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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

MERCY MEDICAL CENTER - CLINTON INC

Doing Business As

MERCY MEDICAL CENTER-CLINTON

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

1410 NORTH 4TH STREET

Room/suite

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

CLINTON, IA 527322940

F Name and address of principal officer

SEAN WILLIAMS

1410 NORTH 4TH STREET

CLINTON,IA 527322940

D Employer identification number

42-1336618

E Telephone number

(563) 244-5555

G Gross receipts \$ 95,996,458

I Tax-exempt status

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

J Website:

WWW.MERCYCLINTON.COM

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1989

M State of legal domicile

DE

Part I

Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities	TO PROVIDE QUALITY HEALTH CARE	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	14
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
Revenue	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,050
	6	Total number of volunteers (estimate if necessary)	6	307
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	120,158
	b	Net unrelated business taxable income from Form 990-T, line 34	7b	54,325
	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	27,062	30,171
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	96,459,370	90,366,568
Expenses	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,384,686	2,252,725
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,690,079	3,199,608
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	101,561,197	95,849,072
	14	Benefits paid to or for members (Part IX, column (A), line 4)	29,017	34,000
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	43,256,680	43,413,054
	b	Total fundraising expenses (Part IX, column (D), line 25) \rightarrow 0	0	0
Net Assets or Fund Balances	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	0	0
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	42,785,262	46,210,743
	19	Revenue less expenses Subtract line 18 from line 12	86,070,959	89,657,797
			15,490,238	6,191,275
			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	125,076,639	129,275,153
	21	Total liabilities (Part X, line 26)	34,115,579	36,255,644
	22	Net assets or fund balances Subtract line 21 from line 20	90,961,060	93,019,509

Part II

Signature Block

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

Sign Here

Signature of officer

PAUL MANGIN CFO & VP FINANCE

2013-05-13

Date

Paid Preparer's Use Only

Preparer's signature

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

Date

EIN

Phone no

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

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

☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

TO PROVIDE QUALITY HEALTHCARE - SEE SCHEDULE H FOR MORE INFORMATION

2

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

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

3

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

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 73,809,298 including grants of \$ 34,000) (Revenue \$ 92,686,736)

MERCY MEDICAL CENTER - CLINTON, INC (THE HOSPITAL), A NOT-FOR-PROFIT CORPORATION, IS THE HUB OF HEALTH CARE IN A FOUR-COUNTY, TWO-STATE AREA LYING IN THE IOWA/ILLINOIS MISSISSIPPI VALLEY THE HOSPITAL OPERATES 358 LICENSED BEDS INCLUDING 175 ACUTE CARE AND OTHER BEDS, AND 183 LONG-TERM CARE BEDS, LONG-TERM CARE BEDS INCLUDE A 23-BED DEMENTIA CARE UNIT RECOGNIZING CURRENT AND FUTURE HEALTH CARE NEEDS, THE HOSPITAL IS CONTINUALLY DEVELOPING STATE-OF-THE-ART SERVICES SUCH AS RADIATION ONCOLOGY, RENAL DIALYSIS AND OTHER OUTPATIENT TECHNOLOGY MERCY MEDICAL CENTER - CLINTON, INC IS A MEMBER OF TRINITY HEALTH UNDER ITS CORPORATE STRUCTURE

4b

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

THE MISSION STATEMENT FOR MERCY MEDICAL CENTER-CLINTON IS AS FOLLOWS OUR MISSION AS MERCY MEDICAL CENTER IS TO WORK TOGETHER AND WITH OTHERS TO CONTINUE THE HEALING MINISTRY OF THE CHURCH, PROMOTING THE WELL-BEING OF PEOPLE IN THE COMMUNITIES WE SERVE BY LIVING THE VALUES OF COMPASSION, RESPECT, CONCERN FOR THOSE WHO ARE POOR, EXCELLENCE AND STEWARDSHIP

4c

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

4d

Other program services (Describe in Schedule O)




















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

4e

Total program service expenses \$ 73,809,298

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	No
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	Yes
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	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <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	Yes
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <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	No
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	No
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		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

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 type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	218			
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	1,050			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a				No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				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	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	IA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you 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.	
PAUL MANGIN 1410 NORTH 4TH STREET CLINTON, IA 527322940 (563) 244-5555		

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

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

Form **990** (2011)

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	1,159,212	9,798,417	1,289,972

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 15

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CLINTON ER ASSOCIATES PLC 417 BUTTERNUT LANE IOWA CITY, IA 52246	ER PHYSICIAN SERVICES	1,229,560
APOGEE MEDICAL MANAGEMENT 2525 E CAMELBACK RD PHOENIX, AZ 85016	HOSPITALISTS	710,693
AGILITY THERAPY 607 DEWEY AVE NW GRAND RAPIDS, MI 49504	REHABILITATIVE SERVICES	450,135
REITZ CONSTRUCTION INC 621 W MAYNE STREET BLUE GRASS, IA 52726	CONSTRUCTION SERVICES	349,762
MEDIC EMS 1204 E HIGH STREET DAVENPORT, IA 52803	AMBULANCE SERVICES	284,433

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶15

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	13,416				
	e	Government grants (contributions)	1e	16,755				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		30,171				
Program Service Revenue			Business Code					
	2a	NET PATIENT SVC REV	900099	90,037,938	90,037,938			
	b	PHARMACY REVENUE	446110	208,472			208,472	
	c	LABORATORY UBI	621500	111,669		111,669		
	d	PARTNERSHIP UBI	621500	8,489		8,489		
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		90,366,568				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		1,184,028			1,184,028	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
			226,653					
			116,377					
			110,276					
	d	Net rental income or (loss)		110,276			110,276	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			1,015,827	83,879				
			0	31,009				
			1,015,827	52,870				
	d	Net gain or (loss)		1,068,697			1,068,697	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . .						
	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					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory . .						
	Miscellaneous Revenue		Business Code					
	11a	MEDICARE/MEDICAID HIT	900099	1,570,492	1,570,492			
	b	OTHER REVENUE	900099	1,078,306	1,078,306			
	c	CAFETERIA	900099	440,534			440,534	
d	All other revenue							
e	Total. Add lines 11a-11d		3,089,332					
12	Total revenue. See Instructions		95,849,072	92,686,736	120,158	3,012,007		

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	34,000	34,000		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,271,880		1,271,880	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	382,541	382,541		
7	Other salaries and wages	33,882,837	32,206,228	1,676,609	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,116,404	2,054,420	61,984	
9	Other employee benefits	3,118,504	2,938,118	180,386	
10	Payroll taxes	2,640,888	2,320,526	320,362	
11	Fees for services (non-employees)				
a	Management	113,150	113,150		
b	Legal	100,898		100,898	
c	Accounting				
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	5,435,300	4,773,518	661,782	
12	Advertising and promotion	418,075	207	417,868	
13	Office expenses	1,972,333	1,686,378	285,955	
14	Information technology	3,790,056	900	3,789,156	
15	Royalties				
16	Occupancy	1,425,161	1,258,716	166,445	
17	Travel	258,570	228,155	30,415	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	26,910	22,210	4,700	
20	Interest	764,944	764,944		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	7,542,129	6,019,029	1,523,100	
23	Insurance	394,875	394,875		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	10,501,889	10,381,966	119,923	
b	BAD DEBT	4,720,626	4,720,626		
c	INTERCO PURCHASED SVCS	3,505,077	619,607	2,885,470	
d	UBI TAXES	16,449		16,449	
e					
f	All other expenses	5,224,301	2,889,184	2,335,117	
25	Total functional expenses. Add lines 1 through 24f	89,657,797	73,809,298	15,848,499	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1,582,576	1	287,689
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			12,517,150	4	12,532,356
	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			1,338,751	8	1,318,979
	9	Prepaid expenses and deferred charges			75,743	9	77,673
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	105,334,046			
	b	Less: accumulated depreciation	10b	73,834,125	28,760,643	10c	31,499,921
	11	Investments—publicly traded securities			33,963,360	11	29,463,784
	12	Investments—other securities. See Part IV, line 11			39,726,896	12	47,818,542
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			1,545,000	14	1,030,000
	15	Other assets. See Part IV, line 11			5,566,520	15	5,246,209
	16	Total assets. Add lines 1 through 15 (must equal line 34)			125,076,639	16	129,275,153
Liabilities	17	Accounts payable and accrued expenses			10,828,361	17	12,034,613
	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			19,458	21	18,593
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			23,267,760	25	24,202,438
	26	Total liabilities. Add lines 17 through 25			34,115,579	26	36,255,644
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			90,961,060	27	93,019,509
	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			90,961,060	33	93,019,509
	34	Total liabilities and net assets/fund balances			125,076,639	34	129,275,153

