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DLN: 93493134055313

Form **990**

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)

2011

OMB No 1545-0047

	Revenue	Service	► The or	ganızatıon ma	y have to use	а сору о	f this return to	satisfy st	tate reporting	ı requirem	nents	Inspection
A Fo	r the 2	2011 cal			beginning 07-0	1-2011	and ending 0	6-30-2012	2			
B Che	eck if ap	pplicable	C Name of o Mercy Hos	organization pital Berryville						D Emplo	yer i	dentification number
_	ress ch		Doing Busi	ness As					_	71-07 E Teleph		
	me chai		,							•		9-6100
_	ıal retui		Number ar 214 Carter		box if mail is no	t delivered	to street address) Room/sui	te			ots \$ 23,216,817
_	mınated											
	ended ı			n, state or coun AR 72616	try, and ZIP + 4							
J App	olication	pending										
				ie and addres Y CLOUSE D <i>i</i>	s of principal o AY	officer			H(a) Is th	ıs a group ates?	reti	ırn for ┌ Yes
				rter Street le, AR 7261	5							
			Deliyvii	ile, AK 7201	J				H(b) Are a			· · · · ·
I Ta	x-exem	pt status	▼ 501(c)((3) \(\bigcup 501(c)	()◀(ınsert no) Г 49	947(a)(1) or 「	527				st (see instructions) number ► 0928
J W	ebsite	:⊫ ww\	N MERCY I	NET					(-)			
K Forr	n of ord	anization	✓ Cornorati	on C Trust C A	Association C Oth	ner 🕨		ļ	L Year of fo	rmation 19	993	M State of legal domicile AR
	rt I	Sumr		0111 114361 7	155001410117 011	ICI F			E rear or re	illiadoli 12	,,,,	11 State of legal dofficile. Air
				organization's	mission or m	ost sıanı	ficant activitie	 !S				
	/	ASTHES	SISTERS C	F MERCY BE	FORE US, WE	BRING	TO LIFE THE H		MINISTRY	OF JESUS	тн	ROUGH OUR
2	-	COMPAS	SIONATE	CARE AND E	XCEPTIONA	LSERVI	CE					
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Governance	-	<u> </u>	–	· · · ·								
	I		,				perations or d			15% of its		1
න් ග	l						/I, line 1a) .				4	12
¥	l			_			ı body (Part VI 011 (Part V, lı			•	5	217
Activities &					nate if necessa			ine za, .	• •		6	94
⋖				,			n (C), line 12				7a	
							T, line 34 .				7b	,
									Pric	r Year		Current Year
_	8	Contrib	utions and	grants (Part	VIII, line 1h)					15,	000	70,632
를	9							21,001,6		23,010,327		
356	10								32,999		-5,304	
#	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)									0	134,994
	12								!	21,049,	634	23,210,649
	13						, lınes 1–3) .			4,	793	2,882
	14	Benefit	s paid to o	r for members	(Part IX, colu	ımn (A),	line 4)				0	
ø.	15	Salarıe: 5–10)	s, other co	mpensation, e	employee bene	efits (Par	t IX, column (A	A), lines		9,418,	9,766,974	
Expenses	16a	•	sional fundi	raising fees (F	Part IX. colum	n (A), line	e 11e)			27.207	0	
₩ ⊕	ь				olumn (D), line 2!		,					
ш	17						11f-24e) .	 .		9,881,	134	11,651,464
	18						(, column (A), l			19,304,		
	19	Revenu	e less exp	enses Subtra	ict line 18 fror	m line 12				1,745,	059	1,789,329
8 8 8									_	g of Curre	nt	End of Year
Not Assets or Fund Balances	20	Totala	ccate /Da=	t V line 161					 	'ear 10,152,	867	9,351,333
A B	21									341,		326,277
25 E	22						e 20			9,811,		9,025,056
Pai	t II		ture Blo							, ,		, ,
Unde	r penal	ties of pe	rjury, I decl	are that I have								I to the best of my
	ledge a ledge.	and belief,	it is true,	correct, and co	mplete. Declara	ation of p	reparer (other t	han officer	r) is based on	all informa	ation	of which preparer has any
										013-05-13		
Sign		Signat	ure of officer	•					Da	ate		
Here	е		Reynolds Tre									
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.							Check If elf-	Preparer (see inst		payer identification number ons)		
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Use (arer's Only	ıf self-em	ame (or yours ERNST & YOUNG US LLP mployed),							EIN ▶		
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				CLAYTON, M						I Prione no	∪ F	(314) 290-1000
May	he IR	S discuss	s this retur	n with the pre	parer shown a	bove? (s	ee instructions	s)				┌Yes ┌No

FUIIII	1990 (2011)				Page Z
Par		ent of Program Service	Accomplishments to any question in this Part III		
1		the organization's mission	to any question in this i are III		· · ·,
_			G TO LIFE THE HEALING MINIST	RY OF IESUS THROUGH OUR	COMPASSIONATE
	E AND EXCEPTION		S TO LITE THE HEALING THINGS	TOT JESUS TITICOUTT OUT	. COTH ASSIGNATE
2		ition undertake any significant p 90 or 990-EZ?	rogram services during the year w		es ∀ N o
	If "Yes," describ	pe these new services on Schedi	ıle O		
3	_	ition cease conducting, or make	significant changes in how it cond		es ✓ No
	If "Yes," describ	e these changes on Schedule O			
4	expenses Secti	on 501(c)(3) and 501(c)(4) org	complishments for each of its three anizations and section 4947(a)(1) ises, and revenue, if any, for each) trusts are required to report th	
 4a	(Code) (Expenses \$ 1	.8,942,888 including grants of \$	2,882) (Revenue \$	23,010,327)
Tu	MERCY HEALTH SE	PRINGFIELD COMMUNITIES AND ITS SU	BSIDIARIES PROVIDE HIGH-QUALITY, COM	IPASSIONATE, FAITH-BASED HEALTH C	ARE IN A VARIETY OF
	TRADITIONAL MED SERVE, WITH PAR	DICAL SETTINGS THIS ORGANIZATION,	AS PART OF MERCY HEALTH SPRINGFIELD ICALLY POOR, IN THE WAY OF INPATIENT	COMMUNITIES, PROVIDES SERVICES	TO THE COMMUNITIES WE
4b	(Code) (Expenses \$	including grants of \$) (Revenue \$)
4c	(Code) (Expenses \$	including grants of \$) (Revenue \$)
	Other program	services (Describe in Schedule	20)		
	(Expenses \$	•	g grants of \$) (Revenue \$)
 4е	Total program		8,942,888		
	g . a				

