	3	CHI	Yes	

Form 990, Schedule R, Part II - Identification of Re	elated Tax-Exempt Or	ganizations					
(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	Section (b)(1 contro organiz	n 512 l3) olled
						Yes	No
MNMCH INC							
220 NORTH PENNSYLVANIA COLUMBUS, KS66725 48-1216238	HEALTHCARE	KS	501(C)(3)	3	SJRMC	Yes	
MT ST JOSEPH INC							
3060 SE STARK STREET PORTLAND, OR97214 93-0386870	NURSING CARE	OR	501(C)(3)	9	СНІ	Yes	
OAKES COMMUNITY HOSPITAL							
314 SOUTH 8TH STREET OAKES, ND58474 45-0231675	HEALTHCARE	ND	501(C)(3)	3	СНІ	Yes	
OAKES COMMUNITY HOSPITAL FOUNDATION							
314 SOUTH 8TH STREET OAKES, ND58474 71-0966606	FUNDRAISING	ND	501(C)(3)	11 - Type I	осн	Yes	
PUEBLO STEPUP							
1925 EAST ORMAN AVE SUITE G52 PUEBLO, CO81004 84-1234295	COMMUNITY	со	501(C)(3)	7	СНІ	Yes	
SET OF COLORADO SPRINGS INC							
825 E PIKES PEAK AVENUE BLDG 29 COLORADO SPRINGS, CO80903 84-1183335	LTERM CARE	со	501(C)(3)	7	CHI COLORADO	Yes	
SAINT CLARE'S COMMUNITY CARE							
66 FORD ROAD DENVILLE, NJ07834 22-2876836	HEALTHCARE	NJ	501(C)(3)	11 - Type II	SCHS	Yes	
SAINT CLARE"S FOUNDATION INC							
66 FORD ROAD DENVILLE, NJ07834 22-2502997	FUNDRAISING	ξN	501(C)(3)	7	SCHS	Yes	
SAINT CLARE"S HEALTH SERVICES INC							
25 POCONO ROAD DENVILLE, NJ07834 22-3639733	MANAGEMENT	ξN	501(C)(3)	7	СНІ	Yes	
SAINT CLARE'S HOSPITAL							
66 FORD ROAD DENVILLE, NJ07834 22-3319886	HEALTHCARE	UЗ	501(C)(3)	3	СНІ	Yes	
SAINT ELIZABETH FOUNDATION							
555 SOUTH 70TH STREET LINCOLN, NE68510 47-0625523	FUNDRAISING	NE	501(C)(3)	7	SERMC	Yes	
SAINT ELIZABETH HEALTH SERVICES							
555 SOUTH 70TH STREET LINCOLN, NE68510 36-3233120	HEALTHCARE	NE	501(C)(3)	3	SERMC	Yes	

Form 990, Schedule R, Part II - Identification of R	elated Tax-Exempt O	rganizations	ı		1		
(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 (b)(i contro organiz	n 512 13) olled
						Yes	No
SAINT ELIZABETH REGIONAL MEDICAL CENTER							
555 SOUTH 70TH STREET LINCOLN, NE68510 47-0379836	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
SAINT FRANCIS MEDICAL CENTER							
PO BOX 9804 GRAND ISLAND, NE68802 47-0376601	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
SAINT FRANCIS MEDICAL CENTER FOUNDATION							
PO BOX 9804 GRAND ISLAND, NE68802 47-0630267	FUNDRAISING	NE	501(C)(3)	7	SFMC	Yes	
SAINT JOSEPH BEREA HOSPITAL FOUNDATION INC							
305 ESTILL STREET BEREA, KY40403 26-0152877	FUNDRAISING	кү	501(C)(3)	7	SJHS	Yes	
SAINT JOSEPH HEALTH SYSTEM INC							
150 N EAGLE CREEK DR LEXINGTON, KY40509 61-1334601	HEALTHCARE	кү	501(C)(3)	3	СНІ	Yes	
SAINT JOSEPH LONDON FOUNDATION INC							
310 EAST NINTH STREET LONDON, KY40741 26-0438748	FUNDRAISING	кү	501(C)(3)	11 - Type I	SJHS	Yes	
SAINT JOSEPH MEDICAL FOUNDATION INC							
ONE ST JOSEPH DRIVE LEXINGTON, KY40504 31-1539059	PHY PRACTICES	КҮ	501(C)(3)	3	SJHS	Yes	
SAINT JOSEPH MOUNT STERLING FOUNDATION INC							
50 STERLING AVENUE MOUNT STERLING, KY40353 27-2884584	FUNDRAISING	кү	501(C)(3)	7	SJHS	Yes	
SAINT JOSEPH'S HOSPITAL FOUNDATION							
30 WEST 7TH STREET DICKINSON, ND58601 36-3418207	FUNDRAISING	ND	501(C)(3)	11 - Type I	SJHHC	Yes	
SAMARITAN BEHAVIORAL HEALTH							
601 S EDWIN C MOSES BLVD DAYTON, OH45408 02-0633634	HEALTHCARE	он	501(C)(3)	3	SHP	Yes	
SAMARITAN HEALTH FOUNDATION							
2222 PHILADELPHIA DRIVE DAYTON, OH45406 23-7296923	FUNDRAISING	он	501(C)(3)	7	SHP	Yes	
SAMARITAN HEALTH PARTNERS							
2222 PHILADELPHIA DRIVE DAYTON, OH45406 31-1107411	HEALTHCARE	он	501(C)(3)	11 - Type I	СНІ	Yes	

Form 990, Schedule R, Part II - Identification of Re	Tated Tax-Exempt Or y	Janizations					
(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	Section (b)(1 contro	(13)
						Yes	No
ST JOSEPH HEALTH MINISTRIES		,					
1929 LINCOLN HWY E STE 150 LANCASTER, PA17602 23-2342997	HEALTH	РА	501(C)(3)	11 - Type I	СНІ	Yes	
ST JOSEPH HEALTH MINISTRIES FOUNDATION		,					
1929 LINCOLN HWY E STE 150 LANCASTER, PA17602 23-2605579	FUNDRAISING	PA	501(C)(3)	11 - Type I	SJHM	Yes	
ST ANTHONY HOSPITAL		,				T	
1601 SE COURT AVENUE PENDLETON, OR97801 93-0391614	HEALTHCARE	OR	501(C)(3)	3	СНІ	Yes	
ST ANTHONY HOSPITAL FOUNDATION		1					
1601 SE COURT AVENUE PENDLETON, OR97801 93-0992727	FUNDRAISING	OR	501(C)(3)	11 - Type I	SA HOSPITAL	Yes	
ST ANTHONY'S HOSPITAL ASSOCIATION		1				1	
4 HOSPITAL DRIVE MORRILTON, AR72110 71-0245507	HEALTHCARE	AR	501(C)(3)	3	SVIMC	Yes	
ST CATHERINE HOSPITAL		,					
401 EAST SPRUCE STREET GARDEN CITY, KS67846 48-0543721	HEALTHCARE	KS	501(C)(3)	3	СНІ	Yes	
ST CATHERINE HOSPITAL DEVELOPMENT FOUNDATION							
401 EAST SPRUCE STREET GARDEN CITY, KS67846 20-0598702	FUNDRAISING	KS	501(C)(3)	11 - Type I	SCH	Yes	
ST DOMINIC AT ONTARIO		,					
351 SW 9TH STREET ONTARIO, OR97914 93-0433692	HEALTHCARE	O R	501(C)(3)	3	СНІ	Yes	
ST FRANCIS HOME		'					
2400 ST FRANCIS DRIVE BRECKENRIDGE, MN56520 41-0729978	LTERM CARE	MN	501(C)(3)	9	CHI	Yes	
ST FRANCIS LIFE CARE CORPORATION		,					
19 POCONO ROAD DENVILLE, NJ07834 22-2536017	ELDERLY CARE	ξN	501(C)(3)	9	SCHS	Yes	
ST FRANCIS MEDICAL CENTER		,					
2400 ST FRANCIS DRIVE BRECKENRIDGE, MN56520 41-0695598	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
ST FRANCIS OF BAKER CITY		,					
3325 POCAHONTAS ROAD BAKER CITY, OR97814 93-0412495	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	

Form 990, Schedule R, Part II - Identification of F	Related Tax-Exempt Or	ganizations					
(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	Section (b)(i contro	n 512 13) olled
						Yes	No
ST JOHN'S MEDICAL GROUP							
2727 MCCLELLAND BLVD JOPLIN, MO64804 43-1882377	PHYS PRACTICE	МО	501(C)(3)	9	SJRMC	Yes	
ST JOHN'S MERCY REGIONAL FOUNDATION							
2727 MCCLELLAND BLVD JOPLIN, MO64804 43-1308084	FUNDRAISING	МО	501(C)(3)	7	SJRMC	Yes	
ST JOHN'S REGIONAL MEDICAL CENTER							
2727 MCCLELLAND BLVD JOPLIN, MO64804 44-0545809	HEALTHCARE	МО	501(C)(3)	3	СНІ	Yes	
ST JOSEPH COMMUNITY HEALTH SERVICES							
300 CENTRAL AVE SW SUITE 3000W ALBUQUERQUE, NM87102 71-0897107	COMMUNITY	NM	501(C)(3)	11 - Type I	СНІ	Yes	
ST JOSEPH HEALTH SERVICES INC							
1929 LINCOLN HWY E STE 150 LANCASTER, PA17602 20-1425375	DENTAL CARE	PA	501(C)(3)	11 - Type I	SJHM	Yes	
ST JOSEPH HOSPITAL FOUNDATION INC							
ONE ST JOSEPH DRIVE LEXINGTON, KY40504 61-1159649	FUNDRAISING	КҮ	501(C)(3)	11 - Type I	SJHS	Yes	
ST JOSEPH MEDICAL CENTER FOUNDATION							
2500 BERNVILLE ROAD PO BOX 316 READING, PA19603 23-2649362	FUNDRAISING	PA	501(C)(3)	11 - Type I	SJRHN	Yes	
ST JOSEPH MEDICAL CENTER FOUNDATION INC							
7601 OSLER DRIVE TOWSON, MD21204 52-1681044	FUNDRAISING	MD	501(C)(3)	7	SJMC	Yes	
ST JOSEPH MEDICAL CENTER INC							
7601 OSLER DRIVE TOWSON, MD21204 52-0591461	HEALTHCARE	MD	501(C)(3)	3	СНІ	Yes	
ST JOSEPH MEDICAL GROUP							
2500 BERNVILLE ROAD PO BOX 316 READING, PA19603 20-8544021	HEALTHCARE	PA	501(C)(3)	9	внс	Yes	
ST JOSEPH PHYSICIAN ENTERPRISES							
7601 OSLER DRIVE TOWSON, MD21204 52-1311775	PHYSICIANS	MD	501(C)(3)	11 - Type I	СНІ	Yes	
ST JOSEPH REGIONAL HEALTH NETWORK							
2500 BERNVILLE ROAD PO BOX 316 READING, PA19603 23-1352211	HEALTHCARE	PA	501(C)(3)	3	CHI	Yes	