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	95,849,072
2	Total expenses (must equal Part IX, column (A), line 25)	2	89,657,797
3	Revenue less expenses Subtract line 2 from line 1	3	6,191,275
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	90,961,060
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-4,132,826
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	93,019,509

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization MERCY MEDICAL CENTER - CLINTON INC	Employer identification number 42-1336618
--	--

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 MERCY MEDICAL CENTER - CLINTON INC	Employer identification number 42-1336618
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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	▶ \$
3	Volunteer hours	

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

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

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function 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)?	Yes		
	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		
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		
	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			28,822	
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	MERCY MEDICAL CENTER - CLINTON, INC HAS MADE GRANTS TO OTHER ORGANIZATIONS FOR LOBBYING PURPOSES IN THE FORM OF MEMBERSHIP DUES PAID TO REGIONAL AND NATIONAL HEALTHCARE ORGANIZATIONS THESE ORGANIZATIONS HAVE PROVIDED MERCY MEDICAL CENTER - CLINTON WITH AN ESTIMATED PERCENTAGE OF DUES PAYMENTS WHICH ARE USED FOR LOBBYING ACTIVITIES AS A MEMBER OF THE TRINITY HEALTH SYSTEM, MERCY MEDICAL CENTER - CLINTON, INC CONTINUED TO PARTICIPATE IN THE SYSTEM WIDE "LEAD THE WAY" INITIATIVE WHICH BEGAN DURING FY11 (1) HEALTH CARE IS ON A TRANSFORMATIONAL JOURNEY AND TRINITY HEALTH AND ITS MEMBER HOSPITALS ARE PART OF IT (2) CALLS FOR PROVIDER, CONSUMER, GOVERNMENT AND PRIVATE PAYER ENGAGEMENT (3) INCLUDES EDUCATION AND GRASSROOTS TRINITY HEALTH'S FEDERAL AND STATE ADVOCACY PRIORITIES FOR FY12 INCLUDED (1) SECURE COVERAGE AND ACCESS FOR ALL (2) ACHIEVE COORDINATED CARE PROMOTE SAFE, HIGH-QUALITY COORDINATED CARE ACROSS THE HEALTH CARE CONTINUUM (3) ACHIEVE HIGH-VALUE CARE, INCLUDING - ADVOCATE FOR MEDICARE AND MEDICAID SAVINGS THROUGH PAYMENT AND DELIVERY REDESIGN - REFORM MEDICARE TO INCLUDE SUSTAINABLE SOLUTIONS TO ADDRESS GEOGRAPHIC PAYMENT DISPARITIES - SECURE ADEQUATE FUNDING FOR IMPLEMENTATION OF HEALTH CARE REFORM RULES - ENCOURAGE USE OF SAFETY/QUALITY MEASUREMENTS - PROMOTE IDEAS TO REDUCE HEALTH CARE COSTS LOBBYING ACTIVITY PERFORMED BY TRINITY HEALTH INCLUDED - ENCOURAGEMENT OF ASSOCIATES TO WRITE LETTERS TO PUBLIC OFFICIALS - AN "ADVOCACY ACTION" WEBSITE TO ENGAGE ASSOCIATES IN FEDERAL ADVOCACY - DESIGNATE AN ADVOCACY LIAISON FOR EACH MINISTRY ORGANIZATION OF TRINITY HEALTH - COLLABORATION WITH THE CATHOLIC HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION - GRANTS FOR LOBBYING PURPOSES IN THE FORM OF MEMBERSHIP DUES PAID TO HEALTHCARE ORGANIZATIONS - ADVOCACY ACTION DAYS AT THE STATE LEVEL, ATTENDED BY TRINITY HEALTH EXECUTIVES AND EXECUTIVES REPRESENTING THE MEMBER HOSPITALS OF TRINITY HEALTH - ENGAGEMENT OF A LOBBYIST IN WASHINGTON, D C - LEGISLATOR VISITS TO MINISTRY ORGANIZATIONS

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
MERCY MEDICAL CENTER - CLINTON INC

Employer identification number
42-1336618

Part I

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

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

Part II

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

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

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

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

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

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

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

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

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

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

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

Part III

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

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

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

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

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

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

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

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

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☒ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

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

☒ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

☐ Yes

☐ No

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

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		550,895		550,895
b Buildings		71,127,656	51,194,003	19,933,653
c Leasehold improvements				
d Equipment		32,155,548	22,640,122	9,515,426
e Other		1,499,947		1,499,947
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				31,499,921

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
	PART IV, LINE 2B	MERCY LIVING CENTER, A LONG TERM CARE FACILITY, HAS TWO CUSTODIAL ACCOUNTS THAT WERE FOR LONG TERM CARE RESIDENTS' PERSONAL USE

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MERCY MEDICAL CENTER - CLINTON INC

Employer identification number
42-1336618

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)	1	4,187	2,543,519		2,543,519	2 990 %
b Medicaid (from Worksheet 3, column a)	2	11,549	12,169,129	11,891,555	277,574	0 330 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs	3	15,736	14,712,648	11,891,555	2,821,093	3 320 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	27	13,409	320,239	70,908	249,331	0 290 %
f Health professions education (from Worksheet 5)	1	1	171		171	0 %
g Subsidized health services (from Worksheet 6)	16	8,150	2,136,897	1,698,333	438,564	0 520 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	27		68,599		68,599	0 080 %
j Total Other Benefits	71	21,560	2,525,906	1,769,241	756,665	0 890 %
k Total. Add lines 7d and 7j	74	37,296	17,238,554	13,660,796	3,577,758	4 210 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development	1	12	17,394		17,394	0.020 %
3Community support	3	49	1,176		1,176	0 %
4Environmental improvements						
5Leadership development and training for community members	1	36	23,078		23,078	0.030 %
6Coalition building	1	12	364		364	0 %
7Community health improvement advocacy	1	5	12,845		12,845	0.020 %
8Workforce development	3	7	6,999		6,999	0.010 %
9Other	6	81	36,013		36,013	0.040 %
10Total	16	202	97,869		97,869	0.120 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1		No
2Enter the amount of the organization's bad debt expense	2	1,735,883	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	347,177	
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	34,742,492	
6Enter Medicare allowable costs of care relating to payments on line 5	6	36,033,955	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-1,291,463	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
11CLINTON IMAGING SERVICES LLC	MRI SERVICES	65.000 %		35.000 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

MERCY MEDICAL CENTER - NORTH

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input 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 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 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 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? 1

Name and address		Type of Facility (Describe)
1	MERCY LIVING CENTER - NORTH 600 14TH AVE NORTH CLINTON, IA 52732	LONG TERM CARE
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE FOLLOWING NUMBER, \$4,720,626, REPRESENTS THE AMOUNT OF BAD DEBT EXPENSE INCLUDED IN TOTAL FUNCTIONAL EXPENSES IN FORM 990, PART IX, LINE 25 PER IRS INSTRUCTIONS, THIS AMOUNT WAS EXCLUDED FROM THE DENOMINATOR WHEN CALCULATING THE PERCENT OF TOTAL EXPENSE FOR SCHEDULE H, PART I, LINE 7, COLUMN (F)