Part IV	Checklist of	Required	Schedules

	•		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If</i> "Yes," complete Schedule D, Part V	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
а	Did the organization report an amount for land, buildings, and equipment in Part X, line10? <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? If "Yes," complete Schedule D, Part VII.	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(II)? If "Yes," complete Schedule E	13		No
	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? If "Yes," complete Schedule F, Part II and IV.	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $$5,000$ of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III and IV	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1^7 If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If</i> "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		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? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part			
		28a		No
	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
С	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		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? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
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)? If "Yes," complete Schedule R, Part V, line 2	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

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Part V	Statements Regarding Other IRS Filings and Tax Compliance	

	Check if Schedule O contains a response to any question in this Part V	•	. [~	
			Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable			
D	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		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this			
	return			
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		Νo
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority			
	over, a financial account in a foreign country (such as a bank account or securities account)?	4a		No
b	,			
	If "Yes," enter the name of the foreign country 🕨			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		Νo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		Νο
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		Νo
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).			
а	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		Νo
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to			
_	file Form 8282?	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year			
_	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit			
Ū	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	7g		
h	required?	<i>-</i> /9		
•	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.	•		
_	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
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			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
4.0	,			
	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? If "You " optor the amount of tax-exempt interest received or asserted during the	12a		
D	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.			
а	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 Enter the aggregate amount of reserves on hand			
С	Enter the aggregate amount of reserves on hand			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
h	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

Se	ection A. Governing Body and Management						
			Yes	No			
_							
1a	Enter the number of voting members of the governing body at the end of the tax year						
b	Enter the number of voting members included in line 1a, above, who are independent						
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No			
3	Did the organization delegate control over management duties customarily performed by or under the direct	3					
4	supervision of officers, directors or trustees, or key employees to a management company or other person? . Did the organization make any significant changes to its governing documents since the prior Form 990 was			No			
5	filed? Did the organization become aware during the year of a significant diversion of the organization's assets? .	4 5		No No			
		6	Vaa	NO			
6	Did the organization have members or stockholders?	-	Yes				
7a	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						
а	The governing body?	8a	Yes				
b	b Each committee with authority to act on behalf of the governing body?						
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			
Se	ection B. Policies (This Section B requests information about policies not required by the Internal						
Re	venue Code.)						
			Yes	No			
	Did the organization have local chapters, branches, or affiliates?	10a		No			
Ь	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				
С	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12 c	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?						
а	The organization's CEO, Executive Director, or top management official	15a		Νo			
b	Other officers or key employees of the organization	15b		No			
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)						
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a						
	taxable entity during the year?	16a		No			
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16h					
Se	ection C. Disclosure	16b					
17	List the States with which a copy of this Form 990 is required to be filed▶						
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)						
	,						

(3)s only) available for public inspection. Indicate how you made these available. Check all that apply

☐ O wn website ☐ A nother's website ☑ U pon request

- 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
- State the name, physical address, and telephone number of the person who possesses the books and records of the organization 🕨 20 SHERRY CLOUSE DAY 214 CARTER STREET BERRYVILLE, AR 72616 (314) 579-6100

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

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

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

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

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

◆ List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

(A) Name and Title	(B) Average hours per week (describe hours	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related	
	for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former		,	organizations	
(1) David Barbe MD Board member	60 0	х						0	349,306	52,288	
(2) Gene Bland Board member	1 0	х						0	0	0	
(3) Kristy Estrem President	60 0	х						0	172,174	24,421	
(4) Richard Harp Board member	1 0	х						0	0	0	
(5) Sr Cabrını Koelsch RSM Board member	1 0	х						0	0	0	
(6) Milton McGowen Board member	1 0	х						0	0	0	
(7) Craig Milam MD Board member	60 0	х						0	141,433	13,844	
(8) Bill Ray Board member	1 0	х						0	0	0	
(9) Michele M Schaefer VP-Regional Operations	60 0	х						0	416,586	64,462	
(10) Richard Taylor MD Board member	60 0	х						0	204,843	26,552	
(11) Suzanne Villines Board member	1 0	х						0	0	0	
(12) Jon Swope Chief executive officer	60 0	х		Х				0	682,221	243,717	
(13) Chris Knackstedt Chief financial officer	60 0			Х				0	625,750	96,425	
(14) Scott Reynolds VP-Finance	60 0			х				0	282,351	35,968	
(15) Sherry Clouse Day VP-Finance	60 0				х			0	168,119	15,480	
(16) Bradley Kım Day President-central comm	60 0				х			0	833,159	436,266	
(17) Tanya Marion Regional VP-Human resources	60 0				х			0	160,391	16,041	

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

(A) Name and Title		(B) Average hours per week (describe	director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-	(F Estim amount of compen from organizat	ated of other sation the
		hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former		MISC)	relat organız	
	Aichael Merrigan nal VP-General Counsel	60 0				х			(320,923	3	65,228
(19) A Physic	Andrew David MD cian	40 0					х		210,591			19,244
	Robert Phillippe anesthetist	40 0					х		104,710	(733
(21) J Physic	anet Shapter MD an	40 0					х		200,031			10,855
(22)	1ike Sieg or, pharmacy services	40 0					х		113,652	. (D	12,576
(23) [filo Warner DO al director	40 0					х		255,407	,		16,949
1b	Sub-Total	<u> </u>			<u> </u>	٠.		<u> </u>		l		
С	Total from continuation sheets	to Part VII, Sec	tion A					>				
d	Total (add lines 1b and 1c) .				•			•	884,391	4,357,256		1,151,049
2	Total number of individuals (incl \$100,000 of reportable compen					ted :	above) who	received more tha	an		
											Yes	No
3	On line 1a? If "Yes," complete Sch										3	No
4	For any individual listed on line : organization and related organiz	ations greater th								n from the		110
5	Individual	racalya ar accru	· ·	·	tion	fron	 many	• unrol	ated organization		4 Yes	
5	services rendered to the organiz								-	•	5	No
Se	ction B. Independent Con											
1	Complete this table for your five \$100,000 of compensation from or within the organization's tax y	the organization										
	Nar	(A) ne and business add	Iress					·	Desc	(B) ription of services	Compe	
	x 850309 E, AL 36685								Maintenance			126,178
	Fotal number of independent cont \$100,000 of compensation from t			ot lın	nited	l to t	those	liste	d above) who recei	ved more than		

