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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)	OMB No 1545-0047
	The organization may have to use a copy of this return to satisfy state reporting requirements	<div> <div>2011</div> <div>Open to Public Inspection</div> </div>

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012		D Employer identification number 42-0782518	
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ALEGENT HEALTH-MERCY HOSPITAL CORNING IA		E Telephone number (402) 343-4323
	Doing Business As		G Gross receipts \$ 18,250,005
	Number and street (or P O box if mail is not delivered to street address) PO BOX 368	Room/suite	
	City or town, state or country, and ZIP + 4 CORNING, IA 50841		
	F Name and address of principal officer SCOTT M WOOTEN 12809 WEST DODGE ROAD OMAHA, NE 68154		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
J Website: ▶ WWW.ALEGENTCREIGHTON.COM		H(c) Group exemption number ▶	
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1953	M State of legal domicile IA

Part I		Summary		
Activities & Governance	1 Briefly describe the organization's mission or most significant activities TO PROVIDE HIGH QUALITY CARE FOR THE BODY, MIND AND SPIRIT OF EVERY PERSON			
	2 Check this box <input checked="" 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	11	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	6	
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	156	
	6 Total number of volunteers (estimate if necessary)	6	77	
7a Total unrelated business revenue from Part VIII, column (C), line 12		7a	0	
b Net unrelated business taxable income from Form 990-T, line 34		7b	0	
Revenue			Prior Year	Current Year
	8	Contributions and grants (Part VIII, line 1h)	324,315	133,698
	9	Program service revenue (Part VIII, line 2g)	16,198,015	17,931,045
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,317	-29,615
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,337,031	164,844
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	18,860,678	18,199,972
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	472,036	499,566
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	7,942,235	7,892,290
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) <input type="text" value="0"/>		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	9,951,477	8,898,900
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	18,365,748	17,290,756
	19	Revenue less expenses Subtract line 18 from line 12	494,930	909,216
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	15,016,429	16,710,448
	21	Total liabilities (Part X, line 26)	1,318,444	2,103,247
	22	Net assets or fund balances Subtract line 21 from line 20	13,697,985	14,607,201

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	<div> <div></div> <div>Signature of officer</div> </div> <div> <div></div> <div>SCOTT M WOOTEN SENIOR VP/CFO</div> </div> <div> <div></div> <div>Type or print name and title</div> </div>
	<div> <div></div> <div>2013-05-13</div> </div> <div> <div></div> <div>Date</div> </div>
Paid Preparer's Use Only	<div> <div>Preparer's signature</div> <div>ANGELA LEA</div> </div> <div> <div></div> <div>Date</div> </div> <div> <div>Check if self-employed</div> <div><input checked="" type="checkbox"/></div> </div> <div> <div>Preparer's taxpayer identification number (see instructions)</div> <div>P01051055</div> </div>
	<div> <div>Firm's name (or yours if self-employed), address, and ZIP + 4</div> <div>ALEAGENT CREIGHTON HEALTH</div> <div>12809 W DODGE ROAD</div> <div>OMAHA, NE 68154</div> </div> <div> <div>EIN</div> <div>47-0757164</div> </div>
	<div> <div>Phone no</div> <div>(402) 343-4413</div> </div>
May the IRS discuss this return with the preparer shown above? (see instructions) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

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

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If "Yes," describe these changes on Schedule O

4

Describe the 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 \$ 11,250,346 including grants of \$ 193,632) (Revenue \$ 6,971,289)

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

4b

(Code) (Expenses \$ 2,955,602 including grants of \$ 101,112) (Revenue \$ 3,641,178)

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

4c

(Code) (Expenses \$ 1,439,074 including grants of \$ 204,822) (Revenue \$ 7,374,245)

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

4d

Other program services (Describe in Schedule O)





















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

4e

Total program service expenses \$ 15,645,022

Part IV

Checklist of Required Schedules

		Yes	No	
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i> 	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? <i>If "Yes," complete Schedule C, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part I.</i> 	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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? <i>If "Yes," complete Schedule F, Part I.</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 ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	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 ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	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	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		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		No
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		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
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		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input checked="" type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	26			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return. .	2a	156			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a				No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b				
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. 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	11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	6
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	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	No
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	

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 ▶ SCOTT M WOOTEN SENIOR VPCFO 12809 WEST DODGE ROAD OMAHA, NE 68154 (402) 343-4323

Part VII

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

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

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

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

- List all of the organization’s **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization’s **current** key employees, if any See instructions for definition of “key employee ”
- List the organization’s five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization’s **former** officers, key employees, 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) RICHARD HOGAN PRESIDENT	2 00	X		X				0	0	0
(2) KARL MCCARTY DIRECTOR	2 00	X						0	0	0
(3) JANE RYCHNOVSKY SECRETARY	2 00	X		X				0	0	0
(4) LINDA SHEARER VICE PRESIDENT	2 00	X		X				0	0	0
(5) RODNEY TRIPLETT DIRECTOR/NETWORK EXEC	2 00	X		X				0	152,460	38,594
(6) MICHAEL GRUNDMAN DIRECTOR	2 00	X						0	0	0
(7) DENISE MCNITT DIRECTOR	2 00	X						0	171,748	34,286
(8) DEBRA GOLDSMITH EX-OFFICIO/ADMINISTRATOR	60 00	X		X				123,302	0	33,636
(9) RANDY ALLMAN DIRECTOR	2 00	X						0	0	0
(10) D RANDALL PRITZA MD DIRECTOR	2 00	X						0	590,311	37,038
(11) TIM MAXA DIRECTOR	2 00	X						0	0	0
(12) SCOTT WOOTEN ACH SVP/CFO	2 00			X				0	707,918	134,300
(13) RICHARD HACHTEN II ACH PRESIDENT & CEO	2 00			X				0	1,726,160	297,951
(14) MAEN HADDADIN MD PHYSICIAN	60 00					X		577,820	0	39,606
(15) STEPHEN GRUBA MD PHYSICIAN	60 00					X		291,654	0	30,066
(16) BETHEL KOPP MD PHYSICIAN	60 00					X		354,513	0	28,254
(17) JOSEPH PICCOLO PHYSICIAN	60 00					X		197,780	0	32,273

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	1,717,243	3,348,597	740,877

\$100,000 of reportable compensation from the organization▶8

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>
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>
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>

Section B. Independent Contractors

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

(A)	(B)	(C)
Name and business address	Description of services	Compensation
DON SABO 713 CENTER STREET STANTON, IA 51573	PHYSICIAN SERVICES	279,640
REHABVISIONS 11623 ARBOR ST OMAHA, NE 68144	REHAB SERVICES	258,098
SHARED MEDICAL SERVICES 209 LIMESTONE PASS COTTAGE GROVE, WI 53527	DIAGNOSTIC IMAGING	150,015

\$100,000 of compensation from the organization ➡ 3

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	783				
	c	Fundraising events	1c					
	d	Related organizations	1d	103,336				
	e	Government grants (contributions)	1e	25,814				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,765				
	g	Noncash contributions included in lines 1a-1f \$ 103,336						
	h	Total. Add lines 1a-1f		133,698				
Program Service Revenue			Business Code					
	2a	NET PATIENT SVC REVENUE	621500	17,642,707	17,642,707			
	b	AFFILIATE REVENUE	900099	180,070	180,070			
	c	MEANINGFUL USE	900099	90,200	90,200			
	d	HEALTH PROMOTIONS	611710	18,068	18,068			
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		17,931,045				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		609			609	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
			2,295					
			1,073					
			1,222					
	d	Net rental income or (loss)		1,222			1,222	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
				4,000				
				34,224				
				-30,224				
	d	Net gain or (loss)		-30,224			-30,224	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a	11,074				
	b	Less direct expenses	b	4,276				
	c	Net income or (loss) from fundraising events . .		6,798			6,798	
	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	12,545				
b	Less cost of goods sold	b	10,460					
c	Net income or (loss) from sales of inventory . .		2,085			2,085		
Miscellaneous Revenue		Business Code						
11a	CAFETERIA	722320	99,072			99,072		
b	OTHER OPERATING REVENUE	900099	55,667	55,667				
c								
d	All other revenue							
e	Total. Add lines 11a-11d		154,739					
12	Total revenue. See Instructions		18,199,972	17,986,712	0	79,562		

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	15,938	15,938		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	483,628	483,628		
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	1,143,592	571,796	571,796	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	5,587,943	5,140,908	447,035	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	295,247	271,627	23,620	
9	Other employee benefits	478,541	440,258	38,283	
10	Payroll taxes	386,967	356,010	30,957	
11	Fees for services (non-employees)				
a	Management				
b	Legal	2,058		2,058	
c	Accounting				
d	Lobbying	2,669	2,669		
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	375,005	375,005		
12	Advertising and promotion	77,863	71,634	6,229	
13	Office expenses	2,995,640	2,755,994	239,646	
14	Information technology				
15	Royalties				
16	Occupancy	416,588	416,588		
17	Travel	28,988	26,669	2,319	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	11,912	10,959	953	
20	Interest	15,146	15,146		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	843,156	843,156		
23	Insurance	54,463	50,106	4,357	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	PURCHASED SERVICES	3,417,468	3,144,071	273,397	
b	BAD DEBTS	594,461	594,461		
c	MEMBERSHIP & DUES	35,708	32,851	2,857	
d	TAXES & LICENSES	11,691	10,756	935	
e					
f	All other expenses	16,084	14,792	1,292	
25	Total functional expenses. Add lines 1 through 24f	17,290,756	15,645,022	1,645,734	0
26	Joint costs. Check here 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			969,940	1	469,395
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net			1,846	3	0
	4	Accounts receivable, net			2,069,439	4	2,794,326
	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				7	
	8	Inventories for sale or use			381,327	8	387,137
	9	Prepaid expenses and deferred charges				9	
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	16,375,033			
	b	Less: accumulated depreciation	10b	9,690,290	7,289,823	10c	6,684,743
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			4,304,054	15	6,374,847
16	Total assets. Add lines 1 through 15 (must equal line 34)			15,016,429	16	16,710,448	
Liabilities	17	Accounts payable and accrued expenses			398,680	17	368,862
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties			350,953	24	345,126
	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			568,811	25	1,389,259
	26	Total liabilities. Add lines 17 through 25			1,318,444	26	2,103,247
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			13,697,985	27	14,607,201
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			13,697,985	33	14,607,201
	34	Total liabilities and net assets/fund balances			15,016,429	34	16,710,448

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	18,199,972
2	Total expenses (must equal Part IX, column (A), line 25)	2	17,290,756
3	Revenue less expenses Subtract line 2 from line 1	3	909,216
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	13,697,985
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	14,607,201

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I 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 ALEGENT HEALTH-MERCY HOSPITAL CORNING IA	Employer identification number 42-0782518
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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	▶ \$ 0
3	Volunteer hours	0

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
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		2,669
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV		No	
	j Total lines 1c through 1i			2,669
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
		2a	
		2b	
		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
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SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

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
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located

5

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

Yes

No

6

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

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year

\$

8

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

Yes

No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

\$

(ii)

Assets included in Form 990, Part X

\$

2

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

a

Revenues included in Form 990, Part VIII, line 1

\$

b

Assets included in Form 990, Part X

\$

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	20,846	20,338	982	3,471	
b Contributions	33,908	27,073	19,356		
c Investment earnings or losses		-26,565			
d Grants or scholarships					
e Other expenditures for facilities and programs	19,120			2,489	
f Administrative expenses					
g End of year balance	35,634	20,846	20,338	982	

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

- a** Board designated or quasi-endowment ▶
- b** Permanent endowment ▶ 0 %
- c** Term endowment ▶ 100 000 %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

	Yes	No
(i) unrelated organizations	3a(i)	No
(ii) related organizations	3a(ii) Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b Yes	

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

Part VI 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		7,500		7,500
b Buildings		6,743,041	3,206,420	3,536,621
c Leasehold improvements				
d Equipment		9,311,528	6,280,173	3,031,355
e Other		312,964	203,697	109,267
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> ▶				6,684,743

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	18,199,972
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	17,290,756
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	909,216
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	909,216

