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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

MERCY HEALTH PARTNERS

Doing Business As

SEE SCHEDULE O FOR LIST

Number and street (or P O box if mail is not delivered to street address)

1415 LEAHY STREET

Room/suite

City or town, state or country, and ZIP + 4

MUSKEGON, MI 49442

F Name and address of principal officer

ROGER SPOELMAN
1415 LEAHY STREET
MUSKEGON, MI 49442

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

D Employer identification number

38-2589966

E Telephone number

(231) 728-4624

G Gross receipts \$

300,437,909

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (Insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

WWW.MERCY-HEALTHPARTNERS.ORG

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1984

M State of legal domicile

MI

Part I

Summary

| | | | | |
|-----------------------------|-----|--|---------------------------|--------------|
| Activities & Governance | 1 | Briefly describe the organization's mission or most significant activities TO PROVIDE ACUTE HEALTHCARE SERVICES AND HEALTHCARE SYSTEM SUPPORT | | |
| | 2 | Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets | | |
| | 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 14 |
| | 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 9 |
| | 5 | Total number of individuals employed in calendar year 2011 (Part V, line 2a) | 5 | 3,868 |
| | 6 | Total number of volunteers (estimate if necessary) | 6 | 142 |
| | 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 5,976,334 |
| | 7b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | -384,864 |
| Revenue | 8 | Contributions and grants (Part VIII, line 1h) | Prior Year | Current Year |
| | 9 | Program service revenue (Part VIII, line 2g) | 827,827 | 1,028,643 |
| | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 286,303,190 | 286,742,522 |
| | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 1,256,875 | 658,862 |
| | 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 5,214,487 | 9,334,817 |
| Expenses | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 293,602,379 | 297,764,844 |
| | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 155,655 | 248,803 |
| | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 0 | 0 |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 149,776,002 | 154,122,021 |
| | b | Total fundraising expenses (Part IX, column (D), line 25) 54,000 | 54,000 | 54,000 |
| Net Assets or Fund Balances | 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | | |
| | 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 133,748,386 | 138,123,722 |
| | 19 | Revenue less expenses Subtract line 18 from line 12 | 283,734,043 | 292,548,546 |
| | 20 | Total assets (Part X, line 16) | 9,868,336 | 5,216,298 |
| | 21 | Total liabilities (Part X, line 26) | Beginning of Current Year | End of Year |
| | 22 | Net assets or fund balances Subtract line 21 from line 20 | 208,051,605 | 210,360,851 |
| | | | 87,839,512 | 86,984,312 |
| | | | 120,212,093 | 123,376,539 |

Part II

Signature Block

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

Sign Here

Signature of officer

GARY ALLORE CFO

2013-05-13

Date

Paid Preparer's Use Only

Preparer's signature

Firm's name (or yours if self-employed), address, and ZIP + 4

Date

EIN

Phone no

Check if self-employed

Preparer's taxpayer identification number (see instructions)

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐ Yes ☒ No

1 Briefly describe the organization's mission

TO PROVIDE ACUTE HEALTHCARE SERVICES AND HEALTHCARE SYSTEM SUPPORT - SEE SCHEDULE H FOR MORE INFORMATION

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

| | | | | |
|--|---------|--------------------------|--------------------------------|-----------------------------|
| 4a | (Code) | (Expenses \$ 244,201,208 | including grants of \$ 248,803 |) (Revenue \$ 290,307,300) |
| MERCY HEALTH PARTNERS OPERATES TWO NOT FOR PROFIT HOSPITALS TOTALING 200-BEDS LOCATED IN THE CITY OF MUSKEGON, MICHIGAN. MERCY HEALTH PARTNERS PROVIDES HEALTH CARE SERVICES REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, OR THE ABILITY TO PAY. ALTHOUGH REIMBURSEMENT OF SERVICES RENDERED IS CRITICAL TO THE OPERATION AND FINANCIAL STABILITY OF MERCY HEALTH PARTNERS, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS HAVE THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES. THEREFORE, IN KEEPING WITH THE HOSPITAL'S MISSION, THE COMMUNITY IS PROVIDED THE FOLLOWING: 1) FREE OR SUBSIDIZED MEDICAL CARE TO INCOME-ELIGIBLE PATIENTS; 2) SUBSIDIZED CARE PROVIDED TO PERSONS COVERED BY GOVERNMENT PROGRAMS; 3) DONATED COMMUNITY HEALTH ACTIVITIES AND PROGRAMS. SEE SCHEDULE H FOR MORE INFORMATION. MERCY HEALTH PARTNERS ALSO GOVERNS AND MANAGES ITS SUBSIDIARIES, WHICH INCLUDE HOSPITAL ORGANIZATIONS EXEMPT UNDER SECTION 501(C)(3). THESE HOSPITALS PROVIDE NEEDED HEALTHCARE SERVICES TO THE COMMUNITIES IN WHICH THEY ARE LOCATED, AND SHARE MERCY HEALTH PARTNERS' MISSION STATEMENT. | | | | |

| | | | | |
|--|---------|--------------|------------------------|-----------------|
| 4b | (Code) | (Expenses \$ | including grants of \$ |) (Revenue \$) |
| MISSION STATEMENT: THE MISSION STATEMENT FOR THE HOSPITAL IS AS FOLLOWS: WE SERVE TOGETHER IN THE SPIRIT OF THE GOSPEL TO HEAL BODY, MIND, AND SPIRIT TO IMPROVE THE HEALTH OF OUR COMMUNITIES AND TO STEWARD THE RESOURCES ENTRUSTED TO US. | | | | |

| | | | | |
|----|---------|--------------|------------------------|-----------------|
| 4c | (Code) | (Expenses \$ | including grants of \$ |) (Revenue \$) |
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|----|--|------------------------|-----------------|--|
| 4d | Other program services (Describe in Schedule O) | | | |
| | (Expenses \$ | including grants of \$ |) (Revenue \$) | |

| | | | | |
|----|--------------------------------|----------------|--|--|
| 4e | Total program service expenses | \$ 244,201,208 | | |
|----|--------------------------------|----------------|--|--|

Part IV Checklist of Required Schedules

| | | Yes | No |
|-----|--|-----|-----|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A. | 1 | Yes |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? | 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 | No |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I. | 6 | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II. | 7 | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III. | 8 | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV. | 9 | No |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V. | 10 | No |
| 11 | If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. | 11a | Yes |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. | 11b | 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 | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII. | 12a | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional. | 12b | Yes |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E. | 13 | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | No |
| b | Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I. | 14b | No |
| 15 | Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Part II and IV. | 15 | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III and IV. | 16 | No |
| 17 | Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I. | 17 | Yes |
| 18 | Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II. | 18 | Yes |
| 19 | Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III. | 19 | No |
| 20a | Did the organization operate one or more hospitals? If "Yes," complete Schedule H. | 20a | Yes |
| b | If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements. | 20b | Yes |

Part IV

Checklist of Required Schedules (continued)

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

| | | | | | | |
|---|---|-----|-------|--|--|----|
| <div>Part V</div> <div>Statements Regarding Other IRS Filings and Tax Compliance</div> | | | | | | |
| Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/> | | | | | | |
| | | Yes | No | | | |
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . | 1a | 494 | | | |
| b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. | 1b | 1 | | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | 1c | Yes | | | |
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return. . | 2a | 3,868 | | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions). | 2b | Yes | | | |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | 3a | Yes | | | |
| b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O. | 3b | Yes | | | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)? | 4a | | | | No |
| b | If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. | | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | 5a | | | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | | | | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? | 5c | | | | |
| 6a | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? | 6a | | | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 6b | | | | |
| 7 | Organizations that may receive deductible contributions under section 170(c). | | | | | |
| a | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? | 7a | Yes | | | |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | 7b | Yes | | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | 7c | | | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year. | 7d | | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | 7e | | | | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 7f | | | | No |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | 7g | | | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | 7h | | | | |
| 8 | Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | 8 | | | | No |
| 9 | Sponsoring organizations maintaining donor advised funds. | | | | | |
| a | Did the organization make any taxable distributions under section 4966? | 9a | | | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? | 9b | | | | |
| 10 | Section 501(c)(7) organizations. Enter | | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12. | 10a | | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. | 10b | | | | |
| 11 | Section 501(c)(12) organizations. Enter | | | | | |
| a | Gross income from members or shareholders. | 11a | | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). | 11b | | | | |
| 12a | Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | 12a | | | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year. | 12b | | | | |
| 13 | Section 501(c)(29) qualified nonprofit health insurance issuers. | | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state. | 13a | | | | |
| b | Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. | 13b | | | | |
| c | Enter the aggregate amount of reserves on hand. | 13c | | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | 14a | | | | No |
| b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O. | 14b | | | | |

Part VI

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

Section A. Governing Body and Management

| | | | |
|----|---|-----|-----|
| | | Yes | No |
| 1a | Enter the number of voting members of the governing body at the end of the tax year | | |
| 1a | 14 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent | 1b | 9 |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | 3 | No |
| 4 | Did the organization make any significant changes to its 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 | Did the organization have members or stockholders? | 6 | Yes |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | 7a | Yes |
| b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | 7b | Yes |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | |
| a | The governing body? | 8a | Yes |
| b | Each committee with authority to act on behalf of the governing body? | 8b | Yes |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | 9 | No |

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

| | | | |
|-----|--|-----|-----|
| | | Yes | No |
| 10a | Did the organization have local chapters, branches, or affiliates? | 10a | No |
| b | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | 10b | |
| 11a | Has the organization provided a complete 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 the Form 990 | | |
| 12a | Did the organization have a written conflict of interest policy? If "No," go to line 13 | 12a | Yes |
| b | Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | Yes |
| c | Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done | 12c | Yes |
| 13 | Did the organization have a written whistleblower policy? | 13 | Yes |
| 14 | Did the organization have a written document retention and destruction policy? | 14 | Yes |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | |
| a | The organization's CEO, Executive Director, or top management official | 15a | Yes |
| b | Other officers or key employees of the organization | 15b | Yes |
| | If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions) | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | 16a | Yes |
| b | If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? | 16b | No |

Section C. Disclosure

| | |
|----|---|
| 17 | List the States with which a copy of this Form 990 is required to be filed ▶ _____ |
| 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 made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request |
| 19 | Describe in Schedule O whether (and if so, how), the organization made 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 ▶ GLENN PEULER 1820 44TH STREET SE KENTWOOD, MI 49508 (616) 685-3574 |

Part VII

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

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

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

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

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

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

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) ROGER SPOELMAN PRESIDENT AND CEO | 25.00 | X | | X | | | | 0 | 755,823 | 120,663 |
| (2) MICHAEL GLUHANICH CHAIR AS OF 1/12, SEC/TREAS TIL 12/11 | 2.00 | X | | X | | | | 0 | 0 | 0 |
| (3) MARK FAZAKERLEY TRUSTEE, CHAIR UNTIL 12/11 | 2.00 | X | | X | | | | 0 | 0 | 0 |
| (4) T BRUCE FOX SECRETARY & TREAS AS OF 1/12, TRUSTEE | 2.00 | X | | X | | | | 0 | 0 | 0 |
| (5) PHILIP MCCORKLE TRUSTEE, ST MARYS HLTH CARE CEO | 2.00 | X | | | | | | 0 | 643,013 | 56,663 |
| (6) SR MYRA BERGMAN RSM TRUSTEE | 2.00 | X | | | | | | 0 | 0 | 0 |
| (7) FRANK BEDNAREK TRUSTEE | 2.00 | X | | | | | | 0 | 0 | 0 |
| (8) DANA BRYANT TRUSTEE | 2.00 | X | | | | | | 0 | 0 | 0 |
| (9) YOUSIF HAMATI MD TRUSTEE | 2.00 | X | | | | | | 10,800 | 0 | 0 |
| (10) CAMILLE S JOURDEN-MARK TRUSTEE | 2.00 | X | | | | | | 0 | 0 | 0 |
| (11) MICHAEL K OLTHOFF TRUSTEE | 2.00 | X | | | | | | 0 | 0 | 0 |
| (12) SR MARY D PALASZEKRSM TRUSTEE | 2.00 | X | | | | | | 0 | 0 | 0 |
| (13) GREGORY C PITTMAN JD TRUSTEE | 2.00 | X | | | | | | 0 | 0 | 0 |
| (14) REV TIM VANDER HAAR TRUSTEE AS OF 1/12 | 2.00 | X | | | | | | 0 | 0 | 0 |
| (15) GREGORY LOOMIS COO | 25.00 | | | X | | | | 0 | 346,289 | 49,185 |
| (16) GARY ALLORE CFO | 25.00 | | | X | | | | 0 | 304,543 | 38,122 |
| (17) JOSEPH SWEDISH TRINITY HEALTH PRES & CEO | 2.00 | | | | X | | | 0 | 5,186,660 | 576,202 |

Part VII

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (18) KEDRICK ADKINS TRINITY PRES INTEGRATED SVCS | 2 00 | | | | X | | | 0 | 1,405,226 | 117,120 |
| (19) RICHARD O'CONNELL TRINITY EVP, COO-HOSP NTWKS | 2 00 | | | | X | | | 0 | 943,237 | 118,221 |
| (20) MICHAEL MURPHY TRINITY EVP, HLTH NTWKS UNTIL 4/12 | 2 00 | | | | X | | | 0 | 474,370 | 75,538 |
| (21) F REMINGTON SPRAGUE VP PRIMARY CARE SERVICES | 25 00 | | | | X | | | 0 | 400,560 | 47,031 |
| (22) MARY BOYD CHIEF DEVELOPMENT OFFICER | 25 00 | | | | X | | | 0 | 320,175 | 38,156 |
| (23) JEFFREY ALEXANDER VP INTEGRATED SERVICES | 25 00 | | | | X | | | 0 | 283,140 | 32,232 |
| (24) KIMBERLY MAGUIRE VP PATIENT CARE | 25 00 | | | | X | | | 0 | 238,786 | 33,065 |
| (25) MANSOUR YACOUB PHYSICIAN | 50 00 | | | | | X | | 537,715 | 0 | 37,641 |
| (26) STEVEN FOX PHYSICIAN | 50 00 | | | | | X | | 493,015 | 0 | 35,166 |
| (27) SYED HAIDER PHYSICIAN | 50 00 | | | | | X | | 488,275 | 0 | 35,606 |
| (28) PAUL PONSTEIN PHYSICIAN | 50 00 | | | | | X | | 487,275 | 0 | 34,698 |
| (29) LAJIDE R LAWYOIN PHYSICIAN | 50 00 | | | | | X | | 464,439 | 0 | 31,901 |
| (30) MICHAEL SLUBOWSKI FORMER KEY EMPLOYEE | 0 00 | | | | | | X | 0 | 150,838 | 1,101 |
| 1b Sub-Total | | | | | | | | | | |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | | | |
| d Total (add lines 1b and 1c) | | | | | | | | 2,481,519 | 11,452,660 | 1,478,311 |

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶256

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|--------------------------------|---------------------|
| LAKESHORE ANESTHESIA SERVICES PC 550 W WESTERN AVE STE B MUSKEGON, MI 48440 | ANESTHESIA SERVICES | 3,661,971 |
| NINA JOHNSON MD PC 740 LAKE DRIVE MUSKEGON, MI 49445 | HEALTH CARE SERVICES | 2,336,200 |
| WEST SHORE CARDIOLOGY 1212 E SHERMAN BLVD MUSKEGON, MI 49444 | HEALTH CARE SERVICES | 1,171,756 |
| SECURITAS SECURITY SERVICE USA PO BOX 403412 ATLANTA, GA 30384 | SECURITY SERVICES | 979,030 |
| MERCY GENERAL PHYSICIAN NETWORK 1223 MERCY DRIVE MUSKEGON, MI 49444 | HEALTH CARE SERVICES | 968,216 |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶25

Part VIII

Statement of Revenue

| | | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 | |
|---|--|--|---------------|----------------------|--|---|---|--|
| Contributions, gifts, grants and other similar amounts | 1a | Federated campaigns . . . | 1a | | | | | |
| | b | Membership dues | 1b | | | | | |
| | c | Fundraising events | 1c | 60,103 | | | | |
| | d | Related organizations | 1d | 95,136 | | | | |
| | e | Government grants (contributions) | 1e | | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 873,404 | | | | |
| | g | Noncash contributions included in lines 1a-1f \$ 27,893 | | | | | | |
| | h | Total. Add lines 1a-1f | | 1,028,643 | | | | |
| Program Service Revenue | | | Business Code | | | | | |
| | 2a | NET PATIENT SVC REV | 900099 | 279,333,014 | 279,333,014 | | | |
| | b | PHARMACY REVENUE | 446110 | 4,151,611 | 1,433,174 | 2,718,437 | | |
| | c | LABORATORY REV | 621500 | 3,257,897 | | 3,257,897 | | |
| | d | | | | | | | |
| | e | | | | | | | |
| | f | All other program service revenue | | | | | | |
| | g | Total. Add lines 2a-2f | | 286,742,522 | | | | |
| Other Revenue | 3 | Investment income (including dividends, interest and other similar amounts) | | 567,364 | | | 567,364 | |
| | 4 | Income from investment of tax-exempt bond proceeds . . | | | | | | |
| | 5 | Royalties | | | | | | |
| | 6a | (i) Real | | (ii) Personal | | | | |
| | | Gross rents | 1,494,064 | 3,811 | | | | |
| | | b Less rental expenses | 2,228,713 | 0 | | | | |
| | | c Rental income or (loss) | -734,649 | 3,811 | | | | |
| | d | Net rental income or (loss) | | -730,838 | | | -730,838 | |
| | 7a | (i) Securities | | (ii) Other | | | | |
| | | Gross amount from sales of assets other than inventory | | 153,837 | | | | |
| | | b Less cost or other basis and sales expenses | 38,753 | 23,586 | | | | |
| | | c Gain or (loss) | -38,753 | 130,251 | | | | |
| | d | Net gain or (loss) | | 91,498 | | | 91,498 | |
| | 8a | Gross income from fundraising events (not including \$ 60,103 of contributions reported on line 1c) See Part IV, line 18 | | | | | | |
| | a | | 109,954 | | | | | |
| | b | Less direct expenses | b | 91,980 | | | | |
| | c | Net income or (loss) from fundraising events . . | | 17,974 | | | 17,974 | |
| | 9a | Gross income from gaming activities See Part IV, line 19 | | | | | | |
| | a | | | | | | | |
| | b | Less direct expenses | b | | | | | |
| | c | Net income or (loss) from gaming activities . . | | | | | | |
| | 10a | Gross sales of inventory, less returns and allowances | | | | | | |
| a | | 275,072 | | | | | | |
| b | Less cost of goods sold . . . | b | 290,033 | | | | | |
| c | Net income or (loss) from sales of inventory . . | | -14,961 | | | -14,961 | | |
| Miscellaneous Revenue | | Business Code | | | | | | |
| 11a | CAFETERIA | 900099 | 521,530 | | | 521,530 | | |
| b | | | | | | | | |
| c | | | | | | | | |
| d | All other revenue | | 9,541,112 | 9,541,112 | | | | |
| e | Total. Add lines 11a-11d | | 10,062,642 | | | | | |
| 12 | Total revenue. See Instructions | | 297,764,844 | 290,307,300 | 5,976,334 | 452,567 | | |

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|--|---|-----------------------|---------------------------------|--|-----------------------------|
| 1 | Grants and other assistance to governments and organizations in the United States See Part IV, line 21 | 248,803 | 248,803 | | |
| 2 | Grants and other assistance to individuals in the United States See Part IV, line 22 | | | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 | Benefits paid to or for members | | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees | 3,059,465 | | 3,059,465 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | 71,198 | 71,198 | | |
| 7 | Other salaries and wages | 119,439,646 | 112,884,212 | 6,555,434 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 7,780,562 | 7,370,168 | 410,394 | |
| 9 | Other employee benefits | 15,886,332 | 14,763,582 | 1,122,750 | |
| 10 | Payroll taxes | 7,884,818 | 7,086,938 | 797,880 | |
| 11 | Fees for services (non-employees) | | | | |
| a | Management | 10,338 | | 10,338 | |
| b | Legal | 862,231 | | 862,231 | |
| c | Accounting | 42,057 | 42,057 | | |
| d | Lobbying | 6,667 | | 6,667 | |
| e | Professional fundraising See Part IV, line 17 | 54,000 | | | 54,000 |
| f | Investment management fees | | | | |
| g | Other | 9,425,188 | 9,425,188 | | |
| 12 | Advertising and promotion | 30,465 | 11,054 | 19,411 | |
| 13 | Office expenses | 3,599,460 | 2,417,861 | 1,181,599 | |
| 14 | Information technology | 13,267,314 | 414,470 | 12,852,844 | |
| 15 | Royalties | | | | |
| 16 | Occupancy | 7,912,166 | 5,753,463 | 2,158,703 | |
| 17 | Travel | 219,056 | 64,976 | 154,080 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 | Conferences, conventions, and meetings | 677,926 | 565,833 | 112,093 | |
| 20 | Interest | 1,653,627 | 1,653,627 | | |
| 21 | Payments to affiliates | | | | |
| 22 | Depreciation, depletion, and amortization | 12,364,627 | 6,945,317 | 5,419,310 | |
| 23 | Insurance | 2,152,349 | 2,148,074 | 4,275 | |
| 24 | Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O) | | | | |
| a | MEDICAL SUPPLIES | 45,187,517 | 45,187,517 | | |
| b | INTERCO PURCH SVCS | 13,448,160 | 4,337,113 | 9,111,047 | |
| c | BAD DEBT | 11,868,139 | 11,868,139 | | |
| d | UBI TAXES | 37,462 | | 37,462 | |
| e | | | | | |
| f | All other expenses | 15,358,973 | 10,941,618 | 4,417,355 | |
| 25 | Total functional expenses. Add lines 1 through 24f | 292,548,546 | 244,201,208 | 48,293,338 | 54,000 |
| 26 | Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

Part X

Balance Sheet

| | | | | | (A) | | (B) |
|-----------------------------|---|---|-----|-------------|-------------------|-----|-------------|
| | | | | | Beginning of year | | End of year |
| Assets | 1 | Cash—non-interest-bearing | | | 3,631,246 | 1 | 1,888,433 |
| | 2 | Savings and temporary cash investments | | | 14,894 | 2 | 14,900 |
| | 3 | Pledges and grants receivable, net | | | 345,664 | 3 | 782,876 |
| | 4 | Accounts receivable, net | | | 24,886,193 | 4 | 29,895,190 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | | | | 5 | |
| | 6 | Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L | | | | 6 | |
| | 7 | Notes and loans receivable, net | | | 44,218,255 | 7 | 25,648,440 |
| | 8 | Inventories for sale or use | | | 4,634,307 | 8 | 4,493,729 |
| | 9 | Prepaid expenses and deferred charges | | | 2,140,999 | 9 | 1,995,170 |
| | 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a | 201,105,496 | | | |
| | b | Less: accumulated depreciation | 10b | 151,505,041 | 51,903,734 | 10c | 49,600,455 |
| | 11 | Investments—publicly traded securities | | | 13,020,629 | 11 | 20,369,576 |
| | 12 | Investments—other securities. See Part IV, line 11 | | | 13,224,853 | 12 | 29,797,183 |
| | 13 | Investments—program-related. See Part IV, line 11 | | | | 13 | |
| | 14 | Intangible assets | | | 2,474,370 | 14 | 2,071,243 |
| | 15 | Other assets. See Part IV, line 11 | | | 47,556,461 | 15 | 43,803,656 |
| | 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | | 208,051,605 | 16 | 210,360,851 |
| Liabilities | 17 | Accounts payable and accrued expenses | | | 32,206,643 | 17 | 31,521,112 |
| | 18 | Grants payable | | | | 18 | |
| | 19 | Deferred revenue | | | 56,719 | 19 | 56,399 |
| | 20 | Tax-exempt bond liabilities | | | | 20 | |
| | 21 | Escrow or custodial account liability. Complete Part IV of Schedule D | | | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L | | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 540,745 | 23 | 35,643 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D | | | 55,035,405 | 25 | 55,371,158 |
| | 26 | Total liabilities. Add lines 17 through 25 | | | 87,839,512 | 26 | 86,984,312 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | | | |
| | 27 | Unrestricted net assets | | | 117,855,104 | 27 | 120,773,633 |
| | 28 | Temporarily restricted net assets | | | 2,356,989 | 28 | 2,602,906 |
| | 29 | Permanently restricted net assets | | | | 29 | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. | | | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | | 32 | |
| | 33 | Total net assets or fund balances | | | 120,212,093 | 33 | 123,376,539 |
| | 34 | Total liabilities and net assets/fund balances | | | 208,051,605 | 34 | 210,360,851 |

Part XI Reconciliation of Net Assets

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

| | | | |
|---|---|---|-------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 297,764,844 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 292,548,546 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 5,216,298 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 120,212,093 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -2,051,852 |
| 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 | 123,376,539 |

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

| | |
|---|--|
| Name of the organization MERCY HEALTH PARTNERS | Employer identification number 38-2589966 |
|---|--|

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

| Section A. Public Support | | | | | | |
|---|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) 2011 | (f) Total |
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ") | | | | | | |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 Total. Add lines 1 through 3 | | | | | | |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | |
| 6 Public Support. Subtract line 5 from line 4 | | | | | | |

| Section B. Total Support | | | | | | | |
|---|--|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) 2011 | (f) Total |
| 7 | Amounts from line 4 | | | | | | |
| 8 | Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 | Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 | Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets | | | | | | |
| 11 | Total support (Add lines 7 through 10) | | | | | | |
| 12 | Gross receipts from related activities, etc (See instructions) | | | | | 12 | |
| 13 | First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here | | | | | | |

| Section C. Computation of Public Support Percentage | | |
|---|--|--------------------------|
| 14 | Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) | 14 |
| 15 | Public Support Percentage for 2010 Schedule A, Part II, line 14 | 15 |
| 16a | 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization | <input type="checkbox"/> |
| b | 33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization | <input type="checkbox"/> |
| 17a | 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization | <input type="checkbox"/> |
| b | 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization | <input type="checkbox"/> |
| 18 | Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions | <input type="checkbox"/> |

Part IIIPart III

Support Schedule for Organizations Described in IRC 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

| Section A. Public Support | | | | | | |
|--|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) 2011 | (f) Total |
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.") | | | | | | |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | | | | | | |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 Total. Add lines 1 through 5 | | | | | | |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 Public Support (Subtract line 7c from line 6.) | | | | | | |

| Section B. Total Support | | | | | | |
|---|----------|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2007 | (b) 2008 | (c) 2009 | (d) 2010 | (e) 2011 | (f) Total |
| 9 Amounts from line 6 | | | | | | |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | | | | |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) | | | | | | |
| 13 Total support (Add lines 9, 10c, 11 and 12.) | | | | | | |
| 14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here | | | | | | |

| Section C. Computation of Public Support Percentage | | |
|---|----|--|
| 15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f)) | 15 | |
| 16 Public support percentage from 2010 Schedule A, Part III, line 15 | 16 | |

| Section D. Computation of Investment Income Percentage | | |
|--|----|--|
| 17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f)) | 17 | |
| 18 Investment income percentage from 2010 Schedule A, Part III, line 17 | 18 | |
| 19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization | | |
| b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization | | |
| 20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions | | |

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

| |
|------------------------------|
| Facts And Circumstances Test |
| |

| |
|-------------|
| Explanation |
| |
| |
| |
| |

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

| | |
|---|--|
| Name of the organization MERCY HEALTH PARTNERS | Employer identification number 38-2589966 |
|---|--|

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

| | | |
|---|--|------|
| 1 | Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV | |
| 2 | Political expenditures | ▶ \$ |
| 3 | Volunteer hours | |

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

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

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

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

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

Part II-A

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

- A
- Check
- ☐
- if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check
- ☐
- if the filing organization checked box A and "limited control" provisions apply

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

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

| Lobbying Expenditures During 4-Year Averaging Period | | | | | |
|--|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) Total |
| 2a Lobbying non-taxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots non-taxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

Part II-B

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

| | | (a) | | (b) |
|----|--|-----|----|--------|
| | | Yes | No | Amount |
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | No | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | Yes | | 28,293 |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 7,081 |
| 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 | | | 35,374 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

| Identifier | Return Reference | Explanation |
|------------------------------------|-------------------|---|
| EXPLANATION OF LOBBYING ACTIVITIES | PART II-B, LINE 1 | MERCY HEALTH PARTNERS HAS MADE GRANTS TO OTHER ORGANIZATIONS FOR LOBBYING PURPOSES. THESE GRANTS HAVE BEEN IN THE FORM OF MEMBERSHIP DUES PAID TO NATIONAL AND REGIONAL ORGANIZATIONS, WHERE THE ORGANIZATIONS HAVE PROVIDED MERCY HEALTH PARTNERS WITH AN ESTIMATED PERCENTAGE OF DUES PAYMENTS WHICH ARE USED FOR LOBBYING ACTIVITIES. MERCY HEALTH PARTNERS ALSO PAID A THIRD PARTY LOBBYING FIRM DURING THE YEAR TO LOBBY FOR OR AGAINST LEGISLATION DETERMINED TO BE OF INTEREST TO MERCY HEALTH PARTNERS. |

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
Attach to Form 990. See separate instructions.

Name of the organization
MERCY HEALTH PARTNERS

Employer identification number
38-2589966

Part I

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

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

Part II

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

| | |
|---|--|
| | Held at the End of the Year |
| a | Total number of conservation easements |
| b | Total acreage restricted by conservation easements |
| c | Number of conservation easements on a certified historic structure included in (a) |
| d | Number of conservation easements included in (c) acquired after 8/17/06 |

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

Part III

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

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

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

| | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

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

| | | | | | |
|----|--|---------------|-------------------|---------------------|--------------------|
| | (a)Current Year | (b)Prior Year | (c)Two Years Back | (d)Three Years Back | (e)Four Years Back |
| 1a | Beginning of year balance | | | | |
| b | Contributions | | | | |
| c | Investment earnings or losses | | | | |
| d | Grants or scholarships | | | | |
| e | Other expenditures for facilities and programs | | | | |
| f | Administrative expenses | | | | |
| g | End of year balance | | | | |

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

3a(i)

Yes

No

(ii)

related organizations

3a(ii)

b

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

3b

4

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

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

| Description of property | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land | | 1,358,525 | | 1,358,525 |
| b Buildings | | 87,349,240 | 56,414,284 | 30,934,956 |
| c Leasehold improvements | | | | |
| d Equipment | | 110,524,587 | 94,342,515 | 16,182,072 |
| e Other | | 1,873,144 | 748,242 | 1,124,902 |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶ | | | | 49,600,455 |

Part XI

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

| | | | |
|----|---|----|--|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | |
| 4 | Net unrealized gains (losses) on investments | 4 | |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | |

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

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

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19,
or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
MERCY HEALTH PARTNERS

Employer identification number
38-2589966

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☒

Mail solicitations

e

☒

Solicitation of non-government grants

b

☒

Internet and e-mail solicitations

f

☐

Solicitation of government grants

c

☐

Phone solicitations

g

☒

Special fundraising events

d

☒

In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☒ Yes ☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

| (i) Name and address of individual or entity (fundraiser) | (ii) Activity | (iii) Did fundraiser have custody or control of contributions? | | (iv) Gross receipts from activity | (v) Amount paid to (or retained by) fundraiser listed in col (i) | (vi) Amount paid to (or retained by) organization |
|---|--|--|----|-----------------------------------|--|---|
| | | Yes | No | | | |
| HILLARY LYONS ASSOC PO BOX 99 DIMONDALE, MI 48821 | CONSULTS ON ALL FUNDRAISING ACTIVITIES | | No | 0 | 54,000 | -54,000 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total ▶ | | | | | 54,000 | -54,000 |

3

List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

MI

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

| | | (a) Event #1 | (b) Event #2 | (c) Other Events | (d) Total Events |
|-----------------|----|--|--------------------------|---------------------|----------------------------------|
| | | BENEFIT BALL (event type) | THE RIDE (event type) | 3 (total number) | (Add col (a) through col (c)) |
| Revenue | 1 | Gross receipts | 76,950 | 34,145 | 58,962 |
| | 2 | Less Charitable contributions | 20,420 | 23,538 | 16,145 |
| | 3 | Gross income (line 1 minus line 2) | 56,530 | 10,607 | 42,817 |
| Direct Expenses | 4 | Cash prizes | | 675 | 675 |
| | 5 | Non-cash prizes | 5,000 | 1,957 | 4,570 |
| | 6 | Rent/facility costs | 0 | 0 | |
| | 7 | Food and beverages | 20,235 | 333 | 9,550 |
| | 8 | Entertainment | 1,300 | 0 | 6,566 |
| | 9 | Other direct expenses | 16,014 | 12,528 | 13,252 |
| | 10 | Direct expense summary Add lines 4 through 9 in column (d) | | | (91,980) |
| | 11 | Net income summary Combine lines 3 and 10 in column (d) | | | 17,974 |

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

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

9 Enter the state(s) in which the organization operates gaming activities

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain

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

b If "Yes," Explain

- 11

Does the organization operate gaming activities with nonmembers?