Form 99	•	<u> </u>						Page 9
Part \	VIIII_	Statement of	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
nts ots	1a	Federated cam	paigns 1a					
를 가 다	Ь	Membership du	ies 1b					
S, G	C	Fundraising ev	ents 1c					
<u>₩</u>	d	Related organiz	zations 1d					
E, E	e	Government grant	s (contributions) 1e	70,632				
ntio er s	f	All other contribute similar amounts no	ons, gifts, grants, and 1f ot included above					
듩	g	Noncash contr	ibutions included in					
Contributions, gifts, grants and other similar amounts	[s1a-1f	▶	70,632			
<u> </u>	h	Total. Add filles	5 1 d - 1 1		70,032			
a⊨	2a	NET PATIENT SERV	VICE DEVENITE	Business Code	22.054.400	22.054.400		
ever	b	RENT FROM RELAT		622110 531120	22,954,408	22,954,408 900		
Program Serwce Revenue	°	OTHER OPERATING		900099	55,019	55,019		
Z M.	ď	OTTER OFERATION		900099	33,019	33,019		
R	e							
Ē	f	All other progra	am service revenue					
္နိ								
	3		s 2a-2f		23,010,327			
			ome (including dividendar ar amounts)	. F	864			864
	4		stment of tax-exempt bond		0			
	5	Royalties .		▶ ↑	0			
			(ı) Real	(II) Personal				
	6a	Gross rents						
	b	Less rental expenses						
	C	Rental income or (loss)						
	d	• •	me or (loss)	+				
			(ı) Securities	(II) Other				
	7a	Gross amount from sales of						
		assets other than inventory						
	Ь	Less cost or other basis and	6,168					
	c	sales expenses Gaın or (loss)	-6,168					
	d	Net gain or (los		▶	-6,168			-6,168
Φ	8a		from fundraising					
Other Revenue			s reported on line 1c) ne 18					
₽ E	ь	Less direct ex	penses b					
õ	c		(loss) from fundraising	events 🕨	0			
	9a		from gaming activities ne 19 a					
	b c		penses b (loss) from gaming activ	vities -	o			
	10a	Gross sales of returns and allo	inventory, less owances .					
	b c		a oods sold b (loss) from sales of inve	entory ►	0			
		Mıscellaneou		Business Code				
	11a	CAF & VENDI	NG	900099	134,994			134,994
	Ь							
	c							
	d	All other reven	ue					
	e	Total. Add lines	s 11a-11d		134,994			
	12	Total revenue.	See Instructions .	▶	23,210,649	23,010,327		129,690

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

	neck if Schedule O contains a response to any question in this Part IX	<u> </u>			
	ot include amounts reported on lines 6b, o, 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	2,882	2,882		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	0			
6	Compensation not included above, to disqualified persons (as defined under section $4958(f)(1)$) and persons described in section $4958(c)(3)(B)$	0			
7	Other salaries and wages	7,968,517	6,638,962	1,329,555	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	353,741	293,605	60,136	
9	Other employee benefits	928,829	770,928	157,901	
10	Payroll taxes	515,887	428,187	87,701	
11	Fees for services (non-employees)	313,007	.20,107	37,701	
		0			
a	Management			6.645	
b	Legal	6,615		6,615	
C	Accounting	0			
d	Lobbying	0			
е	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	625,096	598,559	26,537	
12	Advertising and promotion	0			
13	Office expenses	394,227	331,807	62,420	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	328,952	264,729	64,223	
17	Travel	25,792	16,024	9,767	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	13,433	13,433		
21	Payments to affiliates	0			_
22	Depreciation, depletion, and amortization	766,675	613,340	153,335	_
23	Insurance	121,524	60,762	60,762	
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	REPAIRS & MAINTENANCE	231,115	13,142	217,974	
b	SHARED SERVICE FEES	1,828,207	1,615,039	213,168	
c	BAD DEBT EXPENSES	5,554,961	5,554,961		
d	MEDICAL SUPPLIES	1,686,952	1,686,952		
e		· · · · · · · · · · · · · · · · · · ·			
f	All other expenses	67,914	39,576	28,338	
25	Total functional expenses. Add lines 1 through 24f	21,421,320	18,942,888	2,478,432	0
26	Joint costs. Check here ► ☐ If following	21,721,320	10,542,000	2,770,732	
	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				rm 990 (2011)

Part X **Balance Sheet** (A) (B) Beginning of year End of year 2,304,071 812,524 1 1 2 0 2 0 3 0 3 0 1.658.374 2.242.506 4 4 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of 0 5 0 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 0 0 6 0 20,000 7 332.843 320.592 9 21.694 9 40.821 Prepaid expenses and deferred charges 10a 15,489,295 Land, buildings, and equipment cost or other basis *Complete* Part VI of Schedule D 10a 10b b Less accumulated depreciation 9,554,405 5,804,677 10c 5,934,890 0 11 11 0 0 12 12 Investments—other securities See Part IV, line 11 0 13 0 13 Investments—program-related See Part IV, line 11 . . 0 0 14 14 11,208 15 0 15 10,152,867 9,351,333 16 **Total assets.** Add lines 1 through 15 (must equal line 34) . . . 16 16,660 17 1,277 17 Accounts payable and accrued expenses . 18 18 0 19 0 19 0 20 0 20 0 0 21 21 0 Escrow or custodial account liability Complete Part IV of Schedule D . . . Liabilities 22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified 0 0 22 0 0 23 Secured mortgages and notes payable to unrelated third parties . . . 23 0 24 Unsecured notes and loans payable to unrelated third parties 24 0 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 325,000 25 325,000 D 26 341,660 26 326,277 **Total liabilities.** Add lines 17 through 25 Organizations that follow SFAS 117, check here ▶ 🔽 and complete lines 27 Balances through 29, and lines 33 and 34. 27 9,811,207 27 9,025,056 Unrestricted net assets 0 28 0 28 Temporarily restricted net assets Fund 29 0 29 0 Permanently restricted net assets Organizations that do not follow SFAS 117, check here ▶

and complete lines 30 through 34. ö 30 Capital stock or trust principal, or current funds 30 Assets 31 31 Paid-in or capital surplus, or land, building or equipment fund 32 32 Retained earnings, endowment, accumulated income, or other funds ¥ 33 Total net assets or fund balances 9.811.207 33 9.025.056 34 Total liabilities and net assets/fund balances 10.152.867 9.351.333 34

-(-	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		23.2	210,649
2	Total expenses (must equal Part IX, column (A), line 25)	2			121,320
3	Revenue less expenses Subtract line 2 from line 1	3		1,7	789,329
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		9,8	311,207
5	Other changes in net assets or fund balances (explain in Schedule O)	5		-2,5	575,480
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		9,0	25,056
Par	The triangle of the contains a response to any question in this Part XII			৮	
		r		Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
C	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of 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		2 c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were is on a separate basis, consolidated basis, or both	sued			
	Separate basis Consolidated basis 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?		3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the re audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	quired	3b		

OMB No 1545-0047

2011

Open to Public Inspection

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury Internal Revenue Service