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	ENDOWMENT FUNDS ARE INTENDED TO HELP WITH THE ORGANIZATIONAL OPERATIONS OF MERCY HEALTH CARE FOUNDATION AND ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA
		PART X, LINE 2 - ALL AFFILIATED ENTITIES HAVE BEEN RECOGNIZED AS NOT-FOR-PROFIT CORPORATIONS BY THE INTERNAL REVENUE SERVICE (IRS) AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (THE CODE) AND ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501 (A) OF THE CODE, EXCEPT A SPECIFIED RELATED PARTNERSHIP. THE HEALTH SYSTEM RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED. SUCH TAX POSITIONS, WHICH ARE MORE THAN 50% LIKELY OF BEING REALIZED, ARE MEASURED AT THEIR HIGHEST VALUE. CHANGES IN RECOGNITION OR MEASUREMENT ARE REFLECTED IN THE PERIOD IN WHICH THE CHANGE IN JUDGEMENT OCCURS. DURING 2012 AND 2011, MANAGEMENT DETERMINED THAT THERE ARE NO INCOME TAX POSITIONS REQUIRING RECOGNITION IN THE CONSOLIDATED FINANCIAL STATEMENTS.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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 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 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		No
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)		871	262,627	0	262,627	1 520 %
b Medicaid (from Worksheet 3, column a)		1,058	981,952	966,414	15,538	0 090 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			15,038	20,862	-5,824	0 %
d Total Charity Care and Means-Tested Government Programs		1,929	1,259,617	987,276	272,341	1 610 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		385	58,919	3,377	55,542	0 320 %
f Health professions education (from Worksheet 5)		17	11,573	0	11,573	0 070 %
g Subsidized health services (from Worksheet 6)			470,900	301,869	169,031	0 980 %
h Research (from Worksheet 7)			2,732	0	2,732	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)		407	35,110	0	35,110	0 200 %
j Total Other Benefits		809	579,234	305,246	273,988	1 590 %
k Total. Add lines 7d and 7j		2,738	1,838,851	1,292,522	546,329	3 200 %

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		0	640		640	0 %
2Economic development		0				
3Community support		5	3,907		3,907	0 020 %
4Environmental improvements		0				
5Leadership development and training for community members		0				
6Coalition building		8	28,714		28,714	0 170 %
7Community health improvement advocacy						
8Workforce development		1	251		251	0 %
9Other		0				
10Total		14	33,512		33,512	0 190 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1Yes	
2	Enter the amount of the organization's bad debt expense	2346,155	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	30	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	57,045,502	
6	Enter Medicare allowable costs of care relating to payments on line 5	69,590,917	
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7-2,545,415	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9aYes	
b	If "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.	9bYes	

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 %
1				
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12				
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Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

Name and address

Schedule H (Form 990) 2011

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)

ALEGTENT HEALTH MERCY HOSPITAL CORNING

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 ____% If "No," explain in Part VI the criteria the hospital facility used	9	No

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 __% If "No," explain in Part VI the criteria the hospital facility used	10	No
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 type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input checked="" 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 checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" 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		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		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? 4

Name and address		Type of Facility (Describe)
1	AH CORNING RURAL HEALTH CLINIC 601 ROSARY DRIVE CORNING,IA 50841	RURAL HEALTH CLINIC
2	AH BEDFORD RURAL HEALTH CLINIC 618 COURT AVE BEDFORD,IA 50833	RURAL HEALTH CLINIC
3	AH LENOX RURAL HEALTH CLINIC 810 1/2 E VAN BUREN ST LENOX,IA 50851	RURAL HEALTH CLINIC
4	AH MERCY HOSP SKILLED NURSING FACILITY 603 ROSARY DRIVE CORNING,IA 50841	SKILLED NURSING FACILITY
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, 6i, 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 3C ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA, IS PART OF THE ALEGENT CREIGHTON HEALTH SYSTEM THE AMOUNT OF FINANCIAL ASSISTANCE WRITE-OFF FOR ENTITIES OF THE ALEGENT CREIGHTON HEALTH SYSTEM ARE BASED ON A FINANCIAL ASSISTANCE SLIDING FEE SCHEDULE UTILIZING A DERIVATIVE OF THE CURRENT US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) VERY LOW INCOME GUIDELINES, WHICH ARE UPDATED YEARLY ALL EFFORTS ARE MADE TO ESTABLISH WHETHER PATIENTS ARE ELIGIBLE FOR FINANCIAL ASSISTANCE PRIOR TO SERVICE IF POSSIBLE, OTHERWISE AS SOON AS POSSIBLE FOLLOWING SERVICE ALEGENT CREIGHTON HEALTH REPRESENTATIVES HELP PATIENTS SEEK REIMBURSEMENT FROM LOCAL, STATE AND FEDERAL PROGRAMS AT NO CHARGE TO THE PATIENT AFTER THESE EFFORTS AND RESOURCES HAVE BEEN EXHAUSTED, PATIENTS ARE ASSISTED IN THE APPLICATION PROCESS FOR FINANCIAL ASSISTANCE CONSISTENT WITH ALEGENT CREIGHTON HEALTH'S FINANCIAL ASSISTANCE POLICY THE APPLICATION PROCESS REQUIRES THAT THE PATIENT COMPLETE A PERSONAL FINANCIAL APPLICATION AND PROVIDE VERIFICATION DOCUMENTS VERIFICATION INCLUDES EMPLOYMENT VERIFICATION AND OBTAINING DOCUMENTATION OF THE APPLICANTS FINANCIAL CONDITION SUCH AS FEDERAL TAX RETURN, PAY STUB, NET WORTH AND/OR LIQUID ASSETS AND REASONABLE HOUSEHOLD OR BUSINESS EXPENSES FINANCIAL ASSISTANCE MAY STILL BE GRANTED IN CERTAIN CIRCUMSTANCES INVOLVING A CATASTROPHIC OCCURRENCE RESULTING IN MEDICAL BILLS GROSSLY EXCEEDING THE PATIENT'S ABILITY TO PAY, AND IN THESE SITUATIONS, THE PATIENTS RESPONSIBILITY WILL BE LIMITED TO 20% OF THE FAMILY'S GROSS ANNUAL INCOME PART I, LINE 6A THE ALEGENT CREIGHTON HEALTH SYSTEM PRODUCES AN ANNUAL PUBLIC COMMUNITY BENEFIT REPORT THAT IS MAILED TO A CORE CONSTITUENCY, PLACED IN KEY PLACES THROUGHOUT THE ORGANIZATION AND DISTRIBUTED IN COMMUNITY MEETINGS IT IS ALSO AVAILABLE ON THE COMPANY'S INTRANET SITE, AND ON ITS PUBLIC WEBSITE AT TTP //WWW.ALEGENTCREIGHTON.COM/ COMMUNITY-BENEFIT

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7G ALEGENT HEALTH-MERCY HOSPITAL, CORNING, IA PROVIDES SUBSIDIZED HEALTH TO THE BROADER COMMUNITY THROUGH EMERGENCY AND TRAUMA SERVICES THE AMOUNT OF SUBSIDIZED SERVICES FOR FISCAL YEAR 2012 WERE \$169,031

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT OF \$594,461 INCLUDED IN FUNCTIONAL EXPENSE TOTAL PART IX, LINE 25, COLUMN (A) IS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN THE DENOMINATOR USED TO CALCULATE THE COST TO CHARGE RATIO IS \$17,290,756

Identifier	ReturnReference	Explanation
		<p>PART II ALEAGENT CREIGHTON HEALTH HAS A HISTORY OF CENTRALIZED COMMUNITY BENEFIT INVESTMENTS, AS WELL AS HOSPITAL SPECIFIC INVESTMENTS THAT ADDRESS COMMUNITY HEALTH NEEDS WHICH INCLUDE COMMUNITY BUILDING SUCH AS -LIVE WELL OMAHA KIDS- AS A RESULT OF COMMUNITY HEALTH NEEDS ASSESSMENT CONDUCTED IN 2006 WHICH POINTED TO CHILDHOOD OBESITY AS A SERIOUS HEALTH NEEDS ISSUE ACROSS ALL OMAHA MSA COUNTIES SERVED, THE ALEAGENT CREIGHTON HEALTH SYSTEM PARTNERED WITH THE COMMUNITY TO MAKE A MULTI-YEAR COMMITMENT TO IMPACT CHILDHOOD OBESITY THROUGH COMMUNITY BASED BEST PRACTICE INTERVENTIONS THIS INITIATIVE HAS HAD A PRIMARY FOCUS OF IMPACT IN DOUGLAS COUNTY, BUT THE FUNDING TO UNDERWRITE HAS COME FROM THE FISCAL PERFORMANCE OF ALL ALEAGENT CREIGHTON HEALTH HOSPITALS THE COMMUNITY COALITION KNOWN AS LIVE WELL OMAHA KIDS (LWOK) IS STAFFED AND FUNDED BY ALEAGENT CREIGHTON HEALTH AN EXECUTIVE COMMITTEE CONSISTING OF COMMUNITY LEADERS AND POLICY MAKERS HAVE DIRECTED AN ECOLOGICAL APPROACH TO IMPROVE PROGRAMS, POLICIES AND THE BUILT ENVIRONMENT TO PROMOTE PHYSICAL ACTIVITY AND HEALTHY EATING AND BUILD CAPACITY FOR HEALTHY CHOICES AT THE INDIVIDUAL AND ORGANIZATIONAL LEVEL MORE THAN 200 VOLUNTEERS AND 90 ORGANIZATIONS HAVE PARTICIPATED IN THE PLANNING AND IMPLEMENTATION OF LWOK INITIATIVES A PORTION OF THIS INVESTMENT IN LWOK IS ALLOCATED TO CORNING HOSPITAL ON A NET SERVICE REVENUE BASIS -COMMUNITY AND ECONOMIC DEVELOPMENT INCLUDING SUPPORT OF LOCAL CHAMBERS OF COMMERCE -STRATEGIC PLANNING AND CONSULTING SERVICES FOR COMMUNITY -SPONSORSHIP OF COMMUNITY NOT FOR PROFITS AND FUNDRAISING EVENTS -SUPPORT OF INTERNATIONAL HEALTH MINISTRIES IN TANZANIA AND DOMINICAN REPUBLIC - SUPPORT OF THE FEDERALLY QUALIFIED HEALTHCARE CENTERS -PARISH NURSING PROGRAM -COMMUNITY HEALTH FAIRS, SUPPORT GROUPS AND COMMUNITY EDUCATION -SCHOOL BASED HEALTHCARE SERVICES - LEADERSHIP IN AND FUNDING OF HEALTH COALITIONS CORNING HOSPITAL LEADERSHIP PARTICIPATES IN COMMUNITY TOBACCO AND ECONOMIC DEVELOPMENT COALITIONS THROUGH A CONTRACT WITH THE STATE, ALEAGENT CREIGHTON HEALTH AND FAMILY HOME CARE SERVE AS THE LOCAL HEALTH DEPARTMENT FOR ADAMS COUNTY, IOWA THE HOSPITAL ALSO PROMOTES COMMUNITY BUILDING AND PHYSICAL ACTIVITY THROUGH ITS WELLNESS CENTER AND FUNDING OF ENHANCEMENTS TO THE LOCAL SWIMMING POOL CORNING HOSPITAL'S LEADERSHIP SERVES ON ADAMS COUNTY ECONOMIC DEVELOPMENT BOARD AND THE HOSPITAL MAKES CONTRIBUTIONS TO ECONOMIC DEVELOPMENT THAT ENHANCES THE HEALTH OF THE COMMUNITY CORNING HOSPITAL PROVIDES ADMINISTRATIVE SUPPORT FOR A COMMUNITY DAYCARE BY MAINTAINING THE FINANCIAL RECORDS FOR THE DAYCARE</p>

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

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

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE ALEGENT CREIGHTON HEALTH SYSTEM'S SELF PAY BILLING AND BAD DEBT POLICY HAS A CLEARLY DELINEATED PROCESS AND GUIDELINES FOR COLLECTIONS AGENCIES TO FOLLOW, INCLUDING EXPLICIT INSTRUCTIONS TO ADHERE TO THE SAME FINANCIAL ASSISTANCE GUIDELINES AS ALEGENT CREIGHTON HEALTH

Identifier	ReturnReference	Explanation
ALEGENT HEALTH MERCY HOSPITAL, CORNING		PART V, SECTION B, LINE 9 THE ELIGIBILITY FOR PROVIDING FREE CARE IS BASED ON A FINANCIAL ASSISTANCE SLIDING FEE SCHEDULE UTILIZING A DERIVATIVE OF THE CURRENT US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) VERY LOW INCOME GUIDELINES, WHICH ARE UPDATED YEARLY ALL EFFORTS ARE MADE TO ESTABLISH WHETHER PATIENTS ARE ELIGIBLE FOR FINANCIAL ASSISTANCE PRIOR TO SERVICE IF POSSIBLE, OTHERWISE AS SOON AS POSSIBLE FOLLOWING SERVICE ALEGENT CREIGHTON HEALTH REPRESENTATIVES HELP PATIENTS SEEK REIMBURSEMENT FROM LOCAL, STATE AND FEDERAL PROGRAMS AT NO CHARGE TO THE PATIENT AFTER THESE EFFORTS AND RESOURCES HAVE BEEN EXHAUSTED, PATIENTS ARE ASSISTED IN THE APPLICATION PROCESS FOR FINANCIAL ASSISTANCE CONSISTENT WITH ALEGENT CREIGHTON HEALTH'S FINANCIAL ASSISTANCE POLICY THE APPLICATION PROCESS REQUIRES THAT THE PATIENT COMPLETE A PERSONAL FINANCIAL APPLICATION AND PROVIDE VERIFICATION DOCUMENTS VERIFICATION INCLUDES EMPLOYMENT VERIFICATION AND OBTAINING DOCUMENTATION OF THE APPLICANT'S FINANCIAL CONDITION SUCH AS FEDERAL TAX RETURN, PAY STUB, NET WORTH AND/OR LIQUID ASSETS AND REASONABLE HOUSEHOLD OR BUSINESS EXPENSES FINANCIAL ASSISTANCE MAY STILL BE GRANTED IN CERTAIN CIRCUMSTANCES INVOLVING A CATASTROPHIC OCCURRENCE RESULTING IN MEDICAL BILLS GROSSLY EXCEEDING THE PATIENT'S ABILITY TO PAY, AND IN THESE SITUATIONS, THE PATIENT'S RESPONSIBILITY WILL BE LIMITED TO 20% OF THE FAMILY'S GROSS ANNUAL INCOME