Yes

No
- 12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

Yes

No

13

Indicate the percentage of gaming activity operated in

| | | |
|---|-----------------------------|-----|
| a | The organization's facility | 13a |
| b | An outside facility | 13b |

14

Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

Yes

No

b

If "Yes," enter the amount of gaming revenue received by the organization \$ and the amount of gaming revenue retained by the third party \$

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation

\$

Description of services provided

Director/officer

Employee

Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

Yes

No

b

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV

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

| Identifier | ReturnReference | Explanation |
|------------|-----------------|-------------|
|------------|-----------------|-------------|

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MERCY HEALTH PARTNERS

Employer identification number
38-2589966

Part I

Charity Care and Certain Other Community Benefits at Cost

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

| 7 Charity Care and Certain Other Community Benefits at Cost | | | | | | |
|---|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| Charity Care and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
| a Charity care at cost (from Worksheet 1) | 1 | 10,496 | 9,013,604 | 1,816,394 | 7,197,210 | 2 560 % |
| b Medicaid (from Worksheet 3, column a) | 1 | 51,063 | 29,244,179 | 28,021,105 | 1,223,074 | 0 440 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | 2 | 4,153 | 1,359,899 | 464,059 | 895,840 | 0 320 % |
| d Total Charity Care and Means-Tested Government Programs | 4 | 65,712 | 39,617,682 | 30,301,558 | 9,316,124 | 3 320 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | 29 | 27,658 | 1,301,128 | 156,621 | 1,144,507 | 0 410 % |
| f Health professions education (from Worksheet 5) | 2 | 36 | 2,408,570 | 1,274,903 | 1,133,667 | 0 400 % |
| g Subsidized health services (from Worksheet 6) | 0 | | 0 | | | |
| h Research (from Worksheet 7) | 1 | | 1,658 | | 1,658 | 0 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | 4 | 3,583 | 38,316 | | 38,316 | 0 010 % |
| j Total Other Benefits | 36 | 31,277 | 3,749,672 | 1,431,524 | 2,318,148 | 0 820 % |
| k Total. Add lines 7d and 7j | 40 | 96,989 | 43,367,354 | 31,733,082 | 11,634,272 | 4 140 % |

Part IICommunity Building Activities

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

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1Physical improvements and housing | | | | | | |
| 2Economic development | | | | | | |
| 3Community support | 18 | 53,847 | 157,810 | 5,479 | 152,331 | 0.050 % |
| 4Environmental improvements | | | | | | |
| 5Leadership development and training for community members | 1 | 320 | 23,918 | | 23,918 | 0.010 % |
| 6Coalition building | 1 | | 33,864 | | 33,864 | 0.010 % |
| 7Community health improvement advocacy | | | | | | |
| 8Workforce development | | | | | | |
| 9Other | | | | | | |
| 10Total | 20 | 54,167 | 215,592 | 5,479 | 210,113 | 0.070 % |

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

| | | Yes | No |
|---|---|-----------|----|
| 1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15? | 1 | | No |
| 2Enter the amount of the organization's bad debt expense | 2 | 5,252,835 | |
| 3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3 | 525,284 | |
| 4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit. | | | |

Section B. Medicare

| | | | |
|--|---|------------|--|
| 5Enter total revenue received from Medicare (including DSH and IME) | 5 | 70,432,519 | |
| 6Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 70,780,052 | |
| 7Subtract line 6 from line 5. This is the surplus or (shortfall). | 7 | -347,533 | |
| 8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other | | | |

Section C. Collection Practices

| | | | |
|--|----|-----|--|
| 9aDid the organization have a written debt collection policy during the tax year? | 9a | Yes | |
| 9bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI. | 9b | Yes | |

Part IVManagement Companies and Joint Ventures (see instructions)

| (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership% | (e) Physicians' profit % or stock ownership % |
|--------------------|---|--|---|---|
| 11 MUSKEGON SC LLC | AMBULATORY SURGERY CTR | 34.480 % | 11.490 % | 54.030 % |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 2

Name and address

[illegible]

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)

MERCY HEALTH PARTNERS MERCY CAMPUS

Name of Hospital Facility:_____

Line Number of Hospital Facility (from Schedule H, Part V, Section A):_____1_____

| | Yes | No |
|--|-----|-----|
| Community Health Needs Assessment (Lines 1 through 7 are optional for 2011) | | |
| 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 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI) | 1 | |
| 2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____ | | |
| 3 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 account input from persons who represent the community, and identify the persons the hospital facility consulted | 3 | |
| 4 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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI) | 5 | |
| 6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI) | | |
| 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 | |
| Financial 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 | Yes |
| 9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used | 9 | Yes |

Part V

Facility Information (continued)

| | | Yes | No | |
|----|--|-----|-----|--|
| 10 | Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used | 10 | Yes | |
| 11 | Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI) | 11 | Yes | |
| 12 | Explained the method for applying for financial assistance? | 12 | Yes | |
| 13 | Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI) | 13 | Yes | |

Billing and Collections

| | | | | |
|----|---|----|-----|----|
| 14 | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? | 14 | Yes | |
| 15 | Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI) | | | |
| 16 | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI) | 16 | | No |
| 17 | Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why | Yes | |
| a | <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions | | |
| b | <input type="checkbox"/> The hospital facility's policy was not in writing | | |
| c | <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI) | | |
| d | <input type="checkbox"/> Other (describe in Part VI) | | |

Individuals Eligible for Financial Assistance

| | | | |
|----|--|----|----|
| 19 | Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care | | |
| a | <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged | | |
| b | <input checked="" type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged | | |
| c | <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged | | |
| d | <input type="checkbox"/> 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 assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI | 20 | No |
| 21 | Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI | 21 | No |

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)

MERCY HEALTH PARTNERS MUSK GENERAL CM

Name of Hospital Facility:_____

Line Number of Hospital Facility (from Schedule H, Part V, Section A):_____2_____

| | Yes | No |
|--|-----|-----|
| Community Health Needs Assessment (Lines 1 through 7 are optional for 2011) | | |
| 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 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI) | 1 | |
| 2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____ | | |
| 3 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 account input from persons who represent the community, and identify the persons the hospital facility consulted | 3 | |
| 4 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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI) | 5 | |
| 6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI) | | |
| 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 | |
| Financial 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 | Yes |
| 9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used | 9 | Yes |

Part V

Facility Information (continued)

| | | Yes | No | |
|----|--|-----|-----|--|
| 10 | Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used | 10 | Yes | |
| 11 | Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI) | 11 | Yes | |
| 12 | Explained the method for applying for financial assistance? | 12 | Yes | |
| 13 | Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI) | 13 | Yes | |

Billing and Collections

| | | | | |
|----|---|----|-----|----|
| 14 | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? | 14 | Yes | |
| 15 | Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI) | | | |
| 16 | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI) | 16 | | No |
| 17 | Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why | Yes | |
| a | <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions | | |
| b | <input type="checkbox"/> The hospital facility's policy was not in writing | | |
| c | <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI) | | |
| d | <input type="checkbox"/> Other (describe in Part VI) | | |

Individuals Eligible for Financial Assistance

| | | | |
|----|--|----|----|
| 19 | Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care | | |
| a | <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged | | |
| b | <input checked="" type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged | | |
| c | <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged | | |
| d | <input type="checkbox"/> 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 assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI | 20 | No |
| 21 | Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI | 21 | No |

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 21

| Name and address | Type of Facility (Describe) |
|-----------------------------|-----------------------------|
| 1 See Additional Data Table | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, LINE 6A MERCY HEALTH PARTNERS REPORTS ITS COMMUNITY BENEFIT INFORMATION AS PART OF THE CONSOLIDATED COMMUNITY BENEFIT INFORMATION REPORTED BY TRINITY HEALTH IN ITS ANNUAL REPORT, AVAILABLE AT WWW.TRINITY-HEALTH.ORG IN ADDITION, MERCY HEALTH PARTNERS INCLUDES A COPY OF ITS MOST RECENTLY FILED SCHEDULE H ON BOTH ITS OWN WEBSITE AND TRINITY HEALTH'S WEBSITE |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART I, LINE 7 THE BEST AVAILABLE DATA WAS USED TO CALCULATE THE COST AMOUNTS REPORTED IN ITEM 7 FOR CERTAIN CATEGORIES, PRIMARILY TOTAL CHARITY CARE AND MEANS-TESTED GOVERNMENT PROGRAMS, SPECIFIC COST-TO-CHARGE RATIOS WERE CALCULATED AND APPLIED TO THOSE CATEGORIES THE COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES IN OTHER CATEGORIES, THE BEST AVAILABLE DATA WAS DERIVED FROM THE HOSPITAL'S COST ACCOUNTING SYSTEM |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART I, L7 COL(F) THE FOLLOWING NUMBER, \$11,868,139, REPRESENTS THE AMOUNT OF BAD DEBT EXPENSE INCLUDED IN TOTAL FUNCTIONAL EXPENSES IN FORM 990, PART IX, LINE 25 PER IRS INSTRUCTIONS, THIS AMOUNT WAS EXCLUDED FROM THE DENOMINATOR WHEN CALCULATING THE PERCENT OF TOTAL EXPENSE FOR SCHEDULE H, PART I, LINE 7, COLUMN (F) |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | <p>PART II COMMUNITY BUILDING ACTIVITIES - MERCY HEALTH PARTNERS IS ENGAGED IN THE COMMUNITY IN MANY WAYS FIRST CONGREGATIONAL CHURCH - SATURDAY MORNING BREAKFAST ADDRESSES CONCERN FOR THE UNDERSERVED AND DOCUMENTED COMMUNITY HEALTH NEEDS BY ADDRESSING FOOD INSECURITY I N THE NELSON NEIGHBORHOOD GOOD PARTNER DEVELOPMENT PRACTICES AND THEY ARE WORKING TO INCO RPORATE HEALTHY FOOD OPTIONS INTO WHAT THEY SERVE CATHOLIC CHARITIES - LOAVES AND FISHES F OOD PANTRY PROVIDES FOOD TO LOW-INCOME FAMILIES, REFERRALS TO COMMUNITY HEALTH AND HUMAN S ERVICES CATHOLIC CHARITIES - TEEN PARENT SERVICES PROVIDES HEALTH, PARENTING AND EDUCATION SERVICES AND INFORMATION TO TEENAGE PARENTS AND THEIR FAMILIES CHRISTIANS FOR HEALTHCARE - HEALTH ADVOCACY FOR LOW INCOME POPULATION SERVING AT-RISK PATIENTS, AT RISK DEFINED AS THOSE CLIENTS WHOSE BP/DIABETES SCREENING RESULTS ARE VERY CONCERNING AND NEED TO BE REFER RED TO PCP OR FQHC COMMUNITY ENCOMPASS - MCLAUGHLIN GROWS FUNDING TO SUPPORT OPERATION OF HALF-ACRE ORGANIC COMMUNITY FARM IN MCLAUGHLIN NEIGHBORHOOD ADDRESSES CONCERN FOR THE UN DERSERVED AND DOCUMENTED COMMUNITY HEALTH NEEDS BY PROVIDING RESIDENTS ACCESS TO NUTRITIOU S, AFFORDABLE PRODUCE ACCESS TO FRESH FRUITS AND VEGETABLES IS AN ESSENTIAL PART OF ADDRE SSING OBESITY AND CHRONIC ILLNESS IN OUR COMMUNITY, AND THIS PROJECT ADDRESSES THIS CONCER N WHILE FOSTERING A SENSE OF SOCIAL INTERACTION AND COMMUNITY AMONG THE PEOPLE IN THE NEIG HBORHOOD PRE- AND POST-TESTING RELATED TO HEALTHY EATING AND LIFESTYLES KNOWLEDGE AS PART OF MEASUREMENT IS A NOTABLE STEP IN EVALUATION SUCCESS COMMUNITY ENCOMPASS - SACRED SUDS PROVIDES LAUNDRY, SHOWER AND COMPUTER LAB TO LOW-INCOME NEIGHBORHOOD, ORGANIZES NEIGHBORH OOD SELF-HELP AND AWARENESS PROJECTS EMBRACE MUSKEGON - SUMMERTIME KIDS ADVENTURE THROUGH PROVIDING HEALTHY FOOD, READING AND IMPROVING LITERACY ACTIVITIES, AND ATHLETIC OPPORTUNIT IES FOR 50 CHILDREN IN THE NIMS NEIGHBORHOOD, EMBRACE MUSKEGON PROVIDES A MEANINGFUL, SAFE , AND EDUCATIONAL ALTERNATIVE TO STAYING HOME ALONE DURING THE SUMMER MONTHS ESL MUSKEGON - TUTOR-LEARNING ASSISTANT PROGRAM TO RECRUIT AND TRAIN NEW TUTORS AND TUTOR LEARNER ASSIS TANTS UTILIZING THE LAUBACH ENGLISH AND READING CURRICULUM AND CREATE TUTOR-STUDENT TEAMS EMPHASIS IS PLACED ON OPENING THE PROGRAM TO ALL NON-ENGLISH SPEAKERS WITH AN OPTION OF S TUDYING FOR THE CITIZENSHIP TEST HOLTON COMMUNITY CENTER - HEALTH CHOICES PROGRAM ADDRESS ES CONCERN FOR THE UNDERSERVED AND DOCUMENTED COMMUNITY HEALTH NEEDS BY PROVIDING FOOD PAN TRY, COMMUNITY EDUCATION PROGRAMS, AND A COMMUNITY GARDEN FUNDS TO CONTINUE AND EXPAND SE RVICES TO THOSE WITHOUT RESOURCES USE PRE- AND POST-TESTING AND SEEM COMMITTED TO MEASURI NG BEHAVIOR CHANGE DEMONSTRATE GOOD LEVELS OF COLLABORATION WITH OTHER ORGANIZATIONS IN T HE COMMUNITY LOVE INC - HEALTHY EATING/HEALTHY LIVING OBJECTIVE IS TO PROVIDE THE APPLIANC ES AND TRAINING NECESSARY TO MAINTAIN A STABLE HOME, INCLUDING RAISING THE NUTRITIONAL EDU CATIONAL LEVEL OF FAMILIES, THEREBY AFFECTING THE MUSKEGON COMMUNITY - STABLE HOME, IMPROV ED HEALTH, IMPROVED FAMILY RELATIONSHIPS, IMPROVED SCHOOL PERFORMANCE, ETC MAP - HEALTHY C HOICES FOOD PANTRY DISTRIBUTES FOOD TO LOW-INCOME PEOPLE, PROVIDES HEALTHY EATING INFORMAT ION AND REFERS TO MSU EXTENSION SERVICES FOR NUTRITION COUNSELING MUSKEGON HEIGHTS COALITI ON FOR COMMUNITY DEVELOPMENT - SUMMER LEARNING PROGRAM A PILOT SUMMER LEARNING PROGRAM AI MED AT ACADEMIC SKILL RETENTION FOR TWO CLASSROOMS OF 25 FIVE- AND SIX-YEAR-OLD STUDENTS A T MARTIN LUTHER KING SCHOOL THE STRENGTHENING MUSKEGON COMMUNITY PROGRAM, COMPLETED IN FY 12, PROVIDED TRAINING SEMINARS AND DIRECT TECHNICAL ASSISTANCE TO SMALL NON-PROFIT ORGANIZ ATIONS AND TOWNSHIPS ON A VARIETY OF TOPICS AIMED AT BUILDING INTERNAL CAPACITY AND EXTERN AL EFFICACY THE SEMINARS, WORKSHOPS AND DIRECT ASSISTANCE FOCUSES ON BOARD DEVELOPMENT, S TAFF TRAINING, FUNDRAISING, GRANT WRITING AND MANAGEMENT, FINANCIAL MANAGEMENT AND REPORTI NG AND OTHER TOPICS AIMED AT IMPROVING THE CAPACITY OF THESE ORGANIZATIONS TO DELIVER "SAF ETY-NET" AND OTHER NEEDED HEALTH AND HUMAN SERVICES TO THEIR CONSTITUENCIES THE MERCY HEAL TH PARTNERS' COLLABORATIVE, THE OCEANA COUNTY HEALTHCARE NEEDS AND OUTREACH SERVICES COMMI TTEE CONTINUES TO MEET AT THE LAKESHORE HOSPITAL CAMPUS IN OCEANA COUNTY TO BUILD A COMMUN ITY CONSENSUS AROUND EVALUATION, PLANNING AND DEPLOYMENT OF HEALTHCARE SERVICES TO MEET TH E NEEDS OF UNDERSERVED RESIDENTS OF OCEANA COUNTY THE COMMITTEE IS WORKING ON LIFE-LONG P REVENTION SERVICES/LIFESTYLE CHANGES, IMPROVED METHODS AND STRATEGIES FOR DELIVERING MEDIC AL, BEHAVIORAL HEALTH AND DENTAL HEALTH SERVICES SAFE KIDS WEST MICHIGAN IS A PROGRAM THRO UGH THE COMMUNITY DEVELOPMENT DEPARTMENT TO WORK WITH PARENTS AND KIDS TO PREVENT ACCIDENT AL INJURY TO CHILDREN AGES 0-14 THE ATTEMPT IS TO REDUCE THE OVERALL RATE OF UNINTENTIONA L INJURIES TO CHILDREN IN WEST MICHIGAN COALITION BUILDING ALONG WITH THE ABOVE PROGRAMS IS A PROGRAM CALLED "COMMUNITY HEALTH IMPROVEMENT</p> |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | " THIS CATEGORY INCLUDES THE COALITIONS, LED BY MERCY HEALTH PARTNERS, PROVIDED TO DEVELOP EFFORTS WITH THE COMMUNITY TO ADDRESS HEALTH AND SAFETY ISSUES THE DRUG FREE MUSKEGON CO ALITION, IN ITS 7TH YEAR, HAS PROVIDED AWARENESS AND EDUCATION TO THE COMMUNITY AND SCHOOL S ABOUT THE HAZARDS OF ALCOHOL USE AND ABUSE, AS WELL AS PROMOTED COMMUNITY PREVENTION PRO GRAMS AND TREATMENT SERVICES THE 2012 MICHIGAN PROFILE FOR HEALTH YOUTH (MIPHY) INDICATED THE SERIOUS PROBLEMS OF ALCOHOL, TOBACCO AND DRUG ABUSE AMONG TEENS AND PRE-TEENS IN MUSK EGON COUNTY THE DFC IS A COALITION OF 53 COMMUNITY MEMBERS DEDICATED TO ADDRESSING ENVIRO NMENTAL CHANGES AND COMMUNITY-WIDE ACTIVITIES TO CURB EXISTING ABUSE, DECREASE THE INCIDEN CE AND PREVALENCE OF THESE PROBLEMS AMONG YOUTH THE MUSKEGON-OCEANA COUNTY HEALTH DISPARI TIES REDUCTION COALITION WAS CONVENED IN 2010 TO ASSESS DISPARITIES IN ACCESS TO HEALTH CA RE AND QUALITY OF CARE RELATING TO RACE, ETHNICITY AND LANGUAGE THE COALITION COMPLETED A SECOND STRATEGIC ACTION PLAN IN AUGUST 2012 AND WILL BEGIN IMPLEMENTING ITS PLAN IN FY13, STARTING IN JANUARY 2013 THE 2012 COMMUNITY HEALTH NEEDS ASSESSMENT NOTED DISPARITIES IN ACCESS TO CARE, AND SOCIAL SUPPORT SERVICES WERE SIGNIFICANT FACTORS CONTRIBUTING TO POOR HEALTH AMONG THE LOW-INCOME, UNINSURED AND MINORITY POPULATIONS OF MUSKEGON AND OCEANA CO UNTIES THE COALITION OF 44 INDIVIDUALS, REPRESENTING 27 COMMUNITY MEMBER ORGANIZATIONS FR OM 3 COUNTIES, IS IN ITS SECOND YEAR OF A 3-YEAR GRANT AWARD TO IMPLEMENT ACTIVITIES AND P ROGRAMS TO ADDRESS THE IDENTIFIED DISPARITIES THE MUSKEGON-OCEANA COUNTY CHILDHOOD OBESITY COALITION WAS CREATED IN 2010 TO GATHER DATA ON THE INCIDENCE AND PREVALENCE OF OBESITY A MONG CHILDREN, ESTABLISH MEASURES AND PROCEDURES FOR ON-GOING DATA COLLECTION, RESEARCH EV IDENCE-BASED PREVENTION MODELS AND DEVELOP A STRATEGIC ACTION PLAN FOR IMPLEMENTATION IN S UBSEQUENT YEARS OBESITY, LACK OF PHYSICAL ACTIVITY, AND INCREASED NUTRITION EDUCATION CON TINUED TO BE SIGNIFICANT ISSUES IDENTIFIED IN THE 2012 COMMUNITY HEALTH NEEDS ASSESSMENT, AS WELL AS A CONCERN RISING FROM THE 2012 MIPHY SURVEY THE CHILDHOOD OBESITY COALITION HA S EIGHT COMMUNITY ORGANIZATIONS FROM MUSKEGON COUNTY, AND RECEIVED A SMALL GRANT IN 2011 T O COLLECT RELEVANT DATA AND START PROGRAM DEVELOPMENT PLANNING THE HIV/AIDS COALITION IS SUPPORTED BY MERCY STAFF TO PROMOTE COMMUNITY AWARENESS, PUBLIC EDUCATION, AND TREATMENT R ESOURCES A STRATEGIC ACTION PLAN WAS COMPLETED IN 2011, AND PROGRESS IS BEING MADE ON IMP LEMENTING THE PLAN, STARTING WITH EXPANDING ITS MEMBERSHIP AND DEVELOPING PUBLIC AWARENESS EVENTS MUSKEGON COMMUNITY HEALTH PROJECT'S AFRICAN AMERICAN LEADERSHIP TEAM WAS RE-CONVEN ED AND RE-CONSTITUTED IN 2012 IT HAS HELD THREE RE-ORGANIZATION MEETINGS AND IS ENGAGED I N DEVELOPING A NEW STRATEGIC PLAN TO ADDRESS THE ISSUES AFFECTING AFRICAN AMERICANS-AN ISS UE IDENTIFIED IN THE 2012 COMMUNITY HEALTH NEEDS ASSESSMENT |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 4 MERCY HEALTH PARTNERS IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF TRINITY HEALTH THE FOLLOWING IS THE TEXT OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOOTNOTE FROM THOSE STATEMENTS "SUBSTANTIALLY ALL OF THE CORPORATION'S RECEIVABLES ARE RELATED TO PROVIDING HEALTHCARE SERVICES TO PATIENTS ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR AMOUNTS THAT COULD BECOME UNCOLLECTIBLE IN THE FUTURE THE CORPORATION'S ESTIMATE FOR ITS ALLOWANCE FOR DOUBTFUL ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS BY PAYOR "COSTING METHODOLOGY FOR LINES 2 AND 3 AMOUNTS ARE CALCULATED ON LINE 2 USING A COST TO CHARGE RATIO METHODOLOGY ANY DISCOUNTS PROVIDED OR PAYMENTS MADE TO A PARTICULAR PATIENT ACCOUNT ARE APPLIED TO THAT PATIENT ACCOUNT PRIOR TO ANY BAD DEBT WRITE-OFF AND ARE THUS NOT INCLUDED IN BAD DEBT EXPENSE AS A RESULT OF THE PAYMENT AND ADJUSTMENT ACTIVITY BEING POSTED TO BAD DEBT ACCOUNTS, WE ARE ABLE TO REPORT BAD DEBT EXPENSE NET OF THESE TRANSACTIONS WHILE CURRENT OPERATIONS ATTEMPT TO IDENTIFY THOSE CASES THAT WILL QUALIFY FOR CHARITY OR UNCOMPENSATED CARE, IT IS ASSUMED THAT APPROXIMATELY 10% OF THE REMAINING DEBT AMOUNT MAY ALSO QUALIFY AS CHARITY |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 8 MERCY HEALTH PARTNERS DOES NOT BELIEVE ANY MEDICARE SHORTFALL SHOULD BE TREATED AS COMMUNITY BENEFIT THIS IS SIMILAR TO CHA RECOMMENDATIONS, WHICH STATE THAT SERVING MEDICARE PATIENTS IS NOT A DIFFERENTIATING FEATURE OF TAX-EXEMPT HEALTHCARE ORGANIZATIONS AND THAT THE EXISTING COMMUNITY BENEFIT FRAMEWORK ALLOWS COMMUNITY BENEFIT PROGRAMS THAT SERVE THE MEDICARE POPULATION TO BE COUNTED IN OTHER COMMUNITY BENEFIT CATEGORIES PART III, LINE 8 COSTING METHODOLOGY FOR LINE 6 - MEDICARE COSTS WERE OBTAINED FROM THE FILED MEDICARE COST REPORT THE COSTS ARE BASED ON MEDICARE ALLOWABLE COSTS AS REPORTED ON WORKSHEET B, COLUMN 27, WHICH EXCLUDE DIRECT MEDICAL EDUCATION COSTS INPATIENT MEDICARE COSTS ARE CALCULATED BASED ON A COMBINATION OF ALLOWABLE COST PER DAY TIMES MEDICARE DAYS FOR ROUTINE SERVICES AND COST TO CHARGE RATIO TIMES MEDICARE CHARGES FOR ANCILLARY SERVICES OUTPATIENT MEDICARE COSTS ARE CALCULATED BASED ON COST TO CHARGE RATIO TIMES MEDICARE CHARGES BY ANCILLARY DEPARTMENT |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART III, LINE 9B MERCY HEALTH PARTNERS' COLLECTION POLICY CONTAINS THE CRITERIA FOR FINANCIAL ASSISTANCE, AND CONTAINS THE FOLLOWING VERBIAGE FOR ARRANGEMENTS WITH OUTSIDE COLLECTION AGENCIES THE AGREEMENT MUST DEFINE THE STANDARDS AND SCOPE OF PRACTICES TO BE USED BY OUTSIDE COLLECTION AGENTS ACTING ON BEHALF OF THE MINISTRY ORGANIZATION, ALL OF WHICH MUST BE IN COMPLIANCE WITH THIS POLICY |

| Identifier | ReturnReference | Explanation |
|------------------------------------|-----------------|---|
| MERCY HEALTH PARTNERS MERCY CAMPUS | | PART V, SECTION B, LINE 13G DUE TO THE COMPLEXITY OF THE POLICY, COPIES ARE ONLY PROVIDED ON REQUEST STATEMENTS PROVIDING THE AVAILABILITY OF FINANCIAL ASSISTANCE AND THE NUMBER(S) TO CALL ARE PROVIDED TO PATIENTS AT PRE-REGISTRATION, REGISTRATION, ON THE HOSPITAL WEBSITE, POSTED IN REGISTRATION AREAS AND ADMISSIONS OFFICES, AND INCLUDED ON ALL BILLING STATEMENTS SENT TO THE PATIENT |

| Identifier | ReturnReference | Explanation |
|--|-----------------|---|
| MERCY HEALTH PARTNERS MUSK GENERAL CM | | PART V, SECTION B, LINE 13G DUE TO THE COMPLEXITY OF THE POLICY, COPIES ARE ONLY PROVIDED ON REQUEST STATEMENTS PROVIDING THE AVAILABILITY OF FINANCIAL ASSISTANCE AND THE NUMBER(S) TO CALL ARE PROVIDED TO PATIENTS AT PRE-REGISTRATION, REGISTRATION, ON THE HOSPITAL WEBSITE, POSTED IN REGISTRATION AREAS AND ADMISSIONS OFFICES, AND INCLUDED ON ALL BILLING STATEMENTS SENT TO THE PATIENT |

| Identifier | ReturnReference | Explanation |
|---------------------------------------|-----------------|--|
| MERCY HEALTH PARTNERS MERCY CAMPUS | | PART V, SECTION B, LINE 19D INDIVIDUALS/HOUSEHOLDS 150% AND BELOW THE FEDERAL POVERTY LEVEL (FPL) ARE ELIGIBLE FOR 100% FREE CARE, THOSE BETWEEN 150% AND 200% OF THE FPL ARE SUBJECT TO A NOMINAL CHARGE BASED ON THE TYPE OF SERVICE, THOSE BETWEEN 200% AND 400% OF THE FPL ARE ELIGIBLE FOR A DISCOUNT BASED ON THE AVERAGE DISCOUNT PROVIDED TO COMMERCIAL PAYERS |

| Identifier | ReturnReference | Explanation |
|--|-----------------|---|
| MERCY HEALTH PARTNERS MUSK GENERAL CM | | PART V, SECTION B, LINE 19D INDIVIDUALS/HOUSEHOLDS 150% AND BELOW THE FPL ARE ELIGIBLE FOR 100% FREE CARE, THOSE BETWEEN 150% AND 200% OF THE FPL ARE SUBJECT TO A NOMINAL CHARGE BASED ON THE TYPE OF SERVICE, THOSE BETWEEN 200% AND 400% OF THE FPL ARE ELIGIBLE FOR A DISCOUNT BASED ON THE AVERAGE DISCOUNT PROVIDED TO COMMERCIAL PAYERS |

| Identifier | ReturnReference | Explanation |
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| | | <p>PART VI, LINE 2 NEEDS ASSESSMENT - MERCY HEALTH PARTNERS ASSESSES THE HEALTH NEEDS OF THE COMMUNITY THROUGH A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) EVERY THREE YEARS THE FY13 CHNA PROCESS WAS COMPLETED IN JUNE 2012 AND THE REPORT PUBLISHED IN EARLY OCTOBER 2012 A COMMUNITY NEEDS ASSESSMENT IS A POINT-IN-TIME EFFORT TO MEASURE THE HEALTH AND WELL BEING OF THE COMMUNITY IT SERVES AS THE BASIS FOR MERCY HEALTH PARTNERS' STRATEGIC AND SUBSEQUENT ACTION PLANNING TO DEVELOP HEALTH POLICY, ALLOCATE RESOURCES, IMPROVE OR EXPAND EXISTING SERVICES, IMPLEMENT NEW PROGRAMS AND COLLABORATE WITH OTHER COMMUNITY HEALTHCARE AND HUMAN SERVICE PROVIDERS A COMMUNITY NEEDS ASSESSMENT ALSO SERVES AS A BENCHMARK FOR GAUGING RELATIVE PROGRESS TOWARD ESTABLISHED COMMUNITY HEALTH OBJECTIVES THE MERCY HEALTH PARTNERS' CHNA PROVIDES THE OPPORTUNITY TO - GAIN INSIGHTS INTO THE NEEDS AND ASSETS OF THE SYSTEM'S THREE-COUNTY SERVICE AREA USING DATA FROM PRIMARY AND SECONDARY SOURCES, INCLUDING A RIGOROUS PROCESS FOR OBTAINING COMMUNITY INPUT - IDENTIFY AND ADDRESS THE NEEDS OF VULNERABLE POPULATIONS WITHIN THE COMMUNITIES SERVED- ENHANCE HOSPITAL/COMMUNITY RELATIONSHIPS AND THE OPPORTUNITY FOR COLLABORATIVE COMMUNITY ACTION, INCLUDING INVOLVEMENT WITH COALITIONS, PARTNERSHIPS, BOARDS, COMMITTEES, COMMISSIONS, ADVISORY GROUPS AND PANELS- PROVIDE THE INFORMATION REQUIRED FOR COMMUNITY OUTREACH PLANNING, AS WELL AS TRACKING PROGRESS AND IMPROVEMENTS IN COMMUNITY HEALTH THE MERCY HEALTH PARTNERS' COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS INVOLVES THE GATHERING OF TWO TYPES OF DATA QUANTITATIVE (DEMOGRAPHICS, HEALTH INDICATORS, ETC) AND QUALITATIVE (PUBLIC SURVEYS, FORUMS, FOCUS GROUPS AND ONE-ON-ONE INTERVIEWS) IN 2010, MERCY BEGAN USING GRAPHIC INFORMATION SYSTEM SOFTWARE TO GEO-MAP FINANCIAL ASSISTANCE RECORDS AND VARIOUS DISEASE CONDITIONS TO HELP IDENTIFY "HOT SPOTS" THAT NEED ATTENTION THE USE OF GEO-MAPPING WILL BE EXPANDED FOLLOWING THE 2012 CHNA TO INCLUDE SOCIAL DETERMINANTS OF HEALTH, HEALTH LITERACY AND EMERGENCY ROOM UTILIZATION FOR PRIMARY CARE TO FURTHER IDENTIFY HEALTH DISPARITIES THE DATA HELPS SUPPORT SHORT-TERM AND LONG-TERM DECISIONS ABOUT ALLOCATION OF COMMUNITY HUMAN AND CAPITAL RESOURCES THE MERCY HEALTH PARTNERS' 2012 COMMUNITY HEALTH NEEDS ASSESSMENT FOLLOWED THE "TRINITY HEALTH SYSTEM GUIDE FOR MISSION ORGANIZATIONS TO PREPARE THEIR INDIVIDUAL COMMUNITY HEALTH NEEDS ASSESSMENTS " THE GUIDE WAS PREPARED BY THE MUSKEGON COMMUNITY HEALTH PROJECT IN 2008 AND UPDATED IN 2010 THE 2012 STEERING COMMITTEE INCLUDED 22 KEY COMMUNITY HEALTH STAKEHOLDERS, INCLUDING MERCY HEALTH PARTNERS' 3 CAMPUSES, 7 MERCY DEPARTMENTS AND SUBSIDIARIES, 2 LOCAL FQHCs, 2 COMMUNITY MENTAL HEALTH AGENCIES, 2 COMMUNITY-BASED ORGANIZATIONS, INCLUDING 2 UNITED WAY AGENCIES, AND 3 EDUCATIONAL INSTITUTIONS, INCLUDING THE INTERMEDIATE SCHOOL DISTRICT AS IN 2009, THE 2012 CHNA WAS CONDUCTED BY THE COMMUNITY BENEFIT OFFICE OF MERCY HEALTH PARTNERS, THE MUSKEGON COMMUNITY HEALTH PROJECT PETER J SARTORIUS, MA, MS, GRANTS AND PLANNING MANAGER, LED AND MANAGED THE PROCESS AGAIN IN 2012 A 42-PAGE CONSUMER HEALTH ISSUES SURVEY WAS CONDUCTED IN THE 3-COUNTY SERVICE AREA HEALTH PROJECT STAFF TRAINED 75 VOLUNTEERS TO ADMINISTER THE QUESTIONNAIRE AT 36 SELECTED LOCATIONS THROUGHOUT THE SERVICE AREA, OVER A 2-MONTH PERIOD THE SURVEY WAS ALSO OFFERED ONLINE VIA SURVEY MONKEY OVER 2,000 SURVEYS WERE TABULATED, WITH A 92% VALIDATION RATE THE SURVEY'S DEMOGRAPHIC BREAKDOWN PRETTY WELL REFLECTED THAT OF THE SERVICE AREA 25% OF THE RESPONDENTS WERE FROM THE RURAL COUNTIES IN THE SERVICE AREA, 22.5% WERE FROM MINORITY POPULATIONS, PREDOMINANTLY AFRICAN AMERICAN AND HISPANIC, 45% OF THE RESPONDENTS HAD INCOMES LESS THAN \$25,000, 24% HAD INCOMES BETWEEN \$ 25,000 AND \$50,000, 42% WERE EMPLOYED, 13% WERE EMPLOYED PART-TIME, AND 45% WERE UNEMPLOYED, STUDENTS OR RETIRED, 59% WERE HOMEOWNERS, AND 23% WERE RENTERS, WHILE 14% LIVED WITH FAMILY/FRIENDS AND 4% RESIDED IN SHELTERS THE 2012 CHNA AGAIN MADE USE OF A PROFESSIONAL FACILITATOR IN 4 COMMUNITY FORUMS AND 10 FOCUS GROUPS, WITH 160 PEOPLE ATTENDING THE FORUMS AND 76 PARTICIPATING IN THE FOCUS GROUPS EXPERIENCED INTERVIEWERS HELPED TO CONDUCT 53 FOCUSED INTERVIEWS WITH FORMER AND CURRENT HOSPITAL AND FQHC PATIENTS, 14 OF THE INTERVIEWEES WERE SPANISH-SPEAKING AND WERE ASSISTED BY CERTIFIED INTERPRETERS SUPPLIED BY THE HOSPITAL A PROJECT CONSULTANT ASSISTED WITH THE ANALYSIS AND PREPARATION OF THE FINAL REPORT SUPPLEMENTAL (SECONDARY) SOURCES OF INFORMATION INCLUDED THE UNIVERSITY OF WISCONSIN 2012 COUNTY RANKINGS, CALL DATA FROM THE COMMUNITY ACTION LINE OF THE LAKESHORE (CALL 2-1-1), A 2011 DISABILITY CONNECTION OF WEST MICHIGAN ASSESSMENT, THE 2012 MICHIGAN PROFILE FOR HEALTH YOUTH (MIPHY), THE 2012 MUSKEGON CONTINUUM OF CARE HOMELESS DATA REPORT, AND A 2011 SMALL BUSINESS SURVEY CONDUCTED BY ACCESS HEALTH, INC FOCUSED INTERVIEWS AND DATA FROM THE MUSKEGON-OCEANA COUNTY HEALTH DISPARITIES REDUCTION</p> |