Mercy Hospital Berryville

Name of the organization

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

Public Charity Status and Public Support

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

Employer identification number

									71-07592			
Par				blic Charity Sta						nstruction	าร	
The o	rganiz	zatıon ıs	not a privat	e foundation becaus	eitis (Forl	ınes 1 throu	gh 11, check	only one b	ox)			
1	Г	A church, convention of churches, or association of churches section 170(b)(1)(A)(i).										
2	\sqcap	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)										
3	굣	A hosp	ital or a coo	perative hospital se	rvice organiz	ation descri	bed in sectio	n 170(b)(1)(A)(iii).			
4	Γ		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	Γ	=	•	erated for the benefi A)(iv). (Complete P	_	or universi	ty owned or o	perated by	a governmen	tal unit des	scribed in	
6	_				•	al unit desc	rihed in secti	on 170(b)(1)(4)(4)			
7	-	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v). 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	Γ	A comr	nunity trust	described in section	170(b)(1)(A)(vi) (Con	nplete Part II	.)				
9 10 11 e f g		receipt its supple acquire An orgation or	s from active port from grad by the organization organization organization organization that described by the foundation of the foundation	at normally receives ities related to its exposs investment incompanization after June ganized and operated ganized and operated by supported organizes besthe type of supports box, I certify that the on managers and other ceceived a written deceived a written	xempt function me and unrel 30, 1975 S d exclusively d exclusively ations descriptoring organis I c organization her than one etermination ization accept ontrols, either the support bed in (i) abo	ens—subject lated busine ee section so to test for period in section and of Type III is not control from the IR eted any gift er alone or to ted organization?	t to certain execution of the contribution of	xceptions, a come (less omplete Pa See section form the fun) or section s 11e throu ly integrate or indirect ed organiza Type I, Typ on from any	and (2) no mo section 511 rt III) n 509(a)(4). actions of, or t 509(a)(2) S ugh 11h ed tly by one or r tions describ be II or Type	tax) from to carry ou ee section Ty more disqued in section III suppor	t the purpo 509(a)(3) pe III - O alified person 509(a)	oses of). Check ther sons (1) or
h		Provide	the followi	ng information about	the supporte	ed organizat	ion(s)				,	
(i) Name o support organizat		of ted	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see	(iv) Is the organizati col (i) list your gove docume	on in ed in rning	col (ı) of your col		(vi) Is th organizat col (i) org	ie tion in janized	A m	vii) ount of oport?
				(see instructions))	Yes	No	Yes	No	Yes	No		
									1			
									1			
									1			
 Total												

instructions

Sch	edule A (Form 990 or 99	90-EZ)2011						Page 2
	(Complet	e only if you	checked the	box on line 5,	7, or 8 of Part	(b)(1)(A)(iv) I or if the orgar	nızatıon faıle	d to qualify
			<u>organızatıon f</u>	fails to qualify ι	<u>under the tests</u>	listed below, pl	<u>lease comple</u>	ete Part III.)
	ection A. Public Su					Т	1	
Cal	endar year (or fiscal ye in)	ar beginning	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1	Gifts, grants, contribut	ions, and						
	membership fees recei							
	ınclude any "unusual							
_	grants ") Tax revenues levied fo	rtho						
2	organization's benefit a							
	paid to or expended on							
	behalf							
3	The value of services of							
	furnished by a governme the organization withou							
4	Total. Add lines 1 thro	_						
5	The portion of total cor	-						
-	by each person (other	than a						
	governmental unit or p	•						
	supported organization line 1 that exceeds 2%							
	amount shown on line 1							
	(f)	21,0014						
6	Public Support. Subtractine 4	ct line 5 from						
S	ection B. Total Sup	port						
Cal	endar year (or fiscal yea	r beginning	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
_	ın)	_	(4) 2007	(2) 2000	(4) 2005	(4) 2020	(0) 2022	(1) 1 3 4 4
7 8	A mounts from line 4 Gross income from inte	rost –						
0	dividends, payments re							
	securities loans, rents							
	and income from simila	ır						
_	sources							
9	Net income from unrela business activities, wh							
	not the business is reg							
	carried on							
10	Other income (Explain							
	IV) Do not include gai from the sale of capital							
11	Total support (Add line							
	through 10)							
12	Gross receipts from re	lated activities	s, etc (See inst	ructions)			12	
13	First Five Years If the		r the organizati	on's first, second	l, thırd, fourth, or	fıfth tax year as a	501(c)(3) or	
	check this box and sto	p here						▶ □
S	ection C. Computat	ion of Publ	ic Support F	Percentage				
14	Public Support Percen	tage for 2011	(line 6 column	(f) dıvıded by lıne	11 column (f))		14	
15	Public Support Percen	tage for 2010	Schedule A , Pa	rt II, line 14			15	
16a	33 1/3% support test-					line 14 is 33 1/3%	% or more, che	
h	and stop here. The org 33 1/3% support test					6a and line 15 is	33 1/20% or m	ore check this
D	box and stop here. The					oa, and inte 15 IS	1/3%0 UI M	ore, check this
17a	10%-facts-and-circum	-	•		-	ne 13, 16a, or 16	b and line 14	٠,
	ıs 10% or more, and ıf							
	in Part IV how the orga	anızatıon meet	s the "facts and	d circumstances"	test The organiz	zatıon qualıfıes as	a publicly su	
b	organization 10%-facts-and-circum	stances test—	2010. If the ora	anization did not	check a hov on li	ne 13, 16a 16b	or 17a and lin	▶ □
,	15 is 10% or more, an							-
	Explain in Part IV how	the organizati						
10	supported organization Private Foundation If t		n did not chools	a hov on line 12	16a 16h 17a a	or 17h chack this	hov and coc	► □

▶□

Schedule A (Form 990 or 990-EZ) 2011 Page 3 Part 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 (a) 2007 **(b)** 2008 (c) 2009 (d) 2010 (e) 2011 (f) Total ın) Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ") Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified persons Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year c Add lines 7a and 7b Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2007 **(b)** 2008 (c) 2009 (d) 2010 (e) 2011 (f) Total ın) Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated 11 business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 13 11 and 12) First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here Section C. Computation of Public Support Percentage Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f)) 15 15 Public support percentage from 2010 Schedule A, Part III, line 15 16 16 Section D. Computation of Investment Income Percentage

Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))

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

18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

Investment income percentage from 2010 Schedule A, Part III, line 17

17

18

17

18

▶[

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 A (Form 990 or 990-EZ) 2011

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -Political Campaign and Lobbying Activities