Identifier	ReturnReference	Explanation
ALEGENT HEALTH MERCY HOSPITAL, CORNING		PART V, SECTION B, LINE 10 PART V, SECTION B, LINE 10 THE ELIGIBILITY FOR PROVIDING DISCOUNTED CARE IS BASED ON A FINANCIAL ASSISTANCE SLIDING FEE SCHEDULE UTILIZING A DERIVATIVE OF THE CURRENT US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) VERY LOW INCOME GUIDELINES, WHICH ARE UPDATED YEARLY ALL EFFORTS ARE MADE TO ESTABLISH WHETHER PATIENTS ARE ELIGIBLE FOR FINANCIAL ASSISTANCE PRIOR TO SERVICE IF POSSIBLE, OTHERWISE AS SOON AS POSSIBLE FOLLOWING SERVICE ALEGENT CREIGHTON HEALTH REPRESENTATIVES HELP PATIENTS SEEK REIMBURSEMENT FROM LOCAL, STATE AND FEDERAL PROGRAMS AT NO CHARGE TO THE PATIENT AFTER THESE EFFORTS AND RESOURCES HAVE BEEN EXHAUSTED, PATIENTS ARE ASSISTED IN THE APPLICATION PROCESS FOR FINANCIAL ASSISTANCE CONSISTENT WITH ALEGENT CREIGHTON HEALTH'S FINANCIAL ASSISTANCE POLICY THE APPLICATION PROCESS REQUIRES THAT THE PATIENT COMPLETE A PERSONAL FINANCIAL APPLICATION AND PROVIDE VERIFICATION DOCUMENTS VERIFICATION INCLUDES EMPLOYMENT VERIFICATION AND OBTAINING DOCUMENTATION OF THE APPLICANT'S FINANCIAL CONDITION SUCH AS FEDERAL TAX RETURN, PAY STUB, NET WORTH AND/OR LIQUID ASSETS AND REASONABLE HOUSEHOLD OR BUSINESS EXPENSES FINANCIAL ASSISTANCE MAY STILL BE GRANTED IN CERTAIN CIRCUMSTANCES INVOLVING A CATASTROPHIC OCCURRENCE RESULTING IN MEDICAL BILLS GROSSLY EXCEEDING THE PATIENT'S ABILITY TO PAY, AND IN THESE SITUATIONS, THE PATIENT'S RESPONSIBILITY WILL BE LIMITED TO 20% OF THE FAMILY'S GROSS ANNUAL INCOME

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

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 THE PROCESS TO DEVELOP ASSESSMENTS OF THE COMMUNITY HEALTH NEEDS (CHNA) IS COLLABORATIVE IN NATURE AND INVOLVES HEALTH DEPARTMENTS, EXISTING HEALTH COALITIONS, COMMUNITY MEMBERS AND HOSPITAL LEADERSHIP, AND IS SUPPORTED BY ALEGENT CREIGHTON HEALTH'S COMMUNITY BENEFIT AND HEALTHIER COMMUNITIES DEPARTMENT STAFF EACH ALEGENT CREIGHTON HEALTH HOSPITAL PARTICIPATES IN THE CHNA PROCESS FOR THE COUNTY IN WHICH THE FACILITY IS LOCATED AT LEAST EVERY 3 YEARS IN PARTNERSHIP WITH THE LOCAL HEALTH DEPARTMENTS THE ASSESSMENT VARIES IN EACH COMMUNITY BUT INCLUDES REVIEW OF PRIMARY DATA (SUCH AS SURVEYS, KEY INFORMANT INTERVIEWS, FOCUS GROUPS) AND SECONDARY DATA (SUCH AS COUNTY HEALTH RANKINGS, BRFRSS, YRBS, CENSUS DATA ETC) LEADERSHIP FROM ALEGENT CREIGHTON HEALTH PARTICIPATE IN MULTIPLE INTERNAL AND EXTERNAL VENUES TO GARNER COMMUNITY INPUT, PRIORITIZE COMMUNITY HEALTH NEEDS AND DEVELOP COMMUNITY HEALTH IMPROVEMENT PLANS THE CHNA REPORT FOR EACH COMMUNITY IS MADE AVAILABLE TO THE PUBLIC BY POSTING THE REPORT ON THE ALEGENT CREIGHTON HEALTH EXTERNAL WEBSITE AND BY MAKING IT AVAILABLE IN COMMUNITY VENUES THE CHNAS ARE INTEGRATED INTO THE GOVERNANCE AND PLANNING FOR ALEGENT CREIGHTON HEALTH ON TWO LEVELS- - REPORTING INTO THE COMMITTEE OF THE BOARD OF DIRECTORS CHARGED WITH HEALTH PLANNING OVERSIGHT -INTO THE ANNUAL STRATEGIC PLANNING AND BUDGETING PROCESSES OF ALEGENT CREIGHTON HEALTH ALEGENT HEALTH MERCY HOSPITAL IN CORNING, IA COLLABORATES WITH THE PUBLIC HEALTH AGENCIES OF BOTH ADAMS AND TAYLOR COUNTY TO CONDUCT THE CHNA AT LEAST EVERY THREE YEARS THE CHNA IS CONDUCTED BY THOROUGH REVIEW OF AVAILABLE DATA AND FOCUS GROUP MEETINGS THE HOSPITAL PLAYS A KEY ROLE IN THE ADAMS COUNTY PUBLIC HEALTH BY EMPLOYING STAFF THAT PROVIDE ALL OF THE COUNTY PUBLIC HEALTH SERVICES THROUGH A CONTRACTUAL ARRANGEMENT WITH THE COUNTY BOARD OF SUPERVISORS THE HOSPITAL WORKS COLLABORATIVELY WITH THE TAYLOR COUNTY PUBLIC HEALTH AGENCY TO PROVIDE NEEDED SERVICES THROUGH IN KIND ARRANGEMENTS AND CONTRACTUAL AGREEMENTS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 THERE ARE SEVERAL FINANCIAL ASSISTANCE ACCESS POINTS THROUGHOUT A PATIENT'S CARE CYCLE. BILLS CONTAIN FINANCIAL ASSISTANCE VERBIAGE, SIGNS ARE POSTED IN CLINICS AND HOSPITALS, AND THERE IS INFORMATION ON FINANCIAL ASSISTANCE POSTED AT REGISTRATION POINTS THROUGHOUT CLINICS AND HOSPITALS. INFORMATION ON THE ALEGENT CREIGHTON HEALTH SYSTEM'S FINANCIAL ASSISTANCE POLICIES ARE LOCATED SEVERAL PLACES ON THE SYSTEM'S WEBSITE- WWW.ALEGENTCREIGHTON.COM. ALL EFFORTS ARE MADE TO ESTABLISH WHETHER PATIENTS ARE ELIGIBLE FOR FINANCIAL ASSISTANCE PRIOR TO SERVICE. IF POSSIBLE, OTHERWISE AS SOON AS POSSIBLE FOLLOWING SERVICE. ALEGENT CREIGHTON HEALTH REPRESENTATIVES HELP PATIENTS SEEK REIMBURSEMENT FROM LOCAL, STATE AND FEDERAL PROGRAMS AT NO CHARGE TO THE PATIENT. AFTER THESE EFFORTS AND RESOURCES HAVE BEEN EXHAUSTED, PATIENTS ARE ASSISTED IN THE APPLICATION PROCESS FOR FINANCIAL ASSISTANCE CONSISTENT WITH ALEGENT CREIGHTON HEALTH'S FINANCIAL ASSISTANCE POLICY. THE APPLICATION PROCESS REQUIRES THAT THE PATIENT COMPLETE A PERSONAL FINANCIAL APPLICATION AND PROVIDE VERIFICATION DOCUMENTS. VERIFICATION INCLUDES EMPLOYMENT VERIFICATION AND OBTAINING DOCUMENTATION OF THE APPLICANT'S FINANCIAL CONDITION SUCH AS FEDERAL TAX RETURN, PAY STUB, NET WORTH AND/OR LIQUID ASSETS AND REASONABLE HOUSEHOLD OR BUSINESS EXPENSES. FINANCIAL ASSISTANCE MAY STILL BE GRANTED IN CERTAIN CIRCUMSTANCES INVOLVING A CATASTROPHIC OCCURRENCE RESULTING IN MEDICAL BILLS GROSSLY EXCEEDING THE PATIENT'S ABILITY TO PAY, AND IN THESE SITUATIONS, THE PATIENT'S RESPONSIBILITY WILL BE LIMITED TO 20% OF THE FAMILY'S GROSS ANNUAL INCOME.</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA SERVES ADAMS AND TAYLOR COUNTIES IN IOWA CORNING IS LOCATED IN THE ROLLING HILLS OF SOUTHWEST IOWA THERE IS AN ESTIMATED 2012 POPULATION OF 3,911 IN ADAMS COUNTY, A DECREASE OF OVER 2 9 PERCENT FROM 2010 TO DATE AND 6,208 IN TAYLOR COUNTY, A DECREASE OF 1 7 PERCENT FROM 2010 TO 2012 THERE ARE APPROXIMATELY 955 SQUARE MILES COMBINED CENSUS ESTIMATES SHOW THAT ADAMS (98 0%) AND TAYLOR COUNTIES (98 1%) RACIAL AND ETHNIC MAKEUP IS PREDOMINANTLY WHITE THE MEDIAN HOUSEHOLD INCOME IN ADAMS COUNTY IS \$44,389, AND IN TAYLOR COUNTY IS \$41,554 COMPARED TO \$50,451 FOR THE STATE OF IOWA IN ADAMS COUNTY, THE CORNING SCHOOLS PROVIDE FREE OR REDUCED LUNCH TO 44 6% AND THE PRESCOTT SCHOOLS TO 57 8% OF THEIR STUDENTS THE NUMBER OF STUDENTS RECEIVING FREE OR REDUCED LUNCH IN TAYLOR COUNTY RANGES FROM 49 9% IN THE BEDFORD SCHOOL DISTRICT, 54 1% IN THE LENOX SCHOOL DISTRICT TO 86 4% IN THE CLEARFIELD SCHOOL DISTRICT OVER ONE-FIFTH OF THE POPULATION OF BOTH COUNTIES IS AGED 65 AND OLDER