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| | | COALITION'S 2012 "HEALTH DISPARITY COMMUNITY REPORT CARD" WERE INCORPORATED IN THE CHNA R EPORT AND THE REPORT CARD WAS INCLUDED IN THE APPENDICES FINALLY, A NEW PROCESS ELEMENT WA S ADDED TO THE 2012 CHNA REPRESENTING STAKEHOLDERS FROM 3 COUNTIES, 51 PEOPLE ATTENDED 4 SESSIONS TO RANK THE ISSUES IDENTIFIED IN THE CHNA COMMUNITY INPUT PROCESS ISSUES WERE RA NKED INDEPENDENTLY BY KEY STAKEHOLDERS IN EACH AREA - 21 ISSUES IN MUSKEGON COUNTY AND 21 IN OCEANA/NEWAYGO COUNTIES RESPECTIVELY THEY RANKED AND SORTED THE ISSUES INTO THE "DOMAI NS" PERCEIVED TO BE TAKING THE LEAD ROLES HEALTH SYSTEM, PUBLIC HEALTH AND COMMUNITY A S CORING SYSTEM WAS USED TO RANK BY PRIMARY, SECONDARY AND TERTIARY CONCERNS TO THE COMMUNIT Y THE RESULTS OF THE RANKING SESSIONS WILL BE USED BY THE HOSPITAL SYSTEM'S BOARDS OF TRU STEES, PURSUANT TO ADOPTING THEIR RESPECTIVE IMPLEMENTATION PLANS IN THE EARLY PART OF FY1 3 |

| Identifier | ReturnReference | Explanation |
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| | | <p>PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE - MERCY HEALTH PARTNERS IS COMMITTED TO - PROVIDING ACCESS TO QUALITY HEALTHCARE SERVICES WITH COMPASSION, DIGNITY AND RESPECT FOR THOSE WE SERVE, PARTICULARLY THE POOR AND THE UNDERSERVED IN OUR COMMUNITIES- CARING FOR ALL PERSONS, REGARDLESS OF THEIR ABILITY TO PAY FOR SERVICES- ASSISTING PATIENTS WHO CANNOT PAY FOR PART OR ALL OF THE CARE THEY RECEIVE - BALANCING NEEDED FINANCIAL ASSISTANCE FOR SOME PATIENTS WITH BROADER FISCAL RESPONSIBILITIES IN ORDER TO SUSTAIN VIABILITY AND PROVIDE THE QUALITY AND QUANTITY OF SERVICES FOR ALL WHO MAY NEED CARE IN A COMMUNITYIN ACCORDANCE WITH AMERICAN HOSPITAL ASSOCIATION RECOMMENDATIONS, MERCY HEALTH PARTNERS HAS ADOPTED THE FOLLOWING GUIDING PRINCIPLES WHEN HANDLING THE BILLING, COLLECTION AND FINANCIAL SUPPORT FUNCTIONS FOR OUR PATIENTS - PROVIDE EFFECTIVE COMMUNICATIONS WITH PATIENTS REGARDING HOSPITAL BILLS- MAKE AFFIRMATIVE EFFORTS TO HELP PATIENTS APPLY FOR PUBLIC AND PRIVATE FINANCIAL SUPPORT PROGRAMS- OFFER FINANCIAL SUPPORT TO PATIENTS WITH LIMITED MEANS- IMPLEMENT POLICIES FOR ASSISTING LOW-INCOME PATIENTS IN A CONSISTENT MANNER- IMPLEMENT FAIR AND CONSISTENT BILLING AND COLLECTION PRACTICES FOR ALL PATIENTS WITH PATIENT PAYMENT OBLIGATIONS</p> <p>MERCY HEALTH PARTNERS EFFECTIVELY COMMUNICATES WITH PATIENTS REGARDING PATIENT PAYMENT OBLIGATIONS FINANCIAL COUNSELING IS PROVIDED TO PATIENTS ABOUT THEIR PAYMENT OBLIGATIONS AND HOSPITAL BILLS INFORMATION ON HOSPITAL-BASED FINANCIAL SUPPORT POLICIES AND EXTERNAL PROGRAMS THAT PROVIDE COVERAGE FOR SERVICES ARE MADE AVAILABLE TO PATIENTS DURING THE PRE-REGISTRATION AND REGISTRATION PROCESSES AND/OR THROUGH COMMUNICATIONS WITH PATIENTS SEEKING FINANCIAL ASSISTANCE MERCY HEALTH PARTNERS OFFERS IN-PERSON SUPPORT WITH FINANCIAL COUNSELORS, CASHIERS AND THE MUSKEGON COMMUNITY HEALTH PROJECT (A PART OF MERCY HEALTH PARTNERS) ANY REGISTRAR CAN MAKE A CONNECTION TO PATIENTS MERCY HEALTH PARTNERS PUBLISHES THE PHONE NUMBERS FOR OUR CALL-IN SUPPORT, AND SHARED SERVICES ALSO PROVIDES PHONE SUPPORT MERCY HEALTH PARTNERS HAS AN EXTERNAL VENDOR, FIRSTSOURCE, AND WE ALSO WORK WITH DEPARTMENT OF HUMAN SERVICES STAFF FINANCIAL COUNSELORS MAKE AFFIRMATIVE EFFORTS TO HELP PATIENTS APPLY FOR PUBLIC AND PRIVATE PROGRAMS FOR WHICH THEY MAY QUALIFY AND THAT MAY ASSIST THEM IN OBTAINING AND PAYING FOR HEALTHCARE SERVICES MERCY HEALTH PARTNERS UTILIZES AN EXTERNAL VENDOR AS AN EXTENSION OF HOSPITAL SERVICES EVERY EFFORT IS MADE TO DETERMINE A PATIENT'S ELIGIBILITY PRIOR TO OR AT THE TIME OF ADMISSION OR SERVICE HOWEVER, DETERMINATION FOR FINANCIAL SUPPORT CAN BE MADE DURING ANY STAGE OF THE PATIENT'S STAY AFTER STABILIZATION OR COLLECTION CYCLE BEGINNING IN 2010, MERCY HEALTH PARTNERS ESTABLISHED A SINGLE ENROLLMENT FORM, APPLICABLE TO ALL CAMPUSES, FOR FINANCIAL ASSISTANCE THAT INCLUDES GATHERING ALL THE INFORMATION AND DOCUMENTATION NECESSARY TO DETERMINE ELIGIBILITY AND ENROLLMENT FOR A VARIETY OF ASSISTANCE PROGRAMS, INCLUDING HEALTH COVERAGE, FOOD STAMPS, PHARMACEUTICAL ASSISTANCE PROGRAMS, VISION AND HEARING SERVICES, BEHAVIORAL AND MENTAL HEALTH SERVICES, CHRONIC DISEASE SELF MANAGEMENT EDUCATION, AND DRUG AND ALCOHOL ABUSE COUNSELING AND TOBACCO CESSATION EDUCATION THE SINGLE ENROLLMENT FORM IS USED ON ALL MERCY HEALTH PARTNER CAMPUSES MERCY HEALTH PARTNERS BEGAN DEPLOYING COMMUNITY HEALTH WORKERS FROM THE MUSKEGON COMMUNITY HEALTH PROJECT AT ALL CAMPUSES, TO WORK WITH HOSPITAL DISCHARGE PATIENTS AND ENSURE THAT ALL ELIGIBLE PATIENTS ARE ENROLLED IN APPLICABLE ASSISTANCE PROGRAMS THE HEALTH PROJECT ALSO SCREENS AND ENROLLS RESIDENTS FROM ALL PARTS OF THE SERVICE AREA, USING WIDE-REACHING OUTREACH STRATEGIES AND TECHNIQUES TO ENGAGE UNINSURED AND UNDERSERVED POPULATIONS</p> <p>MERCY HEALTH PARTNERS OFFERS FINANCIAL SUPPORT TO PATIENTS WITH LIMITED MEANS THIS SUPPORT IS AVAILABLE TO UNINSURED AND UNDERINSURED PATIENTS WHO DO NOT QUALIFY FOR PUBLIC PROGRAMS OR OTHER ASSISTANCE NOTIFICATION ABOUT FINANCIAL ASSISTANCE, INCLUDING CONTACT INFORMATION, IS AVAILABLE THROUGH THE PUBLICATION OF PATIENT BROCHURES, NOTICES OR MESSAGING INCLUDED ON PATIENT BILLS, POSTING OF NOTICES IN PUBLIC REGISTRATION AREAS, INCLUDING EMERGENCY ROOMS, URGENT CARE CENTERS, ADMITTING AND REGISTRATION DEPARTMENTS, HOSPITAL PATIENT ACCOUNTING DEPARTMENTS, AND OTHER PATIENT FINANCIAL SERVICES OFFICES THAT ARE LOCATED ON OUR CAMPUSES SUMMARIES OF HOSPITAL PROGRAMS ARE MADE AVAILABLE TO ACCESS HEALTH, AMERICAN RED CROSS, BENSON DRUGS, CATHOLIC CHARITIES OF WEST MICHIGAN, CITY OF MUSKEGON, CITY OF MUSKEGON HEIGHTS, COMMUNITY ACCESS LINE OF THE LAKESHORE, COMMUNITY MENTAL HEALTH SERVICES OF MUSKEGON COUNTY, COOPERATING CHURCHES, DISABILITY CONNECTION OF WEST MICHIGAN, EVERY WOMAN'S PLACE, GOODWILL INDUSTRIES, HACKLEY COMMUNITY CARE CENTER, HACKLEY PHARMACIES, LIFE COUNSELING, LIONS CLUBS OF MUSKEGON COUNTY, MISSION FOR AREA PEOPLE, MUSKEGON COUNTY PUBLIC HEALTH, MUSKEGON COUNTY DEPARTMENT OF HUMAN SER</p> |

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| | | VICES/FAMILY RESOURCE CENTERS, MUSKEGON FAMILY CARE, MUSKEGON/OCEANA MICHIGAN WORKS!, THE SALVATION ARMY, SENIOR RESOURCES, URBAN LEAGUE, WESTSHORE PHARMACY, AND WEST MICHIGAN THER APY INFORMATION REGARDING FINANCIAL ASSISTANCE PROGRAMS IS ALSO AVAILABLE ON THE MERCY HE ALTH PARTNERS' WEBSITE, AS WELL AS IN THE ADMISSION PACKAGE IN ADDITION TO ENGLISH, THIS INFORMATION IS ALSO AVAILABLE IN SPANISH, REFLECTING THE OTHER PRIMARY LANGUAGE SPOKEN BY THE POPULATION SERVED BY OUR HOSPITAL MERCY HEALTH PARTNERS HAS ESTABLISHED A WRITTEN POL ICY, APPLICABLE TO ALL CAMPUSES, FOR THE BILLING, COLLECTION AND SUPPORT FOR PATIENTS WITH PAYMENT OBLIGATIONS MERCY HEALTH PARTNERS MAKES EVERY EFFORT TO ADHERE TO THE POLICY AND IS COMMITTED TO IMPLEMENTING AND APPLYING THE POLICY FOR ASSISTING PATIENTS WITH LIMITED MEANS IN A PROFESSIONAL, CONSISTENT MANNER MERCY HEALTH PARTNERS EDUCATES STAFF MEMBERS WHO WORK CLOSELY WITH PATIENTS (INCLUDING THOSE WORKING IN PATIENT REGISTRATION AND ADMITTI NG, FINANCIAL ASSISTANCE, CUSTOMER SERVICE, BILLING AND COLLECTIONS) ABOUT THESE POLICIES, WITH AN EMPHASIS ON TREATING ALL PATIENTS WITH DIGNITY AND RESPECT REGARDLESS OF THEIR IN SURANCE STATUS OR THEIR ABILITY TO PAY FOR SERVICES MERCY HEALTH PARTNERS' FRONTLINE REGI STRATION ASSOCIATES, CASHIERS AND THE MUSKEGON COMMUNITY HEALTH PROJECT RECEIVE TRAINING O N MAKING A CONNECTION TO A FINANCIAL COUNSELOR |

| Identifier | ReturnReference | Explanation |
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| | | <p>PART VI, LINE 4 COMMUNITY INFORMATION - MERCY HEALTH PARTNERS' SERVICE AREA INCLUDES NEWAYGO, OCEANA AND MUSKEGON COUNTIES, LOCATED IN CENTRAL WEST MICHIGAN, ON OR NEAR THE SHORELINE OF LAKE MICHIGAN TOTAL POPULATION OF THE SERVICE AREA IS ABOUT 250,000 AND IS COMPRISED OF BOTH SIGNIFICANT RURAL AND URBAN AREAS THE RURAL AREA IS CHARACTERIZED BY A CHIEFLY AGRICULTURAL, RECREATION AND TOURISM ECONOMY THE METROPOLITAN AREA OF ABOUT 120,000 IS COMPRISED OF FIVE CITIES, THE LARGEST OF WHICH IS THE CITY OF MUSKEGON, WITH A POPULATION OF 38,401 MUSKEGON'S ECONOMY IS LARGELY MANUFACTURING AND SERVICE INDUSTRIES THE POPULATION IS GENERALLY DIVERSE WITH MANY ETHNIC AND RACIAL POPULATION SEGMENTS THE METROPOLITAN AREA HAS A SIGNIFICANT AFRICAN-AMERICAN POPULATION, WHILE OCEANA COUNTY HAS A HIGHER CONCENTRATION OF HISPANIC RESIDENTS MUSKEGON COUNTY IS HOME TO THE COUNTY'S MAJOR HOSPITAL SYSTEM, MERCY HEALTH PARTNERS, WHICH RECENTLY MERGED WITH HACKLEY HOSPITAL AND NOW INCLUDES FOUR CAMPUSES, INCLUDING LAKESHORE HOSPITAL IN OCEANA COUNTY BASED ON THE 2010 CENSUS, THERE WERE 172,188 PEOPLE, 65,654 HOUSEHOLDS, AND 44,690 FAMILIES RESIDING IN THE COUNTY THE RACIAL MAKEUP WAS APPROXIMATELY 80% CAUCASIAN, 14 5% BLACK AND 1 3% FOR NATIVE AMERICAN, ASIAN, AND PACIFIC ISLANDER THE MEDIAN HOUSEHOLD INCOME WAS \$38,916, AND THE MEDIAN INCOME FOR A FAMILY WAS \$51,519 ABOUT 12 4% OF FAMILIES AND 18 6% OF THE POPULATION WERE BELOW THE POVERTY LINE, INCLUDING 22 4% OF THOSE UNDER AGE 18 AND 8 7% OF THOSE AGES 65 OR OVER OCEANA COUNTY IS A RURAL COUNTY ROUGHLY 41 MILES NORTH OF MUSKEGON AND 75 MILES NORTHWEST OF GRAND RAPIDS THE RACIAL MAKEUP ACCORDING TO THE 2010 CENSUS WAS 91 9 % CAUCASIAN, WITH AFRICAN-AMERICAN, ASIAN, AND PACIFIC ISLANDER EACH COMPRISING 1 5% OF THE TOTAL POPULATION ROUGHLY 13% OF THE POPULATION WAS HISPANIC OR LATINO, THE HIGHEST PERCENTAGE OF LATINOS OF ANY COUNTY IN MICHIGAN RECENT ESTIMATES SHOW THE PERCENTAGE OF LATINOS AND AFRICAN-AMERICANS TO BE INCREASING, WHILE THE PERCENTAGE OF NON-HISPANIC WHITES IS DECREASING THE CENSUS BUREAU ESTIMATES THE 2010 COUNTY POPULATION AT 26,570 THE AVERAGE HOUSEHOLD SIZE WAS 2 6 AND THE AVERAGE FAMILY SIZE WAS 3 04 IN 2010 MEDIAN INCOME WAS \$39,543 NEWAYGO COUNTY IS HOME OF NESTLE-GERBER INDUSTRIES AND THE GERBER MEMORIAL HEALTH SERVICES, LOCATED IN FREMONT THE GEOGRAPHIC PROXIMITY OF THE TWO URBAN CENTERS RESULTS IN SOME COUNTY RESIDENTS TRAVELING TO THE MUSKEGON AREA FOR HEALTHCARE SERVICES WHILE OTHERS USE THE SERVICES AVAILABLE IN GRAND RAPIDS BASED ON THE 2010 CENSUS, THE RACIAL MAKEUP WAS APPROXIMATELY 93 5% CAUCASIAN, 1 2% BLACK, AND 0 9% FOR NATIVE AMERICAN, ASIAN, AND PACIFIC ISLANDER THE CENSUS BUREAU ESTIMATES THE 2010 COUNTY POPULATION AT 48,460 THE MEDIAN HOUSEHOLD INCOME WAS \$43,218 AND THE MEDIAN INCOME FOR A FAMILY WAS \$49,499 ABOUT 13 5% OF FAMILIES AND 17 3% OF THE POPULATION WERE BELOW THE POVERTY LINE, INCLUDING APPROXIMATELY 24 6% OF THOSE UNDER AGE 18 AND 8 4% OF THOSE AGES 65 OR OVER</p> |

| Identifier | ReturnReference | Explanation |
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| | | <p>PART VI, LINE 5 OTHER INFORMATION - THE MAJORITY OF THE GOVERNING BODY IS COMPRISED OF PE RSONS WHO RESIDE IN THE MERCY HEALTH PARTNERS' (LAKESHORE CAMPUS, HACKLEY CAMPUS AND MERCY CAMPUS) PRIMARY SERVICE AREA WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATIO N, NOR FAMILY MEMBERS SINCE MERCY HEALTH PARTNERS IS THE ONLY HOSPITAL IN MUSKEGON COUNTY , STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SURPLUS FUND S ARE ALLOCATED TO IMPROVEMENTS IN PATIENT CARE, MEDICAL EDUCATION AND RESEARCH THE SERVI CE AREA HAS VERY HIGH RATES OF UNINSURED (MUSKEGON COUNTY 23 5%, OCEANA COUNTY 27 6%, NEWA YGO COUNTY 12 7%)--SO MERCY HEALTH PARTNERS' FOCUS HAS BEEN ON ACCESS TO CARE</p> <p>MERCY HEALT H PARTNERS' HEALTH PROJECT HAS BEEN VERY PROACTIVE IN WORKING WITH MEDICAL CLINICS AND THE TWO FQHCS THE DESIGN OF A SINGLE ENROLLMENT PROCESS HAS PROVEN TO MAKE APPLYING FOR ASSI STANCE LESS CUMBERSOME THE NEW FORM INCLUDES ALL INFORMATION ESSENTIAL FOR DETERMINING EL IGIBILITY FOR MULTIPLE HEALTH AND HUMAN SERVICES, THUS STREAMLINING THE PROCESS OF ASSISTI NG PATIENTS TO RECEIVE SERVICES THE WHEELS OF MERCY, A MOBILE UNIT, IS TAKEN TO VARIOUS A REAS THROUGH THE THREE COUNTIES, PROVIDING BLOOD PRESSURE, DIABETES, PULMONARY FUNCTION, V ISION AND CHOLESTEROL SCREENINGS ENROLLMENT ASSISTANCE INTO VARIOUS PROGRAMS IS ALSO PROV IDED THE GOAL IS TO ALLEVIATE MANY EMERGENCY DEPARTMENT VISITS BY SCREENING AND ALERTING PATIENTS TO TREATABLE PROBLEMS THAT COULD ESCALATE INTO LIFE-THREATENING SITUATIONS MUSKEG ON COMMUNITY HEALTH PROJECT - PHARMACEUTICAL ACCESS PROGRAM INCLUDES TWO PROGRAMS 1) MEAN S-TESTED ELIGIBILITY SCREENING AND ENROLLMENT APPLICATION FOR PHARMACEUTICAL COMPANY PAPS, AND 2) ASSISTANCE TO PROCURE INTERIM MEDICATIONS AND SUPPLIES DURING APPLICATION PROCESS PERIOD THIS PROGRAM COMPLEMENTS MAP'S COMMUNITY MEDICATION FUND IN PROVIDING LOW-INCOME, UNINSURED PERSONS WITH THE PRESCRIPTION DRUGS THEY NEED TO MANAGE CHRONIC DISEASES REFERR ALS ARE MADE BETWEEN THE TWO ORGANIZATIONS TO KEEP PACE WITH THE INCREASING NEED THERE AR E NO OTHER KNOWN PROGRAMS IN THE AREA THAT SUPPLY INTERIM MEDICATIONS TO PATIENTS WAITING TO BE ENROLLED IN THE PAPS THE HEALTH PROJECT'S PROGRAM GETS SOME SUPPORT FROM SEVERAL SM ALL GRANTS, PRIVATE AND PUBLIC, AS WELL AS PROCEEDS FROM AN ANNUAL FUNDRAISING WALKATHON HOWEVER OVER 80% OF THE FUNDING SUPPORT COMES FROM THE HOSPITAL SYSTEM</p> <p>CHRISTIANS FOR HEA LTHCARE PROVIDES BLOOD PRESSURE AND DIABETES SCREENING TO LOW-INCOME PEOPLE, REFERRALS TO PRIMARY CARE AND SOCIAL SERVICES, AS WELL AS ADVOCACY AND EDUCATION ON ACCESS TO SERVICES LOCAL DIABETES RATES ARE SIGNIFICANTLY HIGHER THAN THE MICHIGAN AVERAGE PERSISTENTLY HIG H RATES OF DIABETES IN MUSKEGON AND OCEANA COUNTIES, ESPECIALLY AMONG AFRICAN AMERICANS AN D HISPANICS, IS A KEY FINDING OF THE 2009 AND 2012 COMMUNITY HEALTH NEEDS ASSESSMENTS INC REASED SCREENING, PATIENT EDUCATION AND EARLY INTERVENTION TREATMENTS ARE NEEDED TO CURB T HE IMPACT OF DIABETES AND ITS COMPLICATIONS THE CHNA ALSO NOTED THE DANGER OF INCREASING IMPACTS OF CHRONIC DISEASES DUE TO HEALTH DISPARITIES IN ACCESS TO CARE EXPERIENCED BY THE POOR AND MINORITY</p> <p>POPULATIONS DEPARTMENTS ARE AGGRESSIVELY INVOLVED IN COMMUNITY PROGRAMS FOR INSTANCE OUTREACH AND ENROLLMENT SPECIALISTS CONDUCT HEALTH AND HUMAN SERVICE ELIGIB ILITY SCREENS ON ALL UNINSURED PATIENTS AT THE TIME OF DISCHARGE FROM THE HOSPITAL OR EMER GENCY DEPARTMENT INCLUDED IN THE SCREENING IS ELIGIBILITY FOR MEDICAID, SCHIP OR OTHER AV AILABLE HEALTH COVERAGE, FOOD ASSISTANCE PROGRAM, MERCY HEALTH PARTNERS FINANCIAL ASSISTAN CE, ET AL</p> <p>MERCY HEALTH PARTNERS PARTICIPATES IN THE UNITED WAY DAY OF CARING ALSO, EVERY YEAR, THE HEALTHY-U EVENT IS CONDUCTED TO EDUCATE THE COMMUNITY ABOUT HEART HEALTH, AND P ROVIDE WORKSHOPS AND PROGRAMS AT NO COST SUPPORT FOR EVENTS, SUCH AS THE AFRICAN-AMERICAN DIABETES CONFERENCE, MEN'S HEALTH FAIR AND SCREENING, AND THE WALK FOR DIABETES ARE CONDU CTED TO RAISE FUNDS FOR PHARMACEUTICAL PRODUCTS FOR PEOPLE WHO CAN'T AFFORD THEM MERCY HE ALTH PARTNERS CONDUCTS EXTENSIVE COMMUNITY-BASED SCREENINGS AT CHURCHES AND OTHER VENUES A ROUND THE COMMUNITY PHYSICIANS VOLUNTEER THEIR TIME IN DOC TALKS FOR THE COMMUNITY, COMMU NITY SERVICES ARE PROVIDED TO BENEFIT EVERYONE IN THE COMMUNITY, SUCH AS BIRTHING CLASSES ALL OF MERCY HEALTH PARTNERS SUPPORT THE USE OF FACILITIES BY NON-PROFIT ORGANIZATIONS FO R MEETINGS AND SUPPORT A CERTAIN PERCENT OF EARNINGS FROM THE SISTER SIMONE FUND ARE REDI RECTED BACK TO COMMUNITY GROUPS FOR PROJECTS TO IMPROVE THE HEALTH OF THE COMMUNITY</p> <p>MEDIC AL AND ADMINISTRATIVE STAFFS SIT ON COMMUNITY COALITIONS THAT TARGET AREAS OF COMMUNITY NE ED, INCLUDING HIV/AIDS, DIABETES, CHILDHOOD OBESITY, HEALTH DISPARITIES, ASTHMA, ALCOHOL, TOBACCO AND SUBSTANCE ABUSE, AND YOUTH RISK BEHAVIORS MERCY HEALTH PARTNERS ALSO GIVES MO NEY TO SUPPORT THE COMMUNITY ACCESS LINE OF THE LAKESHORE (CALL 2-1-1) INFORMATION AND REF ERRAL PHONE LINE, ACCESS HEALTH, A "3-SHARE" MODEL</p> |

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| | | COMMUNITY HEALTH COVERAGE PROGRAM, AS WELL AS VISION SERVICES. MERCY HEALTH PARTNERS (ALL CAMPUSES) ARE INVOLVED WITH "ALIGNING FORCES FOR QUALITY, EQUITY AND LANGUAGE QUALITY" TO MEET THE TRINITY EQUITY IN CARE PROCESS OF DETERMINING WHETHER INEQUITIES EXIST IN CARE DUE TO RACE OR ETHNICITY. MERCY HEALTH PARTNERS' LAKESHORE HEALTH NETWORK CONTINUES TO LEAD A HEALTH LITERACY COMMITTEE, CALLED CLEAR COMMUNICATION FOR HEALTH COLLABORATIVE, TO FOCUS ON ISSUES THAT EMERGED OUT OF THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS. THIS COMMITTEE IS LOOKING AT HOW WE CAN IMPROVE GIVING PATIENTS INFORMATION THEY CAN UNDERSTAND IN ORDER TO IMPROVE THEIR HEALTH AND COMPLIANCE WITH MEDICAL PROTOCOLS. IN PARTNERSHIP WITH LAKE SHORE HEALTH NETWORK, THE HEALTH PROJECT HAS BEEN OPERATING THE MUSKEGON AREA MEDICATION DISPOSAL PROJECT (MAMDP) SINCE LATE 2010. THE MEDICATION TAKE-BACK PROJECT REDUCES YOUTH ACCESS TO NON-PRESCRIBED MEDICATIONS, REDUCES THE NUMBER OF EXPIRED AND POTENTIALLY UNSAFE MEDICATIONS, ASSISTS LAW ENFORCEMENT WITH NEIGHBORHOOD SAFETY FOR THOSE SEEKING OUT DRUGS IN MEDICINE CABINETS AND REDUCES THE ENVIRONMENTAL IMPACT ON WATER QUALITY. IN FY2012, MAMDP ESTABLISHED PERMANENT BOXES IN ELEVEN POLICE STATIONS AND PERMANENT COLLECTION SITES AT FIVE MERCY HEALTH PARTNERS RETAIL PHARMACIES. THEY ALSO HELD TWO COLLECTION EVENTS AT AREA FIRE STATIONS. IN FY2012, THE MAMDP PROJECT COLLECTED 2,948 POUNDS OF MEDICATIONS AND SHARPS WITH NEARLY 329 POUNDS OF THE MATERIALS WERE CLASSIFIED AS CONTROLLED SUBSTANCES. OVER 120 POUNDS OF SHARPS WERE COLLECTED. |

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| | | PART VI, LINE 6 MERCY HEALTH PARTNERS IS A MEMBER ORGANIZATION OF TRINITY HEALTH, ONE OF THE LARGEST CATHOLIC HEALTHCARE SYSTEMS IN THE COUNTRY BASED IN LIVONIA, MICHIGAN, TRINITY HEALTH ANNUALLY REQUIRES THAT ALL MEMBER ORGANIZATIONS DEVELOP, AND ARE HELD ACCOUNTABLE FOR ACHIEVING, COMMUNITY BENEFIT GOALS THAT INCLUDE DEVELOPING NEEDED SERVICES OR EXPANDING ACCESS TO SERVICES FOR LOW-INCOME INDIVIDUALS AS A NOT-FOR-PROFIT HEALTH SYSTEM, TRINITY HEALTH REINVESTS ITS PROFITS BACK INTO THE COMMUNITY THROUGH PROGRAMS TO SERVE THE POOR AND UNINSURED, MANAGE CHRONIC CONDITIONS LIKE DIABETES, HEALTH EDUCATION AND PROMOTION INITIATIVES, AND OUTREACH FOR THE ELDERLY IN FISCAL YEAR 2012, THIS INCLUDED OVER \$615 MILLION IN SUCH COMMUNITY BENEFITS THEREFORE, TRINITY HEALTH TAKES A SYSTEM APPROACH IN ITS COMMUNITY BENEFIT PLANNING AND IMPLEMENTATION, AND IS CONSEQUENTLY ABLE TO ENSURE THAT ITS MEMBER HOSPITALS AND OTHER ENTITIES/AFFILIATES ARE HELPING PROMOTE AND ADDRESS THE HEALTH NEEDS OF THEIR RESPECTIVE COMMUNITIES FOR MORE INFORMATION ABOUT TRINITY HEALTH, VISIT WWW.TRINITY-HEALTH.ORG |

Additional Data

Software ID:
Software Version:
EIN: 38-2589966
Name: MERCY HEALTH PARTNERS

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

[illegible]

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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| Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) | |
| How many non-hospital facilities did the organization operate during the tax year? <u>21</u> | |
| Name and address | Type of Facility (Describe) |
| MUSKEGON SURGERY CENTER 1400 MERCY DRIVE SUITE 150 MUSKEGON, MI 49444 | OUTPATIENT SURGERY |

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

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

DLN: 93493133017113

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
MERCY HEALTH PARTNERS

Employer identification number
38-2589966

Part I

General Information on Grants and Assistance

1

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

Yes

No

2

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

Part II

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|------------|------------------------------------|--------------------------|-----------------------------------|---|--|--|
| (1) CHRISTIANS FOR HEALTH INC134 E BARNEY AVENUE MUSKEGON HEIGHTS,MI 49444 | 38-2906093 | 501(C)3 | 8,000 | | | | GENERAL SUPPORT |
| (2) MGH FAMILY HEALTH CENTER2201 S GETTY STREET MUSKEGON,MI 49444 | 38-3324611 | 501(C)3 | 7,834 | | | | INTEREST ON LOAN |
| (3) CATHOLIC CHARITIES OF WEST MICHIGAN360 DIVISION STE A GRAND RAPIDS,MI 49503 | 38-3012473 | 501(C)3 | 10,000 | | | | TEEN PARENT PROGRAM AND FOOD PANTRY |
| (4) LOVE INC OF MUSKEGON COUNTY2735 E APPLE SUITE A MUSKEGON,MI 49442 | 38-2450507 | 501(C)3 | 7,100 | | | | HEALTHY EATING HEALTHY LIVING PROGRAM |
| (5) COMMUNITY ENCOMPASS1105 TERRACE STREET MUSKEGON,MI 49442 | 38-3279226 | 501(C)3 | 8,900 | | | | LAUNDRY AND SHOWER PROGRAM KNOWN AS SACRED SUDS AND URBAN FARM PROGRAM |
| (6) MISSION FOR AREA PEOPLE2500 JEFFERSON STREET MUSKEGON,MI 49444 | 38-3220964 | 501(C)3 | 12,000 | | | | COMMUNITY MEDICAL AND FOOD PANTRY |
| (7) MUSKEGON FAMILY YMCA900 W WESTERN AVE MUSKEGON,MI 49441 | 38-2000172 | 501(C)3 | 5,000 | | | | YOUTH RECREATION PARKS PROGRAM |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

7

3

Enter total number of other organizations listed in the line 1 table

0

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

Cat No 50055P

Schedule I (Form 990) 2011

Part III

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

| (a)Type of grant or assistance | (b)Number of recipients | (c)Amount of cash grant | (d)Amount of non-cash assistance | (e)Method of valuation (book, FMV, appraisal, other) | (f)Description of non-cash assistance |
|--------------------------------|-------------------------|-------------------------|----------------------------------|--|---------------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Part IV

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

| Identifier | Return Reference | Explanation |
|--|------------------|---|
| PROCEDURE FOR MONITORING GRANTS IN THE U S | PART I, LINE 2 | SCHEDULE I, PART I, LINE 2 DONATIONS MADE BY MERCY HEALTH PARTNERS TO CHARITABLE ORGANIZATIONS ARE MADE IN FURTHERANCE OF THE RECIPIENT ORGANIZATION'S EXEMPT PURPOSE AND ARE CONSIDERED UNRESTRICTED WITH REGARD TO THE USE OF THE FUNDS |

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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.

OMB No 1545-0047

2011

Open to Public Inspection

| | |
|---|--|
| Name of the organization MERCY HEALTH PARTNERS | Employer identification number 38-2589966 |
|---|--|

Part I

Questions Regarding Compensation

| | Yes | No |
|---|-----|----|
| 1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div> | | |
| 1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain | | |
| 2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? | | |
| 3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply <div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div> | | |
| 4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization a Receive a severance payment or change-of-control payment? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | |
| Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9. | | |
| 5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of a The organization? b Any related organization? If "Yes," to line 5a or 5b, describe in Part III | | |
| 6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of a The organization? b Any related organization? If "Yes," to line 6a or 6b, describe in Part III | | |
| 7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | | |
| 8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III | | |
| 9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | | |

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.