Identifier	ReturnReference	Explanation
		<p>PART II COMMUNITY BUILDING ACTIVITIES - THE COMMUNITY BUILDING PROGRAMS SUPPORTED BY MERCY MEDICAL CENTER ARE INTENDED TO PROMOTE THE OVERALL HEALTH OF OUR COMMUNITY MANY ARE AIMED AT IMPROVING THE ROOT CAUSES OF HEALTH PROBLEMS, SUCH AS POVERTY, CHALLENGING FAMILY SITUATIONS, FINANCIAL CHALLENGES, AND ENVIRONMENTAL PROBLEMS THE MEDICAL CENTER SUPPORTS THE BIG BROTHERS/BIG SISTERS PROGRAM, THE CHAMBER OF COMMERCE, CLINTON REGIONAL DEVELOPMENT CORPORATION, CLINTON ROTARY, AND KIWANIS MERCY ALSO PROVIDES LEADERSHIP SUPPORT AND PARTICIPATION IN COMMUNITY DEVELOPMENT ACTIVITIES, AND PROVIDES IN-KIND AND FINANCIAL SUPPORT TO UNITED WAY, IN ORDER TO SUPPORT ITS EFFORTS TO ADDRESS THE CHALLENGES IN OUR COMMUNITY AT THE ROOT OF MANY HEALTH PROBLEMS OTHER COMMUNITY BUILDING ACTIVITIES ARE LISTED BELOW - CLINTON SCHOOLS PROVIDES SUPPORT AS REQUESTED FOR CAREER DEVELOPMENT PROGRAMS WITH AN EMPHASIS ON THE AT-RISK STUDENTS ATTENDING LINCOLN HIGH, THE ALTERNATIVE HIGH SCHOOL - GENERATION AREA AGENCY ON AGING GENERATION AREA AGENCY ON AGING WORKS WITH AND THROUGH COMMUNITY ORGANIZATIONS TO ADMINISTER A WIDE RANGE OF LOCAL SERVICES FOR ADULTS 60 YEARS OF AGE AND OLDER - ADVOCACY - BROADER COMMUNITY LEADERSHIP AND ASSOCIATES ARE ACTIVELY ENGAGED IN ADVOCACY EFFORTS TO IMPROVE MEDICAL ACCESS AND COVERAGE FOR ALL ADVOCACY EFFORTS ARE TARGETED AT IMPROVING CARE FOR THE UNINSURED AND UNDERINSURED IN OUR COMMUNITY - ASHFORD UNIVERSITY PROVIDE JOB SHADOWING OPPORTUNITIES FOR MASTERS IN HEALTH ADMINISTRATION STUDENTS - CLINTON PUBLIC LIBRARY OFFERS IN-KIND TIME SPENT AS A BOARD MEMBER ON CLINTON PUBLIC LIBRARY BOARD OF DIRECTORS-CHAMBER OF COMMERCE FOUNDATION OFFERS IN-KIND TIME SPENT AS A BOARD MEMBER - CLINTON REGIONAL DEVELOPMENT CORPORATION OFFERS IN-KIND TIME SPENT AS A BOARD MEMBER - YWCA PROVIDES IN-KIND TIME FOR A MONTHLY BOARD MEETING AND MONTHLY MARKETING MEETING TO IMPROVE COMMUNITY SUPPORT (HEALTH, WELLNESS, CHILDCARE)</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 MERCY MEDICAL CENTER - CLINTON IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF TRINITY HEALTH THE FOLLOWING IS THE TEXT OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOOTNOTE FROM THOSE STATEMENTS "SUBSTANTIALLY ALL OF THE CORPORATION'S RECEIVABLES ARE RELATED TO PROVIDING HEALTHCARE SERVICES TO PATIENTS ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR AMOUNTS THAT COULD BECOME UNCOLLECTIBLE IN THE FUTURE THE CORPORATION'S ESTIMATE FOR ITS ALLOWANCE FOR DOUBTFUL ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS BY PAYOR "COSTING METHODOLOGY FOR LINES 2 AND 3 AMOUNTS ARE CALCULATED ON LINE 2 USING A COST TO CHARGE RATIO METHODOLOGY ANY DISCOUNTS PROVIDED OR PAYMENTS MADE TO A PARTICULAR PATIENT ACCOUNT ARE APPLIED TO THAT PATIENT ACCOUNT PRIOR TO ANY BAD DEBT WRITE-OFF AND ARE THUS NOT INCLUDED IN BAD DEBT EXPENSE AS A RESULT OF THE PAYMENT AND ADJUSTMENT ACTIVITY BEING POSTED TO BAD DEBT ACCOUNTS, WE ARE ABLE TO REPORT BAD DEBT EXPENSE NET OF THESE TRANSACTIONS THE AMOUNT ON LINE 3 WAS CALCULATED BASED ON THE INFORMATION SUPPLIED BY A THIRD PARTY VENDOR, H&R, A COLLECTION AGENCY WHO USES THE FASTAG PROGRAM TO IDENTIFY FINANCIAL ASSISTANCE BASED ON A PROPRIETARY PROCESS FASTAG COMBINES ACCOUNT DATA, EXTERNAL INFORMATION AND THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY TO ARRIVE AT A DISCOUNT RECOMMENDATION FOR EACH ACCOUNT</p>

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

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

Identifier	ReturnReference	Explanation
MERCY MEDICAL CENTER - NORTH		PART V, SECTION B, LINE 19D PATIENTS WITH INCOME AT OR BELOW 150% OF FEDERAL POVERTY GUIDELINES (FPG), ADJUSTED FOR FAMILY SIZE, ARE ELIGIBLE FOR 100% CHARITY CARE WRITE OFF OF THE CHARGES FOR MEDICALLY NECESSARY SERVICES PATIENTS WITH INCOMES ABOVE 150% BUT NOT EXCEEDING 400% OF FPG, ADJUSTED FOR FAMILY SIZE, RECEIVE A PERCENTAGE DISCOUNT ON MEDICALLY NECESSARY SERVICES, BASED UPON A SLIDING SCALE