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 ALEGENT CREIGHTON HEALTH HAS A HISTORY OF CENTRALIZED COMMUNITY BENEFIT AND HOSPITAL SPECIFIC COMMUNITY BENEFIT INVESTMENTS TO ADDRESS COMMUNITY HEALTH NEEDS OF THE PARTICULAR SERVICE AREA. EXAMPLES OF HOW ALEGENT CREIGHTON HEALTH FURTHERS ITS EXEMPT PURPOSE BY PROMOTING THE HEALTH OF THE COMMUNITIES IT SERVES INCLUDE -FINANCIAL ASSISTANCE AND UNPAID COSTS OF MEDICAID -COMMUNITY HEALTH IMPROVEMENT SERVICES- -COMMUNITY EDUCATION, CLASSES AND PROGRAMS (CHILDBIRTH, DIABETES, ONCOLOGY, PHYSICAL ACTIVITY, HEALTHY EATING AND COOKING, HEALTH CAREERS, CANCER, SPORTS MEDICINE ETC) -SUPPORT GROUPS (CANCER, BEREAVEMENT, YOUTH ETC) -COMMUNITY HEALTH FAIRS AND SCREENINGS - IMMUNIZATION CLINICS -PARISH NURSING PROGRAM AND FAITH COMMUNITY OUTREACH -SCHOOL BASED HEALTHCARE SERVICES -HEALTH PROFESSIONAL EDUCATION- -CLINICAL PRECEPTORSHIPS FOR HEALTHCARE PROFESSIONALS -SCHOLARSHIPS AND MENTORSHIPS -AFFILIATION WITH AND SUPPORT OF THE CREIGHTON UNIVERSITY SCHOOL OF MEDICINE - PHYSICIAN RESIDENCY AND FELLOWSHIP PROGRAMS TRAINING MORE THAN 200 RESIDENTS AND FELLOWS ANNUALLY -RESEARCH-PARTICIPATION IN THE MISSOURI VALLEY CANCER CONSORTIUM -FINANCIAL AND IN-KIND CONTRIBUTIONS -SUPPORT OF THE FEDERALLY QUALIFIED HEALTHCARE CENTERS (FQHC) AND HOPE MEDICAL COALITION WHICH PROVIDES ACCESS TO MEDICAL SERVICES SPECIFICALLY FOR THE UNDERSERVED -CORPORATE SPONSORSHIPS -TANZANIA AND DOMINICAN REPUBLIC HEALTH MINISTRIES -STAFF SERVICE ON HEALTH RELATED BOARD AND COALITIONS - FREE TRANSPORTATION FOR PEOPLE IN NEED FOLLOWING TREATMENT -SUBSIDIZED HEALTHCARE SERVICE INCLUDING BEHAVIORAL HEALTH, NICU, EMERGENCY CARE, HOME HEALTH AND HOSPICE - COMMUNITY BUILDING ACTIVITIES- -COMMUNITY AND ECONOMIC DEVELOPMENT INCLUDING SUPPORT OF LOCAL CHAMBERS OF COMMERCE -STRATEGIC PLANNING AND CONSULTING SERVICES FOR COMMUNITY -HEALTH COALITIONS -THE PRIMARY CARE PHYSICIAN CLINICS THAT ARE PART OF THE PARENT CORPORATION PROVIDE ACCESS TO CARE THROUGH THE SYSTEM'S FINANCIAL ASSISTANCE POLICY AND PARTICIPATE IN MEDICAL STUDENT PRECEPTORSHIPS THAT ADVANCE THE HEALTHCARE PROVIDER EDUCATION PROCESS - ALEGENT CREIGHTON HEALTH HAS OPEN MEDICAL STAFFS -ALEGENT CREIGHTON HEALTH IS ONE OF THREE HEALTH SYSTEMS THAT FUND THE OPERATIONS OF A COALITION THAT EXISTS TO PROVIDE ACCESS FOR PATIENTS TO SPECIALTY PHYSICIAN SERVICES AND HOSPITAL BASED DIAGNOSTICS AND TREATMENT - ALEGENT CREIGHTON HEALTH IS THE SOLE COMPREHENSIVE MENTAL HEALTH PROVIDER IN THE OMAHA MSA AREA -ALEGENT CREIGHTON HEALTH IS A JOINT VENTURE PARTNER IN A NOT-FOR-PROFIT HOSPICE INPATIENT HOSPITAL AND PROVIDES THE MANAGEMENT SUPPORT CONTRACT -ALEGENT CREIGHTON HEALTH BUDGETS FOR AN EMERGENCY FUND AS A SUBSET OF OTHER COMMUNITY DONATIONS TO RESPOND TO CRISIS OR UNPLANNED FUNDING NEEDS OF A VITAL COMMUNITY SERVICE, WHICH HAS FIRST USED IN FY11 WITH THE ECONOMIC DOWNTURN PARTICULAR TO ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA, THE HOSPITAL PROVIDES STAFF LEADERSHIP, ADMINISTRATIVE SUPPORT AND FINANCIAL SUPPORT TO A NUMBER OF COMMUNITY HEALTH AND ECONOMIC DEVELOPMENT COALITION'S INCLUDING-ALEGENT HEALTH HOME CARE AND HOSPICE WHICH OPERATES AS THE LOCAL PUBLIC HEALTH DEPARTMENT, ADAMS COUNTY TOBACCO FREE COALITION, CORNING ECONOMIC DEVELOPMENT BOARD AND THE ADAMS COUNTY ECONOMIC DEVELOPMENT CORPORATION. THE HOSPITAL FUNDS THE RENOVATION OF THE COMMUNITY SWIMMING POOL AND THE ALEGENT CREIGHTON HEALTH WELLNESS CENTER AND MANAGES THE ADAMS COUNTY RESCUE SQUAD. THE HOSPITAL SEEKS COMMUNITY INPUT THROUGH ITS CRITICAL ASSESS HOSPITAL ADVISORY BOARD.</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE SENIOR LEADERSHIP OF THE INDIVIDUAL HOSPITALS IS ENGAGED IN THE COMMUNITY NEEDS ASSESSMENT PROCESS THAT IS SUPPORTED BY THE ALEGENT CREIGHTON HEALTH SYSTEM COMMUNITY BENEFIT AND HEALTHIER COMMUNITIES DEPARTMENT (SEE PART VI-2/COMMUNITY NEEDS ASSESSMENT) EACH HOSPITAL PARTICIPATES IN THE DEVELOPMENT OF COMMUNITY HEALTH IMPROVEMENT ACTION PLAN TO ADDRESS THE NEEDS IDENTIFIED IN THE ASSESSMENT FOR THEIR PARTICULAR COMMUNITY THE HOSPITAL IS INVOLVED IN SHARED SYSTEM-WIDE BUDGET DECISION MAKING TO MEET THE PRIORITIZED COMMUNITY HEALTH NEEDS IN COLLABORATION WITH COMMUNITY PARTNERS THE CORPORATE SUPPORT AND COMMUNITY BENEFIT FUNCTION ARE FUNDED FROM THE OPERATIONS OF THE INDIVIDUAL HOSPITALS THE INDIVIDUAL HOSPITALS BECOME MORE INVOLVED IN SPECIFIC STRATEGIC RESPONSES THROUGH THE SERVICES THEY PROVIDE AND THEIR PARTICIPATION IN THE COALITIONS AND COMMUNITY HEALTH IMPROVEMENT PLAN FOR THEIR SERVICE AREA

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	NE,IA

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

Part I General Information on Grants and Assistance

1

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

☒ Yes ☐ No

2

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. 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) ADAMS COMMUNITY ECONOMIC DEVELOPMENTPO BOX 102 CRESTON,IA 50801	42-1301169	501(C)(3)	7,100				GENERAL SUPPORT

2

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

1

3

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

0

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) CHARITY CARE	675		483,428	BOOK	REDUCTION OR WRITE OFF OF PATIENT SERVICES
(2) ROSE ANN AUXILIARY SCHOLARSHIPS	1	200			

Part IV

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

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

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization

ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number

42-0782518

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div></div> <div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div></div> <div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div></div> <div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	
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?	2	
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"/> Written employment contract</div></div> <div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div></div> <div><div><input type="checkbox"/> Form 990 of other organizations</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?	4a	Yes
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	Yes
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	Yes
b	Any related organization?	6b	Yes
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) RODNEY TRIPLETT	(i)	0	0	0	0	0	0	0
	(ii)	111,956	25,309	15,195	14,654	26,461	193,575	0
(2) DENISE MCNITT	(i)	0	0	0	0	0	0	0
	(ii)	149,215	5,000	17,533	12,180	22,761	206,689	0
(3) DEBRA GOLDSMITH	(i)	86,831	19,914	16,557	12,510	22,361	158,173	0
	(ii)	0	0	0	0	0	0	0
(4) D RANDALL PRITZA MD	(i)	0	0	0	0	0	0	0
	(ii)	527,905	45,000	17,406	14,427	25,921	630,659	0
(5) SCOTT WOOTEN	(i)	0	0	0	0	0	0	0
	(ii)	364,536	214,452	128,930	115,000	21,907	844,825	48,613
(6) RICHARD HACHTEN II	(i)	0	0	0	0	0	0	0
	(ii)	689,659	431,112	605,389	282,350	17,083	2,025,593	462,847
(7) MAEN HADDADIN MD	(i)	539,887	0	37,933	14,700	27,321	619,841	0
	(ii)	0	0	0	0	0	0	0
(8) STEPHEN GRUBA MD	(i)	275,252	0	16,402	19,192	11,452	322,298	0
	(ii)	0	0	0	0	0	0	0
(9) BETHEL KOPP MD	(i)	331,961	0	22,552	16,241	13,558	384,312	0
	(ii)	0	0	0	0	0	0	0
(10) JOSEPH PICCOLO	(i)	180,094	0	17,686	12,281	20,060	230,121	0
	(ii)	0	0	0	0	0	0	0
(11) CAROLINE AMAO MD	(i)	166,570	0	5,604	11,713	25,695	209,582	0
	(ii)	0	0	0	0	0	0	0

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, LINES 4A-B	THE FOLLOWING REPORTABLE INDIVIDUALS PARTICIPATED IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN FROM ALEGENT CREIGHTON HEALTH (A RELATED ORGANIZATION) DURING THE 2011 CALENDAR YEAR. AMOUNTS DEFERRED FROM THE PLAN WERE INCLUDED COLUMN C OF THE SCHEDULE J. RICHARD HACHTEN II - \$141,223. SCOTT WOOTEN - \$58,678. THE FOLLOWING REPORTABLE INDIVIDUALS RECEIVED A PAY OUT FROM PARTICIPATION IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN FROM ALEGENT CREIGHTON HEALTH (A RELATED ORGANIZATION) DURING THE 2011 CALENDAR YEAR. AMOUNTS PAID OUT WERE INCLUDED IN THE INDIVIDUALS WAGES AND REPORTED IN COLUMN E OF THE SCHEDULE J. RICHARD HACHTEN II - \$116,268. SCOTT WOOTEN - \$48,613.
	PART I, LINE 5	PHYSICIANS EMPLOYED BY ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA ARE COMPENSATED BASED ON THEIR INDIVIDUAL REVENUES LESS EXPENSES. ABSENT EXTENUATING CIRCUMSTANCES, THERE IS NO GUARANTEED BASE SALARY OR MINIMUM SALARY PAST THEIR INITIAL START-UP PERIOD.
	PART I, LINE 6	COMPENSATION FOR MEMBERS OF MANAGEMENT OF ALEGENT CREIGHTON HEALTH AND RELATED ENTITIES IS DETERMINED AT A SYSTEM LEVEL. MEMBERS OF MANAGEMENT INCLUDE RICHARD HACHTEN II, SCOTT WOOTEN, DEBRA GOLDSMITH, DENISE MCNITT AND RODNEY TRIPLETT. MEMBERS OF ALEGENT CREIGHTON HEALTH MANAGEMENT ARE ELIGIBLE FOR AN ANNUAL INCENTIVE BONUS. INCENTIVE AWARDS ARE BASED ON FOUR INDIVIDUAL PERFORMANCE MEASURES WHICH ARE LINKED TO FOUR SYSTEM PERFORMANCE GOALS. FOR EACH MANAGER, 75% OF THE INCENTIVE AWARD WILL BE DETERMINED BY SYSTEM PERFORMANCE GOALS AND 25% DETERMINED BY INDIVIDUAL PERFORMANCE MEASURES. ONE OF THE FOUR SYSTEM PERFORMANCE GOALS IS DEPENDENT ON THE NET FINANCIAL RESULTS OF THE ENTIRE ALEGENT CREIGHTON HEALTH SYSTEM FOR THE FISCAL YEAR.
SUPPLEMENTAL INFORMATION	PART III	PART I, LINE 3 - ALEGENT CREIGHTON HEALTH GOVERNANCE OF EXECUTIVE COMPENSATION. ACTING AS PRUDENT STEWARDS OF ITS FINANCIAL RESOURCES, THE ALEGENT CREIGHTON HEALTH BOARD COMPENSATION COMMITTEE RECOMMENDS AND THE BOARD EXECUTIVE COMMITTEE APPROVES EXECUTIVE COMPENSATION PHILOSOPHY, POLICY AND GUIDELINES. IT DOES SO WITH THE OBJECTIVE OF ATTRACTING AND RETAINING TOP EXECUTIVE TALENT TO ENSURE ALEGENT CREIGHTON HEALTH IS ABLE TO FULFILL ITS FAITH-BASED MISSION AND ACHIEVE ITS VISION OF BECOMING WORLD-CLASS. THE ALEGENT CREIGHTON HEALTH COMPENSATION COMMITTEE FOLLOWS A THOROUGH AND INTENTIONAL PROCESS THAT INCLUDES CONSULTATION WITH INDEPENDENT, EXPERT COUNSEL AND CAREFULLY COMPARES COMPENSATION LEVELS TO MARKET-BASED COMPENSATION OF SIMILAR SIZED, NON-PROFIT AND FOR-PROFIT HEALTH SYSTEMS. THE COMPENSATION COMMITTEE ALSO UTILIZES A BLEND OF NON-PROFIT AND GENERAL INDUSTRY DATA FOR EXECUTIVE ROLES WHERE THE RECRUITING MARKET IS ARGUABLY BROADER THAN THE NON-PROFIT SECTOR. TOTAL COMPENSATION INCLUDES BASE COMPENSATION, AND ALSO INCLUDES PERFORMANCE-BASED INCENTIVE COMPENSATION FOR ACHIEVING BOARD-SET GOALS FOR CLINICAL QUALITY, PATIENT SAFETY AND SATISFACTION, PHYSICIAN PERCEPTION, STRATEGIC AND FACILITY PLANNING AND FINANCIAL PERFORMANCE. IT MAY ALSO INCLUDE OTHER CASH PAYMENTS SUCH AS ONE-TIME RELOCATION COSTS, AND/OR CASH PAYMENTS FOR DEFERRED COMPENSATION. ADDITIONALLY, COMPENSATION FOR NON-EXECUTIVE LEVEL MANAGEMENT POSITIONS WITHIN THE ALEGENT CREIGHTON HEALTH SYSTEM ARE DETERMINED BY THE ALEGENT CREIGHTON HEALTH HUMAN RESOURCE DEPARTMENT. THE HUMAN RESOURCE DEPARTMENT COMPARES MANAGEMENT COMPENSATION LEVELS TO SIMILAR POSITIONS WITHIN THE GEOGRAPHICAL AREA IN ORDER TO DETERMINE REASONABLE COMPENSATION. SCHEDULE J, PART II. THE ALEGENT CREIGHTON HEALTH EXECUTIVES HAVE A PROVISION IN THEIR COMPENSATION AGREEMENT THAT PROVIDES FOR POTENTIAL SEVERANCE PAYMENTS IN THE EVENT OF TERMINATION WITHOUT CAUSE OR CHANGE OF CONTROL. THE AMOUNT OF SEVERANCE AN EXECUTIVE MAY OR MAY NOT RECEIVE IF TERMINATED ACCORDING TO THE COMPENSATION AGREEMENT IS INCLUDED AS DEFERRED COMPENSATION IN COLUMN C.