[illegible]

Part III **Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|------------|------------------|---|
| | PART I, LINE 3 | MERCY HEALTH PARTNERS IS A SUBSIDIARY IN THE TRINITY HEALTH SYSTEM. MERCY HEALTH PARTNERS' CEO IS PAID DIRECTLY BY THE SYSTEM'S PARENT ENTITY, TRINITY HEALTH CORPORATION. TRINITY HEALTH CORPORATION USED THE FOLLOWING METHODS TO ESTABLISH THE COMPENSATION OF MERCY HEALTH PARTNERS' CEO: - COMPENSATION COMMITTEE - INDEPENDENT COMPENSATION CONSULTANT - FORM 990 OF OTHER ORGANIZATIONS - WRITTEN EMPLOYMENT CONTRACT - COMPENSATION SURVEY OR STUDY, AND - APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE. |
| | PART I, LINE 4B | THE FOLLOWING ARE PARTICIPANTS IN THE TRINITY HEALTH PENSION RESTORATION PLAN, A NONQUALIFIED PLAN, WHICH PROVIDES RETIREMENT BENEFITS FOR CERTAIN ASSOCIATES WITH EARNINGS ABOVE THE IRS PAY CAP FOR QUALIFIED PLANS (\$245,000 FOR 2011). THE FOLLOWING ACCRUALS FOR 2011 FOR THIS PLAN ARE INCLUDED IN COLUMN C OF SCHEDULE J, PART II: KEDRICK ADKINS - \$91,607; MICHAEL MURPHY - \$27,513; RICHARD O'CONNELL - \$66,279; ROGER SPOELMAN - \$65,907; JOSEPH SWEDISH - \$255,902. THE FOLLOWING IS A PARTICIPANT IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP): THE FOLLOWING SERP ACCRUAL FOR 2011 IS INCLUDED IN COLUMN C OF SCHEDULE J, PART II: JOSEPH SWEDISH - \$265,000. PART II: THE FOLLOWING INDIVIDUALS BECAME VESTED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) DURING CALENDAR 2011. AS A RESULT, THE VESTED AMOUNTS WERE INCLUDED IN THEIR 2011 TAXABLE INCOMES. THE FOLLOWING VESTED SERP AMOUNTS ARE INCLUDED IN COLUMN B(III) OF SCHEDULE J, PART II: KEDRICK ADKINS - \$220,648; JOSEPH SWEDISH - \$2,740,000. COLUMN F OF SCHEDULE J INCLUDES THE PORTION OF THESE AMOUNTS THAT WERE REPORTED AS DEFERRED COMPENSATION IN PRIOR YEARS. PART II: THE FOLLOWING INDIVIDUAL BECAME VESTED IN A 457(F) PLAN DURING CALENDAR 2011. AS A RESULT, THE VESTED AMOUNT WAS INCLUDED IN HIS 2011 TAXABLE INCOME. THE FOLLOWING VESTED AMOUNT IS INCLUDED IN COLUMN B(III) OF SCHEDULE J, PART II: PAUL PONSTEIN - \$277,628. |

Software ID:
Software Version:
EIN: 38-2589966
Name: MERCY HEALTH PARTNERS

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---------------------|------|--|-------------------------------------|--------------------------|---------------------------|-------------------------|---------------------------------|--|
| | | (i) Base Compensation | (ii) Bonus & incentive compensation | (iii) Other compensation | | | | |
| ROGER SPOELMAN | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 458,609 | 153,850 | 143,364 | 99,098 | 21,565 | 876,486 | 78,178 |
| PHILIP MCCORKLE | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 420,218 | 143,473 | 79,322 | 24,758 | 31,905 | 699,676 | 0 |
| GREGORY LOOMIS | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 286,064 | 57,500 | 2,725 | 34,056 | 15,129 | 395,474 | 0 |
| GARY ALLORE | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 249,306 | 54,409 | 828 | 18,956 | 19,166 | 342,665 | 0 |
| JOSEPH SWEDISH | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 1,279,458 | 677,642 | 3,229,560 | 548,602 | 27,600 | 5,762,862 | 2,698,342 |
| KEDRICK ADKINS | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 743,978 | 316,652 | 344,596 | 103,857 | 13,263 | 1,522,346 | 143,708 |
| RICHARD O'CONNELL | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 571,942 | 230,946 | 140,349 | 85,919 | 32,302 | 1,061,458 | 0 |
| MICHAEL MURPHY | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 402,598 | 0 | 71,772 | 48,365 | 27,173 | 549,908 | 0 |
| F REMINGTON SPRAGUE | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 329,796 | 65,901 | 4,863 | 36,690 | 10,341 | 447,591 | 0 |
| MARY BOYD | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 260,665 | 58,207 | 1,303 | 35,896 | 2,260 | 358,331 | 0 |
| JEFFREY ALEXANDER | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 231,880 | 50,101 | 1,159 | 20,310 | 11,922 | 315,372 | 0 |
| KIMBERLY MAGUIRE | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 198,378 | 39,778 | 630 | 18,242 | 14,823 | 271,851 | 0 |
| MANSOUR YACOUB | (i) | 536,265 | 0 | 1,450 | 20,475 | 17,166 | 575,356 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STEVEN FOX | (i) | 467,158 | 0 | 25,857 | 15,809 | 19,357 | 528,181 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SYED HAIDER | (i) | 487,730 | 0 | 545 | 17,070 | 18,536 | 523,881 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PAUL PONSTEIN | (i) | 206,731 | 0 | 280,544 | 29,154 | 5,544 | 521,973 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LAJIDE R LAWOYIN | (i) | 463,999 | 0 | 440 | 12,755 | 19,146 | 496,340 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MICHAEL SLUBOWSKI | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 13,394 | 0 | 137,444 | 500 | 601 | 151,939 | 136,445 |

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MERCY HEALTH PARTNERS

Employer identification number
38-2589966

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

| (a) Name of interested person and purpose | (b) Loan to or from the organization? | | (c) Original principal amount | (d) Balance due | (e) In default? | | (f) Approved by board or committee? | | (g) Written agreement? | |
|---|---------------------------------------|------|-------------------------------|-----------------|-----------------|----|-------------------------------------|----|------------------------|----|
| | To | From | | | Yes | No | Yes | No | Yes | No |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Total ▶ \$ _____ | | | | | | | | | | |

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|--|---|---------------------------|--|---|----|
| | | | | Yes | No |
| (1) CYNTHIA L MEYERING | FAMILY MEMBER OF KIMBERLY MAGUIRE, KEY EMPLOYEE | 37,629 | EMPLOYMENT ARRANGEMENT | | No |
| (2) BLUE CROSS BLUE SHIELD OF MICHIGAN | F REMINGTON SPRAGUE, KEY EMPLOYEE, IS TRUSTEE OF BLUE CROSS BLUE SHIELD-MI | 37,598,193 | NET REVENUE FROM PROVISION OF MEDICAL SERVICES | | No |
| (3) COMERICA BANK | T BRUCE FOX, OFFICER AND TRUSTEE, IS AN EMPLOYEE OF COMERICA BANK | 131,009 | BANKING SERVICES | | No |
| (4) MUSKEGON SC LLC | YOUSIF HAMATI, TRUSTEE, IS A GREATER THAN 5% PARTNER IN MUSKEGON SC, LLC | 557,429 | OUTPATIENT SURGERY SERVICES | | No |
| (5) SARAH VANDER HAAR | FAMILY MEMBER OF REV TIM VANDER HAAR, TRUSTEE | 33,569 | EMPLOYMENT ARRANGEMENT | | No |
| (6) MUSKEGON SC LLC | MARY BOYD,KEY EMP & GREGORY LOOMIS,OFFICER, ARE BOTH BD MBRS OF MUSKEGON SC | 557,429 | OUTPATIENT SURGERY SERVICES | | 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 |
|------------|------------------|-------------|
|------------|------------------|-------------|

SCHEDULE M
(Form 990)

NonCash Contributions

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

►Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

Name of the organization
MERCY HEALTH PARTNERS

Employer identification number
38-2589966

Part I

Types of Property

| | (a) Check if applicable | (b) Number of Contributions or items contributed | (c) Contribution amounts reported on Form 990, Part VIII, line 1g | (d) Method of determining contribution amounts |
|--|----------------------------------|--|---|--|
| 1 Art—Works of art | X | 8 | 16,015 | APPRAISAL |
| 2 Art—Historical treasures | | | | |
| 3 Art—Fractional interests | | | | |
| 4 Books and publications | | | | |
| 5 Clothing and household goods | X | | 1,629 | FMV |
| 6 Cars and other vehicles | | | | |
| 7 Boats and planes | | | | |
| 8 Intellectual property | | | | |
| 9 Securities—Publicly traded | | | | |
| 10 Securities—Closely held stock | | | | |
| 11 Securities—Partnership, LLC, or trust interests | | | | |
| 12 Securities—Miscellaneous | | | | |
| 13 Qualified conservation contribution—Historic structures | | | | |
| 14 Qualified conservation contribution—Other | | | | |
| 15 Real estate—Residential | | | | |
| 16 Real estate—Commercial | | | | |
| 17 Real estate—Other | | | | |
| 18 Collectibles | X | 2 | 285 | FMV |
| 19 Food inventory | X | 14 | 1,101 | COST |
| 20 Drugs and medical supplies | | | | |
| 21 Taxidermy | | | | |
| 22 Historical artifacts | | | | |
| 23 Scientific specimens | | | | |
| 24 Archeological artifacts | | | | |
| MEDICAL | | | | |
| 25 Other ► (<u>SUPPLIES</u>) | X | 80 | 2,000 | FMV |
| 26 Other ► (<u>GIFT CARDS</u>) | X | 30 | 710 | COST |
| 27 Other ► (<u>JEWELRY</u>) | X | 9 | 670 | FMV |
| 28 Other ► (<u>TOYS</u>) | X | 2 | 190 | FMV |
| Other ► (.) | | | | |
| SPORTS | | | | |
| PACKAGES/ENTERTAINMENT) | X | 16 | 2,162 | FMV |
| GIFT | | | | |
| BASKETS | | | | |
| AND | | | | |
| Other ► (<u>PRODUCTS</u>) | X | 15 | 1,105 | FMV |
| Other ► (<u>MISCELLANEOUS</u>) | X | 14 | 2,026 | FMV |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement290

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

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

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

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?32aNo

b If "Yes," describe in Part II

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

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

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

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public
Inspection

| | |
|---|--|
| Name of the organization MERCY HEALTH PARTNERS | Employer identification number 38-2589966 |
|---|--|

| Identifier | Return Reference | Explanation |
|------------|--------------------------------------|---|
| | FORM 990, PART VI, SECTION A, LINE 6 | THE SOLE MEMBER OF MERCY HEALTH PARTNERS IS TRINITY HEALTH - MICHIGAN SEE LINE 7 FOR ADDITIONAL INFORMATION |

| Identifier | Return Reference | Explanation |
|------------|--|--|
| | FORM 990, PART VI, SECTION A, LINE 7A | TRINITY HEALTH - MICHIGAN IS THE SOLE MEMBER OF MERCY HEALTH PARTNERS. TRINITY HEALTH - MICHIGAN HAS THE RIGHT TO APPOINT ALL PERSONS TO THE BOARD OF TRUSTEES OF MERCY HEALTH PARTNERS. |

| Identifier | Return Reference | Explanation |
|------------|---------------------------------------|---|
| | FORM 990, PART VI, SECTION A, LINE 7B | AS SOLE MEMBER, TRINITY HEALTH - MICHIGAN MUST APPROVE CERTAIN DECISIONS OF THE GOVERNING BODY, INCLUDING THE STRATEGIC PLAN, ANNUAL CAPITAL PLAN, AND ANNUAL OPERATING BUDGET TRINITY HEALTH - MICHIGAN MUST ALSO APPROVE SIGNIFICANT CHANGES SUCH AS A MERGER, DISSOLUTION, SALE OF ASSETS IN EXCESS OF CERTAIN LIMITS, A MATERIAL CHANGE IN MISSION, AND MODIFICATIONS TO GOVERNING DOCUMENTS |

| Identifier | Return Reference | Explanation |
|------------|---------------------------------------|---|
| | FORM 990, PART VI, SECTION B, LINE 11 | PRIOR TO FILING, THE FORM 990 FOR MERCY HEALTH PARTNERS IS REVIEWED BY SENIOR MANAGEMENT IN ADDITION, CERTAIN KEY SECTIONS OF THE FORM ARE REVIEWED BY THE BOARD OF TRUSTEES THE BOARD RECEIVES A COPY OF THE RETURN IN ITS FINAL FORM BEFORE IT IS FILED WITH THE INTERNAL REVENUE SERVICE |

| Identifier | Return Reference | Explanation |
|------------|---|--|
| | FORM 990, PART VI, SECTION B, LINE 12C | MERCY HEALTH PARTNERS HAS ADOPTED A CONFLICT OF INTEREST POLICY WHICH CONTAINS THE ELEMENTS IN THE MODEL CONFLICT OF INTEREST POLICY ISSUED BY THE IRS IT APPLIES TO ALL "INTERESTED PERSONS" OF MERCY HEALTH PARTNERS, WHICH INCLUDES TRUSTEES, PRINCIPAL OFFICERS AND EXECUTIVES, AND MEMBERS OF COMMITTEES WITH BOARD DESIGNATED POWERS INTERESTED PERSONS ARE REQUIRED TO ACT AT ALL TIMES IN A MANNER CONSISTENT WITH MERCY HEALTH PARTNERS' CHARITABLE PURPOSE AND SERVICE TO THE COMMUNITY AND TO AVOID CONFLICTS OF INTEREST INTERESTED PERSONS ARE REQUIRED TO MAKE FULL DISCLOSURE TO MERCY HEALTH PARTNERS OF ANY FINANCIAL OR BUSINESS INTERESTS THAT MIGHT RESULT IN OR HAVE THE APPEARANCE OF A CONFLICT OF INTEREST INTERESTED PERSONS ARE REQUIRED TO RECUSE THEMSELVES FROM DISCUSSION AND VOTING ON MATTERS INVOLVING A CONFLICT OF INTEREST THE BOARD OF TRUSTEES OF MERCY HEALTH PARTNERS IS RESPONSIBLE FOR THE REVIEW AND APPROVAL OF TRANSACTIONS WITH INTERESTED PERSONS, INCLUDING DETERMINING THAT SUCH TRANSACTIONS ARE FAIR AND REASONABLE TO MERCY HEALTH PARTNERS ON AN ANNUAL BASIS, INTERESTED PERSONS ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE STATEMENT AND TO AFFIRM THEIR RECEIPT OF THE CONFLICT OF INTEREST POLICY, COMPLIANCE WITH ITS REQUIREMENTS, AND AGREE TO NOTIFY THE ORGANIZATION OF CHANGES IMPACTING THEIR ANNUAL DISCLOSURE IN ACCORDANCE WITH THE POLICY THE ANNUAL DISCLOSURES ARE REVIEWED WITH THE BOARD OF TRUSTEES OF MERCY HEALTH PARTNERS ON AN ANNUAL BASIS |

| Identifier | Return Reference | Explanation |
|------------|--|---|
| | FORM 990, PART VI, SECTION B, LINE 15 | TRINITY HEALTH FOLLOWS A PROCESS AND POLICY THAT IS INTENDED TO MIRROR THE IRC SECTION 4958 GUIDELINES FOR OBTAINING A "REBUTTABLE PRESUMPTION OF REASONABLENESS" WITH REGARD TO COMPENSATION AND BENEFITS AS PART OF THAT PROCESS, THE COMPENSATION AND BENEFITS OF CERTAIN OFFICERS AND KEY MANAGEMENT OFFICIALS OF MERCY HEALTH PARTNERS ARE REVIEWED AT LEAST ANNUALLY BY THE TRINITY HEALTH BOARD OR THE TRINITY HEALTH HUMAN RESOURCES AND COMPENSATION COMMITTEE (HRCC) OF THE BOARD, AUTHORIZED TO ACT ON BEHALF OF THE BOARD WITH RESPECT TO CERTAIN COMPENSATION MATTERS AS PART OF ITS REVIEW PROCESS, THE HRCC RETAINS AN INDEPENDENT FIRM EXPERIENCED IN COMPENSATION AND BENEFIT MATTERS FOR NOT-FOR-PROFIT HEALTHCARE ORGANIZATIONS TO ADVISE IT IN THE DETERMINATIONS IT MAKES ON THE REASONABLENESS OF PROPOSED COMPENSATION AND BENEFITS ARRANGEMENTS |

| Identifier | Return Reference | Explanation |
|------------|--|---|
| | FORM 990, PART VI, SECTION C, LINE 19 | MERCY HEALTH PARTNERS IS A SUBSIDIARY ORGANIZATION IN THE TRINITY HEALTH SYSTEM. TRINITY HEALTH MAKES CERTAIN OF ITS KEY DOCUMENTS AVAILABLE TO THE PUBLIC ON ITS WEBSITE, WWW.TRINITY-HEALTH.ORG, IN THE "ABOUT US" SECTION. IN THIS SECTION, THE ANNUAL REPORT (WHICH INCLUDES COMMUNITY BENEFIT MINISTRY INFORMATION) AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS ARE PUBLICLY AVAILABLE. IN ADDITION, MERCY HEALTH PARTNERS INCLUDES A COPY OF ITS MOST RECENTLY FILED SCHEDULE H ON BOTH ITS OWN WEBSITE AND TRINITY HEALTH'S WEBSITE. |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ESTIMATE OF THE AVERAGE HOURS PER WEEK DEVOTED TO RELATED ORGANIZATIONS | FORM 990, PART VII, SECTION A, COLUMN B | THE HOURS LISTED IN COLUMN B OF PART VII, SECTION A, LINE 1 REFLECT ONLY THE INDIVIDUALS' AVERAGE WEEKLY HOURS SPENT DIRECTLY ON THE ACTIVITIES OF THE REPORTING ORGANIZATION. IN ADDITION, THESE ARE THE AVERAGE HOURS PER WEEK DEVOTED TO RELATED ORGANIZATIONS: KEDRICK ADKINS - 53 HOURS, JEFFREY ALEXANDER - 25 HOURS, GARY ALLORE - 25 HOURS, MARY BOYD - 25 HOURS, GREGORY LOOMIS - 25 HOURS, KIMBERLY MAGUIRE - 25 HOURS, PHILIP MCCORKLE - 48 HOURS, MICHAEL MURPHY - 53 HOURS, RICHARD O'CONNELL - 53 HOURS, ROGER SPOELMAN - 25 HOURS, F. REMINGTON SPRAGUE - 25 HOURS, JOSEPH SWEDISH - 53 HOURS. |

| Identifier | Return Reference | Explanation |
|------------|-------------------------------------|---|
| TRUSTEES | FORM 990, PART VII, SECTION A | SR MYRA BERGMAN, RSM IS A MEMBER OF THE RELIGIOUS SISTERS OF MERCY HAVING TAKEN A VOW OF POVERTY, SR MYRA DID NOT RECEIVE COMPENSATION FOR THE SERVICES SHE PROVIDED AS VICE PRESIDENT, MISSION SERVICES FOR SAINT MARY'S HEALTH CARE (A DIVISION OF TRINITY HEALTH - MICHIGAN) INSTEAD, A TOTAL OF \$178,981 WAS PAID BY TRINITY HEALTH - MICHIGAN DIRECTLY TO THE SISTERS OF MERCY FOR SR MYRA'S SERVICES |

| Identifier | Return Reference | Explanation |
|--|---------------------------|---|
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED LOSSES ON INVESTMENTS -1,274,303 EQUITY TRANSFERS TO AFFILIATES - 1,180,184 INDIGENT CARE AGREEMENT REVENUE 1,816,394 INDIGENT CARE AGREEMENT CONTRIBUTION -1,652,007 EQUITY GAIN IN UNCONSOLIDATED AFFILIATES 238,248 TOTAL TO FORM 990, PART XI, LINE 5 -2,051,852 |

| Identifier | Return Reference | Explanation |
|------------|----------------------------|---|
| | FORM 990, PART XII, LINE 2 | MERCY HEALTH PARTNER'S FINANCIAL STATEMENTS WERE INCLUDED IN THE FY 12 CONSOLIDATED FINANCIAL STATEMENTS OF TRINITY HEALTH, WHICH WERE AUDITED BY AN INDEPENDENT PUBLIC ACCOUNTING FIRM |

| Identifier | Return Reference | Explanation |
|------------|--|--|
| | FORM 990, PAGE 1, DOING BUSINESS AS NAMES | MERCY HEALTH PARTNERS, MUSKEGON GENERAL CAMPUS MERCY HEALTH PARTNERS, MERCY CAMPUS MERCY HEALTH PARTNERS-ORTHOTICS AND PROSTHETICS MERCY HEALTH MERCY |

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MERCY HEALTH PARTNERS

Employer identification number
38-2589966

Part I

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

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

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|-------------------------|--|----------------------------|---|----------------------------------|---|----|
| | | | | | | Yes | No |
| See Additional Data Table | | | | | | | |
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Part III

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512- 514) | (f) Share of total income | (g) Share of end-of- year assets | (h) Disproportionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|--|-------------------------|--|-------------------------------------|---|---------------------------------|---|---|----|---|---|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| See Additional Data Table | | | | | | | | | | | | |
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Part IV

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|-------------------------|---|-------------------------------------|--|---------------------------------|--|--------------------------------|
| See Additional Data Table | | | | | | | |
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Part V

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

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

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

No

1o

Yes

1p

Yes

1q

Yes

1r

No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|-----------------------------------|---------------------------------|------------------------|---|
| (1) See Additional Data Table | | | |
| (2) | | | |
| (3) | | | |
| (4) | | | |
| (5) | | | |
| (6) | | | |

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

[illegible]

Part VII

Supplemental Information

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

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

Software ID:
Software Version:
EIN: 38-2589966
Name: MERCY HEALTH PARTNERS

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

| (a) Name, address, and EIN of related organization | (b) Primary Activity | (c) Legal Domicile (State or Foreign Country) | (d) Exempt Code section | (e) Public charity status (if 501(c) (3)) | (f) Direct Controlling Entity | g Section 512 (b)(13) controlled organization | |
|---|--|--|----------------------------------|--|---|---|----|
| ADVANTAGE HEALTHSAINT MARY'S MEDICAL GROUP 245 STATE ST SE GRAND RAPIDS, MI 49503 27-2491974 | HEALTHCARE SERVICES | MI | 501(C) (3) | 9 | TRINITY HEALTH- MICHIGAN | | No |
| AMICARE HOSPICE SERVICES INC 20555 VICTOR PARKWAY LIVONIA, MI 48152 38-2949053 | PROVIDE HOSPICE SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HOME HEALTH SERVICES INC | | No |
| AUXILIARY OF HOLY ROSARY HOSPITAL 351 SW 9TH STREET ONTARIO, OR 97914 94-3059469 | SUPPORTS SERVICES OF RELATED HOSPITAL | OR | 501(C) (3) | 9 | SAINT ALPHONSUS MEDICAL CENTER- ONTARIO | | No |
| BAUM HARMON MERCY HOSPITAL 255 NORTH WELCH AVENUE PRIMGHAR, IA 51245 42-1500277 | ACUTE/AMBULATORY HEALTHCARE SERVICES | IA | 501(C) (3) | 3 | MERCY HEALTH SERVICES-IOWA CORP | | No |
| BAUM HARMON MERCY HOSPITAL & CLINICS FOUNDATION 255 NORTH WELCH AVENUE PRIMGHAR, IA 51245 26-2973307 | SUPPORT THE SERVICES OF RELATED HOSPITAL | IA | 501(C) (3) | 11, TYPE I | BAUM HARMON MERCY HOSPITAL | | No |
| CATHERINE MCAULEY HEALTH SERVICES CORP PO BOX 995 ANN ARBOR, MI 48106 38-2507173 | FURTHER TRINITY HEALTH ACTIVITIES, ORGANIZE AND DEVELOP MEDICAL SERVICES | MI | 501(C) (3) | 11, TYPE II | TRINITY HEALTH- MICHIGAN | | No |
| COMMUNITY HEALTH PARTNERS OF SOUTH BEND PO BOX 3998 SOUTH BEND, IN 46619 26-3051440 | HEALTHCARE SERVICES | IN | 501(C) (3) | 3 | SAINT JOSEPH REGIONAL MEDICAL CENTER INC | | No |
| CRANBROOK HOSPICE CARE 281 ENTERPRISE COURT BLOOMFIELD HILLS, MI 48302 38-3320699 | PROVIDE HOSPICE HEALTH SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HOME HEALTH SERVICES INC | | No |
| DILEY RIDGE MEDICAL CENTER 6150 EAST BROAD STREET COLUMBUS, OH 43213 34-2032340 | HOSPITAL CAMPUS IN FAIRFIELD COUNTY OHIO | OH | 501(C) (3) | 3 | MOUNT CARMEL HEALTH SYSTEM | | No |
| DUBUQUE MERCY HEALTH FOUNDATION INC 250 MERCY DRIVE DUBUQUE, IA 52001 26-2227941 | SUPPORT THE SERVICES OF RELATED HOSPITAL | IA | 501(C) (3) | 11, TYPE I | MERCY HEALTH SERVICES-IOWA CORP | | No |
| DYERSVILLE HEALTH FOUNDATION INC 1111 3RD STREET SW DYERSVILLE, IA 52040 20-5383271 | SUPPORT THE SERVICES OF RELATED HOSPITAL | IA | 501(C) (3) | 11, TYPE I | MERCY HEALTH SERVICES-IOWA CORP | | No |
| GOTTLIEB COMMUNITY HEALTH SERVICES CORPORATION 701 W NORTH AVE MELROSE PARK, IL 60160 36-3332852 | SUPPORT THE SERVICES OF RELATED HOSPITAL | IL | 501(C) (3) | 9 | GOTTLIEB MEMORIAL HOSPITAL | | No |
| GOTTLIEB MEMORIAL FOUNDATION 701 W NORTH AVE MELROSE PARK, IL 60160 74-3260011 | SUPPORT THE SERVICES OF RELATED HOSPITAL | IL | 501(C) (3) | 11, TYPE III-FI | N/A | | No |
| GOTTLIEB MEMORIAL HOSPITAL 701 W NORTH AVE MELROSE PARK, IL 60160 36-2379649 | HEALTHCARE SERVICES | IL | 501(C) (3) | 3 | LOYOLA UNIVERSITY HEALTH SYSTEM | | No |
| HACKLEY HOSPITAL 1700 CLINTON ST PO BOX 3302 MUSKEGON, MI 494433302 38-1358196 | HEALTHCARE SERVICES | MI | 501(C) (3) | 3 | MERCY HEALTH PARTNERS | Yes | |
| HACKLEY HOSPITAL SELF INSURANCE PROFESSIONAL LIABILITY TRUST PO BOX 3302 MUSKEGON, MI 494433302 38-2299878 | SELF INSURANCE FOR GENERAL AND MALPRACTICE LIABILITY | MI | 501(C) (3) | 11, TYPE III-FI | MERCY HEALTH PARTNERS | Yes | |
| HACKLEY LIFE COUNSELING 1352 TERRACE ST MUSKEGON, MI 494423545 38-1386362 | COUNSELING, EDUCATION, AND SUPPORT | MI | 501(C) (3) | 9 | MERCY HEALTH PARTNERS | Yes | |
| HACKLEY VISITING NURSE SERVICES AND HOSPICE INC 888 TERRACE ST MUSKEGON, MI 49440 38-1359598 | PROVIDE HOME HEALTH CARE SERVICES | MI | 501(C) (3) | 7 | MERCY HEALTH PARTNERS | Yes | |
| HOLY CROSS CARENET INC PO BOX 9184 FARMINGTON HILLS, MI 48333 52-1945054 | LONG-TERM CARE AND REHABILITATION FOR THE ELDERLY | MD | 501(C) (3) | 9 | TRINITY CONTINUING CARE SERVICES | | No |
| HOLY CROSS HOSPITAL FOUNDATION INC 11801 TECH ROAD SILVER SPRING, MD 20904 20-8428450 | CHARITABLE FUNDRAISING | MD | 501(C) (3) | 11, TYPE I | HOLY CROSS HOSPITAL OF SILVER SPRING | | No |

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

| (a) Name, address, and EIN of related organization | (b) Primary Activity | (c) Legal Domicile (State or Foreign Country) | (d) Exempt Code section | (e) Public charity status (if 501(c) (3)) | (f) Direct Controlling Entity | (g) Section 512 (b)(13) controlled organization | |
|---|--|--|----------------------------------|--|--|---|----|
| HOLY CROSS HOSPITAL OF SILVER SPRING INC 1500 FOREST GLEN RD SILVER SPRING, MD 209101484 52-0738041 | HEALTHCARE SERVICES | MD | 501(C) (3) | 3 | TRINITY HEALTH CORPORATION | | No |
| HOLY CROSS MEDICAL CENTER 20555 VICTOR PARKWAY LIVONIA, MI 48152 95-1985442 | HEALTHCARE SERVICES (FORMERLY) | CA | 501(C) (3) | 3 | TRINITY HEALTH CORPORATION | | No |
| HOSPICE OF NORTH IOWA 232 SECOND STREET SE MASON CITY, IA 504016208 42-1173708 | HOSPICE HEALTH CARE SERVICES | IA | 501(C) (3) | 7 | MERCY HEALTH SERVICES-IOWA CORP | | No |
| HOSPICE OF WASHTENAW II 806 AIRPORT BLVD ANN ARBOR, MI 48108 38-3320707 | HOSPICE HEALTH CARE SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH- MICHIGAN | | No |
| HPCN 1675 LEAHY STREET MUSKEGON, MI 49442 30-0207909 | HEALTHCARE SERVICES | MI | 501(C) (3) | 11, TYPE II | MERCY HEALTH PARTNERS | Yes | |
| IHA HEALTH SERVICES CORPORATION 24 FRANK LLOYD WRIGHT DR LOBBY J ANN ARBOR, MI 48106 38-3316559 | PROVIDES OFFICE- BASED MEDICAL CARE | MI | 501(C) (3) | 9 | TRINITY HEALTH- MICHIGAN | | No |
| LAKESHORE COMMUNITY HOSPITAL INC 72 S STATE STREET SHELBY, MI 494551228 38-2549295 | ACUTE HEALTHCARE SERVICES | MI | 501(C) (3) | 3 | MERCY HEALTH PARTNERS | Yes | |
| LOYOLA UNIVERSITY HEALTH SYSTEM 2160 SOUTH FIRST AVENUE MAYWOOD, IL 60153 36-3342448 | HEALTHCARE SYSTEM MANAGEMENT AND SUPPORT | IL | 501(C) (3) | 11, TYPE II | TRINITY HEALTH CORPORATION | | No |
| LOYOLA UNIVERSITY MEDICAL CENTER 2160 SOUTH FIRST AVENUE MAYWOOD, IL 60153 36-4015560 | HEALTHCARE SERVICES | IL | 501(C) (3) | 3 | LOYOLA UNIVERSITY HEALTH SYSTEM | | No |
| MARIAN HOME HEALTHCARE 801 5TH STREET SIOUX CITY, IA 51101 38-3320705 | PROVIDE HOME HEALTH CARE SERVICES | IA | 501(C) (3) | 11, TYPE I | MERCY HEALTH SERVICES-IOWA CORP | | No |
| MCAULEY CLINIC CORPORATION PO BOX 992 ANN ARBOR, MI 48106 38-2561013 | HEALTHCARE SERVICES (FORMERLY) | MI | 501(C) (3) | 3 | CATHERINE MCAULEY HEALTH SERVICES CORP | | No |
| MERCY AMICARE HOME HEALTHCARE OAKLAND 281 ENTERPRISE COURT BLOOMFIELD HILLS, MI 483020312 38-3320698 | PROVIDE HOME HEALTH CARE SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HOME HEALTH SERVICES INC | | No |
| MERCY AMICARE HOME HEALTHCARE PORT HURON 505 HURON AVENUE PORT HURON, MI 48060 38-3320701 | PROVIDE HOME HEALTH CARE SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HOME HEALTH SERVICES INC | | No |
| MERCY FOUNDATION INC 2525 SOUTH MICHIGAN AVENUE CHICAGO, IL 60616 36-3227350 | SUPPORTS THE SERVICES OF RELATED HEALTH CARE SYSTEM | IL | 501(C) (3) | 11, TYPE I | MERCY HEALTH SYSTEM OF CHICAGO | | No |
| MERCY GENERAL HEALTH PARTNERS AMICARE HOMECARE 684 HARVEY STREET MUSKEGON, MI 49442 38-3321856 | PROVIDE HOME HEALTH CARE SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HOME HEALTH SERVICES INC | | No |
| MERCY HEALTH PARTNERS 1415 LEAHY STREET MUSKEGON, MI 49442 38-2589966 | HEALTHCARE SYSTEM SUPPORT | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH- MICHIGAN | Yes | |
| MERCY HEALTH SERVICES - IOWA CORP 1000 4TH STREET SW MASON CITY, IA 50401 31-1373080 | HEALTHCARE SERVICES | DE | 501(C) (3) | 3 | TRINITY HEALTH- MICHIGAN | | No |
| MERCY HEALTH SYSTEM OF CHICAGO 2525 SOUTH MICHIGAN AVENUE CHICAGO, IL 60616 36-3163327 | HEALTHCARE SYSTEM MANAGEMENT AND SUPPORT | IL | 501(C) (3) | 11, TYPE I | TRINITY HEALTH CORPORATION | | No |
| MERCY HEALTH SYSTEM OF CHICAGO LIABILITY SELF INSURANCE TRUST BK OF AMERICA 231 S LASALLE CHICAGO, IL 60697 91-2092113 | SELF INSURANCE FOR PROFESSIONAL AND COMPREHENSIVE LIABILITY | IL | 501(C) (3) | 11, TYPE III-FI | MERCY HEALTH SYSTEM OF CHICAGO | | No |
| MERCY HEALTHCARE FOUNDATION 1410 N 4TH ST CLINTON, IA 52732 42-1316126 | FUNDRAISING AND FINANCIAL ASSISTANCE FOR HOSPITAL CHARITABLE SERVICES | IA | 501(C) (3) | 11, TYPE I | MERCY MEDICAL CENTER-CLINTON | | No |

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

| (a) Name, address, and EIN of related organization | (b) Primary Activity | (c) Legal Domicile (State or Foreign Country) | (d) Exempt Code section | (e) Public charity status (if 501(c) (3)) | (f) Direct Controlling Entity | (g) Section 512 (b)(13) controlled organization | |
|--|---|--|----------------------------------|--|--------------------------------------|---|----|
| MERCY HOSPITAL AND MEDICAL CENTER 2525 SOUTH MICHIGAN AVENUE CHICAGO, IL 60616 36-2170152 | HEALTHCARE SERVICES | IL | 501(C) (3) | 3 | MERCY HEALTH SYSTEM OF CHICAGO | | No |
| MERCY HOSPITAL CADILLAC FOUNDATION 400 HOBART CADILLAC, MI 496012331 20-3357131 | SUPPORT THE SERVICES OF RELATED HOSPITAL | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH-MICHIGAN | | No |
| MERCY HOSPITAL GIFT SHOP 2601 ELECTRIC AVE PORT HURON, MI 48060 38-1630480 | VOLUNTEER SERVICE AUXILIARY | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH-MICHIGAN | | No |
| MERCY MEDICAL CENTER - CLINTON INC 1410 NORTH 4TH ST CLINTON, IA 527322940 42-1336618 | TO PROVIDE QUALITY HEALTH CARE | DE | 501(C) (3) | 3 | MERCY HEALTH SERVICES-IOWA CORP | | No |
| MERCY MEDICAL CENTER - SIOUX CITY FOUNDATION 801 5TH STREET SIOUX CITY, IA 51102 14-1880022 | SUPPORT THE SERVICES OF RELATED HOSPITAL | IA | 501(C) (3) | 7 | MERCY HEALTH SERVICES-IOWA CORP | | No |
| MERCY MEDICAL CENTER FOUNDATION - NORTH IOWA 1000 4TH STREET SW MASON CITY, IA 504012800 42-1229151 | SUPPORT THE SERVICES OF RELATED HOSPITAL | IA | 501(C) (3) | 11, TYPE III-FI | MERCY HEALTH SERVICES-IOWA CORP | | No |
| MERCY NORTH HOMECARE AND HOSPICE 7985 MACKINAW TRAIL CADILLAC, MI 49601 38-3313897 | HOME HEALTH AND HOSPICE SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HOME HEALTH SERVICES INC | | No |
| MERCY PHYSICIAN GROUP INC 1512 12TH AVENUE ROAD NAMPA, ID 83686 20-8192593 | TO PROVIDE QUALITY HEALTH CARE | ID | 501(C) (3) | 9 | SAINT ALPHONSUS MEDICAL CENTER-NAMPA | | No |
| MERCY SERVICES FOR AGING NON-PROFIT HOUSING CORPORATION PO BOX 9184 FARMINGTON HILLS, MI 483339184 38-2719605 | PROVIDES LONG-TERM CARE FOR THE ELDERLY | MI | 501(C) (3) | 11, TYPE II | TRINITY CONTINUING CARE SERVICES INC | | No |
| MIDWEST MEDFLIGHT 1300 VICTORS WAY ANN ARBOR, MI 48108 38-2684671 | AEROMEDICAL TRANSPORT | MI | 501(C) (3) | 9 | TRINITY HEALTH-MICHIGAN | | No |
| MOUNT CARMEL CARE CONTINUUM SERVICES CORP 793 WEST STATE STREET COLUMBUS, OH 43222 31-1126211 | COOPERATIVE HOSPITAL SERVICE ORGANIZATION | OH | 501(C) (3) | 3 | MOUNT CARMEL HEALTH SYSTEM | | No |
| MOUNT CARMEL COLLEGE OF NURSING 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1308555 | COLLEGE OF NURSING | OH | 501(C) (3) | 2 | MOUNT CARMEL HEALTH | | No |
| MOUNT CARMEL HEALTH 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-4379602 | HEALTHCARE SERVICES | OH | 501(C) (3) | 3 | MOUNT CARMEL HEALTH SYSTEM | | No |
| MOUNT CARMEL HEALTH INSURANCE COMPANY 6150 EAST BROAD STREET COLUMBUS, OH 43213 25-1912781 | HEALTH INSURANCE | OH | 501(C) (4) | N/A | MOUNT CARMEL HEALTH SYSTEM | | No |
| MOUNT CARMEL HEALTH PLAN INC 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1471229 | MEDICARE HMO FOR SENIORS | OH | 501(C) (4) | N/A | MOUNT CARMEL HEALTH SYSTEM | | No |
| MOUNT CARMEL HEALTH SYSTEM 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1439334 | HEALTHCARE SYSTEM MANAGEMENT AND SUPPORT | OH | 501(C) (3) | 11, TYPE I | TRINITY HEALTH CORPORATION | | No |
| MOUNT CARMEL HEALTH SYSTEM FOUNDATION 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1113966 | SUPPORT THE SERVICES OF RELATED HOSPITAL | OH | 501(C) (3) | 11, TYPE I | MOUNT CARMEL HEALTH SYSTEM | | No |
| MOUNT CARMEL HOME CARE LLC 1144 DUBLIN ROAD SUITE B COLUMBUS, OH 43215 26-2729300 | PROVIDE HOME HEALTH CARE SERVICES | OH | 501(C) (3) | 9 | TRINITY HOME HEALTH SERVICES INC | | No |
| MOUNT CARMEL NEW ALBANY SURGICAL HOSPITAL 7333 SMITHS MILL RD NEW ALBANY, OH 43054 87-0790288 | HEALTHCARE SERVICES | OH | 501(C) (3) | 3 | MOUNT CARMEL HEALTH SYSTEM | | No |
| MRI MOBILE SERVICES OF WEST MICHIGAN 1820 - 44TH STREET KENTWOOD, MI 49508 38-3073745 | OPERATE MAGNETIC IMAGING RESONANCE (FORMERLY) | MI | 501(C) (3) | 9 | TRINITY HEALTH-MICHIGAN | | No |