DLN: 93493134055313

OMB No 1545-0047

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

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

► Complete if the organization is described below. ► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

	e organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46	(Politi	cal Ca	ım pa	ign Activit	ies),
her	notion 501(c)(3) organizations. Complete Parts I-A and B. Do not complete Part I-C					
	ection 501(c) (other than section 501(c)(3)) organizations. Complete Parts I-A and C below. Do not con	nolete P	art I-B			
	ction 527 organizations Complete Part I-A only	i ipioto i i	31110			
	e organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 4	7 (Lobi	oying	Activ	rities), the	n
	ction 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part					
	ction 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete					. II-A
	e organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Iin ction 501(c)(4), (5), or (6) organizations Complete Part III	1e 35C (Proxy	/ Iax), tnen	
		Employ	eridei	ntifica	ation numbe	
	rcy Hospital Berryville					
2	t I-A Complete if the organization is exempt under section 501(c) or is a s	71-075			!	
	Complete if the organization is exempt under section 501(c) or is a s	section	1 52/	OF	<u>janizatio</u>	<u>n.</u>
1	Provide a description of the organization's direct and indirect political campaign activities on bel in opposition to candidates for public office in Part IV	nalf of o	r			
2	Political expenditures		•	æ		
3	Volunteer hours		-	₽		
	Volunteer mours					
Par	t 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		•	\$ <u>_</u>		
2	Enter the amount of any excise tax incurred by organization managers under section 4955		F	\$ <u>_</u>		
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?				┌ Yes	┌ No
4a	Was a correction made?				☐ Yes	┌ No
b	If "Yes," describe in Part IV					
Par	t I-C Complete if the organization is exempt under section 501(c) except	sectio	n 50	1(c)	(3).	
1	Enter the amount directly expended by the filing organization for section 527 exempt function ac	tıvıtıes	•	\$ <u>_</u>		
2	Enter the amount of the filing organization's funds contributed to other organizations for section 5	527				
	exempt funtion activities		•	\$ <u>_</u>		
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 1	17b	•	\$_		
4	Did the filing organization file Form 1120-POL for this year?				┌ Yes	┌ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organization made payments. For each organization listed, enter the amount paid from the filing of amount of political contributions received that were promptly and directly delivered to a separate separate segregated fund or a political action committee (PAC). If additional space is needed, proceedings of the section of the se	rganıza Politic	ition's al orga	funds anızat	s Also ente tion, such a	rthe

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

f Grassroots lobbying expenditures

(The term "expenditures" means amounts paid or incurred.) Lia 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 If the amount on line 1e, column (a) or (b) is: The lobbying nontaxable amount is: Not 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 \$1,000,000 but not over \$1,000,000 \$1,000,000 g Grassroots nontaxable amount (enter 25% of line 1f) 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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all columns below. See the instructions for lines 2a through 2f on page 4.)	ווטפ	edule C (F	01111 9 9 0 01 9 9 0 - EZ) 2 0 1 1					Page ∠
A Check If the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member expenses, and share of excess lobbying expenditures) 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.) Organization Total Incurred (The term "expenditures" means amounts paid or incurred.) Organization Total Incurred (The term "expenditures to influence a legislative body (direct lobbying)	Pa	rt II-A		n is exempt under	section 501(c)(3) and fi	iled Form 5768	(election
expenses, and share of excess lobbying expenditures) Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Limits on Lobbying Expenditures (The term "expenditures to influence public opinion (grass roots lobbying) Lobbying expenditures to influence a legislative body (direct lobbying) Total lobbying expenditures (add lines 1a and 1b) Other exempt purpose expenditures Total obtaining purpose expenditures (add lines 1c and 1d) Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line 1e, column (a) or (b) is: If the amount on line 1e, column (a) or (b) is: If the amount on line 1e, column (a) or (b) is: Not over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000 but not over \$1,500,000 S1,000 but not over \$1,500,000 Over \$1,0	١	Check		an affiliated group (and	lıst ın Part IV ea	ch affiliated gr	oup member's nam	e, address, EIN,
Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Total lobbying expenditures to influence public opinion (grass roots lobbying) Total lobbying expenditures (add lines 1 aand 1b) Other exempt purpose expenditures (add lines 1 aand 1b) Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line Le, column (a) or (b) is: If the amount on line Le, column (a) or (b) is: If the amount on line Le, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 If the excess over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 If the excess over \$1,000,000 If the excess over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 If the excess over \$1,000,000 If the excess over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 If the excess over \$1			expenses, and share of excess lob	bying expenditures)		_	•	
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 If the amount on line 1e, column (a) or (b) is: Not over \$500,000 Diver \$500,000 Diver \$500,000 Diver \$500,000 but not over \$1,000,000 Diver \$1,000,000 but not over \$1,000,0	3	Check	ıf the filing organization checked bo	ox A and "limited contro	ol" provisions app	ly	1	1
(The term "expenditures" means amounts paid or incurred.) Ital Total lobbying expenditures to influence public opinion (grass roots lobbying) b 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 If the amount on line 1e, column (a) or (b) is: The lobbying nontaxable amount is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 S1225,000 plus 10% of the excess over \$1,000,000 Over \$17,000,000 Over \$17,000,000 S11,000,000 S11,000,000 F11,000,000			Limits on Lobbying	Expenditures			(a) Filing	(b) Affiliated
Total lobbying expenditures to influence public opinion (grass roots lobbying) b Total lobbying expenditures (add lines 1a and 1b) d Other exempt purpose expenditures Total exempt purpose expenditures (add lines 1c and 1d) f Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line 1e, column (a) or (b) is: The lobbying nontaxable amount is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 S175,000 plus 15% of the excess over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 S100,000 plus 15% of the excess over \$1,000,000 Over \$1,000,000 Over \$1,000,000 Over \$1,000,000 The lobbying nontaxable amount is: Not over \$500,000 Over \$1,000,000 Over \$1,000,00					l.)		Organization's Totals	Group Totals
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 If the amount on line 1e, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,7000,000 Over \$1,000,000 but not over \$1,7000,000 S225,000 plus 15% of the excess over \$1,000,000 Over \$1,7000,000 Over \$1,7000,000 F17,000,000 S225,000 plus 5% of the excess over \$1,500,000 Over \$1,7000,000 F17,000,000 S1,000,000 F17,000,000 F17,000,		-			1 \		100013	1 ocars
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 If the amount on line 1e, column (a) or (b) is: If the amount on line 1e, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 In the excess over \$1,000,000 F1,000,000 F1,000,0				· -				
d O ther exempt purpose expenditures Total exempt purpose expenditures (add lines 1c and 1d) Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line 1e, column (a) or (b) is: The lobbying nontaxable amount is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000					ying)			
Total exempt purpose expenditures (add lines 1c and 1d) Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line 1e, column (a) or (b) is:			,	b)				
f Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line 1e, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$17,000,000 but not over \$1,7000,000 Over \$17,000,000 but not over \$17,000,000 S225,000 plus 10% of the excess over \$1,000,000 Over \$17,000,000 Over \$17,000,000 Over \$17,000,000 S225,000 plus 5% of the excess over \$1,000,000 Over \$17,000,000 Over \$17,000,000 S1,000,000 S1,000,0	d	Otherexe	empt purpose expenditures					
Columns If the amount on line 1e, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$500,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,7000,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,000,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 Over \$1,500,000 S1,000,000	e	Total exe	mpt purpose expenditures (add lines 1	.c and 1d)				
Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,7000,000 Over \$1,500,000 but not over \$1,7000,000 Over \$1,500,000 but not over \$1,000,000 Over \$1,500,000 but not over \$1,000,000 S225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 S1,000,000 Grassroots nontaxable amount (enter 25% of line 1f) Subtract line 1g from line 1a If zero or less, enter -0- Subtract line 1f from line 1c If zero or less, enter -0- 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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 Lobbying celling amount	f		nontaxable amount Enter the amount	from the following table	in both			
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 \$1,000,000 \$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 \$1,000,00		If the an	ount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:			
Over \$1,000,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Section \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 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 1ffrom 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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 2a Lobbying ceiling amount		Not over \$5	500,000	20% of the amount on li	ne 1e			
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 \$1,00		Over \$500,	000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 Lobbying celling amount		Over \$1,00	0,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$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 1ffrom 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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 Lobbying non-taxable amount		Over \$1,50	0,000 but not over \$17,000,000	\$225,000 plus 5% of the	excess over \$1,500,	000		
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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 2a Lobbying ceiling amount		Over \$17,0	00,000	\$1,000,000				
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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 2a Lobbying ceiling amount								
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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 Lobbying non-taxable amount		Grassroo	ts nontaxable amount (enter 25% of li	ne 1f)				
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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 Lobbying non-taxable amount	h	Subtract	line 1a from line 1a If zero or less. en	ter -0 -				
Jection 4911 tax for this year? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 Lobbying ceiling amount								
4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete al 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) 20 Lobbying non-taxable amount					organization file	Form 4720 re	portina	
(Some organizations that made a section 501(h) election do not have to complete al 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) 20 Lobbying non-taxable amount							F - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	┌ Yes ┌ No
Calendar year (or fiscal year beginning in) (a) 2008 (b) 2009 (c) 2010 (d) 2009 Lobbying non-taxable amount		(Sor	ne organizations that made a	section 501(h) el	ection do not	have to co		ne five
beginning in) (a) 2008 (b) 2009 (c) 2010 (d) 20 2a Lobbying non-taxable amount b Lobbying ceiling amount			Lobbying Exp	enditures During	4-Year Avera	ging Period	d	
b Lobbying ceiling amount				(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
	2a	Lobbyin	g non-taxable amount					
	b							
c Total lobbying expenditures	c	Total loi	obying expenditures					
d Grassroots non-taxable amount	d	Grassro	ots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))	e							