Form 990, Schedule R, Part II - Identification of Re	elated Tax-Exempt Or	ganizations					
(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 (b)(1 contro organiz	n 512 13) olled
						Yes	No
ST JOSEPH'S AREA HEALTH SERVICES							
600 PLEASANT AVENUE PARK RAPIDS, MN56470 41-0695603	HEALTHCARE	MN	501(C)(3)	3	СНІ	Yes	
ST JOSEPH'S HOSPITAL AND HEALTH CENTER							
30 WEST 7TH STREET DICKINSON, ND58601 45-0226429	HEALTHCARE	ND	501(C)(3)	3	СНІ	Yes	
ST MARY'S HEALTHCARE CENTER							
801 EAST SIOUX AVENUE PIERRE, SD57501 46-0230199	HEALTHCARE	SD	501(C)(3)	3	СНІ	Yes	
ST MARY'S HOSPITAL							
1314 3RD AVENUE NEBRASKA CITY, NE68410 47-0443636	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
ST MARY'S HOSPITAL FOUNDATION							
1314 3RD AVENUE NEBRASKA CITY, NE68410 47-0707604	FUNDRAISING	NE	501(C)(3)	7	SMH	Yes	
ST ROSE AMBULATORY AND SURGERY CENTER FKA CENTRAL KANSAS MEDICAL CENTER							
3515 BROADWAY GREAT BEND, KS67530 48-0543724	SURGERY CNTR	KS	501(C)(3)	3	СНІ	Yes	
ST VINCENT FOUNDATION							
TWO ST VINCENT CIRCLE LITTLE ROCK, AR72205 51-0169537	FUNDRAISING	AR	501(C)(3)	11 - Type I	SVIMC	Yes	
ST VINCENT INFIRMARY MEDICAL CENTER							
2 ST VINCENT CIRCLE LITTLE ROCK, AR72205 71-0236917	HEALTHCARE	A R	501(C)(3)	3	СНІ	Yes	
ST VINCENT MEDICAL GROUP							
2 ST VINCENT CIRCLE LITTLE ROCK, AR72205 71-0830696	HEALTHCARE	AR	501(C)(3)	9	SVIMC	Yes	
THE COMMUNITY LIMITED CARE DIALYSIS CENTER							
619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH45206 23-7419853	DIALYSIS	ОН	501(C)(2)	N/A	GSH	Yes	
THE GOOD SAMARITAN HOSPITAL OF CINCINNATI OH							
619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH45206 31-0537486	HEALTHCARE	ОН	501(C)(3)	3	TRI-HEALTH	Yes	
THE MERCY HOSPITAL OF DEVILS LAKE FDN							
1031 EAST SEVENTH STREET DEVILS LAKE, ND58301 35-2367360	FUNDRAISING	ND	501(C)(3)	11 - Type I	MHDL	Yes	

		· · · · · · · · · · · · · · · · · · ·					
(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 (b)(1 contro organiz	n 512 l 3) olled
						Yes	No
THE PHYSICIAN NETWORK 8055 O STREET SUITE 300 LINCOLN, NE68510 47-0780857	PHYS PRACTICE	NE	501(C)(3)	11 - Type I	CHI NEBRASKA	Yes	
TOTAL HEALTHCARE PO BOX 7021 COLORADO SPRINGS, CO80933 84-0927232	HEALTHCARE	СО	501(C)(3)	3	CHI COLORADO	Yes	
UNITY FAMILY HEALTHCARE 815 2ND STREET SE LITTLE FALLS, MN56345 41-0721642	HEALTHCARE	MN	501(C)(3)	3	СНІ	Yes	
VILLA NAZARETH INC 801 PAGE DRIVE FARGO, ND58103 45-0226714	LT CARE	ND	501(C)(3)	9	СНІ	Yes	
VISITING NURSE ASSOCIATION OF SAINT CLARE'S 191 WOODPORT ROAD SPARTA, NJ07871 22-1768334	HOME HEALTH	ΝJ	501(C)(3)	9	SCHS	Yes	

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

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership												
(a) Name, address, and EIN of related organization	Primary activity	(c) Legal Domicile (State or Foreign Country)	Controlling Entity	unrelated, excluded from tax under sections	Share of total income (\$)		allocati	oprtionate tions?	Code V-UBI amount	Gen t o Mana Part	(j) neral or laging tner?	ownership
WE WE ON LAND			 	512-514)	 	4	Yes	No	1	Yes	No	
COLORADO SPRINGS, CO80918 84-1513085	REAL ESTATE	со	тнс	RELATED	-157,673	14,390,550		No	0		No	50 1 %
OMAHA, NE68108 39-2045003	HEALTHCARE	NE	АНМН	UNRELATED				No			No	95 %
BERYWOOD OFFICE PROPERTIES LLC 400 BERYWOOD TRAIL CLEVELAND, TN37312 62-1875199	PHYS OFFICE	TN	MHCS	RELATED				No		Yes		63 %
BROADWAY SUITE 310 LEXINGTON, KY40504 61-1386736	DIAGNOSTIC	l _K v	SJ HOSPITAL LEX	RELATED				No			No	65 %
PO BOX 1146-4510 SECOND AVENUE KEARNEY, NE68848 47-0692112	HEALTHCARE SRVC	NE	HSE INC	RELATED	-99,941	1,021,498		No	-48,712	Yes		1 00 %
3004 W FAIDLEY AVE GRAND ISLAND, NE68802 81-0653461	PHYSICAL THERAPY	NE	СНІ	RELATED	1,857,991	2,262,775		No	0		Νo	51 %
CHI OPERATING INVESTMENT PROGRAM LP 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 47-0727942	INVESTMENTS	со	СНІ	UNRELATED	139,679,805	2,069,974,790		No	371,292	Yes		1 00 %
HEALTHCARE SUPPORT SERVICES	LAUNDRY	NE	СНІ	RELATED	196,124	3,913,481		No	-58,436		No	1 00 %

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

Form 990, Schedule R,	Part III - Ident	ificatio	n of Relate	d Organizati	ons Taxable as a	Partnership						
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	Controlling Entity	unrelated, unrelated, excluded from tax under sections	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	amount on		Code V-UBI amount on Box 20 of K-1	Managing		(k) Percentage ownership
				512-514)			Yes	No		Yes	No	
NORTH RIVER SURGERY CENTER LLC 2209 WILDWOOD AVENUE SHERWOOD, AR72120 71-0799771	AMBUL SURG CTR	AR	SVIMC	RELATED	198,313	1,758,688		No	0		Νo	57 45 %
ORTHOCOLORADO LLC												
11650 WEST 2ND PLACE LAKEWOOD, CO80255 37-1577105	ORTHO HOSPITAL	со	тнс	RELATED	-3,249,314	10,905,384		No	0		Νo	60 %
PENINSULA RADIATION ONCOLOGY												
314 MARTIN LUTHER KING JR WAY 11 TACOMA, WA98405 87-0808610	HEALTHCARE SRVC	WA	FHS	RELATED	131,195	3,052,504		No	0		Νo	60 %
PENRAD IMAGING												
1139 KELLY JOHNSON BLVD COLORADO SPRINGS, CO80920 84-1072619	MEDICAL IMAGING	со	тнс	RELATED	1,857,228	5,457,224		No	0		No	70 %
RUXTON SURGICENTER LLC 8322 BELLONA AVENUE SUITE 201 BALTIMORE, MD21204 52-2095835	SURGERY CENTER	MD	SJMC	RELATED				No		Yes		51 %
SAINT JOSEPH - SCA												
HOLDINGS LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY40503 45-3801157	OP SURGERY	DE	SJHS	RELATED	0	0		No	0		Νo	51 %
ST ANTHONY REGIONAL												
MTN CANCER CENTER 4231 W 16TH AVENUE DENVER, CO80112 37-1568013	CANCER CENTER	со	тнс	RELATED	-290,552	0		No	О		Νo	51 %
ST FRANCIS LAND COMPANY												
5390 N ACADEMY BLVD SUITE 300 COLORADO SPRINGS, CO80918 26-3134100	REAL ESTATE	СО	тнс	RELATED	-180,979	14,886,022		No	0		Νo	51 %

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

Form 990, Schedule R	G Part III - Ident	.iiica tio	II OI Kelate	u Organizati	ons raxable as a	1 rai dici silip						
(a) Name, address, and EIN of related organization	(b) f Primary activity	(c) Legal Domicile (State or Foreign Country)	Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections	(f) Share of total Income (\$)		allocati	prtionate ions?	Code V-UBI	(j Gen o Mana Parti	eral or aging ner?	(k) Percentage ownership
	ļ		<u> </u>	512-514)			Yes	No		Yes	No	
ST FRANCIS MEDICAL CENTER ASSOCIATES 1717 SOUTH J STREET TACOMA, WA98405 91-1352698	MED OFFICE	WA	FHS	RELATED	116,948	1,652,280		No	0		No	54 %
ST JOSEPH-PAML LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY40503 45-2116736	MGMT SERVICES	кү	SJHS	RELATED	0	0		No	0	Yes		62 5 %
SUPERIOR MEDICAL IMAGING LLC 5000 NORTH 26TH STREET LINCOLN, NE68521 26-2884555	OP DIAGNOSTICS	NE	SERMC	RELATED				No			No	51 %
SURGERY CENTER OF LEXINGTON LLC 1451 HARRODSBURG ROAD LEXINGTON, KY40504 62-1179539	SURGERY CENTER	DE	SJHS	RELATED	808,840	4,236,901		No	0		No	51 %

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust										
(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			
ALTERNATIVE INSURANCE MANAGEMENT SERVICES 3900 OLYMPIC BOULEVARD SUITE 400 ERLANGER, KY41018 84-1112049	MANA GEMENT SERVICES	со	СНІ	C CORPORATION	0	3,267,441	1 00 %			
AMERICAN NURSING CARE 1700 EDISON DRIVE MILFORD, 0H45150 31-1085414	HOME HEALTH	ОН	CHS	C CORPORATION	1,778,617	44,470,358	1 00 %			
AMERIMED INC 1700 EDISON DRIVE MILFORD, OH45150 31-1158699	HOME HEALTH	ОН	ANC	C CORPORATION	2,395,230	11,869,657	1 00 %			
CHATTANOOGA, TN37422 62-1570736	HEALTHCARE	TN	MHCS	C CORPORATION	0	1,008	1 00 %			
	CAPTIVE MANAGEMENT	CJ	СНІ	C CORPORATION	0	0	1 00 %			
CENTER FOR TRANSLATIONAL RESEARCH 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 27-2269511	HEALTHCARE	СО	СНІ	C CORPORATION	-2,247,962	1,668,589	1 00 %			
I 3515 BROADWAY	MEDICAL EQUIPMENT	KS	СКМС	C CORPORATION	0	0	1 00 %			
CGH REALTY COMPANY INC 215 N 12TH ST READING, PA19603 23-2326801	REAL ESTATE	PA	SJHM	C CORPORATION	1,007	42,415	1 00 %			
COMCARE SERVICES 4231 W 16TH AVENUE DENVER, CO80204 84-0904813	INACTIVE	СО	сніс	C CORPORATION	0	0	1 00 %			
MILFORD, OH45150 31-1378212	HOME HEALTH	ОН	СНІ	C CORPORATION	0	11,595,125	1 00 %			
DAVID DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 47-6192395	INVESTMENTS	NE	GSHF	TRUST	4,880	166,425	1 00 %			
DES MOINES MEDICAL CENTER INC 1111 6TH AVENUE DES MOINES, IA50314 42-0837382	REAL ESTATE	IA	CHI-IA CORP	C CORPORATION	0	1,253,452	92 98 %			
FIRST INITIATIVES INSURANCE LTD PO BOX 10073 APO GEORGETOWN, GEORGETOWN, GRAND CAYMAN KY1-1001 CJ 98-0203038	INSURANCE	CJ	СНІ	C CORPORATION	0	0	1 00 %			
FRANCISCAN SERVICES INC	HEALTHCARE	СО	СНІ	C CORPORATION	-507,578	11,914,284	1 00 %			
	MEDICAL CLINIC	NE	CHI NEBRASKA	C CORPORATION	-2,921,063	355,110	1 00 %			
HAROLD W RASE 1995 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND58601 45-6090420	INVESTMENTS	ND	SJHHC	TRUST	1,240	21,553	1 00 %			
HAROLD W RASE 1996 CHARITABLE	INVESTMENTS	ND	SJHHC	TRUST	900	15,495	1 00 %			
HAROLD W RASE 1997 CHARITABLE	INVESTMENTS	ND	SJHHC	TRUST	1,025	20,261	1 00 %			
HAROLD W RASE 1999 CHARITABLE	INVESTMENTS	ND	SJHHC	TRUST	1,313	25,027	1 00 %			
HEALTH SYSTEMS ENTERPRISES INC	MA NA GEMENT	NE	GSH	C CORPORATION	25,289	1,443,049	1 00 %			