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

| (a) Name, address, and EIN of related organization | (b) Primary Activity | (c) Legal Domicile (State or Foreign Country) | (d) Exempt Code section | (e) Public charity status (if 501(c) (3)) | (f) Direct Controlling Entity | g Section 512 (b)(13) controlled organization | |
|---|---|--|----------------------------------|--|---|---|----|
| MUSKEGON COMMUNITY HEALTH PROJECT 565 W WESTERN AVENUE MUSKEGON, MI 49440 91-1932918 | FACILITATE AND COORDINATE HEALTHCARE AND RELATED SERVICES | MI | 501(C)(3) | 7 | MERCY HEALTH PARTNERS | Yes | |
| OAKLAND MERCY HOSPITAL 601 EAST 2ND STREET OAKLAND, NE 68045 20-8072234 | HEALTHCARE SERVICES | NE | 501(C)(3) | 3 | MERCY HEALTH SERVICES-IOWA CORP | | No |
| OAKLAND MERCY HOSPITAL FOUNDATION 601 E 2ND STREET OAKLAND, NE 68045 31-1678345 | SUPPORTS SERVICES OF RELATED HOSPITAL | NE | 501(C)(3) | 11, TYPE III-FI | OAKLAND MERCY HOSPITAL | | No |
| PORT HURON MERCY FAMILY CARE INC 2601 ELECTRIC AVE PORT HURON, MI 48060 20-1855647 | HEALTHCARE SERVICES | MI | 501(C)(3) | 11, TYPE I | TRINITY HEALTH-MICHIGAN | | No |
| PROFESSIONAL MED TEAM 965 FORK STREET MUSKEGON, MI 494423257 38-2638284 | MEDICAL CARE, TRANSPORTATION AND EDUCATION | MI | 501(C)(3) | 9 | TRINITY HEALTH-MICHIGAN | | No |
| PROFESSIONAL OFFICE CORPORATION 1303 EAST HERNDON AVE FRESNO, CA 93720 94-2839324 | HEALTHCARE SERVICES | CA | 501(C)(3) | 11, TYPE I | SAINT AGNES MEDICAL CENTER | | No |
| SAINT AGNES MEDICAL CENTER 1303 EAST HERNDON AVE FRESNO, CA 93720 94-1437713 | HEALTHCARE SERVICES | CA | 501(C)(3) | 3 | TRINITY HEALTH CORPORATION | | No |
| SAINT ALPHONSUS BUILDING COMPANY INC 1055 NORTH CURTIS RD BOISE, ID 83706 82-0401011 | SUPPORTS SERVICES OF RELATED HOSPITAL | ID | 501(C)(3) | 11, TYPE I | SAINT ALPHONSUS REGIONAL MEDICAL CENTER INC | | No |
| SAINT ALPHONSUS DIVERSIFIED CARE INC 1055 NORTH CURTIS RD BOISE, ID 83706 94-3028978 | SUPPORTS SERVICES OF RELATED HOSPITAL | ID | 501(C)(3) | 11, TYPE I | SAINT ALPHONSUS REGIONAL MEDICAL CENTER INC | | No |
| SAINT ALPHONSUS FOUNDATION-BAKER CITY INC 3325 POCAHONTAS ROAD BAKER CITY, OR 97814 94-3164869 | SUPPORT THE SERVICES OF RELATED HOSPITAL | OR | 501(C)(3) | 7 | SAINT ALPHONSUS MEDICAL CENTER - BAKER CITY | | No |
| SAINT ALPHONSUS FOUNDATION-ONTARIO INC 351 SW 9TH STREET ONTARIO, OR 97914 20-2683560 | SUPPORT THE SERVICES OF RELATED HOSPITAL | OR | 501(C)(3) | 11, TYPE I | SAINT ALPHONSUS MEDICAL CENTER-ONTARIO | | No |
| SAINT ALPHONSUS HEALTH SYSTEM INC 1055 N CURTIS ROAD BOISE, ID 83706 27-1929502 | HEALTHCARE SYSTEM MANAGEMENT AND SUPPORT | ID | 501(C)(3) | 11, TYPE I | TRINITY HEALTH CORPORATION | | No |
| SAINT ALPHONSUS MEDICAL CENTER-BAKER CITY 3325 POCAHONTAS ROAD BAKER CITY, OR 97814 27-1790052 | TO PROVIDE QUALITY HEALTH CARE | OR | 501(C)(3) | 3 | SAINT ALPHONSUS HEALTH SYSTEM INC | | No |
| SAINT ALPHONSUS MEDICAL CENTER-NAMPA 1512 12TH AVENUE ROAD NAMPA, ID 83686 82-0200896 | TO PROVIDE QUALITY HEALTH CARE | ID | 501(C)(3) | 3 | SAINT ALPHONSUS HEALTH SYSTEM INC | | No |
| SAINT ALPHONSUS MEDICAL CENTER-NAMPA HEALTH FOUNDATION INC 1512 12TH AVENUE ROAD NAMPA, ID 83686 26-1737256 | SUPPORT THE SERVICES OF RELATED HOSPITAL | ID | 501(C)(3) | 7 | SAINT ALPHONSUS MEDICAL CENTER-NAMPA | | No |
| SAINT ALPHONSUS MEDICAL CENTER-ONTARIO 351 SW 9TH STREET ONTARIO, OR 97914 27-1789847 | TO PROVIDE QUALITY HEALTH CARE | OR | 501(C)(3) | 3 | SAINT ALPHONSUS HEALTH SYSTEM INC | | No |
| SAINT ALPHONSUS REGIONAL MEDICAL CENTER 1055 NORTH CURTIS RD BOISE, ID 83706 82-0200895 | HEALTHCARE SERVICES | ID | 501(C)(3) | 3 | SAINT ALPHONSUS HEALTH SYSTEM INC | | No |
| SAINT JOSEPH REGIONAL MEDICAL CENTER - PLYMOUTH CAMPUS INC 1915 LAKE AVENUE PO BOX 670 PLYMOUTH, IN 46563 35-1142669 | HEALTHCARE SERVICES | IN | 501(C)(3) | 3 | SAINT JOSEPH REGIONAL MEDICAL CENTER INC | | No |
| SAINT JOSEPH REGIONAL MEDICAL CENTER - SOUTH BEND CAMPUS INC PO BOX 1935 SOUTH BEND, IN 466341935 35-0868157 | HEALTHCARE SERVICES | IN | 501(C)(3) | 3 | SAINT JOSEPH REGIONAL MEDICAL CENTER INC | | No |
| SAINT JOSEPH REGIONAL MEDICAL CENTER MISHAWAKA AUXILIARY INC 5215 HOLY CROSS PARKWAY MISHAWAKA, IN 46545 35-6033285 | HOSPITAL SERVICE AUXILIARY | IN | 501(C)(4) | N/A | SAINT JOSEPH REGIONAL MEDICAL CENTER-S BEND | | No |

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

| (a) Name, address, and EIN of related organization | (b) Primary Activity | (c) Legal Domicile (State or Foreign Country) | (d) Exempt Code section | (e) Public charity status (if 501(c) (3)) | (f) Direct Controlling Entity | (g) Section 512 (b)(13) controlled organization | |
|--|--|--|----------------------------------|--|---|---|----|
| SAINT JOSEPH REGIONAL MEDICAL CENTER PLYMOUTH AUXILIARY INC 1915 LAKE AVENUE PLYMOUTH, IN 46563 35-6043563 | HOSPITAL SERVICE AUXILIARY | IN | 501(C) (3) | 11, TYPE II | SAINT JOSEPH REGIONAL MEDICAL CENTER- PLYMOUTH | | No |
| SAINT JOSEPH REGIONAL MEDICAL CENTER INC 801 EAST LASALLE AVE SOUTH BEND, IN 46617 35-1568821 | HEALTHCARE SYSTEM MANAGEMENT AND SUPPORT | IN | 501(C) (3) | 11, TYPE I | TRINITY HEALTH CORPORATION | | No |
| SAINT JOSEPH'S TOWER INC PO BOX 9184 FARMINGTON HILLS, MI 483339184 31-1040468 | PROVIDES HOUSING FOR LOW INCOME ELDERLY INDIVIDUALS | IN | 501(C) (3) | 9 | TRINITY CONTINUING CARE SERVICES- INDIANA | | No |
| SAINT MARY'S AMICARE HOME HEALTHCARE 1430 MONROE NW GRAND RAPIDS, MI 49505 38-3320700 | PROVIDE HOME HEALTH CARE SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HOME HEALTH SERVICES INC | | No |
| SAINT MARY'S FOUNDATION (FKA SAINT MARY'S DORAN FOUNDATION) 200 JEFFERSON ST SE GRAND RAPIDS, MI 49503 38-1779602 | SUPPORTS SERVICES OF RELATED HOSPITAL | MI | 501(C) (3) | 7 | TRINITY HEALTH- MICHIGAN | | No |
| ST JOSEPH MERCY OAKLAND FOUNDATION 44405 WOODWARD AVE PONTIAC, MI 48341 35-2356789 | SUPPORTS SERVICES OF RELATED HOSPITAL | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH- MICHIGAN | | No |
| ST ANN'S HOSPITAL 500 SOUTH CLEVELAND AVE WESTERVILLE, OH 43081 31-4412701 | HEALTHCARE SERVICES | OH | 501(C) (3) | 3 | MOUNT CARMEL HEALTH SYSTEM | | No |
| THE FOUNDATION OF SAINT JOSEPH REGIONAL MEDICAL CENTER 4215 EDISON LAKES PARKWAY MISHAWAKA, IN 46545 35-1654543 | SUPPORTS SERVICES OF RELATED HOSPITAL | IN | 501(C) (3) | 11, TYPE I | SAINT JOSEPH REGIONAL MEDICAL CENTER INC | | No |
| TRI-HOSPITAL MRI CENTER 4190 24TH AVENUE FORT GRATIOT, MI 48054 38-2884297 | MRI SERVICES | MI | 501(C) (3) | 3 | TRINITY HEALTH- MICHIGAN | | No |
| TRINITY CONTINUING CARE SERVICES PO BOX 9184 FARMINGTON HILLS, MI 483339184 38-2559656 | MANAGEMENT SERVICES FOR LONG TERM CARE AND SENIOR LIVING FACILITIES | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH CORPORATION | | No |
| TRINITY CONTINUING CARE SERVICES - INDIANA INC PO BOX 9184 FARMINGTON HILLS, MI 483339184 93-0907047 | PROVIDES LONG- TERM CARE AND RESIDENTIAL HOUSING | IN | 501(C) (3) | 9 | TRINITY CONTINUING CARE SERVICES | | No |
| TRINITY HEALTH - MICHIGAN 20555 VICTOR PARKWAY LIVONIA, MI 48152 38-2113393 | HEALTHCARE SERVICES | MI | 501(C) (3) | 3 | TRINITY HEALTH CORPORATION | | No |
| TRINITY HEALTH CORPORATION 20555 VICTOR PARKWAY LIVONIA, MI 48152 35-1443425 | HEALTHCARE SYSTEM MANAGEMENT AND SUPPORT | IN | 501(C) (3) | 11, TYPE I | N/A | | No |
| TRINITY HEALTH INTERNATIONAL 20555 VICTOR PARKWAY LIVONIA, MI 48152 42-1253527 | HEALTHCARE TRAINING AND SUPPORT SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH CORPORATION | | No |
| TRINITY HEALTH WELFARE BENEFIT TRUST 20555 VICTOR PARKWAY LIVONIA, MI 48152 20-8151733 | RETIREE MEDICAL AND RETIREE LIFE INSURANCE COVERAGE | MI | 501(C) (9) | N/A | TRINITY HEALTH CORPORATION | | No |
| TRINITY HOME HEALTH SERVICES INC 17410 COLLEGE PARKWAY LIVONIA, MI 48152 38-2621935 | HOME HEALTH CARE SYSTEM MANAGEMENT SERVICES | MI | 501(C) (3) | 11, TYPE I | TRINITY HEALTH CORPORATION | | No |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal Domicile (State or Foreign Country) | (d) Direct Controlling Entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income (\$) | (g) Share of end-of-year assets (\$) | (h) Disproportionate allocations? | | (i) Code V-UBI amount on Box 20 of K-1 (\$) | (j) General or Managing Partner? | | (k) Percentage ownership |
|---|-----------------------------------|--|----------------------------------|--|-----------------------------------|---|--------------------------------------|----|--|-------------------------------------|----|-----------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| ADVENT REHABILITATION LLC 607 DEWEY AVENUE SUITE 300 GRAND RAPIDS, MI 49504 38-3306673 | REHABILITATION THERAPY SERVICES | MI | N/A | N/A | | | | No | | | No | |
| BIG RUN MEDICAL OFFICE BUILDING LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 31-1608125 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |
| CENTER FOR DIGESTIVE CARE LLC 5300 ELLIOTT DRIVE YPSILANTI, MI 48197 03-0447062 | PROVIDE GASTROINTESTINAL SERVICES | MI | N/A | N/A | | | | No | | | No | |
| CENTRAL OHIO SLEEP MEDICINE LTD 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1701029 | SLEEP MEDICINE SERVICES | OH | N/A | N/A | | | | No | | | No | |
| CLINTON IMAGING SERVICES LLC 615 VALLEY VIEW DR STE 202 MOLINE, IL 61265 41-2044739 | MRI DIAGNOSTIC SERVICES | IA | N/A | N/A | | | | No | | | No | |
| FOREST PARK IMAGING LLC 1000 4TH STREET SW MASON CITY, IA 50401 13-4365966 | X-RAY AND MAMMOGRAPHY SERVICES | IA | N/A | N/A | | | | No | | | No | |
| FRANCES WARDE MEDICAL LABORATORY 300 WEST TEXTILE ROAD ANN ARBOR, MI 48104 38-2648446 | LABORATORY | MI | N/A | N/A | | | | No | | | No | |
| FRESNO IMAGING CENTER 1303 E HERNDON AVE FRESNO, CA 93720 77-0363563 | DIAGNOSTIC IMAGING | CA | N/A | N/A | | | | No | | | No | |
| HAWARDEN REGIONAL HEALTH CLINICS LLC 1122 AVENUE L HAWARDEN, IA 51023 20-1444339 | MEDICAL CLINIC | IA | N/A | N/A | | | | No | | | No | |
| IDAHO GYNONCOLOGY SERVICES LLC 1055 N CURTIS RD BOISE, ID 83706 20-2975807 | PROVIDE GYN ONCOLOGY SERVICES | ID | N/A | N/A | | | | No | | | No | |
| INTERMOUNTAIN MEDICAL IMAGING LLC 877 WEST MAIN ST STE 603 BOISE, ID 83702 82-0514422 | PROVIDE IMAGING SERVICES | ID | N/A | N/A | | | | No | | | No | |
| LOYOLA AMBULATORY SURGERY CENTER 1S224 SUMMIT AVE STE 201 OAKBROOK TERRACE, IL 60181 36-4119522 | SURGICAL SERVICES | IL | N/A | N/A | | | | No | | | No | |
| MAGNETIC RESONANCE SERVICES PARTNERSHIP 1416 SIXTH STREET SW MASON CITY, IA 50401 42-1328388 | MRI SERVICES | IA | N/A | N/A | | | | No | | | No | |
| MASON CITY AMBULATORY SURGERY CENTER LLC 990 4TH STREET SW MASON CITY, IA 50401 20-1960348 | SURGERY-SAME DAY | IA | N/A | N/A | | | | No | | | No | |
| MCE MOB IV LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 42-1544707 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |

| Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership | | | | | | | | | | | | |
|---|---|--|----------------------------------|--|-----------------------------------|---|--------------------------------------|----|--|-------------------------------------|----|-----------------------------|
| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal Domicile (State or Foreign Country) | (d) Direct Controlling Entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income (\$) | (g) Share of end-of-year assets (\$) | (h) Disproportionate allocations? | | (i) Code V - UBI amount on Box 20 of K-1 (\$) | (j) General or Managing Partner? | | (k) Percentage ownership |
| | | | | | | | | | | | | |
| MCMC POB III LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 31-1392994 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |
| MEDILUCENT MOBI 793 W STATE STREET COLUMBUS, OH 43222 20-4911370 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |
| MERCY ADVANCED MRI LLC 2525 SOUTH MICHIGAN AVE CHICAGO, IL 60616 26-2116721 | SUBLEASE MRI EQUIPMENT | IL | N/A | N/A | | | | No | | | No | |
| MERCY HEART & VASCULAR LLC 2525 SOUTH MICHIGAN AVE CHICAGO, IL 60616 20-5272726 | SUBLEASE CT EQUIPMENT | IL | N/A | N/A | | | | No | | | No | |
| MERCY HEART CTR OP SERVICES LLC 1000 4TH STREET SW MASON CITY, IA 50401 13-4237594 | CARDIOVASCULAR SERVICES | IA | N/A | N/A | | | | No | | | No | |
| MERCY OUTPATIENT SURGERY CENTER LLC 1512 12TH AVENUE ROAD NAMPA, ID 83686 84-1380439 | OUTPATIENT SURGERY | ID | N/A | N/A | | | | No | | | No | |
| MICHIANA HEALTH INFORMATION NETWORK LLC 215 WEST MADISON STREET SOUTH BEND, IN 46601 35-2050128 | COMMUNITY BASED CLINICAL INFO SYS & DATA DEPOSITORY | IN | N/A | N/A | | | | No | | | No | |
| MOUNT CARMEL EAST POB III LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 31-1369473 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |
| NEWCO AMBULATORY SURGERY CTR LLP 4190 24TH AVENUE FORT GRATIOT, MI 48059 30-0136708 | OUTPATIENT SURGERY CENTER | MI | N/A | N/A | | | | No | | | No | |
| RIVERVIEW MEDICAL OFFICE BUILDING LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 31-1531135 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |
| SARMED OUTPATIENT PHARMACY LLC 999 N CURTIS RD STE 102 BOISE, ID 83706 51-0483218 | PHARMACY | ID | N/A | N/A | | | | No | | | No | |
| SIXTY FOURTH STREET LLC 2373 64TH ST STE 2200 BYRON CENTER, MI 49315 20-2443646 | PROVIDE OUTPATIENT SURGICAL CARE | MI | N/A | N/A | | | | No | | | No | |
| ST ALPHONSUS CALDWELL CANCER CTR LLC 3123 MEDICAL DR CALDWELL, ID 83605 82-0526861 | RADIATION ONCOLOGY | ID | N/A | N/A | | | | No | | | No | |
| ST ANN'S MEDICAL OFFICE BLDG II LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 31-1603660 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |
| TAMARACK MEDICAL CLINIC LLC 610 VILLAGE DRIVE DONNELLY, ID 83615 20-1637921 | OUTPATIENT MEDICAL SERVICES | ID | N/A | N/A | | | | No | | | No | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal Domicile (State or Foreign Country) | (d) Direct Controlling Entity | (e) Predominant Income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income (\$) | (g) Share of end- of-year assets (\$) | (h) Dispropportionate allocations? | | (i) Code V- UBI amount on Box 20 of K-1 (\$) | (j) General or Managing Partner? | | (k) Percentage ownership |
|---|-----------------------------------|---|--|--|--|--|--|----|--|--|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| WESTAR MEDICAL OFFICE BUILDING LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 31-1784409 | MEDICAL OFFICE BUILDING RENTAL | OH | N/A | N/A | | | | No | | | No | |
| WOODLAND IMAGING CENTER LLC 5301 E HURON RIVER DR ANN ARBOR, MI 48106 76-0820959 | RADIOLOGY/IMAGING | MI | N/A | N/A | | | | No | | | No | |

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 |
|---|---------------------------------|--|--|--|---|--|--------------------------------|
| COMMUNITY HEALTH VENTURES INC 565 W WESTERN AVE MUSKEGON, MI 49440 38-3522260 | SOFTWARE MARKETING | MI | N/A | C | | | |
| GOTTLIEB MANAGEMENT SERVICES INC 701 W NORTH AVE MELROSE PARK, IL 60160 36-3330529 | MANAGEMENT SERVICES | IL | N/A | C | | | |
| HACKLEY HEALTH MANAGEMENT CENTER 1415 LEAHY ST MUSKEGON, MI 49442 38-2961814 | WEIGHT MANAGEMENT | MI | HACKLEY HEALTH VENTURES INC | C | 146,963 | 625,308 | 100 000 % |
| HACKLEY HEALTH VENTURES INC 1415 LEAHY ST MUSKEGON, MI 49442 38-2589959 | OTHER MEDICAL SERVICES | MI | MERCY HEALTH PARTNERS | C | 15,164 | 459,155 | 100 000 % |
| HACKLEY HEALTHCARE EQUIPMENT 1415 LEAHY ST MUSKEGON, MI 49442 38-2578569 | HOME MEDICAL EQUIPMENT | MI | HACKLEY HEALTH VENTURES INC | C | 21,290 | 2,459,960 | 100 000 % |
| HACKLEY PROFESSIONAL CENTER 1415 LEAHY ST MUSKEGON, MI 49442 38-3024797 | REAL ESTATE RENTAL | MI | HACKLEY HEALTH VENTURES INC | C | -182,958 | 2,346,927 | 100 000 % |
| HACKLEY PROFESSIONAL PHARMACY 1415 LEAHY ST MUSKEGON, MI 49442 38-2447870 | PHARMACY | MI | HACKLEY HEALTH VENTURES INC | C | 80,964 | 2,596,868 | 100 000 % |
| HEF INC 1415 LEAHY ST MUSKEGON, MI 49442 38-3086401 | OFFICE STAFFING | MI | HACKLEY HEALTH VENTURES INC | C | | | 100 000 % |
| HOLY CROSS PRIVATE HOME SERVICES CORP 11801 TECH ROAD SILVER SPRING, MD 20904 52-1986562 | HOME CARE SERVICES | MD | N/A | C | | | |
| HPC CO-OWNERS ASSOCIATION 1700 CLINTON MUSKEGON, MI 49442 27-0734448 | CONDOMINIUM ASSOCIATION | MI | N/A | C | | | |
| HURON ARBOR CORPORATION 5301 EAST HURON RIVER DR PO BOX 992 ANN ARBOR, MI 48106 38-2475644 | PROVIDES OFFICE RENTAL SPACE | MI | N/A | C | | | |
| IHA AFFILIATION CORPORATION 24 FRANK LLOYD WRIGHT DR LOBBY J ANN ARBOR, MI 48106 38-3188895 | MEDICAL MANAGEMENT | MI | N/A | C | | | |
| LOYOLA UNIVERSITY OF CHICAGO INSURANCE CO LTD 23 LIME TREE BAY AVENUE GRAND CAYMAN CJ | PROVISION OF INSURANCE COVERAGE | CJ | N/A | C | | | |
| MARYLAND CARE GROUP INC 11801 TECH ROAD SILVER SPRING, MD 20904 52-1815313 | HEALTHCARE HOLDING | MD | N/A | C | | | |
| MEDNOW INC 1512 12TH AVENUE ROAD NAMPA, ID 83686 82-0389927 | OUTPATIENT PHARMACY | ID | N/A | C | | | |
| MERCY MEDICAL SERVICES 801 5TH STREET SIOUX CITY, IA 51101 42-1283849 | PRIMARY CARE PHYSICIANS | IA | N/A | C | | | |
| MERCY SERVICES CORPORATION 2525 SOUTH MICHIGAN AVENUE CHICAGO, IL 60616 36-3227348 | DORMANT | IL | N/A | C | | | |
| MICHIGAN ATHLETIC CLUB 2500 BURTON GRAND RAPIDS, MI 49546 38-2647304 | ATHLETIC CLUB | MI | N/A | C | | | |
| MOUNT CARMEL BEHAVIORAL HEALTHCARE SERVICES INC 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-0971510 | BEHAVIORAL HEALTHCARE SERVICES | OH | N/A | C | | | |
| MOUNT CARMEL HEALTH PROVIDERS INC 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1382442 | MEDICAL SERVICES | OH | N/A | C | | | |

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 |
|---|--|--|--|--|---|--|--------------------------------|
| NORTH IOWA MERCY MEDICAL SERVICES INC 1000 4TH ST SW MASON CITY, IA 50401 42-1382308 | MEDICAL SERVICES | IA | N/A | C | | | |
| PRIORITY PLUS OF CALIFORNIA PO BOX 27230 FRESNO, CA 93729 77-0395267 | FORMERLY HLTH MGMT NOW DISCONTINUED OPERATIONS | CA | N/A | C | | | |
| SAINT ALPHONSUS PHYSICIANS PA 1055 NORTH CURTIS ROAD BOISE, ID 837061370 33-1078261 | PHYSICIANS | ID | N/A | C | | | |
| SAINT MARY'S HEALTH MANAGEMENT COMPANY 1640 EAST PARIS SE GRAND RAPIDS, MI 49546 38-3450733 | ATHLETIC CLUB | MI | N/A | C | | | |
| SURGERY CENTER FINANCING CORPORATION 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1531102 | FINANCE, INSURANCE AND REAL ESTATE | OH | N/A | C | | | |
| THRE SERVICES LLC 20555 VICTOR PARKWAY LIVONIA, MI 48152 45-2603654 | REAL ESTATE BROKERAGE SERVICES | MI | N/A | C | | | |
| TRINITY HEALTH EMPLOYEE BENEFIT TRUST 20555 VICTOR PARKWAY LIVONIA, MI 48152 38-3410377 | GRANTOR TRUST | MI | N/A | T | | | |
| VENZKE INSURANCE COMPANY LTD PO BOX 1051 GRAND CAYMAN GRAND CAYMAN CJ 98-0453602 | PROVISION OF INSURANCE COVERAGE | CJ | N/A | C | | | |
| WESTSHORE HEALTH NETWORK 1820 44TH STREET KENTWOOD, MI 49508 38-3280200 | PHYSICIAN HOSPITAL ORGANIZATION | MI | N/A | C | | | |
| WORKPLACE HEALTH OF GRAND HAVEN 1415 LEAHY ST MUSKEGON, MI 49442 38-3112035 | OCCUPATIONAL HEALTH | MI | HACKLEY HEALTH VENTURES INC | C | 110,035 | 499,092 | 80 000 % |
| WEST SHORE PROFESSIONAL CONDOMINIUM ASSOCIATION 1820 44TH STREET SE KENTWOOD, MI 49508 38-2700166 | CONDOMINIUM ASSOCIATION | MI | MERCY HEALTH PARTNERS | C | 113 | 223,882 | 92 340 % |

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

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved (\$) | (d) Method of determining amount involved |
|---------------------------------------|---------------------------------|-----------------------------------|---|
| (1) TRINITY HEALTH CORPORATION | C | 95,163 | PER BOOKS |
| (2) TRINITY HEALTH CORPORATION | L | 40,853,459 | PER BOOKS |
| (3) TRINITY HEALTH CORPORATION | K | 828,121 | PER BOOKS |
| (4) TRINITY HEALTH CORPORATION | P | 67,108 | PER BOOKS |
| (5) TRINITY HEALTH CORPORATION | O | 20,798,132 | PER BOOKS |
| (6) TRINITY HEALTH CORPORATION | Q | 1,846,653 | PER BOOKS |
| (7) TRINITY HEALTH CORPORATION | J | 685,084 | PER BOOKS |
| (8) HACKLEY HOSPITAL | J | 350,351 | PER BOOKS |
| (9) HACKLEY HOSPITAL | K | 10,764,739 | PER BOOKS |
| (10) HACKLEY HOSPITAL | P | 9,105,221 | PER BOOKS |
| (11) HACKLEY HEALTH VENTURES INC | P | 241,723 | PER BOOKS |
| (12) HACKLEY HEALTH VENTURES INC | K | 166,498 | PER BOOKS |
| (13) LAKESHORE COMMUNITY HOSPITAL INC | A | 40,520 | PER BOOKS |
| (14) LAKESHORE COMMUNITY HOSPITAL INC | K | 1,454,331 | PER BOOKS |
| (15) LAKESHORE COMMUNITY HOSPITAL INC | P | 993,750 | PER BOOKS |
| (16) HACKLEY HEALTHCARE EQUIPMENT | A | 8,451 | PER BOOKS |
| (17) WESTSHORE HEALTH NETWORK | K | 348,498 | PER BOOKS |
| (18) WESTSHORE HEALTH NETWORK | P | 63,854 | PER BOOKS |
| (19) WORKPLACE HEALTH OF GRAND HAVEN | A | 5,267 | PER BOOKS |
| (20) HACKLEY PROFESSIONAL PHARMACY | A | 5,509 | PER BOOKS |

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

| (a) Name of other organization | | (b) Transaction type(a-r) | (c) Amount Involved (\$) | (d) Method of determining amount involved |
|-----------------------------------|----------------------------------|---------------------------------|-----------------------------------|---|
| (21) | PROFESSIONAL MED TEAM | P | 162,125 | PER BOOKS |
| (22) | HACKLEY LIFE COUNSELING | A | 1,949 | PER BOOKS |
| (23) | HACKLEY LIFE COUNSELING | P | 66,869 | PER BOOKS |
| (24) | HACKLEY HEALTH MANAGEMENT CENTER | A | 772 | PER BOOKS |
| (25) | TRINITY HEALTH - MICHIGAN | L | 4,311,463 | PER BOOKS |
| (26) | TRINITY HEALTH - MICHIGAN | O | 1,960,164 | PER BOOKS |
| (27) | TRINITY HEALTH - MICHIGAN | J | 71,596 | PER BOOKS |
| (28) | TRINITY HEALTH - MICHIGAN | K | 133,164 | PER BOOKS |
| (29) | HPCN | C | 623,737 | PER BOOKS |
| (30) | HEF INC | B | 1,809,008 | PER BOOKS |
| (31) | HACKLEY PROFESSIONAL CENTER | J | 539,332 | PER BOOKS |

TRINITY HEALTH

*Consolidated Financial Statements for
the Years Ended June 30, 2012 and 2011
and Independent Auditors' Report*

TRINITY HEALTH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Trinity Health
Novi, Michigan

We have audited the accompanying consolidated balance sheets of Trinity Health and subsidiaries (the "Corporation") as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2012 and 2011, and the results of its operations and changes in net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

September 26, 2012

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2012 AND 2011

(In Thousands)

| ASSETS | 2012 | 2011 |
|--|---------------|---------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 708,889 | \$ 536,269 |
| Investments | 1,883,325 | 1,681,699 |
| Security lending collateral | 130,702 | 149,641 |
| Assets limited or restricted as to use, current portion | 27,420 | 8,233 |
| Patient accounts receivable, net of allowance for doubtful accounts of \$217.5 million and \$177.6 million in 2012 and 2011, respectively | 965,573 | 722,465 |
| Estimated receivables from third-party payors | 140,614 | 92,829 |
| Other receivables | 140,718 | 117,740 |
| Inventories | 133,634 | 109,136 |
| Assets held for sale | - | 185,437 |
| Prepaid expenses and other current assets | 159,674 | 97,005 |
| Total current assets | 4,290,549 | 3,700,454 |
| ASSETS LIMITED OR RESTRICTED AS TO USE, NONCURRENT PORTION | | |
| Held by trustees under bond indenture agreements | 51,114 | 6,627 |
| Self-insurance, benefit plans and other | 419,685 | 207,236 |
| By Board | 2,153,574 | 2,309,567 |
| By donors | 129,628 | 100,203 |
| Total assets limited or restricted as to use, noncurrent portion | 2,754,001 | 2,623,633 |
| PROPERTY AND EQUIPMENT, NET | 4,221,827 | 3,374,103 |
| INVESTMENTS IN UNCONSOLIDATED AFFILIATES | 126,678 | 104,702 |
| GOODWILL | 107,704 | 108,297 |
| INTANGIBLE ASSETS, net of accumulated amortization of \$17.1 million and \$14.2 million in 2012 and 2011, respectively | 64,475 | 22,053 |
| OTHER ASSETS | 110,681 | 96,415 |
| TOTAL ASSETS | \$ 11,675,915 | \$ 10,029,657 |

The accompanying notes are an integral part of the consolidated financial statements

| LIABILITIES AND NET ASSETS | | |
|---|---------------|---------------|
| | 2012 | 2011 |
| CURRENT LIABILITIES | | |
| Commercial paper | \$ 134,989 | \$ 99,978 |
| Short-term borrowings | 892,865 | 1,121,270 |
| Current portion of long-term debt | 32,362 | 29,514 |
| Accounts payable | 351,931 | 281,213 |
| Accrued expenses | 259,159 | 132,417 |
| Salaries, wages and related liabilities | 421,448 | 356,968 |
| Payable under security lending agreements | 130,702 | 149,641 |
| Liabilities held for sale | - | 28,918 |
| Estimated payables to third-party payors | 269,377 | 166,910 |
| Total current liabilities | 2,492,833 | 2,366,829 |
| LONG-TERM DEBT, NET OF CURRENT PORTION | 2,302,236 | 1,530,902 |
| SELF-INSURANCE RESERVES | 513,602 | 282,175 |
| ACCRUED PENSION AND RETIREE HEALTH COSTS | 1,057,566 | 346,942 |
| OTHER LONG-TERM LIABILITIES | 440,668 | 288,497 |
| Total liabilities | 6,806,905 | 4,815,345 |
| NET ASSETS | | |
| Unrestricted net assets | 4,707,202 | 5,007,518 |
| Noncontrolling ownership interest in subsidiaries | 18,160 | 97,288 |
| Total unrestricted net assets | 4,725,362 | 5,104,806 |
| Temporarily restricted net assets | 102,978 | 73,287 |
| Noncontrolling ownership interest in subsidiaries | - | 1,628 |
| Total temporarily restricted net assets | 102,978 | 74,915 |
| Permanently restricted net assets | 40,670 | 34,462 |
| Noncontrolling ownership interest in subsidiaries | - | 129 |
| Total permanently restricted net assets | 40,670 | 34,591 |
| Total net assets | 4,869,010 | 5,214,312 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 11,675,915 | \$ 10,029,657 |

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2012 AND 2011

(In Thousands)

| | 2012 | 2011 |
|--|--------------|--------------|
| UNRESTRICTED REVENUE | | |
| Net patient service revenue | \$ 7,849,161 | \$ 6,495,919 |
| Capitation and premium revenue | 422,493 | 378,568 |
| Net assets released from restrictions | 12,120 | 12,357 |
| Other revenue | 617,136 | 464,505 |
| Total unrestricted revenue | 8,900,910 | 7,351,349 |
| EXPENSES | | |
| Salaries and wages | 3,549,999 | 2,850,939 |
| Employee benefits | 831,816 | 729,746 |
| Contract labor | 82,903 | 56,471 |
| Total labor expenses | 4,464,718 | 3,637,156 |
| Supplies | 1,430,933 | 1,190,255 |
| Purchased services | 775,408 | 683,560 |
| Depreciation and amortization | 464,750 | 405,631 |
| Occupancy | 348,864 | 307,722 |
| Provision for bad debts | 431,457 | 323,275 |
| Medical claims and capitation purchased services | 210,245 | 198,355 |
| Interest | 102,781 | 84,071 |
| Other | 401,745 | 296,565 |
| Total expenses | 8,630,901 | 7,126,590 |
| OPERATING INCOME | 270,009 | 224,759 |
| NONOPERATING ITEMS | | |
| Investment (loss) income | (19,159) | 483,550 |
| Change in market value and cash payments of interest rate swaps | (114,468) | 13,554 |
| Loss from early extinguishment of debt | (13,458) | (10,185) |
| Gain on bargain purchase and inherent contribution | 216,796 | - |
| Other, including income taxes | 27,333 | (28,765) |
| Total nonoperating items | 97,044 | 458,154 |
| EXCESS OF REVENUE OVER EXPENSES | 367,053 | 682,913 |
| Less excess of revenue over expenses attributable to noncontrolling interest | 8,312 | 6,580 |
| EXCESS OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST | \$ 358,741 | \$ 676,333 |