Schedule 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
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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) RICHARD HOGAN - BOARD MEMBER	DAUGHTER IS AN EMPLOYEE	45,171	EMPLOYMENT		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
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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
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

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				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
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	X	1	56,558	SELLING PRICE
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other (LANDSCAPING FOR HEALING GARDEN)	X	1	29,200	SELLING PRICE
26 Other (RECOGNITION WALL)	X	1	16,300	SELLING PRICE
27 Other (PATIENT CARE)	X	1	378	SELLING PRICE
28 Other (DIETARY AND MISC EXPENSES)	X	1	900	SELLING PRICE
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement	29			0
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?				Yes No
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?				Yes
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?				No
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
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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 ALEGENT HEALTH-MERCY HOSPITAL CORNING IA	Employer identification number 42-0782518
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	LINDA SHEARER AND MICHAEL GRUNDMAN - BUSINESS RELATIONSHIP RICHARD HOGAN AND MICHAEL GRUNDMAN - BUSINESS RELATIONSHIP STEPHEN GRUBA AND BETHEL KOPP - FAMILY RELATIONSHIP

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

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

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

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

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

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

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

Identifier	Return Reference	Explanation
	PART VII, SECTION A	RICHARD HACHTEN II AND SCOTT WOOTEN ARE EXECUTIVES OF THE ALEGENT CREIGHTON HEALTH SYSTEM AND WORK AN AVERAGE OF 60 HOURS A WEEK FOR AFFILIATED ORGANIZATIONS RODNEY TRIPLETT, DENISE MCNITT AND D RANDALL PRITZA ARE EMPLOYEES OF AFFILIATED ORGANIZATION WITHIN THE ALEGENT CREIGHTON HEALTH SYSTEM AND WORK AN AVERAGE OF 60 HOURS A WEEK FOR AFFILIATED ORGANIZATIONS

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

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

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

Employer identification number
42-0782518

Part I

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

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

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							

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												

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ALEGENT HEALTHCREIGHTON ST JOSEPH MANAGED CARE SERVICES INC 12809 W DODGE ROAD OMAHA, NE 68164 47-0802396	MANAGED CARE SERVICES	NE	ALEGENT CREIGHTON HEALTH	C			

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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

No

No

Yes

Yes

No

No

Yes

No

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MERCY HEALTH CARE FOUNDATION	C	103,336	BOOK VALUE
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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	
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Software ID:

Software Version:

EIN: 42-0782518

Name: ALEGENT HEALTH-MERCY HOSPITAL CORNING IA

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	g Section 512 (b)(13) controlled organization	
ALEGENT CREIGHTON HEALTH 12809 WEST DODGE ROAD OMAHA, NE 68154 47-0757164	LICENSED HOSPITAL/ADMINISTRATIVE SUPPORT	NE	501 (C)(3)	L3	N/A		No
ALEGENT CREIGHTON CLINIC 12809 WEST DODGE ROAD OMAHA, NE 68154 47-0765154	CLINICAL SERVICES	NE	501 (C)(3)	L3	ALEGENT CREIGHTON HEALTH		No
ALEGENT HEALTH FOUNDATION 12809 WEST DODGE ROAD OMAHA, NE 68154 47-0648586	SUPPORT OF ALEGENT HEALTH AND AFFILIATES EXEMPT ACTIVITIES	NE	501 (C)(3)	L7	ALEGENT CREIGHTON HEALTH		No
ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM 7500 MERCY ROAD OMAHA, NE 68124 47-0484764	LICENSED HOSPITAL	NE	501 (C)(3)	L3	ALEGENT CREIGHTON HEALTH		No
ALEGENT HEALTH-IMMANUEL MEDICAL CENTER 6901 N 72ND STREET OMAHA, NE 68122 47-0376615	LICENSED HOSPITAL	NE	501 (C)(3)	L3	ALEGENT CREIGHTON HEALTH		No
MERCY HEALTH CARE FOUNDATION 603 ROSARY DRIVE CORNING, IA 50841 42-1461064	SUPPORT OF ALEGENT HEALTH MERCY HOSPITAL, CORNING, IA EXEMPT ACTIVITIES	IA	501 (C)(3)	L11 I	ALEGENT HEALTH- MERCY HOSPITAL CORNING IA	Yes	
AH COMMUNITY MEMORIAL HOSPITAL OF MISSOURI VALLEY IA 631 NORTH 8TH STREET MISSOURI VALLEY, IA 51555 42-0776568	LICENSED HOSPITAL	IA	501 (C)(3)	L3	ALEGENT HEALTH- IMMANUEL MEDICAL CENTER		No
COMMUNITY MEMORIAL HOSPITAL MEDICAL SERVICES FOUNDATION 631 NORTH 8TH STREET MISSOURI VALLEY, IA 51555 42-1294399	SUPPORT OF ALEGENT HEALTH COMMUNITY MEMORIAL HOSPITAL OF MISSOURI VALLEY, IA	IA	501 (C)(3)	L11 I	ALEGENT HEALTH COMMUNITY MEMORIAL HOSPITAL OF MO VALLEY IA		No
ALEGENT HEALTH MEMORIAL HOSPITAL SCHUYLER 104 W 17TH STREET SCHUYLER, NE 68661 47-0399853	LICENSED HOSPITAL	NE	501 (C)(3)	L3	ALEGENT HEALTH- IMMANUEL MEDICAL CENTER		No
SCHUYLER MEMORIAL HOSPITAL FOUNDATION INC 104 W 17TH STREET SCHUYLER, NE 68661 36-3630014	SUPPORT OF ALEGENT HEALTH MEMORIAL HOSPITAL, SCHUYLER EXEMPT ACTIVITIES	NE	501 (C)(3)	L11 I	ALEGENT HEALTH MEMORIAL HOSPITAL SCHUYLER		No
MERCY HOSPITAL FOUNDATION COUNCIL BLUFFS 800 MERCY DRIVE COUNCIL BLUFFS, IA 51503 42-1178204	SUPPORT OF ALEGENT HEALTH-BERGAN MERCY HEALTH SYSTEM	IA	501 (C)(3)	L11 I	ALEGENT HEALTH- BERGAN MERCY HEALTH SYSTEM		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of- year assets (\$)	(h) 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	
AVANTAS LLC 11128 JOHN GALT BLVD STE 400 OMAHA, NE 68137 39-2045003	STAFFING OF NURSES	NE	ALEAGENT HEALTH- BERGAN MERCY HEALTH SYSTEM	N/A				No			No	
LAKESIDE AMBULATORY SURGICAL CENTER LLC 17030 LAKESIDE HILLS PLZ STE 206 OMAHA, NE 68130 20-4267902	AMBULATORY SURGICAL CENTER	NE	ALEAGENT CREIGHTON HEALTH	N/A				No			No	
LAKESIDE ENDOSCOPY CENTER LLC 17001 LAKESIDE HILLS PLZ STE 201 OMAHA, NE 68130 20-5544496	ENDOSCOPY SERVICES	NE	ALEAGENT CREIGHTON HEALTH	N/A				No			No	
OMAHA AMBULATORY INVESTMENT COMPANY LLC 12809 WEST DODGE ROAD OMAHA, NE 68154 06-1786989	PARENT HOLDING COMPANY ASC	NE	ALEAGENT CREIGHTON HEALTH	N/A				No			No	
AH NORTHWEST IMAGING CENTER LLC 3606 N 156TH STREET STE 104 OMAHA, NE 68154 06-1786985	DIAGNOSTIC TESTING FACILITY	NE	ALEAGENT CREIGHTON HEALTH	N/A				No			No	
PRAIRIE HEALTH VENTURES LLC 421 S 9TH STREET STE 102 LINCOLN, NE 68508 20-4962103	PROFESSIONAL TECH SERVICES	NE	ALEAGENT HLTH- IMMANUEL MEDICAL CENTER	N/A				No			No	
BERGAN MERCY SURGERY CENTER LLC 7710 MERCY ROAD STE 100 OMAHA, NE 68124 20-8671994	AMBULATORY SURGICAL CENTER	NE	OMAHA AMBULATORY INVESTMENT COMPANY LLC	N/A				No			No	
NEBRASKA SPINE LLC 6901 N 72ND STREET STE 20300 OMAHA, NE 68122 27-0263191	SPINE HOSPITAL	NE	ALEAGENT CREIGHTON HEALTH	N/A				No			No	



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

Consolidated Financial Statements

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)



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

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

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Alegent Health – Bergan Mercy Health System and Affiliates (Health System) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Health System's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of CHI Operating Investment Program Limited Partnership (a 3% owned limited partnership) at June 30, 2012. The Health System's investment in CHI Operating Investment Program Limited Partnership at June 30, 2012 was \$157,426 and its equity in income of CHI Operating Investment Program Limited Partnership was \$2,934 for the year ended June 30, 2012. The financial statements of CHI Operating Investment Program Limited Partnership were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CHI Operating Investment Program Limited Partnership for 2012, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of the other auditors for 2012, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alegent Health – Bergan Mercy Health System and Affiliates as of June 30, 2012 and 2011, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Exhibits I, II, and III is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Omaha, Nebraska
September 13, 2012

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

Consolidated Balance Sheets

June 30, 2012 and 2011

(Amounts in thousands)

Assets	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 68,846	\$ 53,637
Patient accounts receivable, net of allowance for uncollectible accounts of \$36,816 in 2012 and \$30,474 in 2011	49,727	49,447
Intercompany receivable	7,791	2,585
Other accounts receivable	3,519	1,558
Inventories	8,502	10,299
Prepaid expenses	276	140
Total current assets	<u>138,661</u>	<u>117,666</u>
Assets limited as to use:		
Investment in CHI limited partnership	157,426	231,958
Other investments	105,951	2,212
Total assets limited as to use	<u>263,377</u>	<u>234,170</u>
Property and equipment:		
Land	3,349	3,349
Land improvements	13,809	12,418
Buildings and improvements	403,117	395,373
Equipment	173,506	183,254
Construction in progress	1,052	7,286
	<u>594,833</u>	<u>601,680</u>
Less accumulated depreciation	<u>309,401</u>	<u>295,807</u>
Property and equipment, net	<u>285,432</u>	<u>305,873</u>
Other assets:		
Investment in joint ventures	250	250
Investment in Alegent Health	27,850	50,159
Other assets	51	53
Total other assets	<u>28,151</u>	<u>50,462</u>
Total assets	<u><u>\$ 715,621</u></u>	<u><u>\$ 708,171</u></u>

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

Consolidated Balance Sheets

June 30, 2012 and 2011

(Amounts in thousands)

Liabilities and Net Assets	2012	2011
Current liabilities:		
Current portion of long-term debt	\$ 6,527	\$ 6,222
Accounts payable	4,974	3,826
Accrued salaries, wages, and benefits	1,041	649
Accrued vacation and sick leave	—	157
Estimated third-party payor settlements	8,976	4,242
Other liabilities and accrued expenses	10,208	6,737
Total current liabilities	31,726	21,833
Long-term debt, net of current portion	167,375	173,898
Other long-term liabilities	2,437	3,481
Total liabilities	201,538	199,212
Net assets:		
Unrestricted	509,117	503,561
Temporarily restricted	3,175	3,607
Permanently restricted	1,791	1,791
Total net assets	514,083	508,959
Total liabilities and net assets	\$ 715,621	\$ 708,171

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Operations

Years ended June 30, 2012 and 2011

(Amounts in thousands)