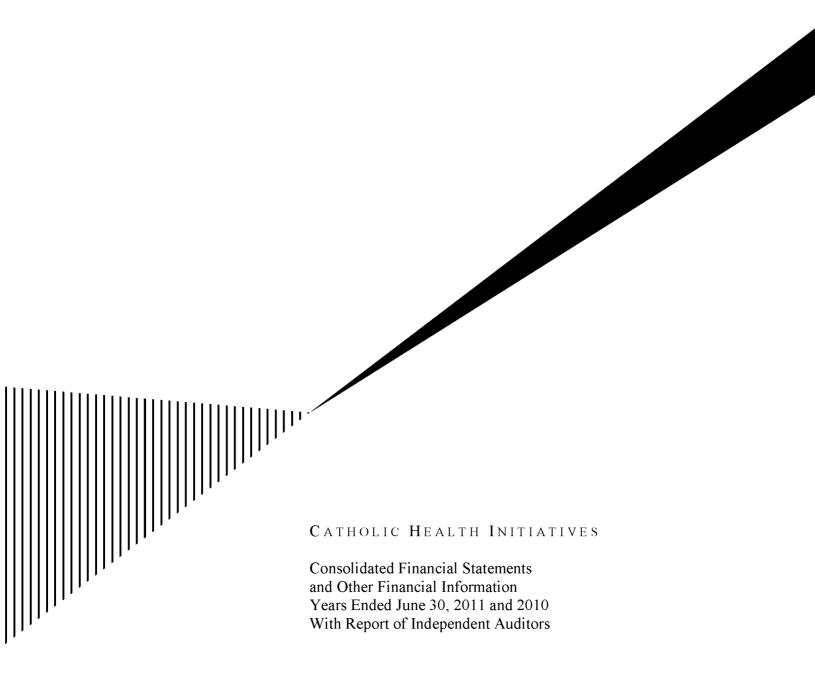
Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust										
organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership			
HEALTHCARE MGMT SERVICES ORG INC 1149 MARKET ST TACOMA, WA98402 91-1865474	HEALTH ORG	WA	FHS	C CORPORATION	0	0	1 00 %			
JAMES & HENRIETTA NISTLER UNITRUST	INVESTMENTS	ND	sjннс	TRUST	-16,708	41,455	1 00 %			
JEANNE DEYLE CHARITABLE	INVESTMENTS	NE	GSHF	TRUST	4,880	166,320	1 00 %			
JOSEPH A SCHUSTER ANNUITY TRUST #1 400 UNIVERSITY AVENUE DES MOINES, IA50314 42-1195122	INVESTMENTS	IA	MFDM	TRUST	18,924	441,488	1 00 %			
KEARNEY, NE68848 47-6186933	INVESTMENTS	NE	GSHF	TRUST	3,387	86,367	1 00 %			
WILLISTON, ND58801 45-0392137	SALE OF DME	ND	MH OF WILLISTON	C CORPORATION	9,852	962,554	1 00 %			
JOPLIN, MO64804 43-1457881	DME	МО	ST JOHN'S RMC	C CORPORATION	-1,533,371	1,369,083	1 00 %			
MERCY PARK APARTMENTS LTD 1111 6TH AVENUE DES MOINES, IA50314 42-1202422	HOUSING	IA	CHI-IA CORP	C CORPORATION	264,489	1,796,053	1 00 %			
MERCY SERVICES CORP 2700 STEWART PARKWAY ROSEBURG, OR97470 93-0824308	RETAIL SALES	OR	ммс	C CORPORATION	-690,267	954,798	1 00 %			
I I 6078D SHALLOWEDED ROAD	MGMT SVC ORG	TN	мнсѕ	C CORPORATION	-386,020	4,667,998	1 00 %			
NAZARETH ASSURANCE COMPANY 76 ST PAUL STREET SUITE 500 BURLINGTON, VT05401 03-0304831	INSURANCE	VT	СНІ	C CORPORATION	-379	123,535	1 00 %			
PATIENT TRANSPORT SERVICES INC	HOME HEALTH	ОН	ANC	C CORPORATION	662,425	5,325,941	1 00 %			
PHYSICIAN HEALTH SYSTEM NETWORK	HEALTH ORG	WA	FHS	C CORPORATION	0	0	1 00 %			
RAY & SHIRLEY DAVID 1999 UNITRUST	INVESTMENTS	ND	sjннс	TRUST	1,250	24,194	1 00 %			
ROBERT & WANDA CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 26-6191916	INVESTMENTS	NE	GSHF	TRUST	13,030	537,775	1 00 %			
SAINT CLARE''S PRIMARY CARE INC 66 FORD ROAD	BILLING SERVICES	NJ	sccc	C CORPORATION	-342,970	2,177,166	1 00 %			
SAMARITAN FAMILY CARE INC	HEALTHCARE	ОН	SHP	C CORPORATION			1 00 %			
SJH SERVICES CORPORATION	HEALTHCARE	СО	FSI	C CORPORATION	-518,360	3,180,100	1 00 %			
SJL PHYSICIAN MANAGEMENT	MANAGEMENT	кү	SJHS	C CORPORATION	0	0	1 00 %			
	ATHLETIC CLUB	OR	ST ANTHONY H	C CORPORATION	53,891	3,007,554	1 00 %			

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

				-			
(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
ST VINCENT COMMUNITY HEALTH SERVICES INC TWO ST VINCENT CIRCLE LITTLE ROCK, AR72205 71-0710785	HEALTHCARE	AR	SVIMC	C CORPORATION	2,309,129	14,049,375	1 00 %
ST JOSEPH DEVELOPMENT COMPANY 1717 SOUTH J STREET TACOMA, WA98405 91-1480569	RENTAL	WA	FSI	C CORPORATION	-36,395	12,168,022	1 00 %
ST JOSEPH OFFICE PARK ASSOCIATION 1401 HARRODSBURG ROAD BLDG B70 LEXINGTON, KY40504 61-1079899	MANAGEMENT	КҮ	SJHS	C CORPORATION	16,644	882,139	85 %
TOM DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 47-6192393	INVESTMENTS	NE	GSHF	TRUST	4,884	166,321	1 00 %
TOWSON MANAGEMENT INC 7601 OSLER DRIVE TOWSON, MD21204 52-1710750	MANAGEMENT SERVICES	MD	FSI	C CORPORATION	-469,016	498,393	1 00 %

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

	,			
	(a) Name of other organization	(b) Transaction type(a-r)	(c) A mount Involved (\$)	(d) Method of determining amount involved
(1)	MERCY MEDICAL FOUNDATION	А	3,972	FMV
(2)	MEDQUEST	А	64,125	FMV
(3)	MERCY MEDICAL FOUNDATION	С	380,577	FMV
(4)	MEDQUEST	К	52,236	FMV
(5)	CATHOLIC HEALTH INITIATIVES	L	6,175,322	FMV
(6)	CATHOLIC HEALTH INITIATIVES	0	524,734	FMV
(7)	MEDQUEST	Р	447,687	FMV
(8)	CATHOLIC HEALTH INITIATIVES	_	4 707 705	



Ernst & Young LLP



Catholic Health Initiatives Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2011 and 2010

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Other Financial Information	
Report of Independent Auditors on Other Financial Information	43
2011 Consolidating Balance Sheet	44
2011 Consolidating Statement of Operations	46



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Report of Independent Auditors

Board of Stewardship Trustees Catholic Health Initiatives

We have audited the accompanying consolidated balance sheets of Catholic Health Initiatives (CHI) 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 financial statements are the responsibility of CHI's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Alegent Health-Bergan Mercy Health System, a wholly sponsored direct affiliate of CHI, which statements reflect total assets of \$708 million and \$634 million as of June 30, 2011 and 2010, respectively, and total revenues of \$466 million and \$454 million, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alegent Health-Bergan Mercy Health System, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of CHI's internal control over financial reporting. Our audits included 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 CHI'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, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Health Initiatives at June 30, 2011 and 2010, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The unaudited community benefit information in Note 2 to the consolidated financial statements is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, accordingly, we express no opinion on such information.

September 13, 2011

1103-1238253

Ernst + Young LLP

Catholic Health Initiatives Consolidated Balance Sheets

	June 30				
	2011	2010			
	(In The	ousands)			
Assets					
Current assets					
Cash and equivalents	\$ 449,674	\$ 494,487			
Net patient accounts receivable, less allowances of					
\$650,617 and \$593,749 in 2011 and 2010, respectively	1,133,819	1,118,487			
Other accounts receivable	108,848	119,697			
Current portion of investments and assets limited as to use	19,554	3,463			
Inventories	173,316	170,003			
Assets held for sale	23,987	17,900			
Prepaid and other	70,805	52,828			
Total current assets	1,980,003	1,976,865			
Investments and assets limited as to use: Internally designated for capital and other funds Mission and Ministry Fund Capital Resource Pool Held by trustees	4,617,181 117,832 268,690 5,488	3,981,359 98,726 246,943 43,411			
Held for insurance purposes	739,071	681,001			
Restricted by donors	154,567	140,635			
Total investments and assets limited as to use	5,902,829	5,192,075			
Property and equipment, net	4,935,519	4,705,909			
Deferred financing costs	11,821	11,494			
Investments in unconsolidated organizations	353,449	241,604			
Intangible assets and goodwill, net	57,486	35,403			
Notes receivable and other	640,027	629,216			
Total assets	\$ 13,881,134	\$ 12,792,566			

Continued on following page

Catholic Health Initiatives Consolidated Balance Sheets (continued)

	June 30					
		2011		2010		
		(In Tho	บรณ	nds)		
Liabilities and net assets						
Current liabilities						
Compensation and benefits	\$	408,375	\$	366,685		
Third-party liabilities		66,283		66,091		
Accounts payable and accrued expenses		607,400		662,748		
Variable-rate debt with self liquidity		163,400		283,660		
Current portion of long-term debt		836,201		736,052		
Total current liabilities		2,081,659		2,115,236		
Pension liability		315,523		731,196		
Self-insured reserves and claims		448,940		436,787		
Other liabilities		269,662		279,186		
Long-term debt		3,123,001		3,180,965		
Total liabilities		6,238,785		6,743,370		
Net assets						
Net assets attributable to CHI		7,448,161		5,875,377		
Net assets attributable to noncontrolling interests		8,967		8,204		
Unrestricted		7,457,128		5,883,581		
Temporarily restricted		122,795		112,207		
Permanently restricted		62,426		53,408		
Total net assets		7,642,349		6,049,196		
Total liabilities and net assets	\$	13,881,134	\$	12,792,566		

See accompanying notes.