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 NEEDS ASSESSMENT - MERCY MEDICAL CENTER-CLINTON ASSESSES THE HEALTH NEEDS OF THE COMMUNITY THROUGH COMMUNITY NEEDS ASSESSMENTS EVERY THREE YEARS A COMMUNITY NEEDS ASSESSMENT IS A POINT-IN-TIME EFFORT TO MEASURE THE HEALTH AND WELL BEING OF THE COMMUNITY IT SERVES AS THE BASIS FOR MERCY MEDICAL CENTER-CLINTON'S STRATEGIC AND SUBSEQUENT ACTION PLANNING TO DEVELOP HEALTH POLICY, ALLOCATE RESOURCES, IMPROVE OR EXPAND EXISTING SERVICES, IMPLEMENT NEW PROGRAMS AND COLLABORATE WITH OTHER COMMUNITY HEALTHCARE PROVIDERS A COMMUNITY NEEDS ASSESSMENT ALSO SERVES AS A BENCHMARK FOR FUTURE ASSESSMENT OF RELATIVE PROGRESS TOWARD ESTABLISHED COMMUNITY HEALTH OBJECTIVES THE MERCY MEDICAL CENTER-CLINTON COMMUNITY HEALTH NEEDS ASSESSMENT PROVIDES THE OPPORTUNITY TO - GAIN INSIGHTS INTO THE NEEDS AND ASSETS OF THE COMMUNITIES SERVED - IDENTIFY AND ADDRESS THE NEEDS OF VULNERABLE POPULATIONS WITHIN THE COMMUNITY- ENHANCE HOSPITAL/COMMUNITY RELATIONSHIPS AND THE OPPORTUNITY FOR COLLABORATIVE COMMUNITY ACTION, INCLUDING INVOLVEMENT WITH COALITIONS, PARTNERSHIPS, BOARDS, COMMITTEES, COMMISSIONS, ADVISORY GROUPS AND PANELS- PROVIDE THE INFORMATION REQUIRED FOR COMMUNITY OUTREACH PLANNINGTHE MERCY MEDICAL CENTER-CLINTON COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS INVOLVES THE GATHERING OF TWO TYPES OF DATA QUANTITATIVE (DEMOGRAPHICS, HEALTH INDICATORS, ETC) AND QUALITATIVE (PUBLIC SURVEYS, FORUMS, FOCUS GROUPS) THE DATA HELPS SUPPORT SHORT-TERM AND LONG-TERM DECISIONS ABOUT ALLOCATION OF COMMUNITY HUMAN AND CAPITAL RESOURCES THE MERCY MEDICAL CENTER-CLINTON COMMUNITY HEALTH NEEDS ASSESSMENT IS CURRENT AS OF DECEMBER 2010 THE COMMUNITY NEEDS ASSESSMENT WAS CONDUCTED IN COLLABORATION WITH GENESIS VNA, COUNTY HEALTH DEPARTMENT, CLINTON COUNTY SUBSTANCE ABUSE COUNCIL, CLINTON COUNTY MENTAL HEALTH, LUTHERAN SOCIAL SERVICES OF IOWA, RSVP AND GENERATIONS AGENCY OF AGING, INFORMATION REFERRAL & ASSISTANCE, PATHWAYS, AND THE PREGNANCY CENTER</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE - MERCY MEDICAL CENTER-CLINTON IS COMMITTED TO - PROVIDING ACCESS TO QUALITY HEALTHCARE SERVICES WITH COMPASSION, DIGNITY AND RESPECT FOR THOSE WE SERVE, PARTICULARLY THE POOR AND THE UNDERSERVED IN OUR COMMUNITIES- CARING FOR ALL PERSONS, REGARDLESS OF THEIR ABILITY TO PAY FOR SERVICES- ASSISTING PATIENTS WHO CANNOT PAY FOR PART OR ALL OF THE CARE THEY RECEIVE - BALANCING NEEDED FINANCIAL ASSISTANCE FOR SOME PATIENTS WITH BROADER FISCAL RESPONSIBILITIES IN ORDER TO SUSTAIN VIABILITY AND PROVIDE THE QUALITY AND QUANTITY OF SERVICES FOR ALL WHO MAY NEED CARE IN A COMMUNITY IN ACCORDANCE WITH AMERICAN HOSPITAL ASSOCIATION RECOMMENDATIONS, MERCY MEDICAL CENTER-CLINTON HAS ADOPTED THE FOLLOWING GUIDING PRINCIPLES WHEN HANDLING THE BILLING, COLLECTION AND FINANCIAL SUPPORT FUNCTIONS FOR OUR PATIENTS - PROVIDE EFFECTIVE COMMUNICATIONS WITH PATIENTS REGARDING HOSPITAL BILLS- MAKE AFFIRMATIVE EFFORTS TO HELP PATIENTS APPLY FOR PUBLIC AND PRIVATE FINANCIAL SUPPORT PROGRAMS- OFFER FINANCIAL SUPPORT TO PATIENTS WITH LIMITED MEANS- IMPLEMENT POLICIES FOR ASSISTING LOW-INCOME PATIENTS IN A CONSISTENT MANNER- IMPLEMENT FAIR AND CONSISTENT BILLING AND COLLECTION PRACTICES FOR ALL PATIENTS WITH PATIENT PAYMENT OBLIGATIONS</p> <p>MERCY MEDICAL CENTER-CLINTON COMMUNICATES EFFECTIVELY WITH PATIENTS REGARDING PATIENT PAYMENT OBLIGATIONS</p> <p>FINANCIAL COUNSELING IS PROVIDED TO PATIENTS ABOUT THEIR PAYMENT OBLIGATIONS AND HOSPITAL BILLS INFORMATION ON HOSPITAL-BASED FINANCIAL SUPPORT POLICIES AND EXTERNAL PROGRAMS THAT PROVIDE COVERAGE FOR SERVICES ARE MADE AVAILABLE TO PATIENTS DURING THE PRE-REGISTRATION AND REGISTRATION PROCESSES AND/OR THROUGH COMMUNICATIONS WITH PATIENTS SEEKING FINANCIAL ASSISTANCE WE ARE ASSISTED IN THIS PROCESS BY R & B SOLUTIONS, AN EXTERNAL VENDOR</p> <p>FINANCIAL COUNSELORS MAKE AFFIRMATIVE EFFORTS TO HELP PATIENTS APPLY FOR PUBLIC AND PRIVATE PROGRAMS FOR WHICH THEY MAY QUALIFY AND THAT MAY HELP THEM OBTAIN AND PAY FOR HEALTHCARE SERVICES R & B SOLUTIONS HELPS PATIENTS COMPLETE APPLICATIONS, CONDUCT APPEALS, ETC EVERY EFFORT IS MADE TO DETERMINE A PATIENT'S ELIGIBILITY PRIOR TO OR AT THE TIME OF ADMISSION OR SERVICE</p> <p>HOWEVER, DETERMINATION FOR FINANCIAL SUPPORT CAN BE MADE DURING ANY STAGE OF THE PATIENT'S STAY AFTER STABILIZATION OR COLLECTION</p> <p>CYCLE</p> <p>MERCY MEDICAL CENTER-CLINTON OFFERS FINANCIAL SUPPORT TO PATIENTS WITH LIMITED MEANS THIS SUPPORT IS AVAILABLE TO UNINSURED AND UNDERINSURED PATIENTS WHO DO NOT QUALIFY FOR PUBLIC PROGRAMS OR OTHER ASSISTANCE</p> <p>NOTIFICATION ABOUT FINANCIAL ASSISTANCE, INCLUDING CONTACT INFORMATION, IS AVAILABLE THROUGH OUR PATIENT HANDBOOKS, MESSAGES ON PATIENT BILLS, AND NOTICES POSTED IN THE REGISTRATION AREA</p> <p>SUMMARIES OF HOSPITAL PROGRAMS ARE MADE AVAILABLE TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND CONTRACTED COLLECTION AGENCIES</p> <p>INFORMATION REGARDING FINANCIAL ASSISTANCE PROGRAMS IS ALSO AVAILABLE ON THE HOSPITAL WEBSITE</p> <p>IN ADDITION, INTERPRETERS ARE AVAILABLE TO THOSE NEEDING ASSISTANCE, PRIMARILY IN SPANISH</p> <p>MERCY MEDICAL CENTER-CLINTON HAS ESTABLISHED A WRITTEN POLICY FOR THE BILLING, COLLECTION AND SUPPORT FOR PATIENTS WITH PAYMENT OBLIGATIONS</p> <p>MERCY MEDICAL CENTER- CLINTON MAKES EVERY EFFORT TO ADHERE TO THE POLICY AND IS COMMITTED TO IMPLEMENTING AND APPLYING THE POLICY FOR ASSISTING PATIENTS WITH LIMITED MEANS IN A PROFESSIONAL, CONSISTENT MANNER</p> <p>MERCY MEDICAL CENTER-CLINTON EDUCATES STAFF MEMBERS WHO WORK CLOSELY WITH PATIENTS (INCLUDING THOSE WORKING IN PATIENT REGISTRATION AND ADMITTING, FINANCIAL ASSISTANCE, CUSTOMER SERVICE, BILLING AND COLLECTIONS) ABOUT THESE POLICIES WITH AN EMPHASIS ON TREATING ALL PATIENTS WITH DIGNITY AND RESPECT REGARDLESS OF THEIR INSURANCE STATUS OR THEIR ABILITY TO PAY FOR SERVICES</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 COMMUNITY INFORMATION - MERCY MEDICAL CENTER-CLINTON SERVES A 16 ZIP CODE AREA ALONG THE MISSISSIPPI RIVER IN EASTERN IOWA AND WESTERN ILLINOIS ITS PRIMARY AND SECONDARY SERVICE AREAS HAVE A TOTAL POPULATION OF APPROXIMATELY 72,500, WHICH IS PROJECTED TO DECLINE SLIGHTLY BY 2% BETWEEN 2011 AND 2015 WHILE THE OVERALL POPULATION IS DECLINING, THE NUMBER OF RESIDENTS 65 YEARS OF AGE AND OLDER WILL INCREASE THE ETHNICITY OF MERCY'S SERVICE AREA IS PRIMARILY WHITE (94 7%), WITH SMALL BLACK AND HISPANIC COMMUNITIES (1 8% EACH) THE AVERAGE HOUSEHOLD INCOME FOR THE SERVICE AREA IS \$53,450 WITH THE STATE AVERAGE BEING \$61,960 AND US AVERAGE OF \$71,071 THE MEDICAL CENTER CONSISTS OF AN ACUTE CARE HOSPITAL AND A STRONG CONTINUUM OF SERVICES FOR SENIORS (TWO NURSING HOMES, A DEMENTIA UNIT, TRANSITIONAL CARE BEDS, IRU, HOME CARE AND HOSPICE) THERE ARE 149 LICENSED BEDS FOR ACUTE CARE, 26 LICENSED BEDS FOR OTHER CARE AND 183 LICENSED BEDS FOR LONG TERM CARE