The accompanying notes are an integral part of the consolidated financial statements

| | Controlling Interest | Noncontrolling Interest | Total |
|---|---------------------------------|------------------------------------|--------------|
| UNRESTRICTED NET ASSETS | | | |
| Excess of revenue over expenses | \$ 358,741 | \$ 8,312 | \$ 367,053 |
| Net assets released from restrictions for capital acquisitions | 20,496 | - | 20,496 |
| Net change in retirement plan related items | (673,340) | - | (673,340) |
| Other | 6,090 | (6,287) | (197) |
| (Decrease) increase in unrestricted net assets before discontinued operations | (288,013) | 2,025 | (285,988) |
| Discontinued operations - Battle Creek Health System (BCHS) | | | |
| Net change in retirement plan related items | 21,678 | - | 21,678 |
| Loss on transfer of shares | (28,534) | - | (28,534) |
| Loss from operations | (5,447) | - | (5,447) |
| Decrease due to transfer | - | (81,153) | (81,153) |
| Decrease in unrestricted net assets | (300,316) | (79,128) | (379,444) |
| TEMPORARILY RESTRICTED NET ASSETS | | | |
| Contributions | 38,022 | - | 38,022 |
| Net assets released from restrictions | (32,616) | - | (32,616) |
| Decrease due to transfer of shares of BCHS | (1,628) | (1,628) | (3,256) |
| Acquisition of Loyola University Health System (LUHS) | 20,362 | - | 20,362 |
| Acquisition of Mercy Health System of Chicago (MHSC) | 4,016 | - | 4,016 |
| Other | 1,535 | - | 1,535 |
| Increase (decrease) in temporarily restricted net assets | 29,691 | (1,628) | 28,063 |
| PERMANENTLY RESTRICTED NET ASSETS | | | |
| Contributions for endowment funds | 636 | - | 636 |
| Net investment loss | (421) | - | (421) |
| Decrease due to transfer of shares of BCHS | (129) | (129) | (258) |
| Acquisition of LUHS | 6,671 | - | 6,671 |
| Other | (549) | - | (549) |
| Increase (decrease) in permanently restricted net assets | 6,208 | (129) | 6,079 |
| DECREASE IN NET ASSETS | (264,417) | (80,885) | (345,302) |
| NET ASSETS, BEGINNING OF YEAR | 5,115,267 | 99,045 | 5,214,312 |
| NET ASSETS, END OF YEAR | \$ 4,850,850 | \$ 18,160 | \$ 4,869,010 |

(Continued)

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2011

(In Thousands)

| | Controlling Interest | Noncontrolling Interest | Total |
|--|-------------------------|----------------------------|--------------|
| UNRESTRICTED NET ASSETS | | | |
| Excess of revenue over expenses | \$ 676,333 | \$ 6,580 | \$ 682,913 |
| Net assets released from restrictions for capital acquisitions | 8,914 | - | 8,914 |
| Net change in retirement plan related items | 209,467 | 2,594 | 212,061 |
| Cumulative effect of change in accounting principle | (7,823) | (32) | (7,855) |
| Other | (2,221) | (3,595) | (5,816) |
| Increase in unrestricted net assets before discontinued operations | 884,670 | 5,547 | 890,217 |
| Discontinued operations - BCHS | | | |
| Income from operations | 4,836 | 5,518 | 10,354 |
| Costs associated with transfer of shares | (1,648) | - | (1,648) |
| Increase in unrestricted net assets | 887,858 | 11,065 | 898,923 |
| TEMPORARILY RESTRICTED NET ASSETS | | | |
| Contributions | 18,445 | 123 | 18,568 |
| Net investment gain | 4,549 | 26 | 4,575 |
| Net assets released from restrictions | (21,271) | - | (21,271) |
| Other | 907 | (131) | 776 |
| Increase in temporarily restricted net assets | 2,630 | 18 | 2,648 |
| PERMANENTLY RESTRICTED NET ASSETS | | | |
| Contributions for endowment funds | 403 | 76 | 479 |
| Net investment gain | 2,534 | 1 | 2,535 |
| Other | (211) | - | (211) |
| Increase in permanently restricted net assets | 2,726 | 77 | 2,803 |
| INCREASE IN NET ASSETS | 893,214 | 11,160 | 904,374 |
| NET ASSETS, BEGINNING OF YEAR | 4,222,053 | 87,885 | 4,309,938 |
| NET ASSETS, END OF YEAR | \$ 5,115,267 | \$ 99,045 | \$ 5,214,312 |

(Concluded)

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2012 AND 2011

(In Thousands)

| | 2012 | 2011 |
|--|------------------|------------------|
| OPERATING ACTIVITIES | | |
| (Decrease) increase in net assets | \$ (345,302) | \$ 904,374 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 464,750 | 420,774 |
| Provision for bad debts | 431,457 | 334,170 |
| Deferred retirement loss (gain) arising during the year | 718,203 | (142,612) |
| Cumulative effect of a change in accounting principle | - | 7,855 |
| Change in net unrealized and realized gains on investments | 80,538 | (429,117) |
| Change in market values of interest rate swaps | 97,189 | (29,258) |
| Undistributed equity earnings from unconsolidated affiliates | (33,584) | (25,664) |
| Loss (gain) on disposals of property and equipment | 777 | (2,307) |
| Restricted contributions and investment income received | (19,583) | (4,644) |
| Restricted net assets acquired related to LUHS and MHSC | (31,610) | - |
| Gain on bargain purchase agreement and inherent contribution - LUHS and MHSC | (216,796) | - |
| Net change in retirement plan related items due to transfer of shares of BCHS | (21,678) | - |
| Loss on transfer of shares of the BCHS | 28,534 | - |
| Decrease in noncontrolling interest due to transfer of the BCHS | 82,910 | - |
| Loss from extinguishment of debt | 5,557 | 2,638 |
| Gain on sales of unconsolidated affiliates | (1,712) | (6,617) |
| Other adjustments | (1,367) | 4,777 |
| Changes in, excluding assets acquired | | |
| Patient accounts receivable | (478,813) | (346,572) |
| Other assets | (42,829) | (20,758) |
| Accounts payable and accrued expenses | 43,872 | 30,185 |
| Estimated receivables from and payables to third-party payors, net | 8,003 | (48,917) |
| Self-insurance reserves | 31,342 | (13,091) |
| Accrued pension and retiree health costs | (67,444) | (171,506) |
| Other liabilities | (32,063) | 10,472 |
| Total adjustments | <u>1,045,653</u> | <u>(430,192)</u> |
| Net cash provided by operating activities | <u>700,351</u> | <u>474,182</u> |

The accompanying notes are an integral part of the consolidated financial statements

| | 2012 | 2011 |
|--|-------------------|-------------------|
| INVESTING ACTIVITIES | | |
| Purchases of investments | (1,672,413) | (1,463,138) |
| Proceeds from sales of investments | 1,602,586 | 1,381,129 |
| Purchases of property and equipment | (605,288) | (441,052) |
| Acquisition of subsidiaries, net of \$85.0 million and \$7.0 million cash assumed in 2012 and 2011, respectively | (85,889) | (81,145) |
| Dividends received from unconsolidated affiliates and other changes | 25,748 | 20,374 |
| (Increase) decrease in assets limited as to use | (3,678) | 4,475 |
| Proceeds received from the transfer of shares of BCHS | 15,843 | 60,512 |
| Proceeds from sale of unconsolidated affiliates | 2,441 | 12,258 |
| Proceeds from disposal of property and equipment | 4,737 | 4,046 |
| Net cash used in investing activities | <u>(715,913)</u> | <u>(502,541)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of debt | 1,073,790 | 341,298 |
| Repayments of debt | (961,604) | (254,571) |
| Net increase (decrease) in commercial paper | 35,011 | (69,978) |
| Increase in financing costs and other | (9,647) | (3,930) |
| Restricted net assets acquired related to LUHS and MHCS | 31,049 | - |
| Proceeds from restricted contributions and restricted investment income | 19,583 | 4,644 |
| Net cash provided by financing activities | <u>188,182</u> | <u>17,463</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 172,620 | (10,896) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>536,269</u> | <u>547,165</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 708,889</u> | <u>\$ 536,269</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash paid for interest (net of amounts capitalized) | \$ 96,115 | \$ 99,799 |
| New capital lease obligations for buildings and equipment | 5,822 | 825 |
| Accruals for purchases of property and equipment and other long-term assets | 37,457 | 27,844 |
| Unsettled investment trades, purchases | 11,367 | 6,044 |
| Unsettled investment trades, sales | 12,346 | 77,019 |
| Decrease in security lending collateral | 18,940 | 6,521 |
| Decrease in payable under security lending agreements | (18,940) | (6,521) |

TRINITY HEALTH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2012 AND 2011

1. ORGANIZATION AND MISSION

Trinity Health, an Indiana not-for-profit corporation, and its subsidiaries are collectively referred to as the Corporation. The Corporation is sponsored by Catholic Health Ministries (CHM), a Public Juridic Person of the Holy Roman Catholic Church. The Corporation operates a comprehensive integrated network of health services including inpatient and outpatient services, physician services, managed care coverage, home health care, long-term care, assisted living care and rehabilitation services located in ten states. The mission statement for Trinity Health is as follows:

We serve together in Trinity Health, in the spirit of the Gospel, to heal body, mind and spirit, to improve the health of our communities and to steward the resources entrusted to us.

Community Benefit Ministry - Consistent with its mission, the Corporation provides medical care to all patients regardless of their ability to pay. In addition, the Corporation provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance or other payments such as copays and deductibles because of inadequate resources and/or are uninsured or underinsured, and to improve the health status of the communities in which it operates. The following summary has been prepared in accordance with the Catholic Health Association of the United States' (CHA), *A Guide for Planning and Reporting Community Benefit*, 2008 Edition.

The quantifiable costs of the Corporation's community benefit ministry for the years ended June 30 are as follows:

| | 2012 | 2011 |
|---|-------------------|-------------------|
| | (In Thousands) | |
| Ministry for the poor and underserved: | | |
| Charity care at cost | \$ 177,747 | \$ 136,493 |
| Unpaid cost of Medicaid and other public programs | 211,104 | 152,014 |
| Programs for the poor and the underserved | | |
| Community health services | 18,210 | 19,613 |
| Subsidized health services | 39,296 | 34,854 |
| Financial contributions | 5,362 | 3,813 |
| Community building activities | 1,908 | 1,811 |
| Community benefit operations | 2,268 | 2,321 |
| Total programs for the poor and underserved | 67,044 | 62,412 |
| Ministry for the poor and underserved | 455,895 | 350,919 |
| Ministry for the broader community: | | |
| Community health services | 8,452 | 8,337 |
| Health professions education | 89,649 | 61,308 |
| Subsidized health services | 18,876 | 13,950 |
| Research | 9,203 | 6,782 |
| Financial contributions | 25,631 | 3,174 |
| Community building activities | 4,410 | 5,161 |
| Community benefit operations | 3,061 | 2,914 |
| Ministry for the broader community | 159,282 | 101,626 |
| Community benefit ministry | \$ 615,177 | \$ 452,545 |

The Corporation provides a significant amount of uncompensated care to its uninsured and underinsured patients, which is reported as bad debt at cost and not included in the amounts reported above. During the years ended June 30, 2012 and 2011, the Corporation reported bad debt at cost (determined using a cost to charge ratio applied to the provision for bad debts) of \$157.5 million and \$126.0 million, respectively.

Ministry for the poor and underserved represents the financial commitment to seek out and serve those who need help the most, especially the poor, the uninsured and the indigent. This is done with the conviction that healthcare is a basic human right.

Ministry for the broader community represents the cost of services provided for the general benefit of the communities in which the Corporation operates. Many programs are targeted toward populations that may be poor, but also include those areas that may need special health services and support. These programs are not intended to be financially self-supporting.

Charity care at cost represents the cost of services provided to patients who cannot afford health care services due to inadequate resources and/or are uninsured or underinsured. A patient is classified as a charity patient in accordance with the Corporation's established policies as further described in Note 4. The cost of charity care is calculated using a cost to charge ratio methodology.

Unpaid cost of Medicaid and other public programs represents the cost (determined using a cost to charge ratio) of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of governmental and managed care contract payments.

Community health services are activities and services for which no patient bill exists. These services are not expected to be financially self-supporting, although some may be supported by outside grants or funding. Some examples include community health education, free immunization services, free or low cost prescription medications, and rural and urban outreach programs. The Corporation actively collaborates with community groups and agencies to assist those in need in providing such services.

Health professions education includes the unreimbursed cost of training health professionals such as medical residents, nursing students, technicians and students in allied health professions.

Subsidized health services are net costs for billed services that are subsidized by the Corporation. These include services offered despite a financial loss because they are needed in the community and either other providers are unwilling to provide the services or the services would otherwise not be available in sufficient amount. Examples of services include free-standing community clinics, hospice care, mobile units and behavioral health services.

Research includes unreimbursed clinical and community health research and studies on health care delivery.

Financial contributions are made by the Corporation on behalf of the poor and underserved to community agencies. These amounts include special system-wide funds used for charitable activities as well as resources contributed directly to programs, organizations, and foundations for efforts on behalf of the poor and underserved. Amounts included here also represent certain in-kind donations.

Community building activities include the costs of programs that improve the physical environment, promote economic development, enhance other community support systems, develop leadership skills training, and build community coalitions.

Community benefit operations include costs associated with dedicated staff, community health needs and/or asset assessments, and other costs associated with community benefit strategy and operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements include the accounts of the Corporation and all wholly owned, majority-owned and controlled organizations. Investments where the Corporation holds less than 20% of the ownership interest are accounted for using the cost method. All other investments that are not controlled by the Corporation are accounted for using the equity method of accounting. The Corporation has included its equity share of income or losses from investments in unconsolidated affiliates in other revenue in the consolidated statements of operations and changes in net assets. All material intercompany transactions and account balances have been eliminated in consolidation.

As further described in Note 3, the Corporation transferred its shares of Battle Creek Health System (BCHS) to Bronson Healthcare Group, Inc. effective July 1, 2011. As a result, at June 30, 2011, substantially all of the assets and liabilities of BCHS met the criteria for classifying those assets and liabilities as held for sale. The consolidated financial statements have been reclassified to present the operations of BCHS as a discontinued operation. The statements of cash flows include impacts of cash flows related to BCHS. Notes to these consolidated financial statements exclude BCHS.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient service revenue, which includes contractual allowances, recorded values of investments and goodwill, provisions for bad debts, reserves for losses and expenses related to health care professional and general liability, and risks and assumptions for measurement of pension and retiree medical liabilities. Management relies on historical experience and other assumptions believed to be reasonable in making its judgment and estimates. Actual results could differ materially from those estimates.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

Investments – Investments, inclusive of assets limited or restricted as to use, include marketable debt and equity securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value and are classified as trading securities. Investments also include investments in commingled funds and other investments structured as limited liability corporations or partnerships. Commingled funds and investment funds that hold securities directly are stated at the fair value of the underlying securities, as determined by the administrator, based on readily determinable market values. Limited liability corporations and partnerships are accounted for under the equity method.

Investment Earnings – Investment earnings include interest and dividends, realized gains and losses on investments, holding gains and losses, and equity earnings. Investment earnings on assets held by trustees under bond indenture agreements, assets designated by the Board for debt redemption, assets held for borrowings under the intercompany loan program, and assets deposited in trust funds by a captive insurance company for self-insurance purposes in accordance with industry practices are included in other revenue in the consolidated statements of operations and changes in net assets. Investment earnings from all other unrestricted investments and board designated funds are included in nonoperating investment income unless the income or loss is restricted by donor or law.

Derivative Financial Instruments – The Corporation periodically utilizes various financial instruments (e.g., options and swaps) to hedge interest rates, equity downside risk and other exposures. The Corporation's policies prohibit trading in derivative financial instruments on a speculative basis.

Securities Lending – The Corporation participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. Each business day the Corporation, through its agent, and the borrower determine the market value of the collateral and the borrowed securities. If on any business day the market value of the collateral is less than the required value, additional collateral is obtained as appropriate. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the consolidated balance sheets and is up to 105% of the market value of securities loaned. At June 30, 2012 and 2011, the Corporation had securities loaned of \$141.4 million and \$153.4 million, respectively, and received collateral (cash and noncash) totaling \$143.4 million and \$157.5 million, respectively, relating to the securities loaned. The fees received for these transactions are recorded in investment (loss) income on the consolidated statements of operations and changes in net assets.

Assets Limited as to Use – Assets set aside by the Board for future capital improvements, future funding of retirement programs and insurance claims, retirement of debt, held for borrowings under the intercompany loan program, and other purposes over which the Board retains control and may, at its discretion, subsequently use for other purposes, assets held by trustees under bond indenture and certain other agreements, and self-insurance trust and benefit plan arrangements are included in assets limited as to use.

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

Inventories – Inventories are stated at the lower of cost or market. The cost of inventories is determined principally by the weighted average cost method.

Property and Equipment – Property and equipment, including internal-use software, are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using either the straight-line or an accelerated method and includes capital lease and internal-use software amortization. The useful lives of these assets range from 2 to 50 years. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Goodwill – Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized.

Intangible Assets – Intangible assets include both definite and indefinite-lived intangible assets. The majority of the definite-lived intangibles are noncompete agreements with finite lives amortized using the straight-line method over their estimated useful lives, which range from 2 to 23 years. Indefinite-lived intangible assets include trade names and renewable licenses.

Asset Impairment –

Property and Equipment – Impairment testing is performed following a triggering event or whenever events or changes in circumstances indicate an asset's carrying value may not be recoverable

Goodwill – Goodwill is tested for impairment on an annual basis or when an event or change in circumstance indicates the value of a reporting unit may have changed. Testing is conducted at the reporting unit level. There is a two-step process for determining goodwill impairment. Step one compares the carrying value of each reporting unit with its fair value. If this test indicates the fair value is less than the carrying value, then step two is required. Step two compares the implied fair value of the reporting unit's goodwill with the carrying value of reporting unit's goodwill. The Corporation estimates the fair value of its reporting units using a discounted cash flow analysis.

Intangible Assets:

Definite-Lived – Impairment testing is performed if events or changes in circumstances indicate that the asset might be impaired.

Indefinite-Lived – Impairment testing is performed on an annual basis or more frequently if events or changes in circumstance indicate the asset may be impaired. The impairment test consists of a comparison of the fair value of an intangible asset with its carrying amount.

The following table provides information on changes in the carrying amount of goodwill, which is included in the accompanying consolidated financial statements of the Corporation at June 30.

| | 2012 | 2011 |
|------------------------------------|-------------------|-------------------|
| | (In Thousands) | |
| As of July 1: | | |
| Goodwill | \$ 116,152 | \$ 54,480 |
| Accumulated impairment loss | (7,855) | (7,855) |
| Total | <u>108,297</u> | <u>46,625</u> |
| Goodwill acquired during the year | 2,090 | 61,672 |
| Decrease due to sale of subsidiary | (2,683) | - |
| Total | <u>\$ 107,704</u> | <u>\$ 108,297</u> |
| As of June 30: | | |
| Goodwill | \$ 115,559 | \$ 116,152 |
| Accumulated impairment loss | (7,855) | (7,855) |
| Total | <u>\$ 107,704</u> | <u>\$ 108,297</u> |

The following table provides information regarding other intangible assets, which are included in the accompanying consolidated balance sheets of the Corporation at June 30, 2012 and 2011

| | (In Thousands) | | |
|--|-----------------------|--------------------------|----------------|
| | Gross Carrying Amount | Accumulated Amortization | Net book Value |
| As of June 30, 2012: | | | |
| Definite-lived intangible assets | | | |
| Noncompete agreements | \$ 19,439 | \$ 13,199 | \$ 6,240 |
| Physician guarantees | 5,256 | 2,384 | 2,872 |
| Other | 6,085 | 187 | 5,898 |
| Total definite-lived intangible assets | 30,780 | 15,770 | 15,010 |
| Indefinite-lived intangible assets | | | |
| Trade names | 43,762 | - | 43,762 |
| Other | 7,022 | 1,319 | 5,703 |
| Total indefinite-lived intangible assets | 50,784 | 1,319 | 49,465 |
| Total intangible assets | \$ 81,564 | \$ 17,089 | \$ 64,475 |
| As of June 30, 2011: | | | |
| Definite-lived intangible assets | | | |
| Noncompete agreements | \$ 19,439 | \$ 9,970 | \$ 9,469 |
| Physician guarantees | 6,191 | 2,898 | 3,293 |
| Other | 2,271 | 1,051 | 1,220 |
| Total definite-lived intangible assets | 27,901 | 13,919 | 13,982 |
| Indefinite-lived intangible assets | | | |
| Trade names | 5,474 | - | 5,474 |
| Other | 2,879 | 282 | 2,597 |
| Total indefinite-lived intangible assets | 8,353 | 282 | 8,071 |
| Total intangible assets | \$ 36,254 | \$ 14,201 | \$ 22,053 |

Temporarily and Permanently Restricted Net Assets – Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Patient Accounts Receivable, Estimated Receivables from and Payables to Third-Party Payors and Net Patient Service Revenue – The Corporation has agreements with third-party payors that provide for payments to the Corporation's ministry organizations at amounts different from established rates. Patient accounts receivable and net patient service revenue are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Estimated retroactive adjustments under reimbursement agreements with third-party payors are included in net patient service revenue and estimated receivables from and payables to third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Estimated receivables from third-party payors include amounts receivable from Medicare and state Medicaid meaningful use programs.

Allowance for Doubtful Accounts – Substantially all of the Corporation's receivables are related to providing healthcare services to patients. Accounts receivable are reduced by an allowance for amounts that could become uncollectible in the future. The Corporation's estimate for its allowance for doubtful accounts is based upon management's assessment of historical and expected net collections by payor.

Short-term Borrowings – Puttable variable rate demand bonds supported by self liquidity or liquidity facilities considered short-term in nature are included in short-term borrowings.

Other Long-Term Liabilities – Other long-term liabilities include accrued payments for the acquisition of Loyola University Health System as stipulated in the Definitive Agreement, deferred compensation, asset retirement obligations and interest rate swaps

Premium and Capitation Revenue – The Corporation has certain ministry organizations that arrange for the delivery of health care services to enrollees through various contracts with providers and common provider entities. Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which the Corporation is obligated to provide services to enrollees. Premiums received prior to the period of coverage are recorded as deferred revenue and included in accrued expenses in the consolidated balance sheets.

Certain of the Corporation's ministry organizations have entered into capitation arrangements whereby they accept the risk for the provision of certain health care services to health plan members. Under these agreements, the Corporation's ministry organizations are financially responsible for services provided to the health plan members by other institutional health care providers. Capitation revenue is recognized during the period for which the ministry organization is obligated to provide services to health plan enrollees under capitation contracts. Capitation receivables are included in other receivables in the consolidated balance sheets.

Reserves for incurred but not reported claims have been established to cover the unpaid costs of health care services covered under the premium and capitation arrangements. The premium and capitation arrangement reserves are classified with accrued expenses in the consolidated balance sheets. The liability is estimated based on actuarial studies, historical reporting, and payment trends. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges, and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations. The Corporation limits a portion of its liability through stop-loss reinsurance.

Income Taxes – The Corporation and substantially all of its subsidiaries have been recognized as tax-exempt pursuant to Section 501(a) of the Internal Revenue Code. The Corporation also has taxable subsidiaries, which are included in the consolidated financial statements. Certain of the taxable subsidiaries have entered into tax sharing agreements and file consolidated federal income tax returns with other corporate taxable subsidiaries. The Corporation includes penalties and interest, if any, with its provision for income taxes in other nonoperating items in the consolidated statements of operations and changes in net assets.

Excess of Revenue Over Expenses – The consolidated statement of operations and changes in net assets includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include the effective portion of the change in market value of derivatives that meet hedge accounting requirements, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets received or gifted (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), net change in postretirement plan related items, discontinued operations, extraordinary items and cumulative effects of changes in accounting principles.

Adopted Accounting Pronouncements –

On July 1, 2011, the Corporation adopted Accounting Standard Update (ASU) 2010-24, "*Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*," which provides clarification to companies in the healthcare industry on the accounting for professional liability and other similar insurance. This guidance states that receivables related to insurance recoveries should not be netted against the related claim liability and such claim liabilities should be determined without considering insurance recoveries. The adoption of this guidance resulted in an asset and liability being recorded in the consolidated financial statements at June 30, 2012, of \$44.7 million in self-insurance, benefit plans and other and in self-insurance reserves.

On July 1, 2011, the Corporation adopted ASU 2010-28, *"Intangibles - Goodwill and Other (Topic 350) When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts"*. This guidance modifies the goodwill impairment test performed at the reporting unit level. It requires step two of the impairment test to be performed if the carrying amount of a reporting unit is zero or negative and after considering any adverse qualitative factors, it is more likely than not a goodwill impairment exists. The adoption of this guidance had no impact on the Corporation's consolidated statement of financial position and results of operations.

Forthcoming Accounting Pronouncements –

In May 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-04, *"Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs"*. This guidance amends the fair value disclosure requirements regarding transfers between Level 1 and Level 2 of the fair value hierarchy and also the categorization by level of the fair value hierarchy for items that are not measured at fair value in the financial statements but for which the fair value is required to be disclosed. This guidance is effective for the Corporation beginning July 1, 2012. The adoption of this guidance will have no impact on the Corporation's consolidated statement of financial position and results of operations, but may result in additional disclosures to be presented in Note 10.

In July 2011, the FASB issued ASU 2011-07, *"Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities"*. This guidance requires certain health care entities to present the provision for bad debts related to patient service revenues as a deduction from revenue, net of contractual allowances and discounts, versus as an expense in the statement of operations. In addition, it also requires enhanced disclosures regarding revenue recognition policies and the assessment of bad debt. This guidance is effective for the Corporation beginning July 1, 2012, with early adoption permitted, and must be retrospectively applied. This statement will result in a reduction of net patient service revenue, operating revenue and operating expense, but will have no impact on operating income in the statement of operations and changes in net assets and will also result in additional disclosures.

In September 2011, the FASB issued ASU 2011-08, *"Intangibles - Goodwill and Other (Topic 350) Testing Goodwill for Impairment"*. This guidance provides entities with the option of first assessing qualitative factors about the likelihood of goodwill impairment to determine whether further impairment assessment is necessary. This guidance is effective for the Corporation beginning July 1, 2012, with early adoption permitted. This guidance will not have an impact on the Corporation's consolidated financial statements.

In December 2011, the FASB issued ASU 2011-11, *"Disclosures About Offsetting Assets and Liabilities"*. This guidance contains new disclosure requirements regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. This guidance is effective for the Corporation beginning July 1, 2013 and retrospective application is required. The Corporation has not yet evaluated the impact this guidance may have on the Corporation's consolidated financial statements.

3. INVESTMENTS IN UNCONSOLIDATED AFFILIATES, BUSINESS ACQUISITIONS AND DIVESTITURES

Investments in Unconsolidated Affiliates – The Corporation and certain of its ministry organizations have investments in entities that are recorded under the cost and equity methods of accounting. At June 30, 2012, the Corporation maintained investments in unconsolidated affiliates with ownership interests ranging from 0.1% to 50%. The Corporation's share of equity earnings from entities accounted for under the equity method was \$33.6 million and \$25.6 million for the years ended June 30, 2012 and 2011, respectively, which is included in other revenue in the consolidated statements of operations and changes in net assets.

The unaudited summarized financial position and results of operations for the entities accounted for under the equity method as of and for the periods ended June 30 are as follows

| 2012 (In Thousands) | | | | | | |
|---------------------------------|--------------------------------|--|----------------------------------|--|--------------------|------------|
| | Medical Office Buildings | Outpatient and Diagnostic Services | Ambulatory Surgery Centers | Physician Hospital Organizations | Other Investees | Total |
| Total assets | \$ 88,425 | \$ 116,970 | \$ 76,078 | \$ 17,530 | \$ 137,711 | \$ 436,714 |
| Total debt | \$ 51,182 | \$ 17,804 | \$ 36,003 | \$ 27 | \$ 35,800 | \$ 140,816 |
| Net assets | \$ 30,765 | \$ 69,368 | \$ 29,733 | \$ 5,576 | \$ 80,235 | \$ 215,677 |
| Revenue, net | \$ 22,823 | \$ 155,521 | \$ 125,615 | \$ 20,537 | \$ 169,724 | \$ 494,220 |
| Excess of revenue over expenses | \$ 1,607 | \$ 24,908 | \$ 44,245 | \$ (188) | \$ 13,972 | \$ 84,544 |

| 2011 (In Thousands) | | | | | | |
|---------------------------------|--------------------------------|--|----------------------------------|--|--------------------|------------|
| | Medical Office Buildings | Outpatient and Diagnostic Services | Ambulatory Surgery Centers | Physician Hospital Organizations | Other Investees | Total |
| Total assets | \$ 90,205 | \$ 65,938 | \$ 73,366 | \$ 14,714 | \$ 147,207 | \$ 391,430 |
| Total debt | \$ 53,440 | \$ 19,721 | \$ 37,636 | \$ - | \$ 44,113 | \$ 154,910 |
| Net assets | \$ 30,347 | \$ 36,286 | \$ 26,718 | \$ 6,064 | \$ 71,001 | \$ 170,416 |
| Revenue, net | \$ 24,226 | \$ 97,757 | \$ 107,164 | \$ 43,943 | \$ 136,722 | \$ 409,812 |
| Excess of revenue over expenses | \$ 1,699 | \$ 18,733 | \$ 40,853 | \$ 3,141 | \$ 5,747 | \$ 70,173 |

Business Acquisitions – The Corporation entered into the following significant acquisition activities during the years ended June 30, 2012 and 2011

Acquisition of Mercy Health System of Chicago (MHSC) – Effective April 1, 2012, the Corporation became the sole member of MHSC. MHSC is the parent of Mercy Hospital and Medical Center (Mercy Hospital) and other subsidiaries and affiliates that provide health care services in Chicago, Illinois. Mercy Hospital has a network of primary care clinics, physician offices and satellite facilities. The fair value of assets acquired exceeded liabilities assumed resulting in an inherent contribution of \$140.8 million, which was recorded in gain on bargain purchase and inherent contribution in the consolidated statement of operations and changes in net assets for the year ended June 30, 2012. The Corporation is still assessing the economic characteristics of certain assets acquired and liabilities assumed. Transactions costs accrued at June 30, 2012 totaled \$0.8 million, primarily for legal and consulting services, and are included in purchased services on the consolidated statement of operations and changes in net assets.

Summarized consolidated opening balance sheet information for MHSC is shown below

| (In Thousands) | | | |
|--|-------------------|---------------------------------------|-------------------|
| Cash, cash equivalents and investments | \$ 13,777 | Current portion of long-term debt | \$ 819 |
| Patient accounts receivable, net | 42,746 | Accounts payable and accrued expenses | 41,815 |
| Other current assets | 35,018 | Other current liabilities | 12,957 |
| Assets limited or restricted as to use | 16,451 | Long-term debt | 48,907 |
| Property and equipment | 166,529 | Self-insurance reserves | 36,362 |
| Intangible assets | 11,000 | Total liabilities acquired | <u>\$ 140,860</u> |
| Other assets | 749 | | |
| Total assets acquired | <u>\$ 286,270</u> | Unrestricted noncontrolling interest | 561 |
| | | Temporarily restricted net assets | 4,016 |
| | | Total net assets | <u>\$ 4,577</u> |

The operating results of MHSC for the period April 1, 2012 through June 30, 2012 included total unrestricted revenue of \$68.3 million, operating income of \$4.7 million and excess of revenue over expense of \$4.5 million

Acquisition of Loyola University Health System (LUHS) – On July 1, 2011, the Corporation replaced Loyola University of Chicago (University) as the sole member of LUHS, an Illinois not-for-profit corporation. LUHS is the sole member of Loyola University Medical Center and Gottlieb Memorial Hospital (Gottlieb), both Illinois not-for-profit corporations. LUHS was also the sole shareholder of Loyola University of Chicago Insurance Company (LUCIC), a Cayman Islands Corporation until December 31, 2011, as further described in Note 7. The Corporation will coordinate with the University to support health science education and research. The entities seek to work collaboratively both within and outside the Chicago market to become one of the nation's leading providers of Catholic health care, research and medical education.

The Corporation acquired LUHS for \$212.9 million, \$88.3 million in cash at the effective date, \$49.6 million in cash based on a post closing reconciliation adjustment to the purchase price as stipulated in the Definitive Agreement and paid in October 2011, and an accrual of an additional \$75.0 million to be paid over future years. The Corporation recorded indefinite-lived intangible assets, primarily for a trade name, of \$36.1 million in the consolidated balance sheet at the acquisition date. Based on the purchase price allocation, the fair value of assets acquired and liabilities assumed exceeded the fair value of consideration paid and accrued. As a result, the Corporation recognized a gain of \$76.0 million in gain on bargain purchase and inherent contribution in the consolidated statement of operations and changes in net assets. Transaction costs, primarily for legal and consulting services, accrued at June 30, 2011 and subsequently paid during the three months ended September 30, 2011 totaled \$6.0 million.

Summarized consolidated opening balance sheet information for LUHS is shown below

| (In Thousands) | | | |
|--|---------------------|--|-------------------|
| Cash, cash equivalents and investments | \$ 76,865 | Current portion of long-term debt | \$ 163,834 |
| Patient accounts receivable, net | 153,006 | Accounts payable and accrued expenses | 50,947 |
| Inventory | 15,276 | Estimated payables to third party payors | 72,320 |
| Other current assets | 49,568 | Other current liabilities | 48,245 |
| Assets limited or restricted as to use | 298,997 | Long-term debt | 212,536 |
| Property and equipment | 522,076 | Self-insurance reserves | 242,058 |
| Intangible assets | 36,170 | Pension and post retirement plan obligations | 59,866 |
| Other assets | 32,378 | Other liabilities | 18,596 |
| Total assets acquired | <u>\$ 1,184,336</u> | Total liabilities acquired | <u>\$ 868,402</u> |
| | | Temporarily restricted net assets | \$ 20,362 |
| | | Permanently restricted net assets | 6,671 |
| | | Total net assets | <u>\$ 27,033</u> |

As of August 8, 2011, all of LUHS' debt was retired with the proceeds from the Corporation's issuance of \$234 million of taxable commercial paper and cash on hand as further described in Note 6

As part of the LUHS acquisition, certain executed agreements provide for ongoing financial support from the Corporation including

- A Definitive Agreement upon which the Corporation has agreed that over the seven year period from July 1, 2011 to 2018, at least \$300 million will be expended on capital projects and, if certain operating thresholds are met, the amount may be increased to \$400 million
- An Academic Affiliation Agreement, which has an initial term of ten years starting July 1, 2011 and provides for an annual academic support payment from the Corporation to the University of \$22.5 million for the year ended June 30, 2012, adjusted annually for inflation
- A Shared Services Agreement between the University and LUHS who have agreed on a cost sharing agreement related to common employees and services

The operating results of LUHS for the period July 1, 2011 through June 30, 2012, included total unrestricted revenue of \$1.1 billion, operating income of \$0.3 million and deficiency of revenue over expense of \$13.0 million

The amount of the Corporation's revenue, earnings and changes in net assets had the acquisitions of LUHS and MHSC occurred on July 1, 2010 are as follows

| | 2012 | 2011 |
|---|-----------------------|--------------|
| | (In Thousands) | |
| Total operating revenue | \$ 9,093,578 | \$ 8,670,670 |
| Excess of revenue over expenses | \$ 374,352 | \$ 720,773 |
| Change in unrestricted net assets | \$ (372,145) | \$ 1,003,973 |
| Change in temporarily restricted net assets | \$ 27,871 | \$ 3,632 |
| Change in permanently restricted net assets | \$ 6,079 | \$ 2,834 |

Integrated Health Associates (IHA) – Effective December 20, 2010, the Corporation through its operating division Saint Joseph Mercy Health System (SJMHS) acquired IHA, a physician practice group with approximately 200 physicians and practitioners, for \$60.5 million in cash and recorded related goodwill of \$46.6 million. Under the terms of the agreement, an additional \$2.0 million post closing adjustment to the purchase price was paid during the year ended June 30, 2012. IHA has been consolidated in the Corporation's financial statements. Summarized balance sheet information for IHA at December 20, 2010, is shown below.

| (In Thousands) | | | | | |
|-----------------------------|----|--------|----------------------------|----|--------|
| Cash and investments | \$ | 7,035 | Current liabilities | \$ | 21,475 |
| Patient accounts receivable | | 16,389 | Other liabilities | | 2,742 |
| Other current assets | | 4,416 | Total liabilities acquired | \$ | 24,217 |
| Property and equipment | | 5,382 | | | |
| Other assets | | 6,907 | | | |
| Total assets acquired | \$ | 40,129 | | | |

The operating results of IHA for the period July 1, 2011 through June 30, 2012, included total unrestricted revenue of \$150.3 million, operating income of \$6.2 million and excess of revenue over expenses of \$6.8 million and for the period December 20, 2010 through June 30, 2011, included total unrestricted revenue of \$52.4 million, operating income of \$1.9 million and deficiency of revenue over expense of \$18.9 million. The deficiency of revenue over expenses for the year ended June 30, 2011 includes a \$20.8 million charge for income taxes for conversion to non-profit status, which is included in nonoperating items.