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

		(a)		(b)	
		Yes	No	Amount	
L	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
а	Volunteers?		No		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No		
C	Media advertisements?		Νo		
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?		No		
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
i	Other activities? If "Yes," describe in Part IV	Yes		2,975	
j	Total lines 1c through 1i			2,975	
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		Ī		
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		

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

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).		
а	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		

Part IV Supplemental Information

5 Taxable amount of lobbying and political expenditures (see instructions)

political expenditure next year?

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

Identifier	Return Reference	Explanation
FORM 990, PART II-B, LINE 1 (I)		THE FILING ORGANIZATION IS A MEMBER OF AND PAYS DUES TO THE FOLLOWING HOSPITAL ASSOCIATIONS ARKANSAS HOSPITAL ASSOCIATION, AMERICAN HOSPITAL ASSOCIATION AND CATHOLIC HEALTH ASSOCIATION FOR THE YEAR ENDED JUNE 30, 2012, DUE WERE \$9,027 00, \$5,228 AND \$2,993 88, RESPECTIVELY APPROXIMATELY 17% OF ARKANSAS HOSPITAL ASSOCIATION DUES, 24 60% OF AMERICAN HOSPITAL ASSOCIATION DUES AND 5 15% OF CATHOLIC HEALTH ASSOCIATION DUES WERE ATTRIBUTABLE TO LOBBYING ACTIVITIES PREFORMED BY THESE ASSOCIATIONS

DLN: 93493134055313

OMB No 1545-0047

SCHEDULE D (Form 990)

Department of the Treasury

Supplemental Financial Statements ► 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

tema	al Revenue Service	► Attach t	to Form 990. ► See separate instructions.			nspect	ion
Name of the organization Mercy Hospital Berryville		Employ	er identificatio	n numbe	r		
ме	rcy Hospital Berryville			71-07	59299		
Pā			r Advised Funds or Other Similar Fu			Complet	e if the
	organiz	ation answered "Yes" to Forn		(1.)			
1	Total number at	and of year	(a) Donor advised funds	(B)	Funds and othe	eraccou	nts
1 2		ributions to (during year)					
3	33 3	ts from (during year)					
4	Aggregate value						
5			advisors in writing that the assets held in don the organization's exclusive legal control?	or advise		Yes	┌ No
6	used only for cl		and donor advisors in writing that grant funds benefit of the donor or donor advisor, or for ar		ourpose	Yes	┌ No
Pa	rt III Consei	r vation Easements. Compl	ete if the organization answered "Yes" to	o Form 9	3 90, Part IV, ∣	ıne 7.	
1 2	Preservation Protection Preservation Complete lines	on of land for public use (e g , reco of natural habitat on of open space	he organization (check all that apply) reation or pleasure)	ertified h	nistoric structur		a
			[Held at the En	d of the	Year
а	Total number o	f conservation easements		2a			
b	Total acreage r	estricted by conservation easem	ents	2b			
C			d historic structure included in (a)	2c			
d	Number of cons	servation easements included in (c) acquired after 8/17/06	2d			
3	Number of cons	servation easements modified, tra	insferred, released, extinguished, or terminate	d by the	organization du	rıng	
	the taxable yea	r ⊳					
4	Number of state	es where property subject to cons	servation easement is located ►				
5		ization have a written policy rega the conservation easements it ha	rding the periodic monitoring, inspection, hand olds?	dling of vi	olations, and	☐ Yes	┌ No
6	Staff and volun	teer hours devoted to monitoring,	inspecting and enforcing conservation easem	ents duri	ng the year 🛌		
7	A mount of expe ► \$		ecting, and enforcing conservation easements	during t	he year		
8	Does each con		ine 2(d) above satisfy the requirements of sec	tion		└ Yes	┌ No
9	balance sheet,		ts conservation easements in its revenue and t of the footnote to the organization's financial asements				
Pai			ctions of Art, Historical Treasures, e red "Yes" to Form 990, Part IV, line 8.	or Othe	r Similar As	sets.	
1a	art, historical t	reasures, or other similar assets	FAS 116, not to report in its revenue stateme held for public exhibition, education or researd ts financial statements that describes these it	h in furth			2,
b	historical treas		FAS 116, to report in its revenue statement a l for public exhibition, education, or research in tems				
	(i) Revenues ir	ncluded in Form 990, Part VIII, li	ne 1		► \$		
	(ii) Assets incl	uded in Form 990, Part X			► \$		
2			historical treasures, or other similar assets fo SFAS 116 relating to these items	r financia	al gain, provide	the	·