Catholic Health Initiatives Consolidated Statements of Operations

	Year Ended June 30					
		2011		2010		
_		(In Tho	ls)			
Revenues: Net patient services	\$	9,004,978	\$	8.504.180		
Nonpatient						
Donations		24,639		29,421		
Changes in equity of unconsolidated organizations		38,059		15.772		
Investment income from self-insured trust funds		97,907		75.981		
Other		466,185		466,167		
Total nonpatient revenues		626,790		587.341		
Total operating revenues		9,631,768		9,091,521		
Expenses:						
Salaries and wages		3,632,761		3.394.929		
Employee benefits		773,040		749,049		
Purchased services, medical professional fees, consulting and legal		867,149		821.367		
Supplies		1,549,694		1.519.479		
Bad debts		718,577		653,250		
Utilities		122,195		117.593		
Rentals, leases, maintenance and insurance		489,791		399,453		
Depreciation and amortization		470,669		462,262		
Interest		133,423		111.188		
Other		493,488		444,133		
Total operating expenses before restructuring, impairment						
and other losses		9,250,787		8,672,703		
Income from operations before restructuring, impairment						
and other losses		380,981		418,818		
Restructuring, impairment and other losses		25,655		61,638		
Income from operations		355,326		357,180		
Nonoperating gains (losses):						
Investment income, net		753,764		387.674		
Gain on escrow restructuring and defeasance of bonds, net		_		2.896		
Realized and unrealized losses on interest rate swaps		(4,870)		(78.467)		
Other nonoperating gains		16,462		13,665		
Total nonoperating gains		765,356		325,768		
Excess of revenues over expenses	<u>\$</u>	1,120,682	\$	682,948		
Excess of revenues over expenses attributable to noncontrolling interest		3,298	\$	966		
Excess of revenues over expenses attributable to CHI	\$	1,117,384	\$	681,982		

Community benefit provided to the poor and broader community and the unpaid cost of Medicare (unaudited) was \$1.1 billion in each of 2011 and 2010 (see Note 2 of the accompanying notes)

See accompanying notes

Catholic Health Initiatives Consolidated Statements of Changes in Net Assets

(In Thousands)

	Unrestricted Net Assets										
	Attributabl to CHI	e Noi	ributable to ncontrolling Interests	7	Гotal	Temporarily Restricted Net Assets		•		Total Net Assets	
			0.404								
Balances, June 30, 2009	\$ 5.336.66	•		\$ 5	5,345,050	\$	114.694	\$	53,728	\$	5,513,472
Excess of revenues over expenses	681.98		966		682.948		_		_		682.948
Increase in pension liability	(131.36	50)	_		(131,360)		_		_		(131.360)
Temporarily and permanently restricted contributions		_	_		_		37,772		420		38,192
Net assets released from restriction for capital	23,59	98	_		23,598		(23.598)		_		_
Net assets released from restriction for operations		_	_		_		(21.237)		_		(21.237)
Investment income		_	_		_		4.275		(175)		4,100
Other changes in net assets	3.13	37	(1.144)		1.993		301		(565)		1.729
Net loss from discontinued operations	(38.6-	18)	_		(38,648)						(38,648)
Net increase in net assets	538,70)9	(178)		538,531		(2,487)		(320)		535,724
Balances, June 30, 2010	5,875,37	77	8.204	5	5,883,581		112,207		53,408		6.049.196
Excess of revenues over expenses	1,117,38	34	3,298	1	1,120,682		_		_		1,120,682
Decrease in pension liability	404,70	58	_		404,768		_		_		404,768
Temporarily and permanently restricted contributions		_	_		_		44,502		3,803		48,305
Net assets released from restriction for capital	26,27	70	_		26,270		(26,270)		_		_
Net assets released from restriction for operations		_	_		_		(13,868)		_		(13,868)
Investment income		_	_		_		7,718		1,737		9,455
Other changes in net assets	24,30	52	(2,535)		21,827		(1,494)		3,478		23,811
Net increase in net assets	1,572,78	34	763	1	1,573,547		10,588		9,018		1,593,153
Balances, June 30, 2011	\$ 7,448,10	51 S	8,967	\$ 7	7,457,128	\$	122,795	S	62,426	\$	7,642,349

See accompanying notes

Catholic Health Initiatives Consolidated Statements of Cash Flows

	Year Ended June 30			
	 2011	2010		
	(In Thoi	ısands)	
Operating activities				
Increase in net assets	\$ 1,593,153	\$	535,724	
Adjustments to reconcile increase in net assets to net cash provided				
by operating activities				
Depreciation and amortization	470,669		469,998	
Provision for bad debts	718,577		688,547	
Changes in equity of unconsolidated organizations	(38,059)		(16.830)	
Net gains on sales of facilities and investments in unconsolidated	(3.5.10)		(9,735)	
organizations	(3,540)		50,773	
Loss on sale of Idaho and Eastern Oregon operations	_		30,773	
Noncash operating expenses related to restructuring.	0.744		25.622	
impairment and other losses	9,644		35.833	
Loss on defeasance of bonds	_		151	
(Increase) decrease in fair value of interest rate swaps	(26,876)		46,396	
(Decrease) increase in unfunded pension liability Net changes in current assets and liabilities	(404,768)		131,360	
Net patient and other accounts receivable	(710,994)		(626,755)	
Other current assets	(20,318)		(8,301)	
Current liabilities	(40,549)		134.138	
Other changes	(37,700)		(27.910)	
Net cash provided by operating activities, before net change in	 (37,700)		(27.910)	
investments and assets limited as to use	1,509,239		1,403,389	
Net increase in investments and assets limited as to use	 (729,424) 779,815		(1,384,929) 18,460	
Net cash provided by operating activities	779,013		16.400	
Investing activities				
Purchases of property, equipment and other capital assets	(761,713)		(821,354)	
Purchase of CHS, net of cash acquired	(35,533)		_	
Net cash proceeds from asset sales	4,992		21.617	
Net cash proceeds from sale of Idaho and Eastern Oregon operations	_		61,937	
Distributions from investments in unconsolidated organizations	44,748		27.450	
Notes receivable issued to unconsolidated affiliates	(32,026)		(135,728)	
Payment received on notes receivable from unconsolidated affiliates	27,391		14,606	
Other changes	 6,889		(911)	
Net cash used in investing activities	(745,252)		(832,383)	
Financing activities				
Proceeds from bank loan and issuance of long-term debt	276,598		1.174.753	
Net costs associated with issuance of long-term debt	_		(10,837)	
Repayment of long-term debt	 (355,974)		(568,195)	
Net cash (used in) provided by financing activities	 (79,376)		595,721	
Decrease in cash and equivalents	(44,813)		(218.202)	
Cash and equivalents at beginning of year	494,487		712,689	
Cash and equivalents at end of year	\$ 449,674	\$	494,487	
Supplemental disclosures of cash flow information				
Cash paid during the year for interest, including amounts capitalized	 149,822	\$	118,053	

See accompanying notes

June 30, 2011

1. Summary of Significant Accounting Policies

Organization

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code CHI sponsors market-based organizations (MBOs) and other facilities in 19 states, including 72 acute-care hospitals, of which 21 are designated as critical access hospitals by the Medicare program, 40 long-term care, assisted living and residential facilities, two community health service organizations (CHSOs), home health agencies and two accredited nursing colleges CHI also has an offshore captive insurance company, First Initiatives Insurance, Limited (FIIL)

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

Principles of Consolidation

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control All significant intercompany accounts and transactions are eliminated in consolidation

Fair Value of Financial Instruments

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, investments and assets limited as to use, notes receivable, accounts payable and long-term debt. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

Cash and Equivalents

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U S government securities,

1. Summary of Significant Accounting Policies (continued)

securities issued by domestic and foreign banks, such as certificates of deposit and bankers' acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations

Net Patient Accounts Receivable and Net Patient Services Revenues

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility

CHI records net patient services revenues in the period in which services are performed CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates and per diem payments

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations

1. Summary of Significant Accounting Policies (continued)

Investments and Assets Limited as to Use

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs

CHI has designated its investment portfolio as trading Accordingly, unrealized gains and losses on marketable securities are included within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying balance sheets Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law

Investments in partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements

Inventories

Inventories, primarily consisting of pharmacy drugs and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market

Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell Such valuations include estimates of fair values generally based upon discounted cash flows and incremental direct costs to transact a sale

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$15 million and \$22 million was recorded in 2011 and 2010, respectively

Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage Amounts capitalized are amortized over the useful life of the developed asset following project completion

Investments in Unconsolidated Organizations

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The equity income or loss on these investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

Notes Receivable and Other Assets

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, deposits and other long-term assets. Notes receivable include balances from the following related entities. Alegent Health and Alegent Health Immanuel Medical Center (collectively, Alegent), the Nebraska joint operating company (JOC) and non-CHI joint operating agreement (JOA) partner, respectively, Bethesda Hospital, Inc (Bethesda), the non-CHI JOA partner in the Cincinnati, Ohio JOA, and Jewish Hospital Healthcare Services, Inc (JHHS), an unconsolidated investee organization. The notes bear interest at rates commensurate with the CHI blended interest cost and require monthly debt service payments

1. Summary of Significant Accounting Policies (continued)

A summary of notes receivable and other assets is as follows as of June 30 (in thousands)

		2011	2010
Notes receivable from related entities			
Alegent	\$	273,535	\$ 254,444
Bethesda		212,090	223,155
JHHS		25,466	29,887
Total notes receivable from related entities	-	511,091	507,486
Other long-term assets		128,936	121,730
Total notes receivable and other	\$	640,027	\$ 629,216

Alegent and Bethesda are Designated Affiliates in the CHI credit group under the Capital Obligation Document (COD) As conditions of joining the CHI credit group, the Designated Affiliates have agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios and compliance with limitations on the incurrence of additional debt Based upon management's review of the creditworthiness of the Designated Affiliates and their compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2011 and 2010

Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, including endowment funds Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes primarily to purchase equipment, to provide charity care and to provide other health and educational programs and services

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received All unrestricted contributions are included in the excess of revenue over expenses as donation revenues Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is,

1. Summary of Significant Accounting Policies (continued)

when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment

Performance Indicator

The performance indicator is the excess (deficiency) of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, cumulative effect of changes in accounting principles, discontinued operations and contributions of property and equipment and other changes not required to be excluded within the performance indicator and generally accepted accounting principles

Operating and Nonoperating Activities

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include investment earnings, excluding the earnings from the investments held by FIIL, gains (losses) from bond refinancing, net interest cost and changes in fair value of interest rate swaps, and the nonoperating component of JOA income share adjustments

Charity Care

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay Services to patients are classified as charity care in accordance with standards established across all MBOs Charity care represents services rendered for which partial or no payment is expected and, as such, is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets The amount of charity care provided, determined on the basis of charges, was 40% and 37% of gross patient services revenues for 2011 and 2010, respectively

1. Summary of Significant Accounting Policies (continued)

Other Nonpatient Revenues

Other nonpatient revenues include gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues and revenues from other miscellaneous sources

Derivative and Hedging Instruments

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating gains (losses) in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

Functional Expenses

CHI provides inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI Support services expenses as a percent of total operating expenses were approximately 4 2% and 4 4% in 2011 and 2010, respectively

Restructuring, Impairment and Other Losses

CHI periodically evaluates property, equipment and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain property and equipment impairments in both 2011 and 2010 to the extent that the discounted cash flows estimated to be generated by those assets were less than the underlying carrying value