Michigan Heart, PC – Effective December 31, 2010, the Corporation, through its operating division SJMHS, acquired the assets and liabilities of Michigan Heart, PC, a physician-owned specialty practice in cardiovascular medicine and research for \$11.7 million in cash and recorded related goodwill of \$13.2 million. The assets and liabilities were merged into and employees were transferred to two operating divisions of the Corporation and have been consolidated in the Corporation's financial statements. SJMHS purchased \$3.6 million of property and equipment and assumed current liabilities of \$4.5 million and other liabilities of \$0.6 million. The operating results of this acquisition were not material to the consolidated financial statements of the Corporation.

Business Divestitures:

On July 1, 1991, Battle Creek Health System (BCHS) was formed through an agreement between the Corporation and Community Hospital Association of Battle Creek, Michigan with the Corporation owning 50% of the stock of BCHS with effective control of BCHS. Effective July 1, 2011, the Corporation transferred its shares of BCHS to Bronson Healthcare Group, Inc. for \$76.0 million, of which \$60.0 million was received as an advanced deposit in June 2011. As a result of the transfer, a loss of \$28.5 million was recognized which includes a pension curtailment gain of \$5.8 million and settlement loss of \$27.5 million.

As described in Note 2, the consolidated financial statements for all periods present the operations of BCHS as a discontinued operation. For the year ended June 30, 2012, the Corporation reported a loss on operations of \$5.4 million in discontinued operations in the statement of changes in net assets. For the year ended June 30, 2011, the Corporation reported income from operations, including a 50% provision for noncontrolling interest, in discontinued operations in the statements of operations and changes in net assets. As of June 30, 2011, assets held for sale were \$185.4 million and liabilities held for sale were \$28.9 million for BCHS prior to a 50% provision for noncontrolling interest. The majority of assets and liabilities held for sale consisted of:

| (In Thousands) | | | |
|-----------------------------|-------------------|-----------------------|------------------|
| Cash and investments | \$ 53,167 | Current liabilities | \$ 17,766 |
| Patient accounts receivable | 18,538 | Accrued pension costs | 10,197 |
| Other current assets | 10,765 | Other liabilities | 955 |
| Property and equipment | 97,808 | Total liabilities | <u>\$ 28,918</u> |
| Other assets | 5,159 | | |
| Total assets | <u>\$ 185,437</u> | | |

4. NET PATIENT SERVICE REVENUE

A summary of the payment arrangements with major third-party payors follows:

Medicare – Acute inpatient and outpatient services rendered to Medicare program beneficiaries are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediaries.

Medicaid – Reimbursement for services rendered to Medicaid program beneficiaries includes prospectively determined rates per discharge, per diem payments, discounts from established charges, fee schedules, and cost reimbursement methodologies with certain limitations. Cost reimbursable items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediaries.

Other – Reimbursement for services to certain patients is received from commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement includes prospectively determined rates per discharge, per diem payments, and discounts from established charges.

During the years ended June 30, 2012 and 2011, 37% and 38% of net patient service revenue was recognized under the Medicare program and 52% and 51% was recognized from other payor contracts and patients, respectively. During the years ended June 30, 2012 and 2011, 11% of net patient service revenue was received under state Medicaid and indigent care programs. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Charity Care – The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify for charity care, they are not reported as net patient service revenue in the consolidated statements of operations and changes in net assets.

A summary of net patient service revenue for the years ended June 30 is as follows

| | 2012 | 2011 |
|--|----------------------------|----------------------------|
| | (In Thousands) | |
| Gross charges | | |
| Acute inpatient | \$ 9,226,067 | \$ 7,559,780 |
| Outpatient, nonacute inpatient, and other | <u>10,045,912</u> | <u>7,534,024</u> |
| Gross patient service revenue | 19,271,979 | 15,093,804 |
| Less | | |
| Contractual and other allowances | (10,725,957) | (8,044,327) |
| Charity care charges | (541,490) | (409,897) |
| Allowance for self-insured health benefits | <u>(155,371)</u> | <u>(143,661)</u> |
| Net patient service revenue | <u><u>\$ 7,849,161</u></u> | <u><u>\$ 6,495,919</u></u> |

5. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30 is as follows

| | 2012 | 2011 |
|--|----------------------------|----------------------------|
| | (In Thousands) | |
| Land | \$ 237,551 | \$ 188,787 |
| Buildings and improvements | 4,725,325 | 4,026,430 |
| Equipment | <u>3,168,354</u> | <u>2,966,349</u> |
| Total | 8,131,230 | 7,181,566 |
| Less accumulated depreciation and amortization | (4,240,315) | (3,989,867) |
| Construction in progress | <u>330,912</u> | <u>182,404</u> |
| Property and equipment, net | <u><u>\$ 4,221,827</u></u> | <u><u>\$ 3,374,103</u></u> |

Buildings and improvements include assets recorded under capital leases of \$74.0 million and \$31.7 million with accumulated amortization for such assets of \$12.9 million and \$9.3 million at June 30, 2012 and 2011, respectively. Equipment includes assets recorded under capital leases of \$10.1 million and \$10.9 million with accumulated amortization for such assets of \$7.1 million and \$7.5 million at June 30, 2012 and 2011, respectively. The associated charges to income are recorded in depreciation and amortization expense in the consolidated statements of operations and changes in net assets.

At June 30, 2012, commitments to purchase property and equipment of approximately \$256.1 million were outstanding. Significant commitments are primarily for facility expansion at existing campuses and related infrastructures at the following ministry organizations: Mount Carmel Health System in Columbus, Ohio - \$89.2 million; Holy Cross Hospital in Silver Spring, Maryland - \$48.4 million; SJMHS in Ann Arbor, Michigan - \$39.1 million; MCHS in Chicago, Illinois - \$36.3 million; Saint Joseph Mercy Oakland in Pontiac, Michigan - \$21.0 million; and Mercy Medical Center in Dubuque, Iowa - \$6.2 million. Costs of these projects are expected to be financed by proceeds from bond issuances, available funds, future operations of the hospitals and contributions.

6. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

A summary of short-term borrowings and long-term debt at June 30 is as follows

| | 2012 | 2011 |
|---|----------------|--------------|
| | (In Thousands) | |
| Short-term borrowings | | |
| Variable rate demand bonds with contractual maturities through 2048 Interest payable monthly at rates ranging from 0.02% to 0.86% during 2012 and from 0.05% to 0.35% during 2011 | \$ 892,865 | \$ 1,121,270 |
| Long-term debt | | |
| Tax-exempt revenue bonds and refunding bonds, fixed rate term and serial bonds, payable at various dates through 2048 Interest rate ranges from 2.0% to 6.5% during 2012 and 2011 | \$ 2,162,070 | \$ 1,508,985 |
| Notes payable to banks Interest payable at rates ranging from 2.0% to 8.9%, fixed and variable, payable in varying monthly installments through 2021 | 4,582 | 14,191 |
| Capital lease obligations (excluding imputed interest of \$51.2 million and \$16.4 million at June 30, 2012 and 2011, respectively) | 72,746 | 31,021 |
| Mortgage obligations Interest payable at rates ranging from 4.1% to 6.0% during 2012 and 6.0% in year 2011 | 64,000 | 3,575 |
| Long-term debt | 2,303,398 | 1,557,772 |
| Less current portion | (32,362) | (29,514) |
| Unamortized bond premiums | 31,200 | 2,644 |
| Long-term debt | \$ 2,302,236 | \$ 1,530,902 |

Contractually obligated principal repayments on short-term borrowings and long-term debt are as follows

| | (In Thousands) | |
|----------------------|-----------------------|----------------|
| | Short-Term Borrowings | Long-Term Debt |
| Years ending June 30 | | |
| 2013 | \$ 25,735 | \$ 32,362 |
| 2014 | 33,250 | 26,418 |
| 2015 | 23,710 | 38,141 |
| 2016 | 25,015 | 46,540 |
| 2017 | 26,590 | 41,053 |
| Thereafter | 758,565 | 2,118,884 |
| Total | \$ 892,865 | \$ 2,303,398 |

A summary of interest costs on borrowed funds primarily under the revenue bond indentures during the years ended June 30 is as follows

| | 2012 | 2011 |
|---|-----------------------|------------------|
| | (In Thousands) | |
| Interest costs incurred | \$ 108,390 | \$ 85,809 |
| Less capitalized interest | (5,609) | (1,738) |
| Interest expense included in operations | <u>\$ 102,781</u> | <u>\$ 84,071</u> |

Obligated Group and Other Requirements – The Corporation has debt outstanding under a Master Trust Indenture dated July 1, 1998, as amended and supplemented thereto, the Amended and Restated Master Indenture (ARMI). The ARMI permits the Corporation to issue obligations to finance certain activities. Obligations issued under the ARMI are general, direct obligations of the Corporation and any future members of the Trinity Health Obligated Group. Proceeds from the tax-exempt bonds and refunding bonds are to be used to finance the construction, acquisition and equipping of capital improvements. Since the implementation of the ARMI, the Corporation is the sole member of the Trinity Health Obligated Group. Certain ministry organizations of the Corporation constitute designated affiliates and the Corporation covenants to cause each designated affiliate to pay, loan or otherwise transfer to the Corporation such amounts necessary to pay the amounts due on all obligations issued under the ARMI. The Corporation, the designated affiliates and all other controlled affiliates are referred to as the Credit Group. The Corporation has granted a security interest in certain pledged property and has caused not less than 85% of the designated affiliates representing, when combined with the Corporation and any future members, not less than 85% of the consolidated net revenue of the Credit Group to grant to the Corporation security interests in certain pledged property in order to secure all obligations issued under the ARMI. The aggregate amount of obligations outstanding using the ARMI (other than obligations that have been advance refunded) were \$3.055 million and \$2.630 million at June 30, 2012 and 2011, respectively.

There are several conditions and covenants required by the ARMI with which the Corporation must comply, including covenants that require the Corporation to maintain a minimum debt service coverage and limitations on liens or security interests in property, except for certain permitted encumbrances, affecting the property of the Corporation or any material designated affiliate (a designated affiliate whose total revenues for the most recent fiscal year exceed 5% of the total revenues of the Credit Group for the most recent fiscal year). Long-term debt outstanding at June 30, 2012 and 2011, excluding amounts issued under the ARMI, is generally collateralized by certain property and equipment.

MHSC has a commitment from the U.S. Department of Housing and Urban Development (HUD) to insure an approximate \$66 million mortgage loan, under the Federal Housing Administration's Section 242 Hospital Mortgage Insurance Program. At June 30, 2012, the outstanding obligation is \$53 million. MHSC's main hospital campus and two satellite facilities are collateral for the mortgage. The mortgage loan agreement with HUD contains various covenants including those relating to limitations on incurring additional debt, disposing of property, financial performance, insurance coverage and timely submission of specified financial reports.

Issuance and Defeasance of Debt – In May 2012, the Corporation issued \$101.9 million in tax-exempt, fixed rate hospital revenue bonds (Series 2012 Bonds) under its ARMI. The proceeds, along with cash, were used to refund the Corporation's \$126.2 million series 2002C bonds and pay costs of issuance. Concurrently, with the series 2012 financing, the Corporation re-offered approximately \$192.8 million of its existing series 2008C, series 2009B and series 2009C variable rate demand bonds in a long-term fixed rate mode. The Corporation also defeased \$35.0 million of outstanding hospital revenue bonds. These transactions resulted in a loss from extinguishment of debt of \$7.0 million, which has been included in nonoperating items in the consolidated statement of operations and changes in net assets. In addition, on June 1, 2012, the Corporation converted \$189.3 million of its currently outstanding variable rate bonds (Series 2008D-2 Bonds) from a weekly mode to a flexible mode.

In December 2011, the Corporation defeased \$36.2 million of outstanding hospital revenue bonds. This transaction resulted in a loss from extinguishment of debt of \$0.7 million, which has been included in nonoperating items in the consolidated statement of operations and changes in net assets.

In October 2011, the Corporation issued \$648.7 million in tax-exempt, fixed rate hospital revenue bonds and \$100.0 million in variable rate hospital revenue bonds (Series 2011 Bonds) under ARMI. The proceeds will be used to finance, refinance and reimburse a portion of the costs of acquisition, construction, renovation and equipping of health facilities, and to pay related costs of issuance. Proceeds, together with assets released from bond trustees, were used to retire \$69.4 million of the Corporation's then outstanding fixed rate hospital revenue bonds and \$102.9 million of the Corporation's then outstanding variable rate hospital revenue bonds. These transactions resulted in a loss from extinguishment of debt of \$2.5 million, which has been included in nonoperating items in the consolidated statement of operations and changes in net assets. In addition, \$354.0 million of the proceeds were used to pay off commercial paper obligations.

In July 2011, the Corporation extinguished \$338.4 million of outstanding hospital revenue bonds related to LUHS through the issuance of commercial paper. These transactions resulted in a loss from extinguishment of debt of \$3.3 million, which has been included in nonoperating items in the consolidated statement of operations and changes in net assets.

The Corporation advance refunded, through net defeasance, \$38.9 million of debt issued under the ARMI during June 2011. The trustees/escrow agents are solely responsible for the subsequent extinguishment of the bonds. These transactions resulted in a loss from extinguishment of debt of \$5.2 million, which has been included in nonoperating items in the Corporation's consolidated statement of operations and changes in net assets.

In October 2010, the Corporation issued \$330 million par value tax-exempt, fixed rate hospital revenue bonds and refunding bonds under the ARMI at a premium of \$11.3 million. The proceeds were used to finance, refinance and reimburse a portion of the costs of acquisition, construction, renovation and equipping of health facilities, and to pay related costs of issuance. Proceeds, together with assets released from bond trustees, were used to retire \$158.8 million of the Corporation's then outstanding fixed rate hospital revenue bonds. These transactions resulted in a loss from extinguishment of debt of \$5.0 million, which has been included in nonoperating items in the Corporation's consolidated statement of operations and changes in net assets.

The outstanding balance of all bonds advance refunded through net defeasance and excluded from the consolidated balance sheets was \$318.5 million and \$202.9 million at June 30, 2012 and 2011, respectively. The Corporation advance refunded the bonds by depositing funds in trustee-held escrow accounts exclusively for the payment of principal and interest. The trustees/escrow agents are solely responsible for the subsequent extinguishment of the bonds. The trustee-held escrow accounts are invested in U.S. government securities.

Commercial Paper – The Corporation has entered into a commercial paper program authorized for borrowings up to \$400 million. Proceeds from this program are to be used to finance certain acquisitions and for general purposes of the Corporation. The notes are payable from the proceeds of subsequently issued notes and from other funds available to the Corporation, including funds derived from the liquidation of securities held by the Corporation in its investment portfolio. The interest rate charged on borrowings outstanding during the year ended June 30, 2012 ranged from 0.08% to 0.22% and ranged from 0.15% to 0.40% during the year ended June 30, 2011.

Liquidity Facilities – In July 2011, the Corporation renewed the 2010 Credit Agreements (2011 Credit Agreements) with Bank of America, N A , which acts as an administrative agent for a group of lenders thereunder. The 2011 Credit Agreements establish a revolving credit facility for the Corporation under which that group of lenders agrees to lend to the Corporation amounts that may fluctuate from time to time. at June 30, 2012, the amount available was \$916 million. Amounts drawn under the 2011 Credit Agreements can only be used to support the Corporation's obligation to pay the purchase price of bonds that are subject to tender and that have not been successfully remarketed, and the maturing principal of and interest on commercial paper notes. Of the \$916 million, \$225 million expires in July 2012, \$195 million expires in July 2013, \$240 million expires in July 2014 and \$256 million expires in July 2015. There were no draws on these credit agreements during the years ended June 30, 2012 or 2011.

Standby Letters of Credit – The Corporation entered into various standby letters of credit totaling approximately \$21.5 million and \$18.3 million at June 30, 2012 and 2011, respectively. These standby letters of credit are renewed annually and are available to the Corporation as necessary under its insurance programs. There were no draws on these letters of credit during the years ended June 30, 2012 or 2011.

7. PROFESSIONAL AND GENERAL LIABILITY PROGRAMS

The Corporation's insurance company, Venzke Insurance Company, Ltd (Venzke), a wholly owned subsidiary of Trinity Health, qualifies as a captive insurance company in the domicile where it operates and provides certain insurance coverage to the Corporation's ministry organizations. The Corporation is self-insured for certain levels of general and professional liability, workers' compensation, and certain other claims. The Corporation, through Venzke, has limited its liability by purchasing reinsurance and commercial coverage from unrelated third-party insurers.

As discussed in Note 3, on July 1, 2011, Trinity Health-Michigan, a wholly-owned subsidiary of Trinity Health, replaced the University as the sole shareholder of LUCIC, a captive insurance company in the domicile where it operates. Effective July 1, 2011, Venzke's policies include the facilities and individuals that were previously insured with LUCIC. Policies issued and reinsurance purchased by LUCIC prior to July 1, 2011 and all losses previous to July 1, 2011 were assumed through a merger with Venzke at December 31, 2011. As discussed in Note 3, on April 1, 2012, the Corporation became the sole member of MHSC, which included assuming MHSC's professional liability losses.

For the years ended June 30, 2012 and 2011, the Corporation's self-insurance program includes \$20 million per occurrence for the first layers of professional liability, as well as \$1 million per occurrence for directors and officers liability and \$1 million per occurrence for the insured auto liability program. Additional layers of professional liability insurance were available with coverage provided through other insurance carriers and various reinsurance arrangements. The total amount available for these subsequent layers is \$100 million in aggregate. The Corporation also insures \$500,000 in property damage liability with commercial insurance providing coverage up to \$1 billion.

The liability for self-insurance reserves represents estimates of the ultimate net cost of all losses and loss adjustment expenses which are incurred but unpaid at the consolidated balance sheet date. The reserves are based on the loss and loss adjustment expense factors inherent in the Corporation's premium structure. Independent consulting actuaries determined these factors from estimates of the Corporation's expenses and available industry-wide data. The reserves include estimates of future trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims and related adjustment expenses is adequate based on the loss experience of the Corporation. The estimates are continually reviewed and adjusted as necessary. Claims in excess of certain insurance coverage and the recorded self-insurance liability have been asserted against the Corporation by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. There are known incidents occurring through June 30, 2012, that may result in the assertion of additional claims, and other claims may be asserted arising from services provided in the past. While it is possible that

settlement of asserted claims and claims that may be asserted in the future could result in liabilities in excess of amounts for which the Corporation has provided. management, based upon the advice of Counsel, believes that the excess liability, if any, should not materially affect the consolidated financial position, operations or cash flows of the Corporation

8. PENSION AND OTHER BENEFIT PLANS

Self-Insured Employee Health Benefits – The Corporation administers self-insured employee health benefit plans for employees. The majority of the Corporation's employees participate in the programs. The provisions of the plans permit employees and their dependents to elect to receive medical care at either the Corporation's ministry organizations or other health care providers. Gross patient service revenue has been reduced by an allowance for self-insured employee health benefits of \$155.4 million and \$143.7 million for the years ended June 30, 2012 and 2011, respectively, which represented revenue attributable to medical services provided by the Corporation to its employees and dependents in such years.

Retirement Plan Acquisitions – The Corporation acquired LUHS on July 1, 2011, including its benefit plans. LUHS maintains three qualified, noncontributory defined benefit pension plans that provide retirement benefits for substantially all full-time employees. Two of these plans are governed by the Employee Retirement Income Security Act of 1974 (ERISA). The third plan is a Church plan as determined by the Internal Revenue Service and is not governed by ERISA. One of the ERISA plans was frozen by LUHS for employees with service through March 2004. This plan is a multiple-employer plan and administration of the plan is the responsibility of Loyola University of Chicago. LUHS's calculated accrued benefit obligation represents approximately 62% of the total multiple-employer plan accrued benefit obligation. Trinity Health amended the remaining two plans to freeze accrued benefits effective December 31, 2012, and participants in those plans will become participants of the Corporation's defined benefit plan effective January 1, 2013. The amendments to freeze both plans resulted in a decrease in the plans' liabilities of \$27.0 million at June 30, 2012.

LUHS also maintains qualified defined contribution plans for certain eligible employees as well as nonqualified pension programs and deferred compensation arrangements for eligible executives. In addition, LUHS provides other postretirement benefits (primarily health benefits) to an eligible group of employees. This plan is closed to new participants. Health benefits are provided subject to various cost-sharing features and are not prefunded.

The Corporation acquired MHSC on April 1, 2012, including its defined contribution plan. The plan covers substantially all of MHSC's employees and provides an employer matching contribution of up to 3% of compensation.

Deferred Compensation – The Corporation has nonqualified deferred compensation plans at certain ministry organizations that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. At June 30, 2012 and 2011, the assets under these plans totaled \$60.8 million and \$52.7 million, and liabilities totaled \$67.4 million and \$54.9 million, respectively.

Defined Contribution Benefits – The Corporation sponsors defined contribution pension plans covering substantially all of its employees. The plans include discretionary employer matching contributions of up to 3% of compensation. Employer and employee contributions are self-directed by plan participants in defined contribution plans. Contribution expense under the plans totaled \$71.4 million and \$62.2 million during the years ended June 30, 2012 and 2011, respectively.

Noncontributory Defined Benefit Pension Plans (Pension Plans) – Substantially all of the Corporation's employees participate in a qualified, noncontributory defined benefit pension plan. Certain non-qualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants. In September 2009, the Corporation amended its defined benefit pension plan to modify the benefit formula from a final average pay formula to a cash balance formula effective July 1, 2010. Accrued benefits frozen through June 30, 2010 were based on years of service and employees' highest five years of compensation. Beginning July 1, 2010, participants accrue benefits based on the cash balance formula, which credits participants annually with a percentage of eligible compensation based on age and years of service, as well as an interest credit based on a benchmark interest rate. A transition adjustment is provided to participants who were vested as of June 30, 2010, whose age and service met certain requirements at that date. The transition adjustment applies to the pension benefit earned through June 30, 2010 and increased compensation under the final average pay formula over a 5-year period. Because the Pension Plan has Church Plan status as defined in the ERISA, funding in accordance with ERISA is not required. The Corporation's adopted funding policy for its qualified plan, which is reviewed annually, is to fund the current normal cost based on the accumulated benefit obligation at the plans' December 31 year-end, and amortization of any under or over funding over a ten year period. The Corporation funded \$64.2 million in excess of the stated funding policy for the combined fiscal years ending June 30, 2012 and 2011.

During the year ended June 30, 2012, the Corporation recorded a pension curtailment gain of \$5.8 million and a pension settlement loss of \$27.5 million related to the sale of BCHS described in Note 3. The net loss is included in the loss from discontinued operations in the consolidated statement of operations and changes in net assets.

Postretirement Health Care and Life Insurance Benefits (Postretirement Plans) – The Corporation sponsors both funded and unfunded contributory plans to provide health care benefits to certain of its retirees. All of the Postretirement Plans are closed to new participants. The plans cover certain hourly and salaried employees who retire from certain ministry organizations. Medical benefits for these retirees are subject to deductibles and co-payment provisions. In June 2010, the Corporation approved an amendment to restructure the funded plans as Health Reimbursement Account arrangements for Medicare eligible participants effective January 1, 2011.

The following table sets forth the changes in projected benefit obligations, accumulated postretirement obligations, changes in plan assets and funded status of the plans for both the Pension and Postretirement Plans for the years ended June 30, 2012 and 2011

| | 2012 | 2011 | 2012 | 2011 |
|--|----------------|--------------|----------------------|-------------|
| | (In Thousands) | | | |
| | Pension Plans | | Postretirement Plans | |
| Change in benefit obligation: | | | | |
| Benefit obligation, beginning of year | \$ 3,961,864 | \$ 3,756,053 | \$ 110,739 | \$ 112,807 |
| Service cost | 141,408 | 116,331 | 1,023 | 1,119 |
| Interest cost | 256,058 | 221,527 | 6,254 | 6,048 |
| Amendments | (32,761) | - | - | (442) |
| Actuarial loss (gain) | 601,102 | (9,007) | (482) | (2,741) |
| Benefits paid | (159,211) | (123,040) | (5,707) | (6,428) |
| Medicare Part D reimbursement | - | - | 674 | 376 |
| Acquisition of LUHS | 392,737 | - | 4,220 | - |
| Benefit obligation, end of year | 5,161,197 | 3,961,864 | 116,721 | 110,739 |
| Change in plan assets: | | | | |
| Fair value of plan assets, beginning of year | 3,647,407 | 3,140,162 | 78,254 | 71,203 |
| Actual return on plan assets | 168,122 | 372,678 | 4,649 | 12,039 |
| Employer contributions | 146,347 | 257,607 | 1,964 | 1,440 |
| Benefits paid | (159,211) | (123,040) | (5,707) | (6,428) |
| Acquisition of LUHS | 338,527 | - | - | - |
| Fair value of plan assets, end of year | 4,141,192 | 3,647,407 | 79,160 | 78,254 |
| Unfunded amount recognized June 30 | \$ (1,020,005) | \$ (314,457) | \$ (37,561) | \$ (32,485) |

Actuarial losses incurred during the year ended June 30, 2012 are primarily the result of a decrease in the discount rates used to measure the plan's liabilities

The accumulated benefit obligation and fair value of plan assets for the qualified defined benefit pension plans for the years ended June 30 are as follows

| | 2012 | 2011 |
|--------------------------------|----------------|--------------|
| | (In Thousands) | |
| | Pension Plans | |
| Accumulated benefit obligation | \$ 5,038,497 | \$ 3,853,728 |
| Fair value of plan assets | 4,141,192 | 3,647,407 |
| Funded status | \$ (897,305) | \$ (206,321) |

Components of net periodic benefit cost for the years ended June 30 consisted of the following

| | 2012 | 2011 | 2012 | 2011 |
|------------------------------------|-------------------|-------------------|----------------------|-------------------|
| | (In Thousands) | | | |
| | Pension Plans | | Postretirement Plans | |
| Service cost | \$ 141,408 | \$ 116,331 | \$ 1,023 | \$ 1,119 |
| Interest cost | 255,990 | 221,527 | 6,254 | 6,048 |
| Expected return on assets | (317,290) | (252,402) | (6,025) | (5,465) |
| Amortization of prior service cost | (19,438) | (18,504) | (7,318) | (7,470) |
| Recognized net actuarial loss | 70,336 | 90,655 | 1,283 | 3,204 |
| Net periodic benefit cost (income) | <u>\$ 131,006</u> | <u>\$ 157,607</u> | <u>\$ (4,783)</u> | <u>\$ (2,564)</u> |

The amounts in unrestricted net assets (inclusive of \$21.7 million related to BCHS' pension plan liabilities held for sale at June 30, 2011 and sold on July 1, 2011), including amounts arising during the year and amounts reclassified into net periodic benefit cost, are as follows

| | (In Thousands) | | |
|---|---------------------|-----------------------|---------------------|
| | Pension Plans | | |
| | Net Loss (Gain) | Prior Service Cost | Total |
| Balance at July 1, 2010 | \$ 1,408,944 | \$ (217,422) | \$ 1,191,522 |
| Reclassified into net periodic benefit cost | (92,788) | 19,073 | (73,715) |
| Arising during the year | (132,908) | - | (132,908) |
| Balance at June 30, 2011 | <u>1,183,248</u> | <u>(198,349)</u> | <u>984,899</u> |
| Curtailments / settlements | (21,678) | - | (21,678) |
| Reclassified into net periodic benefit cost | (70,336) | 19,438 | (50,898) |
| Arising during the year | 750,047 | (32,762) | 717,285 |
| Balance at June 30, 2012 | <u>\$ 1,841,281</u> | <u>\$ (211,673)</u> | <u>\$ 1,629,608</u> |

| | (In Thousands) | | | |
|---|----------------------|-------------------------|----------------|---------------------|
| | Postretirement Plans | | | All Plans |
| | Net Loss (Gain) | Prior Service Credit | Total | Grand Total |
| Balance at July 1, 2010 | \$ 30,946 | \$ (31,823) | \$ (877) | \$ 1,190,645 |
| Reclassified into net periodic benefit cost | (3,204) | 7,470 | 4,266 | (69,449) |
| Arising during the year | (9,262) | (442) | (9,704) | (142,612) |
| Balance at June 30, 2011 | <u>18,480</u> | <u>(24,795)</u> | <u>(6,315)</u> | <u>978,584</u> |
| Curtailments / settlements | - | - | - | (21,678) |
| Reclassified into net periodic benefit cost | (1,283) | 7,318 | 6,035 | (44,863) |
| Arising during the year | 918 | - | 918 | 718,203 |
| Balance at June 30, 2012 | <u>\$ 18,115</u> | <u>\$ (17,477)</u> | <u>\$ 638</u> | <u>\$ 1,630,246</u> |

The following are estimated amounts to be amortized from unrestricted net assets into net periodic benefit cost during 2013

| | (In Thousands) | |
|--------------------------------------|------------------|----------------------|
| | Pension Plans | Postretirement Plans |
| Amortization of prior service credit | \$ (23,091) | \$ (7,318) |
| Recognized net actuarial loss | 122,721 | 1,242 |
| Total | <u>\$ 99,630</u> | <u>\$ (6,076)</u> |

Assumptions used to determine benefit obligations and net periodic benefit cost were as follows

| | 2012 Pension Plans | 2011 | 2012 Postretirement Plans | 2011 |
|--|-----------------------|-------|------------------------------|---------------|
| Benefit Obligations: | | | | |
| Discount rate | 4.70% - 5.05% | 6.00% | 4.25% - 4.85% | 5.10% - 5.75% |
| Rate of compensation increase in 2012 | | | | |
| Graduated to 4% by 2016 | 2.0% | 4.0% | N/A | N/A |
| Net Periodic Benefit Cost: | | | | |
| Discount rate | 5.95% - 6.0% | 6.00% | 5.10% - 5.75% | 4.55% - 5.80% |
| Expected long-term return on plan assets | 7.80% - 8.0% | 8.00% | 8.00% | 8.00% |
| Rate of compensation increase in 2011 | | | | |
| Graduated to 4% by 2012 | 4.0% | 3.5% | N/A | N/A |

Approximately 91% of the Corporation's pension plan liabilities are measured using the 5.05% discount rate at June 30, 2012.

The Corporation uses an efficient frontier analysis approach in determining its asset allocation and long-term rate of return for plan assets. Efficient frontier analysis models the risk and return trade-offs among asset classes while taking into consideration the correlation among the asset classes. Historical market returns and risks are examined as part of this process, but risk-based adjustments are made to correspond with modern portfolio theory. Long-term historical correlations between asset classes are used, consistent with widely accepted capital markets principles. Current market factors, such as inflation and interest rates, are evaluated before long-term capital market assumptions are determined. The long-term rate of return is established using the efficient frontier analysis approach with proper consideration of asset class diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonableness and appropriateness.

Health Care Cost Trend Rates – Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement plans. The postretirement benefit obligation includes assumed health care cost trend rates as follows:

| | 2012 | 2011 |
|-------------------------------------|------|------|
| Medical and drugs, pre-age 65 | 8.3% | 8.9% |
| Medical and drugs, post-age 65 | 8.3% | 8.9% |
| Ultimate trend rate | 5.0% | 5.0% |
| Year rate reaches the ultimate rate | 2018 | 2018 |

A one-percentage point change in assumed health care cost trend rates would have the following effects at June 30, 2012

| | (In Thousands) | |
|--|-------------------------------|-------------------------------|
| | One-Percentage-Point Increase | One-Percentage-Point Decrease |
| Effect on postretirement benefit obligation | \$ 3,787 | \$ (3,201) |
| Effect on total of service cost and interest cost components | \$ 258 | \$ (213) |

The Corporation's investment allocations at June 30, by investment category are as follows

| | 2012 | 2011 | 2012 | 2011 |
|-----------------------------------|---------------|------|----------------------|------|
| Investment Category: | Pension Plans | | Postretirement Plans | |
| Cash and cash equivalents | 10% | 8% | 2% | 1% |
| Marketable securities | | | | |
| U S and non-U S equity securities | 7% | 11% | 59% | 56% |
| Equity mutual funds | 2% | 2% | - | - |
| Debt securities | 35% | 33% | 39% | 43% |
| Other investments | | | | |
| Commingled funds | 11% | 13% | - | - |
| Hedge funds | 30% | 29% | - | - |
| Private equity funds | 5% | 4% | - | - |
| Total | 100% | 100% | 100% | 100% |

The Corporation employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U S and non-U S stocks, as well as growth, value, and small and large capitalizations. Other investments such as hedge funds, interest rate swaps, and private equity are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner, however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies. For the majority of the Corporation's pension plan investments, the combined target investment allocation at June 30, 2012 was U S and non-U S equity securities 15%, fixed income obligations 35%, hedge funds 20%, long/short equity 15%, private equity 5%, opportunistic fixed income 7%, and real assets 3%.

The following tables summarize the Pension and Postretirement Plans' assets measured at fair value at June 30, 2012 and 2011. See Note 10 for definitions of Levels 1, 2 and 3 of the fair value hierarchy.

| 2012 (In Thousands) | | | | |
|--|--|---|--|------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
| Pension Plans | | | | |
| Cash and cash equivalents | \$ 396,043 | \$ 1,422 | \$ - | \$ 397,465 |
| Equity securities | | | | |
| U S common stock | 260,667 | 682 | - | 261,349 |
| Non U S common stock | 12,458 | - | - | 12,458 |
| Debt securities | | | | |
| Government and government agency obligations | - | 433,634 | - | 433,634 |
| Corporate bonds | - | 1,010,844 | - | 1,010,844 |
| Asset backed securities | - | 23,046 | - | 23,046 |
| Mutual funds | | | | |
| Equity mutual funds | 96,352 | - | - | 96,352 |
| Fixed income mutual funds | 11,393 | 7,617 | - | 19,010 |
| Total marketable securities | 776,913 | 1,477,245 | - | 2,254,158 |
| Commingled funds | - | 438,575 | - | 438,575 |
| Hedge funds | - | 39,693 | 1,211,388 | 1,251,081 |
| Private equity | - | - | 204,250 | 204,250 |
| Real estate partnerships | - | - | 520 | 520 |
| Other | (7,392) | - | - | (7,392) |
| Total Pension Plans' assets at fair value | <u>\$ 769,521</u> | <u>\$ 1,955,513</u> | <u>\$ 1,416,158</u> | <u>\$ 4,141,192</u> |
| Postretirement Plans | | | | |
| Mutual funds | | | | |
| Short-term investment mutual funds | \$ 1,178 | \$ - | \$ - | \$ 1,178 |
| Fixed income mutual fund | 31,291 | - | - | 31,291 |
| Commingled funds | - | 46,638 | - | 46,638 |
| Other | 53 | - | - | 53 |
| Total Postretirement Plans' assets at fair value | <u>\$ 32,522</u> | <u>\$ 46,638</u> | <u>\$ -</u> | <u>\$ 79,160</u> |

2011
(In Thousands)

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
|--|--|---|--|------------------------|
| Pension Plans | | | | |
| Cash and cash equivalents | \$ 273,252 | \$ 101 | \$ - | \$ 273,353 |
| Equity securities | | | | |
| U S common stock | 395,957 | 29 | - | 395,986 |
| Non U S common stock | 16,285 | 63 | - | 16,348 |
| Debt securities | | | | |
| Government and government agency obligations | - | 289,614 | - | 289,614 |
| Corporate bonds | - | 894,178 | - | 894,178 |
| Asset backed securities | - | 18,585 | - | 18,585 |
| Mutual funds | | | | |
| Equity mutual funds | 94,044 | - | - | 94,044 |
| Total marketable securities | 779,538 | 1,202,570 | - | 1,982,108 |
| Commingled funds | - | 477,919 | - | 477,919 |
| Hedge funds | - | - | 1,045,751 | 1,045,751 |
| Private equity | 79 | - | 134,336 | 134,415 |
| Real estate partnerships | - | - | 3,848 | 3,848 |
| Other | 3,491 | (125) | - | 3,366 |
| Total Pension Plans' assets at fair value | <u>\$ 783,108</u> | <u>\$ 1,680,364</u> | <u>\$ 1,183,935</u> | <u>\$ 3,647,407</u> |
| Postretirement Plans | | | | |
| Mutual funds | | | | |
| Short-term investment mutual funds | \$ 755 | \$ - | \$ - | \$ 755 |
| Fixed income mutual fund | 33,445 | - | - | 33,445 |
| Commingled funds | - | 44,054 | - | 44,054 |
| Total Postretirement Plans' assets at fair value | <u>\$ 34,200</u> | <u>\$ 44,054</u> | <u>\$ -</u> | <u>\$ 78,254</u> |

Unfunded capital commitments related to Level 3 private equity investments totaled \$191.5 million and \$198.5 million at June 30, 2012 and 2011, respectively.