Revenues included in Form 990, Part VIII, line 1

Assets included in Form 990, Part X

Part	Organizations Maintaining Co	llections of Art	t, His	tori	<u>cal T</u>	reasu	<u>ires, or Ot</u>	<u>her</u>	<u>r Similar A</u>	sse	ts (co	ntınued)
3	Using the organization's accession and othe items (check all that apply)	r records, check an	y of th	ne fol	owing	that ar	e a significar	nt us	se of its colled	ction		
а	Public exhibition		d	Γ	Loar	orexc	hange progra	ms				
b	Scholarly research		e	Γ	Othe	er						
c	Preservation for future generations											
4	Provide a description of the organization's co	ollections and expla	ıın hov	w the	y furth	er the o	organızatıon's	sex	empt purpose	ın		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t								ılar	Γ,	⁄es	┌ No
Par	Escrow and Custodial Arrang Part IV, line 9, or reported an an	ements. Comple	ete ıf	the	orgai	nızatıoı			es" to Form	990	ı	
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	lian or other interme	edıary	forc	ontrıb	utions	or other asse	ts n	iot	Γ,	⁄es	┌ No
b	If "Yes," explain the arrangement in Part XIV	/ and complete the	follow	ving t	able		_			mou		
_	5						<u> </u>		A	mou	nt	
q C	Beginning balance							lc ld				
d	Additions during the year						<u> </u>	Ld				
e •	Distributions during the year						_	le Le				
f	Ending balance		a				<u> </u>	Lf		_		
2a	Did the organization include an amount on Fo	•	e 21?	•						Γ,	res	│ No
	If "Yes," explain the arrangement in Part XIV				- 4 1154	!! ! -	F 000	D- '	L TV / 1 40			
Pai	Endowment Funds. Complete	if the organizatio)Prior					TIV, IINE 10 Three Years Back		Four Ye	ears Back
1a	Beginning of year balance	(a)current rear	(,,	<i>)</i> 1 1101	rear	(6)11	VO TCUIS BUCK	(4)	THEC TEATS BACK	1(0)	rour re	ars back
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 yea	r end balance held	as									
а	Board designated or quasi-endowment 🕨											
b	Permanent endowment 🕨											
c	Term endowment ▶											
3a	Are there endowment funds not in the posses organization by	ssion of the organiz	ation	that	are he	ld and a	admınıstered	fort	the	[Yes	No
	(i) unrelated organizations								За	ı(i)		
	(ii) related organizations								· · · -	(ii)		
	If "Yes" to 3a(II), are the related organizatio	•				·		•	🗀	3b		
4	Describe in Part XIV the intended uses of th					40						
Par	t VI Land, Buildings, and Equipme	ent. See Form 99	70, Pa				1			Т		
	Description of property					or other estment)	(b)Cost or otl basis (other		(c) Accumulate depreciation		(d) Bo	ok value
1a l	and		•				432,8	810				432,810
b I	Buildings		•				7,364,3	353	3,677,8	323		3,686,530
c l	easehold improvements		•				11,0	036	11,0	036		
d I	Equipment		•				7,469,9		5,767,1	-+	:	1,702,803
	Other						211,:	105	98,3	358		112,747
Tota	. Add lines 1a-1e <i>(Column (d) should equal Fo</i>	orm 990, Part X, colui	mn (B _,), line	10(c)	.) 		•	►		!	5,934,890
Гotа	l. Add lines 1a-1e <i>(Column (d) should equal Fo</i>	orm 990, Part X, colui	mn (B ₎), line	10(c)	.)			► Schedule	D (F		

Investments—Other Securities. See	form 990, Part X, line 12		
(a) Description of security or category	(b)Book value		d of valuation
(including name of security)	(2)20011 10100	Cost or end-of-	year market value
(1)Financial derivatives			
(2)Closely-held equity interests			
Other			
o ther			
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)			
Part VIII Investments—Program Related. See	Form 990, Part X, line	13.	
		(c) Method	d of valuation
(a) Description of investment type	(b) Book value	Cost or end-of-	year market value
	<u> </u>		
	 		
Total (Column (h) should equal Form 990 Part X col (R) line 13)			
Total. (Column (b) should equal Form 990, Part X, col (B) line 13)			
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Paak valua
	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin	e 15.		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin (a) Descrip	e 15. tion		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin (a) Descrip	e 15. tion		(b) Book value
Part IX Other Assets. See Form 990, Part X, lin (a) Descrip Total. (Column (b) should equal Form 990, Part X, col.(B) line 1:	e 15. tion 5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability	e 15. tion 5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability	5.) , line 25. (b) A mount		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1: Part X Other Liabilities. See Form 990, Part X (a) Description of Liability Federal Income Taxes	5.)		(b) Book value

Par	t XI Reconciliation of Change in Net Assets from Form 990 to Financial Statemer	nts	
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 p	er Re	turn
1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
C	Recoveries of prior year grants		
d	Other (Describe in Part XIV)		
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		
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a		
b	Other (Describe in Part XIV)		
С	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	No. 4
Paru 1	Reconciliation of Expenses per Audited Financial Statements With Expenses Total expenses and losses per audited financial	per i	Keturn
-	statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
а	Donated services and use of facilities		
b	Prior year adjustments		
C	Other losses]	
d	Other (Describe in Part XIV)	<u> </u>	
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:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a		
b	Other (Describe in Part XIV)		
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	
	t XIV Supplemental Information		
Com	plete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Pa	art IV , li	ines 1 b and 2 b,

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

Identifier	Return Reference	Explanation
FORM 990, SCHEDULE D, PART X, LINE 2		THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF MERCY HEALTH AND AFFILIATES DO NOT INCLUDE A FOOTNOTE TO REPORT THE ORGANIZATION'S LIABILITY FOR UNCERTAIN TAX PROVISIONS UNDER ASC 740, AS THEY ARE DEEMED IMMATERIAL FOR DISCLOSURE