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 OTHER INFORMATION - MERCY MEDICAL CENTER-CLINTON HAS AN OPEN MEDICAL STAFF, AND A BOARD THAT IS REFLECTIVE OF THE DEMOGRAPHICS OF OUR COMMUNITY A MAJORITY OF BOARD MEMBERS ARE RESIDENTS OF OUR COMMUNITY AS A SOLE COMMUNITY PROVIDER, WE OFFER MANY SERVICES TO THE COMMUNITY THAT WOULD OTHERWISE BE UNAVAILABLE IN ADDITION TO TRADITIONAL ACUTE CARE SERVICES, WE OFFER EMERGENCY SERVICES REGARDLESS OF PAYMENT SOURCE, RADIATION ONCOLOGY, RENAL DIALYSIS, HOSPICE CARE, INPATIENT BEHAVIORAL HEALTH AND INPATIENT REHABILITATION WE ALSO HAVE A COMMUNITY IRB, WHICH APPROVES ANY MEDICAL-RELATED RESEARCH REQUESTS MERCY MEDICAL CENTER-CLINTON OFFERS MANY OPPORTUNITIES FOR STUDENTS PURSUING MEDICAL-RELATED CAREERS TO GAIN CLINICAL EXPERIENCE THIS INCLUDES, BUT IS NOT LIMITED TO, PHYSICIANS, NURSING, LAB, EEG, RADIOLOGY AND RESPIRATORY THERAPY WE PROMOTE THE HEALTH OF THE COMMUNITIES WE SERVE IN MANY WAYS FOR EXAMPLE, WE PARTNER WITH THE FREE CLINIC IN OUR COMMUNITY, AND HAVE INITIATED A DIABETIC CLINIC FOR THE UNINSURED MERCY MEDICAL CENTER ALSO HAS A VERY ACTIVE AND EXPANSIVE VOLUNTEER PROGRAM, WHICH OFFERS OPPORTUNITIES ACROSS THE CONTINUUM, FROM ACUTE CARE TO LONG-TERM CARE AND HOSPICE MAJOR COMMUNITY BENEFIT PROGRAMS ARE LISTED BELOW ALONG WITH THE DESCRIPTION OF THEIR IMPACT ON IMPROVING HEALTH IN THE COMMUNITY - PRENATAL EDUCATION PROVIDES EDUCATION TO LOW INCOME FAMILIES TO PROMOTE HEALTHY OUTCOMES FOR MOTHER AND BABY THE MAJORITY OF DELIVERIES AT OUR HOSPITAL ARE WITH MOTHERS WHO ARE AT OR BELOW THE POVERTY LEVEL EVIDENCE HAS DOCUMENTED THAT EDUCATION HAS AN IMPACT ON HEALTHY PREGNANCIES AND HEALTHY BABIES - AMBULANCE AND CAB SERVICE PROVIDES TRANSPORTATION FOR ADDITIONAL MEDICAL CARE OR TRANSPORTATION HOME ACCESS TO CARE CONTINUES TO BE A GAP IN OUR COMMUNITY MANY PATIENTS ARRIVE IN OUR ER AND DO NOT HAVE TRANSPORTATION AVAILABLE TO RETURN HOME IN ADDITION, IF A PATIENT IS ON IOWA CARE, THEY REQUIRE UNFUNDED AMBULANCE TRANSPORTATION TO THE UNIVERSITY OF IOWA - GATEWAY FREE CLINIC PROVIDES A MEDICAL HOME FOR THE UNINSURED, GIVING ACCESS TO CARE TO THOSE WHO OTHERWISE HAVE NO ACCESS TO A MEDICAL HOME - DRUG ENDANGERED CHILD TASK FORCE WORKS ON REDUCING THE RISK FOR DRUG-ENDANGERED CHILDREN BORN IN OUR FACILITY THIS WAS IDENTIFIED AS PART OF THE GOALS/STRATEGIES FOR THE CLINTON COUNTY HEALTH IMPROVEMENT PLAN FOR 2011-2015 SUBSIDIZED PROGRAMS - BRIDGEVIEW MENTAL HEALTH PROVIDES FINANCIAL SUBSIDY TO THE PROGRAM, WHICH PROVIDES MENTAL HEALTH SERVICES TO COUNTY FUNDED AND OTHER LOW INCOME AND/OR UNINSURED PATIENTS IN OUR COMMUNITY - SPECIALTY CLINIC SUBSIDY PROVIDES GI AND ENT SERVICES TO PATIENTS IN THE COMMUNITY, OPERATING AT A LOSS, DUE IN PART TO ACCEPTANCE OF MEDICAID AND CHARITY CARE PATIENTS - THE PREGNANCY CENTER ASSISTS WITH SUPPORT FOR MOTHERS WITH UNWANTED PREGNANCIES ALSO PROMOTES AND PROVIDES EDUCATION ON HEALTHY RELATIONSHIPS REDUCING THE NUMBER OF SUBSEQUENT PREGNANCIES IN YOUNG WOMEN UNDER 20 IS ONE OF THE GOALS/STRATEGIES FOR THE CLINTON COUNTY HEALTH IMPROVEMENT PLAN FOR 2011-2015 - CERTIFIED DIABETES CENTER PROVIDES EDUCATION AND MEDICAL MANAGEMENT FOR DIABETIC PATIENTS IN OUR COMMUNITY</p>

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

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MERCY MEDICAL CENTER - CLINTON INC

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

Employer identification number
42-1336618

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) CLINTON REGIONAL DEVELOPMENT CORPORATION144 8TH AVENUE SOUTH CLINTON,IA 52732	42-0738495	501(C)(4)	15,000				COMMUNITY SUPPORT
(2) CLINTON SUBSTANCE ABUSE COUNCIL215 6TH AVE SOUTH SUIT 21 CLINTON,IA 52732	42-1349205	501(C)(3)	10,000				COMMUNITY SUPPORT
(3) UNITED WAY OF CLINTON COUNTY405 SOUTH 3RD STREET CLINTON,IA 52732	42-0698299	501(C)(3)	9,000				COMMUNITY SUPPORT

2

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

2

3

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

1

Part III

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

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

Part IV

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

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

Schedule J
(Form 990)

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
MERCY MEDICAL CENTER - CLINTON INC

Employer identification number
42-1336618

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><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</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><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><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</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	No
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	No
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	No
	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) SEAN WILLIAMS	(i)	0	0	0	0	0	0	0
	(ii)	238,408	87,318	34,856	18,960	19,135	398,677	0
(2) PETER KARADJOFF	(i)	0	0	0	0	0	0	0
	(ii)	256,763	79,014	48,945	40,403	19,399	444,524	11,022
(3) PAUL MANGIN	(i)	0	0	0	0	0	0	0
	(ii)	184,266	44,829	956	34,474	13,889	278,414	0
(4) JOSEPH SWEDISH	(i)	0	0	0	0	0	0	0
	(ii)	1,279,458	677,642	3,229,560	548,602	27,600	5,762,862	2,698,342
(5) KEDRICK ADKINS	(i)	0	0	0	0	0	0	0
	(ii)	743,978	316,652	344,596	103,857	13,263	1,522,346	143,708
(6) J RICHARD O'CONNELL	(i)	0	0	0	0	0	0	0
	(ii)	571,942	230,946	140,349	85,919	32,302	1,061,458	0
(7) MICHAEL MURPHY	(i)	0	0	0	0	0	0	0
	(ii)	402,598	0	71,772	48,365	27,173	549,908	0
(8) JOAN NOE	(i)	0	0	0	0	0	0	0
	(ii)	134,890	32,854	1,156	28,639	4,404	201,943	0
(9) AMY E BERENTES	(i)	0	0	0	0	0	0	0
	(ii)	129,421	31,212	254	12,936	3,425	177,248	0
(10) RODNEY TOKHEIM	(i)	0	0	0	0	0	0	0
	(ii)	134,021	33,303	1,177	24,609	18,725	211,835	0
(11) MOHAMMED IRSHAD MD	(i)	547,380	0	1,521	19,600	705	569,206	0
	(ii)	0	0	0	0	0	0	0
(12) DOUGLAS T CODY MD	(i)	268,992	33,513	405	20,249	23,759	346,918	0
	(ii)	0	0	0	0	0	0	0
(13) KENT JORGENSEN	(i)	0	0	0	0	0	0	0
	(ii)	128,582	34,800	1,061	20,916	14,541	199,900	0
(14) MICHAEL SLUBOWSKI	(i)	0	0	0	0	0	0	0
	(ii)	13,394	0	137,444	500	601	151,939	136,445