	<u>2012</u>	<u>2011</u>
Unrestricted revenues, gains, and other support		
Net patient service revenue	\$ 466,506	\$ 451,907
Cafeteria, building rental, sales to nonpatients, and other	50,301	40,682
Total revenues, gains, and other support	<u>516,807</u>	<u>492,589</u>
Operating expenses		
Salaries and wages	163,280	164,680
Employee benefits	45,766	45,824
Supplies	86,437	83,385
Purchased services	50,735	43,508
Professional services	22,318	19,421
Provision for bad debts	34,713	29,225
Other expenses	20,692	15,310
Depreciation and amortization	40,012	40,850
Rentals and leases	8,155	8,124
Interest	7,579	6,794
Equity in operating loss of Alegent Health	(5,179)	9,098
Total operating expenses	<u>474,508</u>	<u>466,219</u>
Operating income	<u>42,299</u>	<u>26,370</u>
Other income (loss).		
Interest and investment income	1,311	254
Equity in income of investment limited partnership	2,934	33,647
Other, net	(252)	(111)
Equity in other income of Alegent Health	77	820
Total other income, net	<u>4,070</u>	<u>34,610</u>
Excess of revenues over expenses, before joint operating agreement adjustment	46,369	60,980
Joint operating agreement adjustment	<u>(32,737)</u>	<u>(19,785)</u>
Excess of revenues over expenses	13,632	41,195
Other changes in unrestricted net assets		
Contributions for the purchase of property and equipment	4	39
Net assets released from restrictions for the purchase of property and equipment	990	—
Joint operating agreement adjustment – capital expenditures	330	17,406
Transfers from (to) other Alegent affiliates	18,679	(39,360)
Equity in other changes in unrestricted net assets of Alegent Health	(28,079)	45,395
Other	—	175
Increase in unrestricted net assets	<u>\$ 5,556</u>	<u>\$ 64,850</u>

See accompanying notes to consolidated financial statements

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

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2012 and 2011

(Amounts in thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Balance, June 30, 2010	\$ 438,711	\$ 3,151	\$ 1,791	\$ 443,653
Excess of revenues over expenses	41,195	—	—	41,195
Contributions for the purchase of property and equipment	39	—	—	39
Contributions restricted by donor	—	28	—	28
Joint operating agreement adjustment – capital expenditures	17,406	—	—	17,406
Net assets released from restrictions for use in operations	—	(27)	—	(27)
Transfers to other Alegant affiliates	(39,360)	—	—	(39,360)
Equity in other changes in net assets of Alegant Health	45,395	455	—	45,850
Other	175	—	—	175
	<u>64,850</u>	<u>456</u>	<u>—</u>	<u>65,306</u>
Increase in net assets	64,850	456	—	65,306
Balance, June 30, 2011	<u>503,561</u>	<u>3,607</u>	<u>1,791</u>	<u>508,959</u>
Excess of revenues over expenses	13,632	—	—	13,632
Contributions for the purchase of property and equipment	4	—	—	4
Net assets released from restrictions for the purchase of property and equipment	990	(990)	—	—
Contributions restricted by donor	—	63	—	63
Joint operating agreement adjustment – capital expenditures	330	—	—	330
Net assets released from restrictions for use in operations	—	(19)	—	(19)
Transfers from other Alegant affiliates	18,679	—	—	18,679
Equity in other changes in net assets of Alegant Health	(28,079)	514	—	(27,565)
	<u>5,556</u>	<u>(432)</u>	<u>—</u>	<u>5,124</u>
Increase (decrease) in net assets	5,556	(432)	—	5,124
Balance, June 30, 2012	<u>\$ 509,117</u>	<u>\$ 3,175</u>	<u>\$ 1,791</u>	<u>\$ 514,083</u>

See accompanying notes to consolidated financial statements

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

Consolidated Statements of Cash Flows

Years ended June 30, 2012 and 2011

(Amounts in thousands)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Increase in net assets	\$ 5,124	\$ 65,306
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	40,012	40,850
Provision for bad debts	34,713	29,225
Equity in income of investment limited partnership	(2,934)	(33,647)
Contributions restricted by donor	(63)	(28)
Contributions for the purchase of property and equipment	(4)	(39)
Joint operating agreement adjustment – capital expenditures	(330)	(17,406)
Transfers to other Alegant affiliates	(18,679)	39,360
Equity in other changes in net assets of Alegant Health	27,565	(45,850)
Change in unrealized gains and losses on investments	(1,233)	—
Other changes in net assets	—	(175)
Decrease (increase) in current assets		
Receivables		
Patients	(34,993)	(26,871)
Affiliates	(5,206)	33,321
Other	(1,961)	430
Inventories	1,797	(724)
Prepaid expenses	(136)	140
Increase (decrease) in liabilities		
Accounts payable	(572)	(2,735)
Accrued salaries, wages, and benefits	392	558
Accrued vacation and sick leave	(157)	62
Estimated third-party payor settlements	4,734	1,690
Other liabilities and accrued expenses	3,471	(978)
Net cash provided by operating activities	<u>51,540</u>	<u>82,489</u>
Cash flows from investing activities		
Purchase of assets limited as to use	(102,588)	(28,038)
Sale of assets limited as to use	77,548	20,721
Additions to property and equipment	(17,847)	(40,721)
Equity in other changes in net assets of Alegant Health	(27,565)	45,850
Decrease (increase) in investment in Alegant Health	22,309	(37,572)
Decrease (increase) in other long-term assets and liabilities	(1,042)	1,727
Net cash used in investing activities	<u>(49,185)</u>	<u>(38,033)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(6,223)	(2,882)
Proceeds from long-term debt	5	11,124
Transfers to (from) from other Alegant affiliates	18,679	(39,360)
Joint operating agreement adjustment – capital expenditures	330	17,406
Restricted contributions	63	28
Other changes in net assets	—	175
Net cash provided by (used in) financing activities	<u>12,854</u>	<u>(13,509)</u>
Net increase in cash and cash equivalents	15,209	30,947
Cash and cash equivalents, beginning of year	<u>53,637</u>	<u>22,690</u>
Cash and cash equivalents, end of year	<u>\$ 68,846</u>	<u>\$ 53,637</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest (net of amount capitalized)	\$ 7,579	\$ 6,794

See accompanying notes to consolidated financial statements

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

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

(1) Organization

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

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

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

Significant intercorporate accounts and transactions have been eliminated in consolidation.

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

(2) Summary of Significant Accounting Policies

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

(a) Use of Estimates

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

(b) Cash and Cash Equivalents

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

(c) Investments

At June 30, 2012 and 2011, 60% and 99% of the Health System's investment portfolio is invested in the CHI investment limited partnership, respectively (note 4). Investment in the CHI investment

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

limited partnership is recorded using the equity method of accounting with the related equity in income reported as other income in the accompanying consolidated financial statements

During the year ended June 30, 2012, the Health System invested in a fixed income commingled fund structured as a common trust fund which is recorded in other investments on the consolidated balance sheets. Upon investing in the fund, the Health System elected the fair value option as allowed by U.S. GAAP to record its interest in the fund at fair value. The Health System elected to record this investment at fair value in order to measure this investment at amounts that more accurately reflect the nature of the investment. The financial reporting results of accounting for the investment under fair value are consistent with the results if the Health System had utilized the equity method. In order to estimate fair value, the Health System utilizes net asset value as reported by the fund manager, as a practical expedient to fair value. As the Health System has elected to record this investment at fair value, changes in fair value of this investment are recorded in investment and other income, which is included within excess of revenue and expenses, in the consolidated statements of operations. The Health System has the ability to liquidate its interest in the fund each quarter with 30 days notice. The Health System had not committed any additional funding to this fund as of June 30, 2012.

(d) Inventories

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

(e) Property and Equipment

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

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

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During the years ended June 30, 2012 and 2011, the Health System capitalized approximately \$146 and \$1,270, respectively, of interest.

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

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

those long-lived assets must be maintained. expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

(f) *Investment in Joint Ventures*

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

(g) *Long-Lived Assets*

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

(h) *Temporarily and Permanently Restricted Net Assets*

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

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

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

The Health System has interpreted UPMIFA as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Health System classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Interest, dividends, and net appreciation of the donor-restricted endowment funds are classified according to donor stipulations. Absent any donor-imposed restrictions, interest, dividends, and net appreciation are deemed

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(Amounts in thousands)

appropriated for expenditure when earned. In accordance with UPMIFA, the Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

(i) Donor-Restricted Gifts

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

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

(j) Net Patient Service Revenue

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

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Notes to Consolidated Financial Statements

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(Amounts in thousands)

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

The Health System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Health System does not pursue collection of amounts once determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations. The cost of services and supplies furnished under the Health System's charity policy aggregated approximately \$17,187 and \$15,650 in 2012 and 2011, respectively.

(l) *Excess of Revenues over Expenses*

The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses consistent with industry practice, include unrealized gains and losses on investments other than trading securities and securities in which the fair value option has been elected, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purpose of acquiring such assets), and certain joint operating agreement settlements.

(m) *Estimated Malpractice Costs*

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

(n) *Fair Value of Financial Instruments*

The carrying amounts of cash and cash equivalents, accounts receivable, estimated third-party payor settlements, and payables approximate fair value due to the short duration of these instruments. Fair value for investments is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. The carrying amount of the investment in the CHI investment limited partnership is recorded on the equity method which equals the net asset value reported by the limited partnership, which approximates fair value. The fair value of long-term debt as of June 30, 2012 and 2011 is approximately \$178,160 and \$186,893, respectively.

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

(o) *Asset Retirement Obligations*

The Health System recognizes the fair value of liabilities for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. Over time, the obligation is accreted to its present value each period. Upon

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(Amounts in thousands)

settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations. The Health System's obligations relate to estimates of the costs to abate clinical and administrative facilities containing asbestos and to replace underground storage tanks. At June 30, 2012 and 2011, this long-term liability totaled \$1.687 and \$1.732, respectively.

(p) *Income Taxes*

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

The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Such tax positions, which are more than 50% likely of being realized, are measured at their highest value. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. During 2012 and 2011, management determined that there are no income tax positions requiring recognition in the consolidated financial statements.

(3) *Joint Operating Agreement*

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

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

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

In connection with the activities and events described above, certain administrative functions of the Health System and Immanuel are performed at Alegent. These administrative functions include human resources, information systems, planning and marketing, legal, system management, accounting and finance, and other centralized functions. During 2012 and 2011, approximately \$80,207 and \$75,740, respectively, of such expenses were charged back to the Health System, at cost, and are reflected in operating expenses in the accompanying consolidated statements of operations.

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Notes to Consolidated Financial Statements

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(Amounts in thousands)

The Agreement contains provisions related to dissolution that generally provide for distribution of the assets based on fair market value. Distribution percentages vary depending upon the manner in which dissolution occurs (note 15).

In connection with the Agreement, the Health System has recorded an adjustment to excess of revenues over expenses of \$(32,737) and \$(19,785) for the years ended June 30, 2012 and 2011, respectively, representing the sharing of the operating results of the Health System and Immanuel. In addition, \$330 and \$17,406 have been reflected as adjustments to net assets in 2012 and 2011, respectively, which reflect the sharing of capital expenditures for the same periods.

The Health System has recorded its 50% share of the income (loss) of Alegent Health and Affiliates of \$5,256 and \$(8,278) for the years ended June 30, 2012 and 2011, respectively, which is reflected as equity in operating income and other income of Alegent in the accompanying consolidated statements of operations.

At June 30, 2012 and 2011, the Health System had recorded an intercorporate receivable of \$7,791 and \$2,585, respectively, as a result of these transactions.