During the years ended June 30, 2011 and 2010, CHI recorded nonrecurring expenses of \$26 million and \$62 million, respectively, relating to asset impairments and changes in business operations, including reorganization and severance costs During 2010, CHI recorded an additional \$48 million of nonrecurring expenses, which were included as discontinued operations in the statements of changes in net assets

1. Summary of Significant Accounting Policies (continued)

Income Taxes

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax As of June 30, 2011, CHI has current net deferred tax assets of \$2 1 million and a noncurrent net deferred tax liability of \$5 4 million related to these taxable activities

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses Actual results could vary from the estimates

New Accounting Pronouncements and Adoption of New Accounting Standards

Effective July 2010, CHI adopted the provision of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No 958-810, *Not-for-Profit-Entities: Consolidation*, which made the provision of FASB Statement No 160, *Noncontrolling Interests in Consolidated Financial Statements*, applicable to not-for-profit entities. The purpose of the ASC and FASB were to reflect the noncontrolling interest in the equity or net assets of a consolidated subsidiary as a component of net assets rather than as minority interest expense and minority interest liability. The adoption of ASC 958-810 did not have a material impact on CHI's consolidated results of financial position, operations or cash flows. The prior year's presentation has been adjusted to reflect the application of the new accounting guidance

In January 2010, the FASB released Accounting Standards Update (ASU) No 2010-07, Not-for-Profit Entities (Topic 958): Not-for-Profit Entities: Mergers and Acquisitions, which amends FASB Statement No 164, Not-for-Profit Entities: Mergers and Acquisitions The objective of ASU 2010-07 is to improve the relevance, representational faithfulness and comparability of the information that a not-for-profit entity provides in its financial reports about a combination with one or more other not-for-profit entities, businesses or nonprofit activities ASU 2010-07 also

1. Summary of Significant Accounting Policies (continued)

provides relevant and comparable information that a not-for-profit entity provides for goodwill and other intangible assets after an acquisition by amending existing guidance to make it fully applicable to not-for-profit entities ASU 2010-07 is effective for mergers for which the merger date is on or after the beginning of an *imital* reporting period beginning on or after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first *annual* reporting period beginning on or after December 15, 2009 CHI adopted the provisions of ASU 2010-07 effective July 2010, and adoption did not have a material impact on its overall consolidated results of financial position, operations or cash flows

In January 2010, the FASB released ASU No 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements ASU 2010-06 was issued to improve disclosure requirements related to fair value measurements and disclosures (overall Subtopic 820-10) of the FASB The new disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 CHI adopted the provisions of ASU 2010-06 during 2010 and 2011.

In September 2009, the FASB released ASU No 2009-12, Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value ASU 2009-12 amends ASC 820, Fair Value Measurements and Disclosures, and allows a reporting entity, as a practical expedient, to estimate fair value of certain alternative investments at the net asset value as reported by the investee entity in instances where the net asset value has been calculated in a manner consistent with ASC 946, Financial Services – Investment Companies Adoption of the provisions of ASU 2009-12 during 2010 did not have a material impact on the valuation of CHI's investments

In August 2010, the FASB released ASU No 2010-23, *Measuring Charity Care for Disclosure*. ASU 2010-23 requires the disclosure of charity care amounts and provides specific guidance on how to measure charity care. The accounting provisions specifically require that charity care not be reduced by reimbursement for charity care, and that the amount of reimbursements for charity care be disclosed. The disclosures are effective for fiscal years beginning after December 15, 2010, with retrospective application required. CHI does not believe the adoption of ASU 2010-23 will have a material effect on its overall consolidated results of financial position, operations or cash flows.

1. Summary of Significant Accounting Policies (continued)

In August 2010, the FASB released ASU No 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 applies to malpractice claims and similar contingent liabilities and requires that such liabilities disregard the effect of any anticipated insurance recoveries in determining the liability amounts. The accounting provisions also provide accounting guidance for recording any insurance recovery receivables. ASU 2010-24 is effective for fiscal years beginning after December 15, 2010. CHI is evaluating the effect of adopting ASU 2010-24 but does not believe its adoption will have a material effect on its overall consolidated results of financial position, operations or cash flows

In July 2011, the FASB released ASU No 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities ASU 2011-07 requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient services revenues from an operating expense to a deduction from patient services revenues (net of contractual allowances and discounts) Additionally, enhanced disclosures will be required surrounding the entity's policies for recognizing revenue and assessing bad debts ASU 2011-07 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011 CHI is evaluating the effect of adopting ASU 2011-07

Reclassifications

Certain reclassifications were made to the 2010 consolidated financial statement presentation to conform to the 2011 presentation

2. Community Benefit (Unaudited)

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care, unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs, services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed, and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community

2. Community Benefit (Unaudited) (continued)

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis, unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions, and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands)

	2011	2010
Cost of community benefit		
Cost of charity care provided	\$ 244,949	\$ 221,140
Unpaid cost of public programs, Medicaid and		
other indigent care programs	242,163	235,161
Nonbilled services	25,379	25,576
Cash and in-kind donations	2,975	2,861
Education and research	33,397	24,908
Other benefit	63,283	65,198
Total cost of community benefit from continuing operations	612,146	574,844
Total cost of community benefit from discontinued operations	_	13,779
Total cost of community benefit	612,146	588,623
Unpaid cost of Medicare from continuing operations	461,358	456,729
Unpaid cost of Medicare from discontinued operations	 _	9,867
Total unpaid cost of Medicare	461,358	466,596
Total cost of community benefit and the unpaid		
cost of Medicare	\$ 1,073,504	\$ 1,055,219

The summary above has been prepared in accordance with the policy document of the Catholic Health Association of the United States (CHA), Community Benefit Program – A Revised Resource for Social Accountability Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost

2. Community Benefit (Unaudited) (continued)

The total cost of community benefit from continuing and discontinued operations was 6 6% of total expenses before operating expenses related to restructuring, impairment and other losses in 2011 and 2010. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 11 6% and 11 8% of total expenses before operating expenses related to restructuring, impairment and other losses in 2011 and 2010, respectively

3. Joint Operating Agreements and Investments in Unconsolidated Organizations

Joint Operating Agreements

CHI participates in JOAs with hospital-based organizations in five separate market areas. The agreements generally provide for, among other things, joint management through JOCs of the combined operations of the local facilities included in the JOAs. CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

CHI has a 70% interest in a JOC based in Colorado and has interests of 50% in three other JOCs associated with other JOAs. These interests are included in investments in unconsolidated organizations and totaled \$125 million and \$65 million at June 30, 2011 and 2010, respectively CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The unconsolidated JOCs had total assets of \$721 million and \$671 million at June 30, 2011 and 2010, respectively, and net assets of \$109 million and \$95 million, respectively.

Investments in Unconsolidated Organizations

CHI Kentucky – On November 1, 2005, CHI entered into a joint venture agreement with JHHS CHI contributed substantially all of the net assets of the former MBO in Louisville, Kentucky, of \$7 million, along with \$20 million, paid in quarterly installments through August 2008, in return for a 25% interest in the joint venture. The investment in the joint venture, which is accounted for under the equity method of accounting and is included in investments in unconsolidated organizations, had a book value of \$30 million and \$18 million at June 30, 2011 and 2010, respectively. The joint venture had annual operating revenues of approximately \$1.0 billion for both 2011 and 2010, total assets of \$920 million and \$914 million, and net assets of \$335 million.

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

and \$291 million as of June 30, 2011 and 2010, respectively As part of the agreement, the joint venture executed a note to CHI with monthly payments of principal and interest. The note is included in other assets and had a balance of \$25 million and \$30 million at June 30, 2011 and 2010, respectively

Preferred Professional Insurance Corporation (PPIC) – PPIC is an unconsolidated affiliate of CHI PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting The book value of the investment was \$49 million and \$43 million at June 30, 2011 and 2010, respectively PPIC had net assets of \$183 million and \$161 million at December 31, 2010 and 2009, respectively

Pathology Associates Medical Laboratories (PAML) – On October 21, 2009, CHI entered into an agreement with Seattle-based Providence Health and Services to acquire up to a 25% interest in PAML PAML is an unconsolidated affiliate of CHI and is a full-service medical reference lab, providing CHI hospitals with the opportunity to expand laboratory testing volumes and develop new relationships through outreach laboratory joint ventures As of June 30, 2011, CHI had met its commitment to invest a total of \$37 3 million in PAML, which represents a 25% ownership and is accounted for under the equity method The book value of the investment was \$37 6 million and \$14 9 million at June 30, 2011 and 2010, respectively CHI has an option to increase its investment in PAML by an additional \$7 5 million before January 2013

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

Other Entities – The summarized financial positions and results of operations for the other entities accounted for under the equity method as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands)

					20	11				
	Aedical Office uildings	D	utpatient and iagnostic Services	9	nbulatory Surgery Centers		hysician ractices	I	Other nvestees	Total
Total assets Total debt Net assets Net patient services revenues Total revenues, net Excess of revenues over expenses	\$ 28,439 26,315 1,263 - 5,834	\$	129,620 42,133 86,316 125,066 139,594 16,236	\$	63,130 13,023 46,024 116,927 117,020 31,659	\$	21,028 10,664 8,054 33,991 37,452 6,142	\$	160,767 20,013 95,720 150,974 330,668 86,269	\$ 402,984 112,148 237,377 426,958 630,568 140,985
					20	10				
	Medical Office uildings	D	utpatient and iagnostic Services	9	20 nbulatory Surgery Centers	P	hysician ractices	I	Other nvestees	Total
Total assets Total debt Net assets Net patient services revenues Total revenues, net Excess of revenues over		D	and iagnostic	9	nbulatory Surgery	P	•			\$ Total 444,108 90,159 234,656 327,987 515,266

4. Acquisitions and Divestitures

Continuing Operations

Consolidated Health Services (CHS) – Effective on October 1, 2010, CHI acquired CHS, headquartered near Cincinnati, Ohio, from Bethesda, Inc, an Ohio nonprofit corporation CHS is a home health care service provider operating in 30 locations in Indiana, Kentucky and Ohio The gross purchase price of the acquisition was \$43.3 million (\$35.5 million, net of cash acquired), which was allocated as follows (in thousands)

Cash	\$ 7,814
Patient receivables	6,534
Current deferred tax asset	2,077
Property and equipment	3,260
Investment in unconsolidated organizations	17,900
Intangibles	12,064
Deferred tax asset	1,503
Goodwill	6,479
Other assets	5,960
Other liabilities	(13,210)
Deferred tax liability	(7,034)
Purchase price	\$ 43,347

Dayton Heart and Vascular Hospital – In May 2009, the decision was made to sell the Dayton Heart and Vascular Hospital building, as all operations had been moved to the primary hospital The property is classified as an asset held for sale on the consolidated balance sheets and had a value of \$16 0 million and \$17 9 million as of June 30, 2011 and 2010, respectively Impairment charges of \$1 9 million and \$24 6 million were recorded in 2011 and 2010, respectively, to reduce the carrying amount of the property to its fair value Such impairment charges are reflected as a component of restructuring, impairment and other losses in the accompanying consolidated statements of operations Effective on July 28, 2011, the property was sold for its stated value

Discontinued Operations

Idaho and Eastern Oregon Operations – In April 2010, CHI sold three of its facilities to an unrelated third party. The operations associated with these facilities have been reported as discontinued operations and are included in the consolidated statements of operations and changes in net assets. At June 30, 2010, assets held for sale consisted primarily of cash and

4. Acquisitions and Divestitures (continued)

investments, net patient accounts receivable, net property and equipment, investments in unconsolidated organizations and other long-term assets Liabilities held for sale consisted of accounts payable and accrued compensation and benefits CHI recorded a deficiency of revenues over expenses of \$45.3 million in 2010, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets

Missouri Operations – In November 2009, CHI's management transferred sponsorship and related operations of its Missouri facilities to an unrelated third party. The operations associated with these lines of business have been reported as discontinued operations and are included in the consolidated statement of changes in net assets. At June 30, 2010, assets held for sale consisted primarily of inventories, property and equipment, donor-restricted assets and investments in unconsolidated organizations. Liabilities held for sale consisted of certain compensation and benefits expenses. CHI recorded excess of revenues over expenses of \$6.7 million in 2010, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets.

Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations are summarized below (in thousands)

	2010
Total operating revenues	\$ 250,093
Total operating expenses	(248,554)
Restructuring and other losses	(48,137)
Impairment losses	(275)
Nonoperating gains	 8,225
Deficiency of revenues over expenses	\$ (38,648)

The consolidated statements of cash flows include \$40.5 million of operating, investing and financing activities related to discontinued operations for the year ended June 30, 2010

5. Net Patient Services Revenues

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs CHI receives payments from the federal government on behalf of patients covered by the

5. Net Patient Services Revenues (continued)

Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves A summary of payment arrangements with major third-party payors follows

Medicare – Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges

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

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues, are summarized as follows

2011

2010

		2010
Medicare	30%	30%
Medicaid	8	7
Managed care	39	38
Self-pay	8	8
Commercial and other	15	17
	100%	100%
	•	

5. Net Patient Services Revenues (continued)

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. Estimated settlements related to Medicare and Medicaid of \$44 million and \$48 million at June 30, 2011 and 2010, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by \$33 million in 2011 and \$18 million in 2010 due to favorable changes in estimates related to prior-year settlements. Changes in estimates related to prior-year settlements from discontinued operations were not significant in 2010.

6. Investments and Assets Limited as to Use

CHI's investments and assets limited to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands)

	2011	2010
Cash and equivalents CHI Investment Program (the Program) Marketable fixed-income securities Marketable equity securities Hedge funds and other investments	\$ 151,808 \$ 4,890,752 419,333 309,117 151,373	178,699 4,217,594 391,939 303,827 103,479
	5,922,383	5,195,538
Less current portion	(19,554) \$ 5,902,829 \$	(3,463) 5,192,075

Net unrealized gains (losses) at June 30, 2011 and 2010 were \$460 million and \$(159) million, respectively

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments Most of the U S Treasury and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the Program have an actively traded market However, CHI also invests in money market funds, commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, funds of funds, etc.), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For

6. Investments and Assets Limited as to Use (continued)

some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets. Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material. However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U.S. and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value. Additionally, CHI assesses the risk of impairment related to securities held in its investment portfolio on a regular basis and noted no impairment during the years ended June 30, 2011 and 2010.

Substantially all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty upon demand. The Limited Partnership Agreement permits a majority vote of the noncontrolled limited partners to terminate the partnership Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its direct affiliates represented 84% of total Program assets at June 30, 2011 and 2010.

The Program asset allocation at June 30 is as follows

	2011	2010
Marketable fixed-income securities Marketable equity securities	34% 45	38% 41
Alternative investments	19	19
Cash and equivalents	2	2
	100%	100%

2010

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program

6. Investments and Assets Limited as to Use (continued)

The CHI Investment Committee of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity and alternative investments At least annually, the Investment Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk

Investment income is comprised of the following for the years ended June 30 (in thousands)

		2011	2010
Dividend and interest income Net realized gains Net unrealized gains	\$	122,713 272,538 456,420	\$ 127,582 133,129 202,944
Total investment income from continuing operations	\$	851,671	\$ 463,655
Included in other nonpatient revenue Included in nonoperating gains Total investment income from continuing operations	\$ 	97,907 753,764 851,671	\$ 75,981 387,674 463,655
Total investment income from discontinued operations Total investment income	<u>\$</u>	- 851,671	\$ 8,225 471,880

7. Fair Value of Assets and Liabilities

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 FASB ASC 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets

7. Fair Value of Assets and Liabilities (continued)

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement

Certain of CHI's alternative investments are made through limited liability companies (LLCs) and limited liability partnerships (LLPs) These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses) CHI accounts for its ownership in the LLCs and LLPs under the equity method CHI also accounts for its ownership in the Partnership under the equity method As such, these investments are excluded from the scope of ASC 820

Financial assets and liabilities measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands)

2011 Fair Value Measurements at Reporting Date Using									
		(Level 1)	(Level 2)	(I	Level 3)		
F	air Value	Qu	oted Prices		Other				
	as of			O	bservable	Uno	bservable		
	June 30	1	Markets		Inputs]	Inputs		
_									
\$	151,808	\$	151,808	\$	_	\$	_		
	309,117		309,117		_		_		
	419,333		_		419,333		_		
	2,257		_		_		2,257		
	12,761		12,761						
\$	895,276	\$	473,686	\$	419,333	\$	2,257		
- \$	116,601	\$	_	\$	116,601	\$	_		
	12,761		12,761		_		_		
\$	129,362	\$	12,761	\$	116,601	\$	_		
	\$ - \$	Fair Value as of June 30 \$ 151.808 309.117 419.333 2.257 12.761 \$ 895.276 \$ 116.601 12.761	Fair Value as of June 30 \$ 151.808 \$ 309.117 419.333	Fair Value (Level 1) Fair Value as of June 30 \$ 151.808	Fair Value Clevel 1) (Cle	Fair Value as of June 30 Quoted Prices in Active Markets Other Observable Inputs	Fair Value (Level 1) (Level 2) (I Fair Value as of June 30 Markets Observable Uno June 30 Markets Inputs		

7. Fair Value of Assets and Liabilities (continued)

				20	10					
	Fair Value Measurements at Reporting Date Using									
			(Level 1)	(Level 2)	(Le	evel 3)		
	F	air Value	Qu	oted Prices		Other	·	·		
		as of	i	n Active	O	bservable	Unob	servable		
		June 30	ľ	Markets		Inputs	Ir	puts		
Assets										
Assets limited as to use										
Cash and short-term										
investments	\$	178,699	\$	178,699	\$	_	\$	_		
Marketable equity securities		303,827		303,827		_		_		
Marketable fixed-income										
securities		391,939		_		391,939		_		
Deferred compensation assets										
Cash and short-term										
investments		10,850		10,850		_		_		
	\$	885,315	\$	493,376	\$	391,939	\$	_		
Liabilities										
Interest rate swaps	- \$	143,477	\$	_	\$	143,477	\$	_		
Deferred compensation liability		10,850		10,850		_		_		
-	\$	154,327	\$	10,850	\$	143,477	\$	_		

The fair values of the securities included in Level 1 were determined through quoted market prices Level 1 securities include money market funds, mutual funds and marketable debt and equity securities. The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. Level 2 investments include corporate fixed—income securities, government bonds, mortgage and asset-backed securities. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market.

8. Property and Equipment

A summary of property and equipment is as follows as of June 30 (in thousands)

	2011	2010
Land and improvements	\$ 341,256	\$ 330,327
Buildings and improvements	5,028,785	4,438,362
Equipment	3,822,370	3,572,304
	9,192,411	8,340,993
Less accumulated depreciation	(4,635,108)	(4,351,433)
	4,557,303	3,989,560
Construction in progress	378,216	716,349
	\$ 4,935,519	\$ 4,705,909

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable Management determined there were impairment issues in both 2011 and 2010, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value CHI recorded \$7.9 million and \$36.8 million in impairment losses in 2011 and 2010, respectively, resulting from charges related to projected discounted cash flow deficits at various MBOs. In addition, impairment charges of \$0.3 million related to the assets held for sale have been included in discontinued operations in the consolidated statement of changes in net assets in 2010.

9. Debt Obligations

The following is a summary of debt obligations as of June 30 (in thousands)

Long-Term Debt	Interest Rate	2011		2010
CHI bond issues under the COD				
Series 1997B Variable-rate Bonds	0 11%*	\$ 24,400	\$	27,100
Series 2000B Variable-rate Bonds	0 10%*	81,800		87,400
Series 2002B Variable-rate Bonds	0 08%*	106,100		108,800
Series 2004B Variable-rate Bonds	0 10%*	290,900		298,200
Series 2008A Variable-rate Bonds	0 13%*	120,260		120,260
Series 2004C Variable-rate Bonds				
with self-liquidity	0 05%*	163,400		163,400
Series 1989A Fixed-rate Bonds	7 00%	3,390		4,100
Series 1995C Fixed-rate Bonds	4 80-5 50%	10,145		12,360
Series 1997A Fixed-rate Bonds	4 40-5 25%	12,950		14,330
Series 2000A Fixed-rate Bonds	4 25-6 00%	39,600		45,740
Series 2002A Fixed-rate Bonds	4 00-5 50%	4,845		5,520
Series 2004A Fixed-rate Bonds	4 75-5 00%	146,605		146,605
Series 2004D Fixed-rate Bonds	3 50%	_		56,775
Series 2006A Fixed-rate Bonds	4 00-5 00%	384,135		384,135
Series 2006C Fixed-rate Bonds	3 85-5 10%	250,000		250,000
Series 2008C Fixed-rate Bonds	4 00-5 00%	215,000		275,000
Series 2008D Fixed-rate Bonds	5 00-6 25%	473,950		473,950
Series 2009A Fixed-rate Bonds	2 00-5 00%	794,345		817,565
Series 2009B Fixed-rate Bonds	5 00%	260,995		260,995
		3,382,820		3,552,235
Commercial paper		617,400		550,625
Other long-term debt and capital leases		 122,382		97.817
		4,122,602		4,200,677
Variable-rate debt with self-liquidity and		•		
current portion of long-term debt		(999,601)	(1,019,712)
Long-term debt		\$ 3,123,001		3,180,965

^{*}Represents average rate of interest from July 1, 2010 to June 30, 2011

The fair value of debt obligations was approximately \$4 2 billion at June 30, 2011 Management has determined the carrying value of the variable-rate bonds are representative of fair values as of June 30, 2011, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2011 is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations

9. Debt Obligations (continued)

A summary of scheduled principal payments on long-term debt for the next five years is as follows (in thousands)

	Am	ounts Due
Year Ending June 30		
2012	\$	836,201
2013		165,772
2014		168,572
2015		163,383
2016		181,132

CHI issues the majority of its debt under the COD and is the sole obligor Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities

In July 2010, CHI converted the interest rate mode on \$120 3 million of variable-rate demand bonds to Index Notes These bonds were previously recorded on the balance sheet as variable-rate demand bonds supported by CHI's self-liquidity The conversion was accomplished through a direct purchase by Wells Fargo Bank Wells Fargo Bank will hold the bonds through the initial three-year index rate term. This transaction was accounted for as an extinguishment of debt

In November 2010, CHI issued \$116 8 million of Taxable Commercial Paper Notes, the proceeds of which were used to redeem \$60 0 million of the outstanding Colorado Health Facilities Authority Variable Rate Revenue Bonds (Catholic Health Initiatives) Series 2008C-6 and \$56 8 million of the outstanding Kentucky Economic Development Finance Authority Variable Rate Revenue Bonds (Catholic Health Initiatives) Series 2004D, all of which bore interest at long-term interest rates and were subject to mandatory tender on November 10, 2010 (the end of the then-current long-term interest rate period) CHI intends to refinance this interim taxable borrowing on a long-term basis through the issuance of additional bonds in 2011

In November 2009, CHI issued \$1 14 billion of fixed-rate and put bonds in the states of Colorado, Kentucky and Ohio for the benefit of CHI and Alegent Proceeds were used to redeem \$379 million of existing debt, including \$241 6 million in variable-rate debt with self-liquidity, as well as to reimburse CHI and participants of the COD for capital expenditures in the amount of \$579 3 million Concurrent with the issuance of these bonds, CHI converted the interest rate

9. Debt Obligations (continued)

mode on \$55 million of Series 2008 bonds, which were subject to mandatory tender on November 10, 2009, to a long-term interest period extending through November 12, 2015, and redeemed the remaining \$25 million of Series 2008 bonds subject to mandatory redemption on November 10, 2009 These bonds had been used to finance facilities of the divested Missouri operations This refinancing resulted in a loss on defeasance of \$10 million

In January 2010, CHI legally defeased bonds in the amount of \$33.4 million related to divested Missouri operations. In June 2010, CHI legally defeased bonds in the amount of \$24.1 million related to the divestiture of certain facilities in Oregon. This resulted in net losses on defeasance of \$1.5 million.