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	PART I, LINE 3	MERCY MEDICAL CENTER - CLINTON, INC. IS A SUBSIDIARY IN THE TRINITY HEALTH SYSTEM. THE CEO OF MERCY MEDICAL CENTER - CLINTON, INC. IS PAID DIRECTLY BY THE SYSTEM'S PARENT ENTITY, TRINITY HEALTH CORPORATION. TRINITY HEALTH CORPORATION USED THE FOLLOWING METHODS TO ESTABLISH THE COMPENSATION FOR MERCY MEDICAL CENTER - CLINTON, INC.'S CEO: - COMPENSATION COMMITTEE - INDEPENDENT COMPENSATION CONSULTANT - FORM 990 OF OTHER ORGANIZATIONS - WRITTEN EMPLOYMENT CONTRACT - COMPENSATION SURVEY OR STUDY, AND - APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.
	PART I, LINE 4B	PART I, LINE 4B: THE FOLLOWING IS A PARTICIPANT IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP): THE FOLLOWING SERP ACCRUAL FOR 2011 IS INCLUDED IN COLUMN C OF SCHEDULE J, PART II: JOSEPH SWEDISH - \$265,000. PART I, LINE 4B: THE FOLLOWING ARE PARTICIPANTS IN THE TRINITY HEALTH PENSION RESTORATION PLAN, A NONQUALIFIED PLAN, WHICH PROVIDES RETIREMENT BENEFITS FOR CERTAIN ASSOCIATES WITH EARNINGS ABOVE THE IRS PAY CAP FOR QUALIFIED PLANS (\$245,000 FOR 2011). THE FOLLOWING ACCRUALS FOR 2011 FOR THIS PLAN ARE INCLUDED IN COLUMN C OF SCHEDULE J, PART II: KEDRICK ADKINS - \$91,607; PETER KARADJOFF - \$20,515; MICHAEL MURPHY - \$27,513; J. RICHARD O'CONNELL - \$66,279; JOSEPH SWEDISH - \$255,902; SEAN WILLIAMS - \$11,610.
	PART I, LINE 6	CERTAIN INDIVIDUALS LISTED IN PART VII RECEIVED A PAYMENT FROM MERCY MEDICAL CENTER - CLINTON IN CALENDAR YEAR 2011 UNDER AN INCENTIVE COMPENSATION ARRANGEMENT FOR NON-PHYSICIAN ASSOCIATES. THIS PLAN STATES THAT IF PATIENT SATISFACTION AND QUALITY TARGETS ARE MET, AND FINANCIAL PERFORMANCE EXCEEDS BUDGET, THEN UP TO 50% OF OPERATING INCOME IN EXCESS OF BUDGETED OPERATING INCOME IS SHARED WITH ALL NON-PHYSICIAN ASSOCIATES IN EQUAL AMOUNTS BASED ON THE NUMBER OF HOURS WORKED BY EACH ASSOCIATE DURING THE FISCAL YEAR (NOT TO EXCEED 2080 HOURS PER YEAR). THE FOLLOWING INDIVIDUALS RECEIVED AMOUNTS UNDER THIS INCENTIVE COMPENSATION ARRANGEMENT IN CALENDAR YEAR 2011: MARILYN HEIAR - \$1,031; WILLIAM EDEN - \$1,015; LYNETTE MIKESH - \$1,069. PART II: THE FOLLOWING INDIVIDUALS BECAME VESTED IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) DURING CALENDAR 2011. AS A RESULT, THE VESTED AMOUNTS WERE INCLUDED IN THEIR 2011 TAXABLE INCOMES. THE FOLLOWING VESTED SERP AMOUNTS ARE INCLUDED IN COLUMN B(III) OF SCHEDULE J, PART II: JOSEPH SWEDISH - \$2,740,000; KEDRICK ADKINS - \$220,648. COLUMN F OF SCHEDULE J INCLUDES THE PORTION OF THESE AMOUNTS THAT WERE REPORTED AS DEFERRED COMPENSATION IN PRIOR YEARS.

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MERCY MEDICAL CENTER - CLINTON INC

Employer identification number
42-1336618

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
See Additional Data Table					

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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Additional Data

Software ID:
Software Version:
EIN: 42-1336618
Name: MERCY MEDICAL CENTER - CLINTON INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
MARY LINCOLN	FAMILY MEMBER OF JOAN NOE, KEY EMPLOYEE	102,163	EMPLOYMENT ARRANGEMENT		No
BRENDA VENS	FAMILY MEMBER OF CHRISTOPHER VENS, BOARD DIRECTOR	90,171	EMPLOYMENT ARRANGEMENT		No
JESSICA WINKEL	FAMILY MEMBER OF RICHARD WINKEL, BOARD DIRECTOR	38,191	EMPLOYMENT ARRANGEMENT		No
CAROLYN LIVINGSTON	FAMILY MEMBER OF MARILYN HEIAR, OFFICER	44,684	EMPLOYMENT ARRANGEMENT		No
KATHRYN CALVIN	FAMILY MEMBER OF LAMETTA WYNN, BOARD CHAIR	40,105	EMPLOYMENT ARRANGEMENT		No
JACIE WHERRY	FAMILY MEMBER OF MARK REGENWETHER, BOARD DIRECTOR	66,696	EMPLOYMENT ARRANGEMENT		No
MEDICAL ASSOCIATES OF CLINTON (MAC)	JAMES OLNEY, MD, BOARD DIRECTOR, IS A PARTNER & BD MEMBER OF MAC	497,376	PAYMENTS MADE BY MMC-CLINTON TO MEDICAL ASSOCIATES OF CLINTON FOR MEDICAL SERVICES		No

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

**Open to Public
Inspection**

Name of the organization MERCY MEDICAL CENTER - CLINTON INC	Employer identification number 42-1336618
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE MEMBERS OF MERCY MEDICAL CENTER - CLINTON, INC ARE GATEWAY FOUNDATION FOR HEALTH (THE CLASS A MEMBER) AND MERCY HEALTH SERVICES-IOWA CORP (THE CLASS B MEMBER) SEE LINE 7 FOR ADDITIONAL INFORMATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE CLASS B MEMBER, MERCY HEALTH SERVICES-IOWA CORP , ELECTS THE DIRECTORS OF MERCY MEDICAL CENTER-CLINTON, PROVIDED THAT THE DIRECTORS ARE RECOMMENDED BY THE BOARD OF DIRECTORS OF THE CORPORATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	AS CLASS B MEMBER, MERCY HEALTH SERVICES-IOWA CORP MUST APPROVE CERTAIN DECISIONS OF THE GOVERNING BODY, INCLUDING THE STRATEGIC PLAN, ANNUAL CAPITAL PLAN, AND ANNUAL OPERATING BUDGET. MERCY HEALTH SERVICES-IOWA CORP MUST ALSO APPROVE SIGNIFICANT CHANGES SUCH AS A MERGER, DISSOLUTION, SALE OF ASSETS IN EXCESS OF CERTAIN LIMITS, A MATERIAL CHANGE IN MISSION, AND MODIFICATIONS TO GOVERNING DOCUMENTS. AS CLASS A MEMBER, GATEWAY FOUNDATION FOR HEALTH MUST APPROVE THE SALE OF SUBSTANTIALLY ALL ASSETS TO, OR MERGER OF MERCY MEDICAL CENTER-CLINTON WITH, AN ENTITY NOT AFFILIATED WITH TRINITY HEALTH CORPORATION. GATEWAY FOUNDATION FOR HEALTH MUST ALSO APPROVE ANY MODIFICATIONS TO GOVERNING DOCUMENTS THAT WOULD CHANGE THE VOTING OR APPROVAL RIGHTS OF THE CLASS A MEMBER.