(4) Assets Limited as to Use

The composition of assets limited as to use at June 30, 2012 and 2011 is set forth in the following table:

	<u>2012</u>	<u>2011</u>
Assets limited as to use		
Investment in CHI investment limited partnership	\$ 157,426	\$ 231,958
Fixed income common trust fund	103,879	—
Cash and cash equivalents	—	285
Other	2,072	1,927
Total	<u>\$ 263,377</u>	<u>\$ 234,170</u>

The Health System has an undivided interest in the CHI investment limited partnership. The Health System accounts for its investment in the investment partnership using the equity method of accounting. At June 30, 2012 and 2011, the value of the CHI investment limited partnership approximated \$5.5 billion and \$6.0 billion, respectively, with the Health System's ownership interest approximating 3% for 2012 and 9% for 2011. The Health System's investment in the CHI investment limited partnership is comprised of the following as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Fixed income	\$ 81,287	\$ 107,884
Equity	76,139	124,074
Total	<u>\$ 157,426</u>	<u>\$ 231,958</u>

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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

The CHI investment limited partnership is comprised of the following investment classifications as of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	5%	9%
Common stocks	41	40
Corporate and other bonds	10	11
U S government securities	3	3
Fixed income funds	20	15
Hedge funds	8	8
Private equity funds	6	6
Real estate funds	4	4
Foreign currency exchange contracts	2	3
Other	1	1
Total	<u>100%</u>	<u>100%</u>

Investment income, gains, and losses for assets limited as to use and cash and cash equivalents are comprised of the following for the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Consolidated statements of operations		
Interest and investment income	\$ 1,311	\$ 254
Equity in income of investment limited partnership	2,934	33,647
Total investment income	<u>\$ 4,245</u>	<u>\$ 33,901</u>

(5) Net Patient Service Revenue

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

(a) Medicare

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

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(Amounts in thousands)

(b) Nebraska and Iowa Medicaid

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

Revenue from the Medicare and Medicaid programs accounted for approximately 32% and 9%, respectively, of the Health System's net patient service revenue for the year ended June 30, 2012, and approximately 31% and 10%, respectively, of the Health System's net patient service revenue for the year ended June 30, 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2012 and 2011 net patient service revenue increased approximately \$3.018 and \$1.137, respectively, due to the removal of allowances previously estimated that were no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

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

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

	<u>2012</u>	<u>2011</u>
Gross patient charges		
Inpatient charges	\$ 737,995	\$ 722,397
Outpatient charges	<u>570,732</u>	<u>519,345</u>
Total gross patient charges	1,308,727	1,241,742
Less		
Deductions from gross patient charges		
Contractual adjustments – Medicare, Medicaid, and other	<u>842,221</u>	<u>789,835</u>
Net patient service revenue	<u>\$ 466,506</u>	<u>\$ 451,907</u>

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Notes to Consolidated Financial Statements

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(Amounts in thousands)

(6) Long-Term Debt

Long-term debt as of June 30, 2012 and 2011 consists of the following

	<u>2012</u>	<u>2011</u>
Notes payable to CHI, due in varying monthly installments through December 1, 2028, with a weighted average yield of 4.35% during 2012	\$ 63,747	\$ 68,142
Notes payable to CHI, due in varying monthly installments through December 1, 2039, with a weighted average yield of 4.35% during 2012	107,365	109,170
Other long-term obligations	<u>2,790</u>	<u>2,808</u>
Total long-term debt	173,902	180,120
Less current maturities	<u>6,527</u>	<u>6,222</u>
Long-term debt, excluding current maturities	<u>\$ 167,375</u>	<u>\$ 173,898</u>

The Health System, Immanuel, and Alegent have entered into the Alegent Financing Agreement (AFA) with CHI, which provides access to the capital markets. Under the terms of the AFA, the Health System is defined as a Participant and Alegent and Immanuel as Designated Affiliates. These categories define the level of participation and control of CHI. The terms of the AFA require the Alegent system to meet certain financial covenants and ratios and provide other limits relating to additional indebtedness and transfers of property, among others.

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

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

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(Amounts in thousands)

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

2013	\$	6,527
2014		9,600
2015		7,193
2016		7,552
2017		7,923
Thereafter		135,107

(7) Retirement Plans

(a) Alegant Health Retirement 403(b) Plan

Beginning January 1, 2010, the Health System participates in the Alegant 403(b) savings plan. Participating employees can contribute a portion of their salary to the plan, subject to IRS regulations. The Health System makes matching contributions up to a maximum of 3% based on salary and a fixed contribution up to 6% based on years of service. Pension expense related to this plan for the years ended June 30, 2012 and 2011 was \$7,096 and \$6,370, respectively.

(b) Alegant Health Multioptional Pension Plan

The Health System participates in the Alegant multioptional pension plan covering substantially all of the Health System's employees. During 2009, Alegant's board of directors approved a resolution to freeze the plan effective January 1, 2010. Generally, employees were eligible for participation after completing one year of service in which the employee completes 1,000 hours or more of service and had attained the age of 19. This Plan covered eligible employees as of January 1, 2010. For each plan year, a retirement benefit was provided for as a percentage of the eligible participant's annual compensation. Employee contributions to the plan were not permitted except for certain rollover provisions. Benefits earned under the plan are available to participants at a normal retirement age of 65, with early retirement available to participants who have reached the age of 55 and are 100% vested. Benefits vest after three years of service. Pension expense for the Health System for this plan for the years ended June 30, 2012 and 2011 was \$716 and \$1,016, respectively. Separate information applicable to the Health System is not available.

(8) Fair Value Measurements

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Health System has the ability to access at the measurement date.

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

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The investment in the fixed income common trust fund is valued based on the fund's net asset value, as supplied by the trust and this valuation is reviewed by the Health System's management and used as a practical expedient to fair value. Classification as Level 2 is based on the Health System's ability to redeem its interest in the near term.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers between Level 1 and Level 2 measurements during the year end June 30, 2012.

The following tables present assets and liabilities that are measured at fair value on a recurring basis at June 30, 2012 and 2011.

		Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	June 30, 2012			
Assets				
Cash and cash equivalents	\$ 68,846	\$ 68,813	\$ 33	\$ —
Assets limited as to use				
Fixed income common trust fund	103,879	—	103,879	—
Other	2,072	—	2,072	—
Total	<u>\$ 174,797</u>	<u>\$ 68,813</u>	<u>\$ 105,984</u>	<u>\$ —</u>

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

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

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

(9) Concentrations of Credit Risk

The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2012 and 2011 approximated the following:

	2012	2011
Medicare	32%	33%
Medicaid	18	17
Managed care	29	30
Self-pay	20	19
Commercial and other	1	1
	100%	100%

(10) Insurance Programs

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

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

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

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

The Health System is also self-insured under its employee group health and dental programs. Included in the accompanying consolidated statements of operations are estimates of the ultimate costs for both reported claims and claims incurred but not yet reported at year-end related to such claims.

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

(11) Laws and Regulations

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

(12) Functional Expenses

The Health System provides health care services primarily to residents within its geographic location. Expenses included in the consolidated statements of operations as they relate to provision of these services are as follows for the years ended June 30, 2012 and 2011:

	<u>2012</u>		<u>2011</u>
Health care services	\$ 420,364	\$	414,690
General and administrative	54,144		51,529
Total operating expenses	<u>\$ 474,508</u>	\$	<u>466,219</u>

(13) Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and

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

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(Amounts in thousands)

effectiveness of care. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. An initial Medicaid incentive payment is available to providers that adopt, implement, or upgrade certified EHR technology. However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology.

The Health System accounts for meaningful use incentive payments under the gain contingency model. Medicare EHR incentive payments are recognized as revenues when eligible providers demonstrate meaningful use of certified EHR technology and the cost report information for the full cost report year that will determine the full calculation of the incentive payment is available. Medicaid EHR incentive payments are recognized as revenues when an eligible provider demonstrates meaningful use of certified EHR technology. For fiscal year 2012, the Health System recognized \$3,600 of Medicare meaningful use revenues and \$1,600 of Medicaid meaningful use revenues in its consolidated statement of operations.

(14) EPIC

During 2012, Alegent's board of directors approved the implementation of the Epic system. Epic provides a single-platform integrated Electronic Health Record for hospital and ambulatory patients. The first ambulatory clinic go-live is scheduled for September 2013 and first hospital go-live is scheduled for late 2013. Phased go-lives continue through early 2015. The estimated capital investment is \$74,000 and total five-year project-related expenses are estimated at \$32,600. The Health System, through the capital sharing provisions of the Agreement, will ultimately be financially responsible for 50% of the cost of this project.

(15) Subsequent Events

On July 1, 2012, Immanuel's parent corporation entered into a letter of intent with CHI stating its intent to resign its sponsorship, whereby CHI would become the sole corporate member of Alegent and all of the related entities. The change in sponsorship would result in CHI obtaining full control over Alegent and its affiliates, thus dissolving the Joint Operating Agreement discussed in note 3.

On September 1, 2012, Alegent acquired certain assets, licenses, and contracts of Creighton University Medical Center (CUMC) for \$40 million. CUMC is a 220-bed acute care hospital located in Omaha, Nebraska. Commensurate with the purchase, Alegent entered into a Strategic Affiliation Agreement with Creighton University (Creighton) whereby Alegent hospitals (including the former CUMC location) will become the primary teaching sites for the Creighton School of Medicine. The related agreements require payments by Alegent for costs associated with medical residents and other educational support. Alegent received a contribution of \$50 million from Creighton to support its new academic mission. Creighton also contributed all of the assets and liabilities of its medical practice operations (Creighton Medical Associates) to Alegent.

The Health System has evaluated subsequent events from the consolidated balance sheet date through September 13, 2012, the date at which the combined financial statements were available to be issued, and determined there are no additional items to disclose.

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

Consolidating Balance Sheet Information

June 30, 2012

(Amounts in thousands)

Assets	The Archbishop Bergan Mercy Medical Center	Alegent Health Mercy Hospital	Mercy Medical Office Buildings, Inc	Eliminations	Alegent Health— Bergan Mercy Health System
Current assets					
Cash and cash equivalents	\$ 67,899	\$ (33)	\$ —	\$ —	\$ 67,866
Patient accounts receivable	57,515	25,720	—	—	83,235
Less allowance for uncollectible accounts	22,460	13,842	—	—	36,302
Net patient accounts receivable	35,055	11,878	—	—	46,933
Intercompany receivable	—	34,005	—	(32,997)	1,008
Other accounts receivable	2,758	41	(2)	—	2,797
Inventories	6,445	1,671	—	—	8,116
Prepaid expenses	276	—	—	—	276
Total current assets	112,433	47,562	(2)	(32,997)	126,996
Assets limited as to use					
Investment in CHI limited partnership	135,372	21,936	—	—	157,308
Other investments	89,207	14,525	—	—	103,732
Total assets limited as to use	224,579	36,461	—	—	261,040
Property and equipment					
Land	2,408	795	138	—	3,341
Land improvements	8,856	4,280	360	—	13,496
Buildings and improvements	305,148	67,844	18,838	—	391,830
Equipment	128,259	33,276	40	—	161,575
Construction in progress	769	283	—	—	1,052
	445,440	106,478	19,376	—	571,294
Less accumulated depreciation	224,597	61,682	9,945	—	296,224
Property and equipment, net	220,843	44,796	9,431	—	275,070
Other assets					
Investment in subsidiaries	12,766	—	—	—	12,766
Investments in joint ventures	250	—	—	—	250
Other assets	2,813	12	—	—	2,825
Investment in Alegent Health	27,850	—	—	—	27,850
Total other assets	43,679	12	—	—	43,691
Total assets	\$ 601,534	\$ 128,831	\$ 9,429	\$ (32,997)	\$ 706,797

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

Consolidating Balance Sheet Information

June 30, 2012

(Amounts in thousands)

Liabilities and Net Assets	The Archbishop Bergan Mercy Medical Center	Alegent Health Mercy Hospital	Mercy Medical Office Buildings, Inc.	Eliminations	Alegent Health— Bergan Mercy Health System
Current liabilities					
Current portion of long-term debt	\$ 5,115	\$ 1,406	\$ —	\$ —	\$ 6,521
Accounts payable	3,171	918	—	—	4,089
Accrued salaries, wages, and benefits	367	230	—	—	597
Intercompany payable	27,280	—	5,717	(32,997)	—
Estimated third-party payor settlements	3,750	3,837	—	—	7,587
Other liabilities and accrued expenses	4,876	3,071	—	—	7,947
Total current liabilities	44,559	9,462	5,717	(32,997)	26,741
Long-term debt, net of current portion	125,104	39,182	—	—	164,286
Other long-term liabilities	1,418	269	—	—	1,687
Total liabilities	171,081	48,913	5,717	(32,997)	192,714
Net assets					
Unrestricted	425,487	79,918	3,712	—	509,117
Temporarily restricted	3,175	—	—	—	3,175
Permanently restricted	1,791	—	—	—	1,791
Total net assets	430,453	79,918	3,712	—	514,083
Total liabilities and net assets	\$ 601,534	\$ 128,831	\$ 9,429	\$ (32,997)	\$ 706,797

See accompanying independent auditors' report

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

Consolidating Balance Sheet Information

June 30, 2012

(Amounts in thousands)

Assets	Alegent Health Bergan Mercy Health System	Alegent Health Mercy Hospital, Corning, Iowa	Avantas	Eliminations	Alegent Health— Bergan Mercy Health System and Affiliates Consolidated
Current assets					
Cash and cash equivalents	\$ 67,866	\$ 464	\$ 516	\$ —	\$ 68,846
Patient accounts receivable	83,235	3,308	—	—	86,543
Less allowance for uncollectible accounts	36,302	514	—	—	36,816
Net patient accounts receivable	46,933	2,794	—	—	49,727
Intercompany receivable	1,008	6,783	—	—	7,791
Other accounts receivable	2,797	—	722	—	3,519
Inventories	8,116	386	—	—	8,502
Prepaid expenses	276	—	—	—	276
Total current assets	126,996	10,427	1,238	—	138,661
Assets limited as to use					
Investment in CHI limited partnership	157,308	118	—	—	157,426
Other investments	103,732	2,219	—	—	105,951
Total assets limited as to use	261,040	2,337	—	—	263,377
Property and equipment					
Land	3,341	8	—	—	3,349
Land improvements	13,496	313	—	—	13,809
Buildings and improvements	391,830	11,287	—	—	403,117
Equipment	161,575	4,768	7,163	—	173,506
Construction in progress	1,052	—	—	—	1,052
	571,294	16,376	7,163	—	594,833
Less accumulated depreciation	296,224	9,690	3,487	—	309,401
Property and equipment, net	275,070	6,686	3,676	—	285,432
Other assets					
Investments in subsidiaries	12,766	—	—	(12,766)	—
Investments in joint ventures	250	—	—	—	250
Other assets	2,825	—	—	(2,774)	51
Investment in Alegent Health	27,850	—	—	—	27,850
Total other assets	43,691	—	—	(15,540)	28,151
Total assets	\$ 706,797	\$ 19,450	\$ 4,914	\$ (15,540)	\$ 715,621