In June 2010, CHI recognized gains of \$5 4 million from the restructuring of escrowed securities held by trustees. These escrowed securities, which are not recorded for financial reporting purposes, totaled \$393 7 million and \$410 9 million at June 30, 2011 and 2010, respectively Gains (losses) on escrow restructuring and defeasance of debt are recorded as a component of nonoperating gains (losses) in the consolidated statements of operations and changes in net assets CHI reported a net gain on escrow restructuring and defeasance of debt of \$2 9 million for the year ended June 30, 2010

CHI has two types of external liquidity facilities those that are dedicated to specific series of variable-rate demand bonds (VRDBs) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper Liquidity facilities that are dedicated to specific series of bonds were \$623.5 million and \$521.5 million at June 30, 2011 and 2010, respectively. The dedicated liquidity facilities and repayment terms on any associated drawings extend beyond the subsequent fiscal year but due to the terms of the specific agreements, \$604.7 million and \$503.2 million at June 30, 2011 and 2010, respectively, are reported as long-term debt, and \$18.8 million and \$18.3 million at June 30, 2011 and 2010, respectively, of the dedicated facilities are required to be classified as current

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were \$565 million and \$690 million at June 30, 2011 and 2010, respectively At June 30, 2011, \$617 4 million of commercial paper was classified as current due to maturities of less than one year, and \$163 4 million of VRDBs were classified as current due to the holder's ability to put such VRDBs back to CHI without liquidity facilities dedicated to these bonds

9. Debt Obligations (continued)

At June 30, 2011, CHI had a \$65 million credit facility with Wells Fargo Bank Letters of credit totaling \$413 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FIIL At June 30, 2011 and 2010, no amounts were outstanding under this credit facility

CHI is a party to seven floating-to-fixed interest rate swap agreements with notional amounts totaling \$942 8 million and \$953 7 million at June 30, 2011 and 2010, respectively Generally, it is CHI policy that all counterparties have an AA rating or better These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate The seven swaps have varying maturity dates ranging from May 2025 to December 2036 The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities At June 30, 2011 and 2010, the fair value was \$116 6 million and \$143 5 million, respectively The fair value was reported net of cash collateral balances of \$47 0 million and \$51 1 million at June 30, 2011 and 2010, respectively, and is recorded in other liabilities The change in the fair value of these agreements was a net gain of \$26 9 million and a net loss of \$(46 4) million in 2011 and 2010, respectively

10. Retirement Plans

CHI and its direct affiliates maintain noncontributory, defined benefit retirement plans (Plans) covering substantially all employees Benefits in the Plans are based on compensation, retirement age and years of service Vesting occurs over a five-year period Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage Funding requirements are determined through consultation with independent actuaries

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of net assets

10. Retirement Plans (continued)

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands)

	2011	2010
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 2,648,696	\$ 2,250,025
Service cost	167,444	150,082
Interest cost	143,536	145,840
Actuarial (gain) loss	(80,030)	210,728
Net impact of transfers among plans	_	(4,071)
Benefits paid	(111,340)	(103,666)
Expenses paid	(318)	(242)
Benefit obligation, end of year	2,767,988	2,648,696
Change in the Plans' assets Fair value of the Plans' assets, beginning of year Actual return on the Plans' assets, net of expenses Employer contributions Net impact of transfers among plans Benefits paid Expenses paid Fair value of the Plans' assets, end of year	1,917,500 454,343 192,280 - (111,340) (318) 2,452,465	162,451 (4,128)
Funded status of the Plans	\$ (315,523)	\$ (731,196)
End-of-year values Projected benefit obligation Accumulated benefit obligation	\$ 2,767,988 2,598,491	<u>, , , , , , , , , , , , , , , , , , , </u>

Included in net assets at June 30, 2011 are the following amounts that have not yet been recognized in net periodic pension cost unrecognized prior service cost of \$1 1 million and unrecognized actuarial losses of \$650 1 million. The prior service cost and actuarial loss included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2012 is \$0.2 million and \$38.4 million, respectively

10. Retirement Plans (continued)

The components of net periodic pension expense are as follows (in thousands)

	2011	2010
Components of net periodic pension expense		
Service cost	\$ 167,444 \$	150,082
Interest cost	143,536	145,840
Expected return on the Plans' assets	(183,365)	(174,141)
Amortization of prior service benefit	893	1,609
Actuarial losses	 47,550	18,726
	\$ 176,058 \$	142,116
Weighted-average assumptions		
Discount rate, beginning of year	5.24%	6 44%
Discount rate, end of year	5.39	5 24
Expected return on the Plans' assets	8.00	8 00
Rate of compensation increase	4.25	4 50

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 8 0% in 2011 and 2010. The increase in the discount rate to 5 39% at June 30, 2011 decreased the pension benefit obligation by approximately \$41 million.

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows

_	2011	2010	Target	Range
Fixed-income securities	26 1%	24 6%	27 5%	22 5% to 32 5%
Equity securities	53 7	53 6	52 5	47 5 to 57 5
Alternative investments	20 2	21 8	20 0	20 0 to 25 0

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist

10. Retirement Plans (continued)

where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines.

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands)

2011
Fair Value Measurements at Reporting Date Using

		ran value Weasurements at Reporting Date Using							
				(Level 1)		(Level 2)		(Level 3)	
	Fair Value as of June 30		-	oted Prices in Active Markets	Other Observable Inputs		Unobservable Inputs		
Cash and short-term investments Marketable equity securities	\$	133,920 1,276,810	\$	80,363 1,276,810	\$	53,557	\$		
Marketable fixed-income securities Alternative investments		547,052 494,683		122,806		424,246		- 494,683	
	\$	2,452,465	\$	1,479,979	\$	477,803	\$	494,683	

2010

		Fair Value Measurements at Reporting Date Using							
				(Level 1)	((Level 2)	(Level 3)		
	I	Fair Value	ioted Prices		Other				
		as of in Active			Observable		Unobservable		
		June 30	Markets			Inputs		Inputs	
Cash and short-term									
investments	\$	89,957	\$	46,485	\$	43,472	\$	_	
Marketable equity securities		1,008,042		1,008,042		_		_	
Marketable fixed-income									
securities		404,422		69,044		335,378		_	
Alternative investments		415,079		_		_		415,079	
	\$	1,917,500	\$	1,123,571	\$	378,850	\$	415,079	

10. Retirement Plans (continued)

For the year ended June 30, 2011, the changes in the fair value of the Plans' investments, for which Level 3 inputs were used, are as follows (in thousands)

Beginning investments at fair value	\$ 415,079
Purchases of investments	41,499
Proceeds from sale of investments	(23,322)
Net change in unrealized appreciation on investments	
and effect of foreign currency translation	43,066
Net realized gains on investments	18,369
Net transfers out of Level 3	 (8)
Ending investments at fair value	\$ 494,683

CHI expects to contribute \$180 million to the Plans in fiscal year 2012 A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands)

	Estimated Payments
Year Ending June 30	
2012	\$ 153,730
2013	146,298
2014	160,203
2015	179,347
2016	212,555
2017–2020	1,377,113

11. Concentrations of Credit Risk

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of receivables from patients and third-party payors at June 30 approximated the following

	2011	2010
Medicare	23%	24%
Medicaid	7	8
Managed care	36	34
Self-pay	10	9
Commercial and other	24	25
	100%	100%

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment Management does not believe there are significant concentrations of credit risk at June 30, 2011 and 2010

12. Commitments and Contingencies

Litigation

During the normal course of business, CHI may become involved in litigation Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI

Health Care Regulatory Environment

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 limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to

12. Commitments and Contingencies (continued)

future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs Certain CHI entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position

In June 2008, one of CHI's MBOs was notified by the Office of Inspector General of the U S Department of Health and Human Services of its investigation into certain activities including, but not limited to, the relationship with a physician group at the MBO In July 2009, an agreement in principle was reached with the Office of the Attorney General to resolve the matter, and CHI recorded a liability of \$22 million at June 30, 2010 This agreement in principle received government approval in November 2010 and the liability was paid by the MBO

Operating Leases

Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining noncancelable lease terms in excess of one year at June 30, 2011, are as follows (in thousands)

	<u>Am</u>	Amounts Due	
Year Ending June 30			
2012	\$	129,905	
2013		117,175	
2014		73,564	
2015		57,637	
2016		50,475	
Thereafter		154,642	
	\$	583,398	

Lease expense under operating leases for continuing operations for the years ended June 30, 2011 and 2010 totaled approximately \$157 million and \$145 million, respectively Lease expense under operating leases for discontinued operations was not significant in 2010

13. Insurance Programs

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC Policies written provide coverage with primary limits in the amount of \$8 million for each and every claim At June 30, 2011 and 2010, investments and assets limited as to use held for insurance purposes included \$58 million and \$69 million, respectively, as collateral for the reinsurance fronting arrangement with PPIC In addition, CHI purchases excess insurance of \$150 million per claim and in the aggregate for professional and general liability risks from commercial carriers

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial carriers for amounts above \$1 million per claim Coverage of \$500,000 in excess of \$500,000 per claim is reinsured with an unrelated commercial carrier FIIL also underwrites the property and casualty risks of CHI for up to \$1 million per claim Unrelated commercial insurance carriers reinsure losses in excess of the perclaim limits

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30 The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by \$19 million and \$77 million in 2011 and 2010, respectively, due to favorable loss development. The reserves for unpaid losses and loss adjustment expenses relating to the workers' compensation program were discounted, assuming a 4% annual return at June 30, 2011 and 2010, to a present value of \$148.8 million and \$139.2 million at June 30, 2011 and 2010, respectively, and represented a discount of \$32.2 million and \$32.5 million in 2011 and 2010, respectively. Reserves related to professional liability, employment practices and general liability are not discounted

13. Insurance Programs (continued)

FIIL holds \$715 7 million and \$658 4 million of investments held for insurance purposes as of June 30, 2011 and 2010, respectively Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority CHI established a captive management operation (Captive Management Initiatives, Ltd) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan Accounts payable and accrued expenses include \$45 million and \$50 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2011 and 2010, respectively Those estimates are subject to the effects of trends in loss severity and frequency Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant

14. Subsequent Events

CHI's management has evaluated events subsequent to June 30, 2011 through September 13, 2011, which is the issuance date of this report. There have been no material events noted during this period that would either impact the results reflected in this report or CHI's results going forward, except as disclosed below