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

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

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

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

Identifier	Return Reference	Explanation
ESTIMATE OF THE AVERAGE HOURS PER WEEK DEVOTED TO RELATED ORGANIZATIONS	FORM 990, PART VII, SECTION A, LINE 1	THE HOURS LISTED IN COLUMN B OF PART VII, SECTION A, LINE 1 REFLECT ONLY THE INDIVIDUALS' AVERAGE WEEKLY HOURS SPENT DIRECTLY ON THE ACTIVITIES OF THE REPORTING ORGANIZATION. IN ADDITION, THESE ARE THE AVERAGE HOURS PER WEEK DEVOTED TO RELATED ORGANIZATIONS: KEDRICK ADKINS - 53 HOURS; PETER KARADJOFF - 49 HOURS; MICHAEL MURPHY - 53 HOURS; J. RICHARD O'CONNELL - 53 HOURS; JOSEPH SWEDISH - 53 HOURS.

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -2,791,826 EQUITY TRANSFERS TO AFFILIATES -1,341,000 TOTAL TO FORM 990, PART XI, LINE 5 -4,132,826

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

Identifier	Return Reference	Explanation
DOING BUSINESS AS NAMES	FORM 990, PAGE 1, BOX C	MERCY MEDICAL CENTER - CLINTON, MERCY HOME CARE & HOSPICE - CLINTON, SAMARITAN HEALTH SYSTEM, SAMARITAN HOMECARE & HOSPICE, SAMARITAN HOME MEDICAL EQUIPMENT AND SAMARITAN HEALTH SYSTEM, INC (INACTIVE NAME)

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MERCY MEDICAL CENTER - CLINTON INC

Employer identification number
42-1336618

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
See Additional Data Table							

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

Yes

Yes

No

No

No

No

No

No

Yes

Yes

Yes

No

No

Yes

Yes

Yes

No

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

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

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:

Software Version:

EIN: 42-1336618

Name: MERCY MEDICAL CENTER - CLINTON INC

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

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

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

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

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

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

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Disproportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
ADVENT REHABILITATION LLC 607 DEWEY AVENUE SUITE 300 GRAND RAPIDS, MI 49504 38-3306673	REHABILITATION THERAPY SERVICES	MI	N/A	N/A				No			No	
BIG RUN MEDICAL OFFICE BUILDING LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 31-1608125	MEDICAL OFFICE BUILDING RENTAL	OH	N/A	N/A				No			No	
CENTER FOR DIGESTIVE CARE LLC 5300 ELLIOTT DRIVE YPSILANTI, MI 48197 03-0447062	PROVIDE GASTROINTESTINAL SERVICES	MI	N/A	N/A				No			No	
CENTRAL OHIO SLEEP MEDICINE LTD 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1701029	SLEEP MEDICINE SERVICES	OH	N/A	N/A				No			No	
CLINTON IMAGING SERVICES LLC 615 VALLEY VIEW DR STE 202 MOLINE, IL 61265 41-2044739	MRI DIAGNOSTIC SERVICES	IA	MERCY MEDICAL CENTER-CLINTON INC	RELATED	98,517	30,768		No			No	65 000 %
FOREST PARK IMAGING LLC 1000 4TH STREET SW MASON CITY, IA 50401 13-4365966	X-RAY AND MAMMOGRAPHY SERVICES	IA	N/A	N/A				No			No	
FRANCES WARDE MEDICAL LABORATORY 300 WEST TEXTILE ROAD ANN ARBOR, MI 48104 38-2648446	LABORATORY	MI	N/A	N/A				No			No	
FRESNO IMAGING CENTER 1303 E HERNDON AVE FRESNO, CA 93720 77-0363563	DIAGNOSTIC IMAGING	CA	N/A	N/A				No			No	
HAWARDEN REGIONAL HEALTH CLINICS LLC 1122 AVENUE L HAWARDEN, IA 51023 20-1444339	MEDICAL CLINIC	IA	N/A	N/A				No			No	
IDAHO GYNONCOLOGY SERVICES LLC 1055 N CURTIS RD BOISE, ID 83706 20-2975807	PROVIDE GYN ONCOLOGY SERVICES	ID	N/A	N/A				No			No	
INTERMOUNTAIN MEDICAL IMAGING LLC 877 WEST MAIN ST STE 603 BOISE, ID 83702 82-0514422	PROVIDE IMAGING SERVICES	ID	N/A	N/A				No			No	
LOYOLA AMBULATORY SURGERY CENTER 1S224 SUMMIT AVE STE 201 OAKBROOK TERRACE, IL 60181 36-4119522	SURGICAL SERVICES	IL	N/A	N/A				No			No	
MAGNETIC RESONANCE SERVICES PARTNERSHIP 1416 SIXTH STREET SW MASON CITY, IA 50401 42-1328388	MRI SERVICES	IA	N/A	N/A				No			No	
MASON CITY AMBULATORY SURGERY CENTER LLC 990 4TH STREET SW MASON CITY, IA 50401 20-1960348	SURGERY-SAME DAY	IA	N/A	N/A				No			No	
MCE MOB IV LIMITED PARTNERSHIP 793 W STATE STREET COLUMBUS, OH 43222 42-1544707	MEDICAL OFFICE BUILDING RENTAL	OH	N/A	N/A				No			No	

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
COMMUNITY HEALTH VENTURES INC 565 W WESTERN AVE MUSKEGON, MI 49440 38-3522260	SOFTWARE MARKETING	MI	N/A	C			
GOTTLIEB MANAGEMENT SERVICES INC 701 W NORTH AVE MELROSE PARK, IL 60160 36-3330529	MANAGEMENT SERVICES	IL	N/A	C			
HACKLEY HEALTH MANAGEMENT CENTER 1415 LEAHY ST MUSKEGON, MI 49442 38-2961814	WEIGHT MANAGEMENT	MI	N/A	C			
HACKLEY HEALTH VENTURES INC 1415 LEAHY ST MUSKEGON, MI 49442 38-2589959	OTHER MEDICAL SERVICES	MI	N/A	C			
HACKLEY HEALTHCARE EQUIPMENT 1415 LEAHY ST MUSKEGON, MI 49442 38-2578569	HOME MEDICAL EQUIPMENT	MI	N/A	C			
HACKLEY PROFESSIONAL CENTER 1415 LEAHY ST MUSKEGON, MI 49442 38-3024797	REAL ESTATE RENTAL	MI	N/A	C			
HACKLEY PROFESSIONAL PHARMACY 1415 LEAHY ST MUSKEGON, MI 49442 38-2447870	PHARMACY	MI	N/A	C			
HEF INC 1415 LEAHY ST MUSKEGON, MI 49442 38-3086401	OFFICE STAFFING	MI	N/A	C			
HOLY CROSS PRIVATE HOME SERVICES CORP 11801 TECH ROAD SILVER SPRING, MD 20904 52-1986562	HOME CARE SERVICES	MD	N/A	C			
HPC CO-OWNERS ASSOCIATION 1700 CLINTON MUSKEGON, MI 49442 27-0734448	CONDOMINIUM ASSOCIATION	MI	N/A	C			
HURON ARBOR CORPORATION 5301 EAST HURON RIVER DR PO BOX 992 ANN ARBOR, MI 48106 38-2475644	PROVIDES OFFICE RENTAL SPACE	MI	N/A	C			
IHA AFFILIATION CORPORATION 24 FRANK LLOYD WRIGHT DR LOBBY J ANN ARBOR, MI 48106 38-3188895	MEDICAL MANAGEMENT	MI	N/A	C			
LOYOLA UNIVERSITY OF CHICAGO INSURANCE CO LTD 23 LIME TREE BAY AVENUE GRAND CAYMAN CJ	PROVISION OF INSURANCE COVERAGE	CJ	N/A	C			
MARYLAND CARE GROUP INC 11801 TECH ROAD SILVER SPRING, MD 20904 52-1815313	HEALTHCARE HOLDING	MD	N/A	C			
MEDNOW INC 1512 12TH AVENUE ROAD NAMPA, ID 83686 82-0389927	OUTPATIENT PHARMACY	ID	N/A	C			
MERCY MEDICAL SERVICES 801 5TH STREET SIOUX CITY, IA 51101 42-1283849	PRIMARY CARE PHYSICIANS	IA	N/A	C			
MERCY SERVICES CORPORATION 2525 SOUTH MICHIGAN AVENUE CHICAGO, IL 60616 36-3227348	DORMANT	IL	N/A	C			
MICHIGAN ATHLETIC CLUB 2500 BURTON GRAND RAPIDS, MI 49546 38-2647304	ATHLETIC CLUB	MI	N/A	C			
MOUNT CARMEL BEHAVIORAL HEALTHCARE SERVICES INC 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-0971510	BEHAVIORAL HEALTHCARE SERVICES	OH	N/A	C			
MOUNT CARMEL HEALTH PROVIDERS INC 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1382442	MEDICAL SERVICES	OH	N/A	C			