There were no significant transfers to or from Levels 1 and 2 during the years ended June 30, 2012 or 2011.

See Note 10 for the Corporation's methods and assumptions to estimate the fair value of marketable securities and commingled funds.

Hedge Funds – The Pension Plan invests in various hedge fund strategies. These funds utilize a “fund-of-funds” approach resulting in diversified multi-strategy, multi-manager investments. Underlying investments in these funds may include equities, fixed income securities, commodities, currencies, and derivatives. These funds are valued at net asset value, which is calculated using the most recent partnership financial statements.

Private Equity – These assets include several private equity funds that invest primarily in the United States, Asia and Europe, both directly and on the secondary market, pursuing distressed opportunities and natural resources, primarily energy. These funds are valued at net asset value, which is calculated using the most recent fund financial statements.

Real Estate Partnerships – These assets are reported at fair value based on either independent appraisals performed by the general partner during the year, or estimated using discounted cash flow and market analysis, supported by sales comparison information

Other – Represents unsettled transactions relating primarily to purchases and sales of plan assets, accrued income, and derivatives. Due to the short maturity of these assets and liabilities, the fair value is equal to the carrying amounts. Concerning derivatives, the Pension Plans are party to certain agreements, which are designed to manage exposures to equities and interest rate risks. These instruments are used for the purpose of hedging changes in the fair value of assets and actuarial present value of accumulated plan benefits that result from interest rate changes, or as an efficient substitute for traditional securities. The fair value of the derivatives is estimated utilizing the terms of the derivative instruments and publicly available market yield curves. The Pension Plans' investment policies specifically prohibit the use of derivatives for speculative purposes.

The following tables summarize the changes in Level 3 Pension Plan assets for the years ended June 30

| | (In Thousands) | | | | |
|--------------------------|--------------------|---------------------|-------------------|-----------------------------|---------------------|
| | Corporate Bonds | Hedge Funds | Private Equity | Real Estate Partnerships | Total |
| Balance at July 1, 2010 | \$ 6,242 | \$ 906,684 | \$ 104,209 | \$ 5,260 | \$ 1,022,395 |
| Transfers out of level 3 | (6,060) | - | - | - | (6,060) |
| Realized (loss) gain | (182) | (4,310) | 2,017 | 821 | (1,654) |
| Unrealized gain (loss) | - | 89,223 | 13,476 | (1,412) | 101,287 |
| Purchases | - | 96,438 | 26,972 | - | 123,410 |
| Sales | - | (42,746) | - | - | (42,746) |
| Settlements | - | 462 | (12,338) | (821) | (12,697) |
| Balance at June 30, 2011 | - | 1,045,751 | 134,336 | 3,848 | 1,183,935 |
| Acquisition of LUHS | - | - | 7,038 | 119 | 7,157 |
| Realized gain | - | 24,990 | 6,761 | 18 | 31,769 |
| Unrealized (loss) gain | - | (29,924) | 3,730 | (480) | (26,674) |
| Purchases | - | 537,598 | 75,340 | - | 612,938 |
| Sales | - | (367,524) | (2,911) | (36) | (370,471) |
| Settlements | - | 497 | (20,044) | (2,949) | (22,496) |
| Balance at June 30, 2012 | <u>\$ -</u> | <u>\$ 1,211,388</u> | <u>\$ 204,250</u> | <u>\$ 520</u> | <u>\$ 1,416,158</u> |

Transfers out of Level 3 into Level 2 were made in 2011 due to the availability of more accurate pricing data for a corporate bond security. At June 30, 2011, the fair value of this investment was estimated using unobservable inputs (i.e., extrapolated data, proprietary models, and indicative quotes) obtained from investment managers. At June 30, 2012, the fair value of this security was estimated using observable, market based bid evaluations obtained from Financial Times Interactive Data. The Corporation's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Expected Contributions – The Corporation expects to contribute \$185.1 million to its Pension Plans, and \$1.9 million to its Postretirement Plans during the year ended June 30, 2013 under the Corporation's stated funding policy. The Corporation also elected to make an additional contribution of \$100 million to its Pension Plans in July 2012.

Expected Benefit Payments – The Corporation expects to pay the following for pension benefits, which reflect expected future service as appropriate, and expected postretirement benefits, before deducting the Medicare Part D subsidy.

| | (In Thousands) | | |
|-------------------|------------------|-------------------------|--|
| | Pension Plans | Postretirement Plans | Postretirement Medicare Part D Subsidy |
| 2013 | \$ 191,524 | \$ 7,765 | \$ 125 |
| 2014 | 202,633 | 8,036 | 123 |
| 2015 | 223,758 | 8,319 | 119 |
| 2016 | 246,134 | 8,508 | 114 |
| 2017 | 272,488 | 8,639 | 107 |
| Years 2018 - 2022 | 1,751,325 | 42,728 | 424 |

9. COMMITMENTS AND CONTINGENCIES

Operating Leases – The Corporation leases various land, equipment and facilities under operating leases. Total rental expense, which includes provisions for maintenance in some cases, was \$103.2 million and \$89.4 million for the years ended June 30, 2012 and 2011, respectively.

The following is a schedule of future minimum lease payments under operating leases as of June 30, 2012, that have initial or remaining lease terms in excess of one year.

| | (In Thousands) |
|----------------------|-------------------|
| Years ending June 30 | |
| 2013 | \$ 78,525 |
| 2014 | 66,498 |
| 2015 | 52,130 |
| 2016 | 43,616 |
| 2017 | 35,067 |
| Thereafter | 113,241 |
| Total | <u>\$ 389,077</u> |

Guarantees – The Corporation entered into debt guarantees to finance equipment purchases and to finance or construct professional office buildings, including outpatient surgery centers, rehabilitation facilities, medical facilities and medical office buildings.

Multiple guarantees that existed as of June 30, 2012 are at the following levels

| Percentage Guaranteed by Corporation | Percentage Guaranteed by Others | (In Thousands) | |
|--|---------------------------------------|---------------------------|---|
| | | Total Principal Amount | Dollars Guaranteed by Corporation |
| 100% | 0% | \$ 5,985 | \$ 5,985 |
| 50% | 50% | 8,150 | 4,075 |
| 25% | 75% | 487 | 122 |
| 18 75% | 81 25% | 1,375 | 258 |
| | | <u>\$ 15,997</u> | <u>\$ 10,440</u> |

Asset Retirement Obligations – The Corporation has conditional asset retirement obligations for certain fixed assets mainly related to the removal of asbestos contained within facilities and the removal of underground storage tanks

A reconciliation of the asset retirement obligations at June 30 follows

| | 2012 | 2011 |
|--|------------------|------------------|
| | (In Thousands) | |
| Asset retirement obligation, beginning of year | \$ 17,487 | \$ 18,735 |
| Accretion | 587 | 842 |
| Liabilities incurred | 877 | 27 |
| Liabilities settled | (94) | (2,117) |
| Asset retirement obligation, end of year | <u>\$ 18,857</u> | <u>\$ 17,487</u> |

Litigation

In September 2007, a Boise, Idaho jury awarded \$58.9 million in damages to MRI Associates, an Idaho limited partnership (MRIA) against Saint Alphonsus Regional Medical Center and its subsidiary Saint Alphonsus Diversified Care, Inc. (collectively, "Saint Alphonsus"). The lawsuit involved Saint Alphonsus' withdrawal from the MRIA partnership. The jury award was reduced by the trial judge to \$36.3 million, which was offset by the award of \$4.6 million to Saint Alphonsus, the value of its partnership interest in MRIA. Saint Alphonsus appealed and, in October 2009, the Idaho Supreme Court overturned the trial court decision and remanded the case for a new trial. The second trial was held during October 2011 with a jury awarding approximately \$52 million in damages to MRIA. After Saint Alphonsus filed an objection, the trial court entered a second amended judgment indicating that the plaintiffs could execute 1 of 11 alternative judgments which vary in amount from approximately \$20 million to \$52 million. Saint Alphonsus continues to have an offset of \$4.6 million plus 10% interest running from September 21, 2007. Saint Alphonsus filed a Notice of Appeal to the Idaho Supreme Court in May 2012, because the Corporation believes that the proof of damages is insufficient to sustain the jury's award under Idaho law. The Corporation recorded management's estimation for litigation expense of \$20 million in the consolidated statement of operations and changes in net assets for the year ended June 30, 2007. As of June 30, 2012 and 2011, the liability is included in other long-term liabilities in the consolidated balance sheets in the event of an unfavorable resolution of this matter.

In June 2007, the Corporation was added to litigation pending in the United States District Court for the Eastern District of Michigan, alleging that certain hospitals in Southeastern Michigan conspired to suppress the wages of nurses over a period of five years. The plaintiffs brought the action on their own behalf and on behalf of all others similarly situated and seeking certification of the class. The complaint alleges that there was a direct agreement among the executives of defendant hospitals to suppress compensation and that they shared non-public compensation information, which had an anticompetitive effect on wages. The complaint specifically references St. Mary Mercy Hospital in Livonia, Michigan and St. Joseph Mercy Oakland in

Pontiac, Michigan. Discovery is complete. Defendants' motion for summary judgment, which has been pending since June 2009, was decided on March 22, 2012. The Judge granted summary judgment on Count I (conspiracy to hold down wages), but denied it on Count II (exchange of compensation-related information leading to reduced wages). Plaintiffs' motion to certify a class has also been pending since June, 2009 and has not yet been decided. If the outcome is adverse to the Corporation, the Corporation could potentially incur material damages or other financial consequences. At this time, it is premature to assess the likely course or outcome of this litigation.

The Corporation is involved in other litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future consolidated financial position or results of operations.

10. FAIR VALUE MEASUREMENTS

The Corporation's consolidated financial statements reflect certain assets and liabilities recorded at fair value. Assets and liabilities measured at fair value on a recurring basis in the Corporation's consolidated balance sheets include cash, cash equivalents, marketable securities, commingled funds, securities lending collateral, and derivatives. Defined benefit retirement plan assets are measured at fair value on an annual basis. Liabilities measured at fair value on a recurring basis for disclosure only include debt.

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. The fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

To determine fair value, the Corporation uses various valuation methodologies based on market inputs. For many instruments, pricing inputs are readily observable in the market, the valuation methodology is widely accepted by market participants and involves little to no judgment. For other instruments, pricing inputs are less observable in the marketplace. These inputs can be subjective in nature and involve uncertainties and matters of considerable judgment. The use of different assumptions, judgments and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Corporation assesses the inputs used to measure fair value using a three level hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The fair value hierarchy is as follows:

Level 1 – Quoted (unadjusted) prices for identical instruments in active markets

Level 2 – Other observable inputs, either directly or indirectly, including

- Quoted prices for similar instruments in active markets
- Quoted prices for identical or similar instruments in non-active markets (few transactions, limited information, non-current prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the instrument (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 – Unobservable inputs that cannot be corroborated by observable market data

Valuation Methodologies – Exchange-traded securities whose fair value is derived using quoted prices in active markets are classified as Level 1. In instances where quoted market prices are not readily available, fair value is estimated using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures. The Corporation classifies these securities as Level 2 within the fair value hierarchy.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Corporation's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset.

Following is a description of the valuation methodologies the Corporation used for instruments recorded at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Cash and Cash Equivalents – The carrying amounts reported in the consolidated balance sheets approximate their fair value. Certain cash and cash equivalents are included in investments and assets limited or restricted as to use in the consolidated balance sheets.

Commercial Paper – The fair value of commercial paper is based on amortized cost. Commercial paper is designated as Level 2 investments with significant observable inputs including security cost, maturity and credit rating. Commercial paper is classified as either cash and cash equivalents or marketable securities in the consolidated balance sheets depending upon the length to maturity when purchased.

Security Lending Collateral – The security lending collateral is invested in a Northern Trust sponsored commingled collateral fund, which is composed primarily of short-term securities. The fair value amounts of the commingled collateral fund are based on quoted market prices.

Marketable Securities – The fair value amounts of marketable securities, included in investments and assets limited or restricted as to use in the consolidated balance sheets, are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities.

Commingled Funds – The Corporation invests in various commingled funds that are included in investments and assets limited or restricted as to use in the consolidated balance sheets. These funds are developed for investment by institutional investors only and therefore do not require registration with the Securities and Exchange Commission. Commingled funds are recorded at fair value based on either the underlying investments that have a readily determinable market value or based on net asset value, which is calculated using the most recent fund financial statements.

The Corporation classifies its marketable securities and commingled funds as trading securities. Holding (losses) gains included in the excess of revenue over expenses for the years ending June 30, 2012 and 2011 were (\$44.3) million and \$155.2 million, respectively.

Other Investments – The Corporation accounts for certain other investments using the equity method. These investments are structured as limited liability corporations and partnerships and are designed to produce stable investment returns regardless of market activity. These investments utilize a combination of “fund-of-funds” and direct fund investment resulting in diversified multi-strategy, multi-manager investments approach. Some of these are developed by investment managers specifically for the Corporation's use and are similar to mutual funds, but are not traded on a public exchange. Underlying investments in these funds may include other funds, equities, fixed income securities, commodities, currencies and derivatives. Audited information is only available annually based on the limited liability corporations, partnerships or funds' year-end. Management's estimates of the fair values of these investments are based on information provided by the

third-party administrators and fund managers or the general partners. Management obtains and considers the audited financial statements of these investments when evaluating the overall reasonableness of the recorded value. In addition to a review of external information provided, management's internal procedures include such things as review of returns against benchmarks and discussions with fund managers on performance, changes in personnel or process, along with evaluations of current market conditions for these investments. Investment managers meet with the Corporation's Investment Subcommittee of the Finance and Stewardship Committee of the Board of Directors on a periodic basis. Because of the inherent uncertainty of valuations, values may differ materially from the values that would have been used had a ready market existed. The balance of these investments at June 30, 2012 and 2011 was \$999.8 million and \$965.7 million, respectively. Unfunded capital commitments related to private equity investments totaled \$89.1 million and \$55.0 million at June 30, 2012 and 2011, respectively.

Cash, cash equivalents, marketable securities, commingled funds and other investments totaled \$5.308 million and \$4.831 million at June 30, 2012 and 2011, respectively.

Derivatives – The fair value of the Corporation's derivatives, which are mainly interest rate swaps, are estimated utilizing the terms of the swaps and publicly available market yield curves along with the Corporation's nonperformance risk as observed through the credit default swap market and bond market and based on prices for recent trades. These swap agreements are classified as Level 2 within the fair value hierarchy.

The following tables present information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis and recorded at June 30

| 2012 (In Thousands) | | | | |
|--|--|---|--|------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,295,525 | \$ 55,634 | \$ - | \$ 1,351,159 |
| Security lending collateral | - | 130,702 | - | 130,702 |
| Marketable securities | | | | |
| Equity securities | 533,221 | 463 | 1,472 | 535,156 |
| Debt securities | | | | |
| Government and government agency obligations | - | 405,740 | - | 405,740 |
| Corporate bonds | - | 273,845 | 1,114 | 274,959 |
| Asset backed securities | - | 76,537 | 559 | 77,096 |
| Other | - | 6,795 | - | 6,795 |
| Mutual funds | | | | |
| Equity mutual funds | 199,080 | 39 | - | 199,119 |
| Fixed income mutual funds | 157,334 | 3,338 | - | 160,672 |
| Real estate investment funds | 7,173 | - | - | 7,173 |
| Other | 2,403 | 2,363 | - | 4,766 |
| Total marketable securities | 899,211 | 769,120 | 3,145 | 1,671,476 |
| Commingled funds | - | 1,167,130 | 109,165 | 1,276,295 |
| Interest rate swaps | - | 27,183 | - | 27,183 |
| Total Assets | <u>\$ 2,194,736</u> | <u>\$ 2,149,769</u> | <u>\$ 112,310</u> | <u>\$ 4,456,815</u> |
| Liabilities | | | | |
| Interest rate swaps | <u>\$ -</u> | <u>\$ 205,111</u> | <u>\$ -</u> | <u>\$ 205,111</u> |

2011
(In Thousands)

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total Fair Value |
|--|---|--|--|---------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 1,097,899 | \$ 40,695 | \$ - | \$ 1,138,594 |
| Security lending collateral | - | 149,641 | - | 149,641 |
| Marketable securities | | | | |
| Equity securities | 589,498 | 1,913 | 500 | 591,911 |
| Debt securities | | | | |
| Government and government agency obligations | - | 335,433 | 116 | 335,549 |
| Corporate bonds | - | 285,643 | 2,467 | 288,110 |
| Asset backed securities | - | 77,517 | 715 | 78,232 |
| Other | - | 13,620 | - | 13,620 |
| Mutual funds | | | | |
| Equity mutual funds | 181,670 | - | - | 181,670 |
| Fixed income mutual funds | 46,438 | - | - | 46,438 |
| Real estate investment funds | 6,658 | - | - | 6,658 |
| Other | 1,540 | - | - | 1,540 |
| Total marketable securities | 825,804 | 714,126 | 3,798 | 1,543,728 |
| Commingled funds | - | 1,168,069 | 8,600 | 1,176,669 |
| Interest rate swaps | - | 33,422 | - | 33,422 |
| Total Assets | <u>\$ 1,923,703</u> | <u>\$ 2,105,953</u> | <u>\$ 12,398</u> | <u>\$ 4,042,054</u> |
| Liabilities | | | | |
| Interest rate swaps | <u>\$ -</u> | <u>\$ 107,926</u> | <u>\$ -</u> | <u>\$ 107,926</u> |

There were no significant transfers to or from Levels 1 and 2 during the years ended June 30, 2012 or 2011

The following table summarizes the changes in Level 3 assets for the years ended June 30

| (In Thousands) | | | | | | |
|--------------------------|----------------------|---|--------------------|----------------------------|---------------------|-------------------|
| | Equity Securities | Government and Government Agency Obligations | Corporate Bonds | Asset Backed Securities | Commingled Funds | Total |
| Balance at July 1, 2010 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Realized gain | - | - | 2 | 1 | - | 3 |
| Unrealized (loss) gain | (35) | 24 | 58 | 21 | 367 | 435 |
| Purchases | 535 | 92 | 2,436 | 885 | 8,233 | 12,181 |
| Settlements | - | - | (29) | (192) | - | (221) |
| Balance at June 30, 2011 | <u>\$ 500</u> | <u>\$ 116</u> | <u>\$ 2,467</u> | <u>\$ 715</u> | <u>\$ 8,600</u> | <u>\$ 12,398</u> |
| Realized gain | 35 | - | (7) | 44 | - | 72 |
| Unrealized (loss) gain | (35) | - | (81) | - | 2,361 | 2,245 |
| Purchases | 972 | - | 992 | - | 98,227 | 100,191 |
| Settlements | - | - | - | (200) | - | (200) |
| Transfers | - | (116) | (2,257) | - | (23) | (2,396) |
| Balance at June 30, 2012 | <u>\$ 1,472</u> | <u>\$ -</u> | <u>\$ 1,114</u> | <u>\$ 559</u> | <u>\$ 109,165</u> | <u>\$ 112,310</u> |

Investments in Entities that Calculate Net Asset Value per Share The Corporation holds shares or interests in investment companies at year-end, included in commingled funds, where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. There were no unfunded commitments as of June 30, 2012 or 2011. The fair value and redemption rules of these investments are as follows:

| Investments Held at June 30, 2012 | | | |
|-----------------------------------|---------------------|----------------------------------|-----------------------------|
| (In thousands) | Fair Value | Redemption Frequency | Redemption Notice Period |
| Equity funds | 249,592 | Monthly, quarterly, semiannually | 30-95 days |
| Fixed income funds | 965,096 | Monthly | 5 days |
| Total | <u>\$ 1,214,688</u> | | |

| Investments Held at June 30, 2011 | | | |
|-----------------------------------|-------------------|----------------------------------|-----------------------------|
| (In thousands) | Fair Value | Redemption Frequency | Redemption Notice Period |
| Equity funds | 8,600 | Monthly, quarterly, semiannually | 30-95 days |
| Fixed income funds | 953,533 | Monthly | 5 days |
| Total | <u>\$ 962,133</u> | | |

The equity fund category includes investments in funds that invest both long and short, primarily in U S common stocks. Management of the fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

The fixed income fund category invests in financial instruments of U S and non-U S entities, primarily bonds, notes, bills, debentures, currencies, and interest rate and derivative products. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

The composition of investment returns included in the consolidated statement of operations and changes in net assets for the years ended June 30 is as follows:

| | 2012 | 2011 |
|---|-------------------|-------------------|
| | (In Thousands) | |
| Dividend, interest income and other | \$ 74,258 | \$ 79,703 |
| Realized gain, net | 68,360 | 138,901 |
| Realized equity loss, other investments | (2,258) | (1,432) |
| Change in net unrealized (loss) gain on investments | (146,640) | 279,942 |
| Total investment return | <u>\$ (6,280)</u> | <u>\$ 497,114</u> |
| Included in: | | |
| Operating income | \$ 13,300 | \$ 6,454 |
| Nonoperating items | (19,159) | 483,550 |
| Changes in restricted net assets | (421) | 7,110 |
| Total investment return | <u>\$ (6,280)</u> | <u>\$ 497,114</u> |

In addition to investments, assets restricted as to use include receivables for unconditional promises to give cash and other assets net of allowances for uncollectible promises to give.

Unconditional promises to give consist of the following at June 30:

| | 2012 | 2011 |
|--|------------------|------------------|
| | (In Thousands) | |
| Amounts expected to be collected in: | | |
| Less than one year | \$ 8,632 | \$ 9,049 |
| One to five years | 13,896 | 11,688 |
| More than five years | 3,676 | 3,841 |
| | <u>26,204</u> | <u>24,578</u> |
| Discount to present value of future cash flows | 2,094 | 1,885 |
| Allowance for uncollectible amounts | 2,301 | 2,566 |
| Total unconditional promises to give, net | <u>\$ 21,809</u> | <u>\$ 20,127</u> |

Patient Accounts Receivable, Estimated Receivables from Third-Party Payors and Current Liabilities – The carrying amounts reported in the consolidated balance sheets approximate their fair value.

Long-Term Debt – The carrying amounts of the Corporation’s variable rate debt approximate their fair values. The fair value of the Corporation’s fixed rate long-term debt is estimated using discounted cash flow analyses, based on current incremental borrowing rates for similar types of borrowing arrangements. The fair value of the fixed rate long-term revenue and refunding bonds was \$2.389 million and \$1.576 million at June 30, 2012 and 2011, respectively. The related carrying value of the fixed rate long-term revenue and refunding bonds was \$2.162 million and \$1.509 million at June 30, 2012 and 2011, respectively. The fair values of the remaining fixed rate capital leases, notes payable to banks, and mortgage loans are not materially different from their carrying values.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Financial Instruments – In the normal course of business, the Corporation is exposed to market risks, including the effect of changes in interest rates and equity market volatility. To manage these risks the Corporation enters into various derivative contracts, primarily interest rate swaps. Interest rate swaps are used to manage the effect of interest rate fluctuations.

Management reviews the Corporation’s hedging program, derivative position, and overall risk management on a regular basis. The Corporation only enters into transactions it believes will be highly effective at offsetting the underlying risk.

Interest Rate Swaps – The Corporation utilizes interest rate swaps to manage interest rate risk related to the Corporation’s variable interest rate debt, variable rate leases and a fixed income investment portfolio. Cash payments on interest rate swaps totaled \$17.3 million and \$15.7 million for the years ended June 30, 2012 and 2011, respectively and are included in nonoperating income.

Certain of the Corporation’s interest rate swaps contain provisions that give certain counterparties the right to terminate the interest rate swap if a rating is downgraded below specified thresholds. If a ratings downgrade threshold is breached, the counterparties to the derivative instruments could demand immediate termination of the swaps. Such termination could result in a payment from the Corporation or a payment to the Corporation depending on the market value of the interest rate swap.

Certain of the Corporation’s interest rate swaps are secured by \$89.4 million and \$30.6 million of collateral included in prepaid expenses and other current assets in the Corporation’s consolidated balance sheets at June 30, 2012 and 2011, respectively.

Investment Collars – The Corporation engaged in a downside risk mitigation strategy employing an equity collar structure utilizing a combination of equity call and put options. This hedging strategy was based on investment portfolio exposure to long only equities and contained no leverage. This investment collar expired in July 2010.

Effect of Derivative Instruments on Excess of Revenue over Expenses - The following table represents the effect derivative instruments had on the Corporation's financial performance for the years ended June 30

| Derivatives not designated as hedging instruments | Location of Net Gain (Loss) Recognized in Excess of Revenue over Expenses or Unrestricted Net Assets | 2012 | 2011 |
|---|--|---|-----------|
| | | (In Thousands) | |
| | | Amount of Net Gain (Loss) Recognized in Excess of Revenue over Expenses | |
| Excess of Revenue over Expenses: | | | |
| Interest rate swaps | Change in market value and cash payment on interest rate swaps | \$ (114,468) | \$ 13,554 |
| Interest rate swaps | Investment income | 1,087 | 206 |
| Investment collars | Investment loss | - | (4,969) |
| | | \$ (113,381) | \$ 8,791 |

Balance Sheet Effect of Derivative Instruments - The following table summarizes the estimated fair value of the Corporation's derivative financial instruments at June 30

| Derivatives not designated as hedging instruments | Consolidated Balance Sheet Location | 2012 (In Thousands) | 2011 |
|---|---|----------------------------|------------------|
| Asset Derivatives | | | |
| Interest rate swaps | Investments | \$ 8,401 | \$ 6,356 |
| Interest rate swaps | Other assets | 18,782 | 27,066 |
| Total asset derivatives | | <u>\$ 27,183</u> | <u>\$ 33,422</u> |
| Liability Derivatives | | | |
| Interest rate swaps | Other long-term liabilities | \$ 205,111 | \$ 107,926 |

The counterparties to the interest rate swaps expose the Corporation to credit loss in the event of non-performance. At June 30, 2012 and 2011 an adjustment for non-performance risk reduced derivative assets by \$1.1 million and \$2.6 million and derivatives liabilities by \$14.6 million and \$3.0 million, respectively.

12. ENDOWMENTS

The Corporation's endowments consist of funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Corporation considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

The Corporation employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of endowment funds for a prudent level of risk. The Corporation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Corporation can appropriate each year all available earnings in accordance with donor restrictions. The endowment corpus is to be maintained in perpetuity. Certain donor-restricted endowments require a portion of annual earnings to be maintained in perpetuity along with the corpus. Only amounts exceeding the amounts required to be maintained in perpetuity are expended.

Endowment net asset composition by type of fund at June 30 is as follows

| 2012 (In Thousands) | | | | |
|----------------------------------|----------------------------|---|---|------------------|
| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
| Donor-restricted endowment funds | \$ - | \$ 438 | \$ 40,670 | \$ 41,108 |
| Board-designated endowment funds | 34,291 | - | - | 34,291 |
| Total endowment funds | <u>\$ 34,291</u> | <u>\$ 438</u> | <u>\$ 40,670</u> | <u>\$ 75,399</u> |

| 2011 (In Thousands) | | | | |
|----------------------------------|----------------------------|---|---|------------------|
| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
| Donor-restricted endowment funds | \$ - | \$ 446 | \$ 34,462 | \$ 34,908 |
| Board-designated endowment funds | 34,988 | - | - | 34,988 |
| Total endowment funds | <u>\$ 34,988</u> | <u>\$ 446</u> | <u>\$ 34,462</u> | <u>\$ 69,896</u> |

Changes in endowment net assets for the years ended June 30 include

| (In Thousands) | | | | |
|---|----------------------------|---|---|------------------|
| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
| Endowment net assets, July 1, 2010 | \$ 19,737 | \$ 464 | \$ 31,736 | \$ 51,937 |
| Investment return | | | | |
| Investment gain | 1,658 | 8 | 713 | 2,379 |
| Change in net realized and unrealized gain and loss | <u>3,964</u> | <u>373</u> | <u>1,820</u> | <u>6,157</u> |
| Total investment return | 5,622 | 381 | 2,533 | 8,536 |
| Contributions | 36 | - | 403 | 439 |
| Appropriation of endowment assets for expenditures | (967) | (5) | - | (972) |
| Transfer to create a board designated endowment | 10,560 | - | - | 10,560 |
| Other | <u>-</u> | <u>(394)</u> | <u>(210)</u> | <u>(604)</u> |
| Endowment net assets, June 30, 2011 | 34,988 | 446 | 34,462 | 69,896 |
| Investment return | | | | |
| Investment gain (loss) | 1,477 | 7 | (30) | 1,454 |
| Change in net realized and unrealized gain and loss | <u>(1,651)</u> | <u>(10)</u> | <u>(391)</u> | <u>(2,052)</u> |
| Total investment return | (174) | (3) | (421) | (598) |
| Contributions | 91 | - | 636 | 727 |
| Appropriation of endowment assets for expenditures | (624) | (5) | - | (629) |
| Acquisition of LUHS | - | - | 6,671 | 6,671 |
| Other | <u>10</u> | <u>-</u> | <u>(678)</u> | <u>(668)</u> |
| Endowment net assets, June 30, 2012 | <u>\$ 34,291</u> | <u>\$ 438</u> | <u>\$ 40,670</u> | <u>\$ 75,399</u> |

The table below describes endowment amounts classified as permanently restricted net assets and temporarily restricted net assets at June 30

| | 2012 | 2011 |
|---|------------------|------------------|
| | (In Thousands) | |
| Permanently restricted net assets | | |
| Hospital operations support | \$ 17,537 | \$ 16,736 |
| Medical program support | 5,941 | 5,127 |
| Scholarship funds | 2,247 | 2,351 |
| Research funds | 8,241 | 3,433 |
| Community service funds | 5,496 | 5,764 |
| Other funds | 1,208 | 1,051 |
| Total endowment funds classified as permanently restricted net assets | <u>\$ 40,670</u> | <u>\$ 34,462</u> |
| Temporarily restricted net assets | | |
| Term endowment funds | \$ 127 | \$ 133 |
| Other | 311 | 313 |
| Total endowment funds classified as temporarily restricted net assets | <u>\$ 438</u> | <u>\$ 446</u> |

Funds with Deficiencies – Periodically the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires the Corporation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations and/or continued appropriation for certain programs that was deemed prudent by the Corporation.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 26, 2012, the date the consolidated financial statements were issued. The following subsequent events were noted:

Pension Funding – On July 2, 2012, the Corporation issued \$100 million in commercial paper and used the proceeds to make contributions to its Pension Plans.

Liquidity Facilities – In July 2012, the Corporation renewed the Amended and Restated 2010 Revolving Credit Agreements with U.S. Bank National Association, which acts as an administrative agent for a group of lenders thereunder. The 2010 Credit Agreements establish a revolving credit facility for the Corporation, under which that group of lenders agrees to lend to the Corporation amounts that may fluctuate from time to time but, as of September 26, 2012, the amount available was \$731 million. Amounts drawn under the 2010 Credit Agreements can only be used to support the Corporation's obligation to pay the purchase price of bonds that are subject to tender and that have not been successfully remarketed, and the maturing principal of and interest on commercial paper notes. Of the \$731 million, \$150 million expires in July 2013, \$110 million expires in July 2014, \$256 million expires in July 2015 and \$215 million expires in July 2016. In addition, in August 2012, the Corporation added a second general purpose facility of \$200 million.

Commercial Paper – Subsequent to June 30, 2012, the Corporation intends to increase its commercial paper program for authorized borrowings from \$400 million to \$600 million.

* * * *

Additional Data

Software ID:

Software Version:

EIN: 38-2589966

Name: MERCY HEALTH PARTNERS

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|-------------------------------|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| ROGER SPOELMAN PRESIDENT AND CEO | 25 00 | X | | X | | | | 0 | 755,823 | 120,663 |
| MICHAEL GLUHANICH CHAIR AS OF 1/12, SEC/TREAS TIL 12/11 | 2 00 | X | | X | | | | 0 | 0 | 0 |
| MARK FAZAKERLEY TRUSTEE, CHAIR UNTIL 12/11 | 2 00 | X | | X | | | | 0 | 0 | 0 |
| T BRUCE FOX SECRETARY & TREAS AS OF 1/12, TRUSTEE | 2 00 | X | | X | | | | 0 | 0 | 0 |
| PHILIP MCCORKLE TRUSTEE, ST MARYS HLTH CARE CEO | 2 00 | X | | | | | | 0 | 643,013 | 56,663 |
| SR MYRA BERGMAN RSM TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| FRANK BEDNAREK TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| DANA BRYANT TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| YOUSIF HAMATI MD TRUSTEE | 2 00 | X | | | | | | 10,800 | 0 | 0 |
| CAMILLE S JOURDEN-MARK TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| MICHAEL K KOLTHOFF TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| SR MARY D PALASZEK RSM TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| GREGORY C PITTMAN JD TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| REV TIM VANDER HAAR TRUSTEE AS OF 1/12 | 2 00 | X | | | | | | 0 | 0 | 0 |
| GREGORY LOOMIS COO | 25 00 | | | X | | | | 0 | 346,289 | 49,185 |
| GARY ALLORE CFO | 25 00 | | | X | | | | 0 | 304,543 | 38,122 |
| JOSEPH SWEDISH TRINITY HEALTH PRES & CEO | 2 00 | | | | X | | | 0 | 5,186,660 | 576,202 |
| KEDRICK ADKINS TRINITY PRES INTEGRATED SVCS | 2 00 | | | | X | | | 0 | 1,405,226 | 117,120 |
| RICHARD O'CONNELL TRINITY EVP, COO-HOSP NTWKS | 2 00 | | | | X | | | 0 | 943,237 | 118,221 |
| MICHAEL MURPHY TRINITY EVP, HLTH NTWKS UNTIL 4/12 | 2 00 | | | | X | | | 0 | 474,370 | 75,538 |
| F REMINGTON SPRAGUE VP PRIMARY CARE SERVICES | 25 00 | | | | X | | | 0 | 400,560 | 47,031 |
| MARY BOYD CHIEF DEVELOPMENT OFFICER | 25 00 | | | | X | | | 0 | 320,175 | 38,156 |
| JEFFREY ALEXANDER VP INTEGRATED SERVICES | 25 00 | | | | X | | | 0 | 283,140 | 32,232 |
| KIMBERLY MAGUIRE VP PATIENT CARE | 25 00 | | | | X | | | 0 | 238,786 | 33,065 |
| MANSOUR YACOUB PHYSICIAN | 50 00 | | | | | X | | 537,715 | 0 | 37,641 |

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|-------------------------------|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| STEVEN FOX PHYSICIAN | 50 00 | | | | | X | | 493,015 | 0 | 35,166 |
| SYED HAIDER PHYSICIAN | 50 00 | | | | | X | | 488,275 | 0 | 35,606 |
| PAUL PONSTEIN PHYSICIAN | 50 00 | | | | | X | | 487,275 | 0 | 34,698 |
| LAJIDE R LAWOYIN PHYSICIAN | 50 00 | | | | | X | | 464,439 | 0 | 31,901 |
| MICHAEL SLUBOWSKI FORMER KEY EMPLOYEE | 0 00 | | | | | | X | 0 | 150,838 | 1,101 |