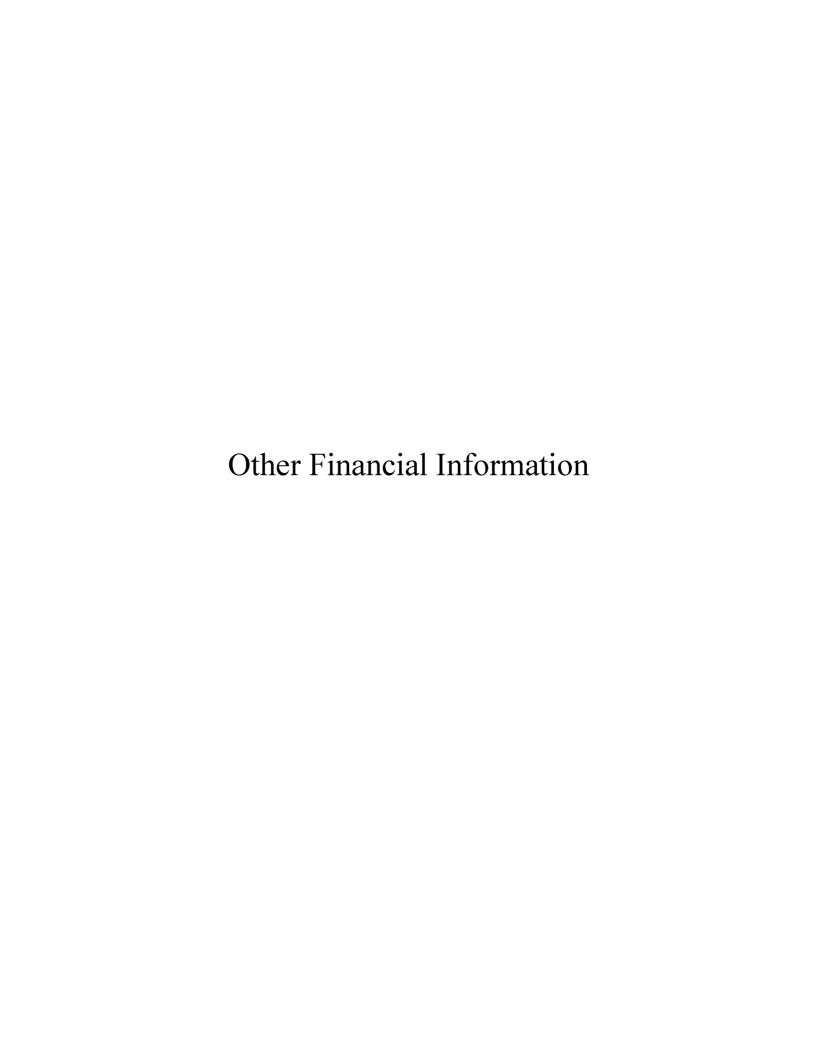
Statewide Health Care Network in Kentucky

Effective in June 2011, CHI entered into a formal agreement with two other parties, Jewish Hospital and St Mary's HealthCare/Jewish Hospital HealthCare Services, and the University of Louisville Hospital/James Graham Brown Cancer Center, to create a new statewide health care network in Kentucky The new network would serve more than two million patients annually at more than 91 locations, ranging from critical access hospitals to major quaternary facilities capable of transplant procedures The agreement provides CHI with a 70% controlling interest in the new network and calls for CHI to make a \$320 million capital investment The new network is pending regulatory and Church approvals

14. Subsequent Events (continued)

Nebraska Heart Institute and Nebraska Heart Hospital

Effective in August 2011, CHI acquired Nebraska Heart Institute and Nebraska Heart Hospital for cash proceeds of \$131 million CHI is currently in the process of finalizing the purchase price allocation





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Report of Independent Auditors on Other Financial Information

Board of Stewardship Trustees Catholic Health Initiatives

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Catholic Health Initiatives as a whole. The following consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, based on our audits and the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole

September 13, 2011

Catholic Health Initiatives Consolidating Balance Sheet

June 30, 2011 (In Thousands)

				CHI Welfare	Eliminations			
	MBOs	Corporate	FIIL	Benefits Trust	Other	and Adjustments	Consolidated	
Assets								
Current assets								
Cash and equivalents	\$ 432,606	\$ (54.915) \$	102	\$ 28,377 \$	3,504	\$ 40,000	\$ 449.674	
Net patient accounts receivable, less allowance								
of`\$65().617	1,133,819	=	_	=	_	_	1,133,819	
Other accounts receivable	92,252	106,004	(2.319)	469	11.624	(99,182)	108,848	
Current portion of investments and assets limited as to use	58,146	1.408	_	_	_	(40,000)	19,554	
Inventories	173,316	_	_	_	_	_	173,316	
Assets held for sale	23,987	-	_			_	23,987	
Prepaid and other	47,838	22,760	17	157	33	_	70,805	
Total current assets	1.961.964	75.257	(2.200)	29,003	15,161	(99,182)	1,980,003	
Investments and assets limited as to use								
Internally designated for capital and other funds	2.904,604	1.625.262	_	87.315	_	_	4.617.181	
Mission and Ministry Fund	_	117.832	_	_	_	_	117.832	
Capital Resource Pool	_	268,690	_	_	_	_	268,690	
Held by trustees	5,488	_	_	_	_	_	5,488	
Held for insurance purposes	23,363	_	715,708	_	_	_	739,071	
Restricted by donors	152,122	2,445	_	-		_	154,567	
Total investments and assets limited as to use	3,085,577	2,014,229	715,708	87.315	_	_	5,902,829	
Property and equipment, net	4,704,801	229,312	_	_	1,406	_	4.935.519	
Deferred financing costs	568	11,253	_	_	_	_	11,821	
Investments in unconsolidated organizations	262,629	135,664	_	_	11,127	(55.971)	353,449	
Intangible assets	57,486	_	_	_	_	_	57.486	
Notes receivable and other	65,750	2,586,254	21,620	_	_	(2,033,597)	640,027	
Total assets	\$ 10,138,775	\$ 5,051,969 \$	735,128	\$ 116,318 \$	27,694	\$ (2,188,750)	\$ 13,881,134	

Continued on following page

Catholic Health Initiatives Consolidating Balance Sheet (continued)

June 30, 2011 (In Thousands)

				CHI Welfare		Eliminations	
	MBOs	Corporate	FIIL	Benefits Trust	Other	and Adjustments	Consolidated
Liabilities and net assets							
Current liabilities							
Compensation and benefits	\$ 344,238	\$ 62,037	\$ -	\$ 964 \$	1,136	\$ -	\$ 408,375
Third-party liabilities	66,283	_	_	_	_	_	66,283
Accounts payable and accrued expenses	521,312	133,604	3,893	45,378	2,395	(99,182)	607,400
Variable-rate debt with self liquidity	_	163,400	=	=	_	=	163,400
Current portion of long-term debt	179.244	780,190	_	_	_	(123,233)	836,201
Total current liabilities	1,111,077	1,139,231	3,893	46,342	3,531	(222.415)	2.081.659
Pension liability	5.619	309,904	_	_	_	_	315,523
Self-insured reserves and claims	13,467	17.446	418.027	_	_	_	448,940
Other liabilities	163,729	105,934	_	_	(1)	-	269,662
Long-term debt	1.976,735	3,056,630	_	_		(1,910,364)	3,123,001
Total liabilities	3,270,627	4,629,145	421,920	46.342	3,530	(2.132.779)	6.238.785
Net assets							
Net assets attributable to CHI	6.676.445	420,339	313,208	69.976	24,164	(55.971)	7.448.161
Net assets attributable to noncontrolling interests	8,967	_	_	_	_	_	8,967
Unrestricted	6,685,412	420,339	313,208	69,976	24,164	(55.971)	7,457,128
Temporarily restricted	120,310	2,485	_	_	_	_	122,795
Permanently restricted	62,426	_	_	_	_	_	62,426
Total net assets	6,868,148	422,824	313.208	69.976	24,164	(55.971)	7.642.349
Total liabilities and net assets	\$ 10,138,775	\$ 5,051,969	\$ 735,128	\$ 116,318 \$	27,694	\$ (2,188,750)	\$ 13,881,134

45

Catholic Health Initiatives Consolidating Statement of Operations

Year Ended June 30, 2011 (In Thousands)

	MBOs	Corporate	FIIL	CHI Welfare Benefits Trust		Eliminations nd Adjustments	Consolidated
Revenues Net patient services	\$ 9 109 778	\$ - \$	- \$	- \$	- \$	(104 800) \$	9 004 978
ret patent services	J 2102770	J J	J	, ,	J	(1/14/0///)	2100
Nonpatient							
Donations	24 620	19	_	_	-	-	24 639
Changes in equity of unconsolidated organizations	28 989	10 864	_	_	(678)	(1 116)	38 059
Investment income from self-insured trust funds	-	-	97 907	_	-	-	97 907
Other	313 824	779 020	98 556	368 939	4 350	(1 098 504)	466 185
Total nonpatient revenues	367 433	789 903	196 463	368 939	3 672	(1 099 620)	626 790
Total operating revenues	9 477 211	789 903	196 463	368 939	3 672	(1/204/420)	9 631 768
Expenses							
Salaries and wages	3 408 645	213 891	-	-	10 270	(45)	3 632 761
Employee benefits	845 812	41 378	-	349 333	1 428	(464 911)	773 040
Purchased services medical professional fees consulting and legal	1 056 960	93 578	475	1 502	993	(286 359)	867 149
Supplies	1 541 454	7 974	_	_	266	_	1 549 694
Bad debts	718 577	-	-	-	-	-	718 577
Utilities	112 116	10 052	_	-	27	-	122 195
Rentals leases maintenance and insurance	307 774	267 164	110 019	-	873	(196 039)	489 791
Depreciation and amortization	443 554	26 772	=	=	343	=	470 669
Interest	93 066	136 833	_	_	-	(96 476)	133 423
Other	617 706	33 503	453	569	731	(159 474)	493 488
Total operating expenses before restructuring impairment							
and other losses	9 145 664	831 145	110 947	351 404	14 931	(1.203.304)	9 250 787
Income (loss) from operations before restructuring impairment							
and other losses	331 547	(41.242)	85 516	17 535	(11/259)	(1 116)	380 981
Restructuring impairment and other losses	25 085	570	_	_	_	_	25 655
Income (loss) from operations	306 462	(41.812)	85 516	17 535	(11 259)	(1 116)	355 326
Nonoperating gains (losses)							
Investment income net	449 528	294 195	_	9 945	96	-	753 764
Gain on escrow restructuring and defeasance of bonds net	=	=	=	=	=	=	=
Realized and unrealized losses on interest rate swaps	_	(4.870)	-	-	-	-	(4.870)
Other nonoperating gains	16 462	=	=	=	=	=	16 462
Total nonoperating gains	465 990	289 325	_	9 945	96	_	765 356
Excess (deficiency) of revenues over expenses	\$ 772,452	\$ 247,513 \$	85,516 \$	27,480 \$	(11,163) \$	(1,116) \$	1,120,682
Excess of revenues over expenses attributable to noncontrolling interest	\$ 3 298	\$ - \$	- \$	- \$	- \$	- \$	3 298
,	y 5 250	y		, J	J		3 270
Excess (deficiency) of revenues over expenses attributable to CHI	\$ 769 154	\$ 247 513 \$	85 516 \$	27 480 \$	(11 163) \$	(1 116) \$	1 117 384

46

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