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
NORTH IOWA MERCY MEDICAL SERVICES INC 1000 4TH ST SW MASON CITY, IA 50401 42-1382308	MEDICAL SERVICES	IA	N/A	C			
PRIORITY PLUS OF CALIFORNIA PO BOX 27230 FRESNO, CA 93729 77-0395267	FORMERLY HLTH MGMT NOW DISCONTINUED OPERATIONS	CA	N/A	C			
SAINT ALPHONSUS PHYSICIANS PA 1055 NORTH CURTIS ROAD BOISE, ID 837061370 33-1078261	PHYSICIANS	ID	N/A	C			
SAINT MARY'S HEALTH MANAGEMENT COMPANY 1640 EAST PARIS SE GRAND RAPIDS, MI 49546 38-3450733	ATHLETIC CLUB	MI	N/A	C			
SURGERY CENTER FINANCING CORPORATION 6150 EAST BROAD STREET COLUMBUS, OH 43213 31-1531102	FINANCE, INSURANCE AND REAL ESTATE	OH	N/A	C			
THRE SERVICES LLC 20555 VICTOR PARKWAY LIVONIA, MI 48152 45-2603654	REAL ESTATE BROKERAGE SERVICES	MI	N/A	C			
TRINITY HEALTH EMPLOYEE BENEFIT TRUST 20555 VICTOR PARKWAY LIVONIA, MI 48152 38-3410377	GRANTOR TRUST	MI	N/A	T			
VENZKE INSURANCE COMPANY LTD PO BOX 1051 GRAND CAYMAN GRAND CAYMAN CJ 98-0453602	PROVISION OF INSURANCE COVERAGE	CJ	N/A	C			
WESTSHORE HEALTH NETWORK 1820 44TH STREET KENTWOOD, MI 49508 38-3280200	PHYSICIAN HOSPITAL ORGANIZATION	MI	N/A	C			
WORKPLACE HEALTH OF GRAND HAVEN 1415 LEAHY ST MUSKEGON, MI 49442 38-3112035	OCCUPATIONAL HEALTH	MI	N/A	C			

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	CLINTON IMAGING SERVICES LLC	C	65,000	PER BOOKS
(2)	CLINTON IMAGING SERVICES LLC	K	86,135	PER BOOKS
(3)	CLINTON IMAGING SERVICES LLC	L	105,232	PER BOOKS
(4)	MERCY HEALTH SERVICES-IOWA CORP	L	82,080	PER BOOKS
(5)	TRINITY CONTINUING CARE SERVICES	L	453,305	PER BOOKS
(6)	TRINITY HEALTH CORPORATION	B	1,406,000	PER BOOKS
(7)	TRINITY HEALTH CORPORATION	J	155,828	PER BOOKS
(8)	TRINITY HEALTH CORPORATION	L	6,484,953	PER BOOKS
(9)	TRINITY HEALTH CORPORATION	O	6,381,789	PER BOOKS
(10)	TRINITY HEALTH CORPORATION	Q	884,610	PER BOOKS

Additional Data

Software ID:

Software Version:

EIN: 42-1336618

Name: MERCY MEDICAL CENTER - CLINTON INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
SEAN WILLIAMS PRESIDENT & CEO	50 00	X		X				0	360,582	38,095
LAMETTA WYNN CHAIR	1 00	X		X				0	0	0
KAREN VICKERS VICE CHAIR	1 00	X		X				0	0	0
BRIAN ANGWIN DIRECTOR	1 00	X						0	0	0
SR VICTORIA ARNDORFER RSM DIRECTOR	1 00	X						0	0	0
BRUCE CHRISTENSEN DIRECTOR	1 00	X						0	0	0
STEPHEN HARRISON MD DIRECTOR	1 00	X						10,000	0	0
SR CORITA HEID RSM DIRECTOR	1 00	X						0	0	0
O DANIEL OSARO MD DIRECTOR	1 00	X						0	0	0
PETER KARADJOFF DIRECTOR UNTIL 5/12, CEO MERCY HOSP	1 00	X						0	384,722	59,802
JAMES OLNEY MD DIRECTOR	1 00	X						0	0	0
SR DOROTHY SCHWENDINGER OSF DIRECTOR	1 00	X						0	0	0
CHRISTOPHER VENS DIRECTOR UNTIL 12/11	1 00	X						0	0	0
MICHAEL RASTRELLI DIRECTOR	1 00	X						0	0	0
RICHARD WINKEL DIRECTOR	1 00	X						0	0	0
MARK REGENWETHER DIRECTOR AS OF 1/12	1 00	X						0	0	0
MARILYN HEIAR SECRETARY	40 00			X				45,255	0	20,844
PAUL MANGIN CFO & VP FINANCE, TREASURER	50 00			X				0	230,051	48,363
JOSEPH SWEDISH TRINITY HEALTH PRES & CEO	2 00				X			0	5,186,660	576,202
KEDRICK ADKINS TRINITY PRES, INTEGRATED SVCS	2 00				X			0	1,405,226	117,120
J RICHARD O'CONNELL TRIN EVP, COO - HOSP NTWKS	2 00				X			0	943,237	118,221
MICHAEL MURPHY TRIN EVP, HEALTH NETWORKS UNTIL 4/12	2 00				X			0	474,370	75,538
JOAN NOE VP MISSION UNTIL 2/12	50 00				X			0	168,900	33,043
AMY E BERENTES VP, PATIENT CARE	50 00				X			0	160,887	16,361
RODNEY TOKHEIM VP BUSINESS DEVELOPMENT	50 00				X			0	168,501	43,334

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MOHAMMED IRSHAD MD PHYS , GASTROENTEROLOGY	50 00					X		548,901	0	20,305
DOUGLAS T CODY MD PHYSICIAN, ENT	50 00					X		302,910	0	44,008
KENT JORGENSEN VP AGING SERVICES	50 00					X		0	164,443	35,457
WILLIAM EDEN DIR OF PHARMACY	50 00					X		134,710	0	14,979
LYNETTE S MIKESH PHARMACIST	50 00					X		117,436	0	27,199
MICHAEL SLUBOWSKI FORMER KEY EMPLOYEE	0 00						X	0	150,838	1,101

TRINITY HEALTH

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

TRINITY HEALTH

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Trinity Health
Novi, Michigan

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

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

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

Deloitte & Touche LLP

September 26, 2012

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2012 AND 2011

(In Thousands)

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

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

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

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2012 AND 2011 (In Thousands)

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

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

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

(Continued)

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TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2011

(In Thousands)

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

(Concluded)

TRINITY HEALTH

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

(In Thousands)

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

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

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

TRINITY HEALTH

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

1. ORGANIZATION AND MISSION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Impairment –

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

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

Intangible Assets:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Adopted Accounting Pronouncements –

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

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

Forthcoming Accounting Pronouncements –

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

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

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

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

3. INVESTMENTS IN UNCONSOLIDATED AFFILIATES, BUSINESS ACQUISITIONS AND DIVESTITURES

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

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

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

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

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

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

Summarized consolidated opening balance sheet information for MHSC is shown below

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

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

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

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

Summarized consolidated opening balance sheet information for LUHS is shown below

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

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

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

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

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

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

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

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

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

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

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

Business Divestitures:

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

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

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

4. NET PATIENT SERVICE REVENUE

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

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

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

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

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

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

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

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

5. PROPERTY AND EQUIPMENT

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

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

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

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

6. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. PROFESSIONAL AND GENERAL LIABILITY PROGRAMS

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

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

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

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

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

8. PENSION AND OTHER BENEFIT PLANS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2011
(In Thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

A reconciliation of the asset retirement obligations at June 30 follows

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

Litigation

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

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

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

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

10. FAIR VALUE MEASUREMENTS

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2011
(In Thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

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

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

12. ENDOWMENTS

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

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

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

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

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

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

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

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

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

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

13. SUBSEQUENT EVENTS

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

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

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

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

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