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

Consolidating Balance Sheet Information

June 30, 2012

(Amounts in thousands)

Liabilities and Net Assets	Alegent Health Bergan Mercy Health System	Alegent Health Mercy Hospital, Corning, Iowa	Avantas	Eliminations	Alegent Health— Bergan Mercy Health System and Affiliates Consolidated
Current liabilities					
Current portion of long-term debt	\$ 6,521	\$ 6	\$ —	\$ —	\$ 6,527
Accounts payable	4,089	171	714	—	4,974
Accrued salaries, wages, and benefits	597	154	290	—	1,041
Intercompany payable	—	—	—	—	—
Estimated third-party payor settlements	7,587	1,389	—	—	8,976
Other liabilities and accrued expenses	7,947	42	2,219	—	10,208
Total current liabilities	26,741	1,762	3,223	—	31,726
Long-term debt, net of current portion	164,286	339	5,524	(2,774)	167,375
Other long-term liabilities	1,687	—	750	—	2,437
Total liabilities	192,714	2,101	9,497	(2,774)	201,538
Net assets					
Unrestricted	509,117	17,313	(4,583)	(12,730)	509,117
Temporarily restricted	3,175	36	—	(36)	3,175
Permanently restricted	1,791	—	—	—	1,791
Total net assets	514,083	17,349	(4,583)	(12,766)	514,083
Total liabilities and net assets	\$ 706,797	\$ 19,450	\$ 4,914	\$ (15,540)	\$ 715,621

See accompanying independent auditors' report

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

Consolidating Statement of Operations Information

Year ended June 30, 2012

(Amounts in thousands)

	The Archbishop Bergan Mercy Medical Center	Alegent Health Mercy Hospital	Mercy Medical Office Buildings, Inc.	Eliminations	Alegent Health— Bergan Mercy Health System
Unrestricted revenues, gains, and other support					
Gross patient charges	\$ 538,006	\$ 196,264	\$ —	\$ —	\$ 734,270
Inpatient charges	383,867	162,028	—	—	545,895
Outpatient charges	921,873	358,292	—	—	1,280,165
Less:					
Deductions from gross patient charges					
Contractual adjustments and other	591,402	239,417	—	—	830,819
Net patient service revenue	330,471	118,875	—	—	449,346
Criterium building rent if sales to nonpatients and other	37,234	6,482	982	—	44,698
Total revenues, gains, and other support	367,705	125,357	982	—	494,044
Operating expenses					
Salaries and wages	90,793	32,426	—	—	123,219
Employee benefits	25,696	8,806	—	—	34,502
Supplies	66,804	18,119	25	—	84,948
Intercompany services	59,434	19,231	1,542	—	80,207
Purchased services	26,257	6,780	125	—	33,162
Professional services	13,539	4,343	—	—	17,882
Provision for bad debts	18,640	15,479	—	—	34,119
Other expenses	3,393	1,610	181	—	5,184
Depreciation and amortization	22,681	5,165	682	—	28,528
Rentals and leases	6,283	1,306	2	—	7,591
Interest	5,620	1,795	—	—	7,415
Equity in other operating loss of subsidiaries	167	—	—	—	167
Equity in operating income of Alegent Health	(5,179)	—	—	—	(5,179)
Total operating expenses	334,128	115,060	2,557	—	451,745
Operating income (loss)	33,577	10,297	(1,575)	—	42,299
Other income (loss)					
Interest and investment income	1,069	186	—	—	1,255
Equity in income of investment limited partnership	2,578	355	—	—	2,933
Other net	(252)	—	—	—	(252)
Equity in other income of subsidiaries	57	—	—	—	57
Equity in other income of Alegent Health	77	—	—	—	77
Total other income, net	3,529	541	—	—	4,070
Excess (deficiency) of revenues over expenses, before joint operating agreement adjustment	37,106	10,838	(1,575)	—	46,369
Joint operating agreement adjustment	(32,737)	—	—	—	(32,737)
Excess (deficiency) of revenues over expenses	4,369	10,838	(1,575)	—	13,632
Other changes in unrestricted net assets					
Contributions for the purchase of property and equipment	4	—	—	—	4
Joint operating agreement adjustment – capital expenditures	330	—	—	—	330
Transfers to other Alegent affiliates	18,679	—	—	—	18,679
Equity in other changes in unrestricted net assets of Alegent Health	(28,079)	—	—	—	(28,079)
Other	990	—	—	—	990
Increase (decrease) in unrestricted net assets	\$ (3,707)	\$ 10,838	\$ (1,575)	\$ —	\$ 5,556

See accompanying independent auditors' report.

Exhibit II

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

Consolidating Statement of Operations Information

Year ended June 30, 2012

(Amounts in thousands)

	Alegent Health— Bergan Mercy Health System	Alegent Health— Mercy Hospital Corning, Iowa	Avantas	Eliminations	Alegent Health— Bergan Mercy Health System and Affiliates Consolidated
Unrestricted revenues, gains, and other support					
Gross patient charges	\$ 734,270	\$ 3,725	\$ —	\$ —	\$ 737,995
Inpatient charges	545,895	24,837	—	—	570,732
Outpatient charges	1,280,165	28,562	—	—	1,308,727
Less:					
Deductions from gross patient charges	830,819	11,402	—	—	842,221
Contractual adjustments and other	449,346	17,160	—	—	466,506
Net patient service revenue	44,698	585	5,036	(18)	50,301
Caterpillar building rental sales to nonpatients and other	494,044	17,745	5,036	(18)	516,807
Operating expenses					
Salaries and wages	123,219	4,544	2,313	33,204	163,280
Employee benefits	34,502	1,289	375	9,600	45,766
Supplies	84,948	2,477	—	(988)	86,437
Intercompany services	80,207	—	—	(80,207)	—
Purchased services	33,162	4,219	939	12,415	50,735
Professional services	17,882	2,465	—	1,971	22,318
Provision for bad debts	34,119	594	—	—	34,713
Other expenses	5,184	367	456	14,685	20,692
Depreciation and amortization	28,528	843	1,559	9,082	40,012
Rentals and leases	7,591	110	208	246	8,155
Interest	7,415	15	175	(26)	7,579
Equity in operating loss of subsidiaries	167	—	—	(167)	—
Equity in operating income of Alegent Health	(5,179)	—	—	—	(5,179)
Total operating expenses	451,745	16,923	6,025	(185)	474,508
Operating income (loss)	42,299	822	(989)	167	42,299
Other income (loss)					
Interest and investment income	1,255	56	—	—	1,311
Equity in income of investment limited partnership	2,933	1	—	—	2,934
Other, net	(252)	—	—	—	(252)
Equity in other income of subsidiaries	57	—	—	(57)	—
Equity in other income of Alegent Health	77	—	—	—	77
Total other income, net	4,070	57	—	(57)	4,070
Excess (deficiency) of revenues over expenses before joint operating agreement adjustment	46,369	879	(989)	110	46,369
Joint operating agreement adjustment	(32,737)	—	—	—	(32,737)
Excess (deficiency) of revenues over expenses	13,632	879	(989)	110	13,632
Other changes in unrestricted net assets					
Contributions for the purchase of property and equipment	4	—	—	—	4
Joint operating agreement adjustment – capital expenditures	330	—	—	—	330
Transfers to other Alegent affiliates	18,679	—	—	—	18,679
Equity in other changes in unrestricted net assets of Alegent Health	(28,079)	—	—	—	(28,079)
Net assets release from restrictions for the purchase of property and equipment	990	—	—	—	990
Increase (decrease) in unrestricted net assets	\$ 5,556	\$ 879	\$ (989)	\$ 110	\$ 5,556

See accompanying independent auditors' report

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

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2012

(Amounts in thousands)

	The Archbishop Bergan Mercy Medical Center	Alegent Health Mercy Hospital	Mercy Medical Office Buildings, Inc.	Eliminations	Alegent Health— Bergan Mercy Health System
Unrestricted					
Balance, June 30, 2011	\$ 429,194	\$ 69,080	\$ 5,287	\$ —	\$ 503,561
Excess (deficiency) of revenues over expenses	4,369	10,838	(1,575)	—	13,632
Contributions for the purchase of property and equipment	4	—	—	—	4
Joint operating agreement adjustment – capital expenditures	330	—	—	—	330
Transfers from other Alegent affiliates	18,679	—	—	—	18,679
Equity in other changes in unrestricted net assets of Alegent Health	(28,079)	—	—	—	(28,079)
Net assets released from restrictions for the purchase of property and equipment	990	—	—	—	990
Increase (decrease) in unrestricted net assets	(3,707)	10,838	(1,575)	—	5,556
Balance, June 30, 2012	<u>\$ 425,487</u>	<u>\$ 79,918</u>	<u>\$ 3,712</u>	<u>\$ —</u>	<u>\$ 509,117</u>
Temporarily restricted					
Balance, June 30, 2011	\$ 3,607	\$ —	\$ —	\$ —	\$ 3,607
Contributions restricted by donor	29	—	—	—	29
Net assets released from restrictions for the purchase of property and equipment	(990)	—	—	—	(990)
Equity in other changes in temporarily restricted net assets of subsidiary	15	—	—	—	15
Equity in other changes in temporarily restricted net assets of Alegent Health	514	—	—	—	514
Increase in temporarily restricted net assets	(432)	—	—	—	(432)
Balance, June 30, 2012	<u>\$ 3,175</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,175</u>
Permanently restricted					
Balance, June 30, 2011	\$ 1,791	\$ —	\$ —	\$ —	\$ 1,791
Equity in other changes in permanently restricted net assets of Alegent Health	—	—	—	—	—
Increase in permanently restricted net assets	—	—	—	—	—
Balance, June 30, 2012	<u>\$ 1,791</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,791</u>

See accompanying independent auditors' report

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

Consolidating Statement of Changes in Net Assets Information

Year ended June 30 2012

(Amounts in thousands)

	Alegent Health— Bergan Mercy Health System	Alegent Health— Mercy Hospital Corning, Iowa	Avantas	Eliminations	Alegent Health— Bergan Mercy Health System and Affiliates Consolidated
Unrestricted					
Balance June 30 2011	\$ 503 561	\$ 16 434	\$ (3 594)	\$ (12 840)	\$ 503 561
Excess (deficiency) of revenues over expenses	13 632	879	(989)	110	13 632
Contributions for the purchase of property and equipment	4	—	—	—	4
Joint operating agreement adjustment – capital expenditures	330	—	—	—	330
Transfers from other Alegent affiliates	18 679	—	—	—	18 679
Equity in other changes in unrestricted net assets of Alegent Health	(28 079)	—	—	—	(28 079)
Net assets released from restrictions for the purchase of property and equipment	990	—	—	—	990
	<u>5 556</u>	<u>879</u>	<u>(989)</u>	<u>110</u>	<u>5 556</u>
Increase (decrease) in unrestricted net assets					
Balance June 30 2012	\$ <u>509 117</u>	\$ <u>17 313</u>	\$ <u>(4 583)</u>	\$ <u>(12 730)</u>	\$ <u>509 117</u>
Temporarily restricted					
Balance June 30 2011	\$ 3 607	\$ 21	\$ —	\$ (21)	\$ 3 607
Contributions restricted by donor	29	34	—	—	63
Net assets released from restrictions for the purchase of property and equipment	(990)	—	—	—	(990)
Net assets released from restrictions for the use in operations	—	(19)	—	—	(19)
Equity in other changes in temporarily restricted net assets of subsidiary	15	—	—	(15)	—
Equity in other changes in temporarily restricted net assets of Alegent Health	514	—	—	—	514
	<u>(432)</u>	<u>15</u>	<u>—</u>	<u>(15)</u>	<u>(432)</u>
Increase (decrease) in temporarily restricted net assets					
Balance June 30 2012	\$ <u>3 175</u>	\$ <u>36</u>	\$ <u>—</u>	\$ <u>(36)</u>	\$ <u>3 175</u>
Permanently restricted					
Balance June 30 2011	\$ 1 791	\$ —	\$ —	\$ —	\$ 1 791
Equity in other changes in permanently restricted net assets of Alegent Health	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Increase in permanently restricted net assets					
Balance June 30 2012	\$ <u>1 791</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>1 791</u>

See accompanying independent auditors' report