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization Mercy Hospital Berryville

Employer identification number

Pa	Charity Care and	Certain O	ther Comr	nunity Benefits at		0/59299			
	Clarity dark and	CONTAIN C		manity Delicites at				Yes	No
1a	Did the organization have a c	harity care po	olicy? If "No,	skip to question 6a .			1a	Yes	
b	If "Yes," is it a written policy	·					1b	Yes	
2	If the organization had multip care policy to the various hos		ındıcate whic	h of the following best o	describes application o	of the charity			
	Applied uniformly to all ho		ls	Applied uniformly	to most hospitals				
3	Answer the following based organization's patients during	•	_	y criteria that applies t	o the largest number o	f the			
a	Did the organization use Fede If "Yes," indicate which of the					are?	3a	Yes	
	▼ 100% Г 150%	— 20	о% Г	Other	%		- Ju	163	
ь	Did the organization use FPG		, , ,						
U	"Yes," indicate which of the fo		= :	=			3b	Yes	
	□ 200% □ 250%		о ₀ % Г	350% ▼ 40	0% Г Other_	%	30	163	
				330 /0 40					
С	If the organization did not use determining eligibility for free test or other threshold, regard	or discounte	d care Inclu	de in the description wh	nether the organization				
4	Did the organization's policy	provide free c	r discounted	care to the "medically	ındıgent"?		4	Yes	
5a	Did the organization budget a the tax year?				r its financial assistan	ice policy during	5a	Yes	
b	If "Yes," did the organization'	s charity car	e expenses e	xceed the budgeted an	nount?		5b	Yes	
С	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 eligibile for free or discounted care?						5c		No
6a	Did the organization prepare a	a community	benefit repor	tduring the tax year?			6a	Yes	
6b	6b If "Yes," did the organization make it available to the public?						6b	Yes	
	Complete the following table worksheets with the Schedule		ksheets prov	ıded ın the Schedule H	instructions Do not s	ubmit these			
7	Charity Care and Certain O	ther Commu	nity Benefits	at Cost					
ı	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 b expense	enefit	t (f) Percent total expens	
а	Charity care at cost (from Worksheet 1)			310,792		31	.0,792	1	960 %
b	Medicaid (from Worksheet 3, column a)			1,997,737	2,344,090		6,353		
c	Costs of other means-tested government programs (from Worksheet 3, column b)			=,==,,==	_,		-,		
d	Total Charity Care and Means-Tested Government Programs			2,308,529	2,344,090	3	5,561		0 %
e	Other Benefits Community health improvement services and community benefit operations (from								
f	(Worksheet 4)			7,233			4,435 7,233		280 % 050 %
g	(from Worksheet 5) Subsidized health services			·					
h	(from Worksheet 6) Research (from Worksheet 7)			6,324			6,324	0	040 %
i	Cash and in-kind contributions for community benefit (from Worksheet 8)			47,157		4	7,157	0	300 %
-	otal Other Benefits			105,149			5,149		660 %
k '	Total. Add lines 7d and 7j			2,413,678	2,344,090	6	9,588	0	440 %

Pa	community Building	ng Activitie	s Complete t	this table if the c	rganızat	ion co	nducted any commun	iity b		g
		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total communit building expense	y (d) D	rect offs revenue	- 1		(f) Perco	
1	Physical improvements and housing			2	70			270		
2	Economic development									
3	Community support			3,4	.39		3,	439	0	020 %
4	Environmental improvements									
5	Leadership development and training									
6	for community members Coalition building			6.6	14		6	614		040 %
	Community health improvement advocacy			6,6	014		, b,	614	0	040 %
8	Workforce development									
9	Other									
10 Dar	Total t IIII Bad Debt, Medicar	o & Callac	tion Proctic	10,3	23		10,	323	0	070 %
EC I	Bau Debt, Medical	e, & conec	tion Fractic	<u> </u>						
5ect	ion A. Bad Debt Expense						,		Yes	No
1	Did the organization report bac Statement No 15?		e ın accordance	with Heathcare F	inancial M	lanage	ment Association	1	Yes	
2	Enter the amount of the organi		ebt expense			2	2,281,000	_	+	
3	Enter the estimated amount of		•				2,201,000			
	patients eligible under the org		•	•		3				
4	Provide in Part VI the text of t In addition, describe the costi rationale for including a portio	ng methodolog	gy used in dete	rmining the amoun						
Sect	ion B. Medicare									
5	Enter total revenue received f	rom Medicare	(ıncludıng DSH	and IME)		5	6,626,371			
6	Enter Medicare allowable cost	s of care relat	ing to payments	s on line 5		6	6,582,081			
7	Subtract line 6 from line 5 Th	ıs ıs the surplı	us or (shortfall)			. 7	44,290			
8	Describe in Part VI the extent Also describe in Part VI the c Check the box that describes	osting method the method us	ology or source ed	e used to determin _	e the amo					
	Cost accounting system	I♥ Co	st to charge ra	tio I	O ther					
	ion C. Collection Practices									
9a b	Did the organization have a wr If "Yes," did the organization's contain provisions on the colle assistance? Describe in Part	s collection po ection practice	licy that applied	d to the largest nu d for patients who	mber of it are knowr	s patie i to qua	alify for financial	9a 9b	Yes	
Pai	rt IV Management Com	panies and	Joint Ventu	ires (see instruc	tions)					•
	(a) Name of entity	(t	D) Description of pi activity of entit		(c) Organ profit % o owners	or stock	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	pro	e) Physic ofit % or ownershi	stock
1										
2										
3										
4										
5								+		
6										
7		+								
8										
9										
10										
11										
12										
12		+						+		

Part	V Facility Information									
Section	on A. Hospital Facilities	Licensed	General medical &	Childre	Teach	Critica	Resea	ER-24 hours	ER-other	
(list in	(list in order of size from largest to smallest)			Children's hospital	Teaching hospital	d acces	Research facility	hours	her	
	nany hospital facilities did the organization operate during x year? 1	hospital	cal & surgical	spital	pta	Critical access hospital	lity			
Namo	and address									
Ivallie	anu auuress									Other (Describe)
1	MERCY HOSPITAL BERRYVILLE 214 Carter Street Berryville, AR 72616	x	х			х		х		
		+				<u> </u>				
		+				<u> </u>				
						<u> </u>				
		_				<u> </u>				
		+				<u> </u>				
		+				 				
						 				

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

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

MERCY HOSPITAL BERRYVILLE

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

			Yes	No
Coi	mmunity 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	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply)			
	a A definition of the community served by the hospital facility			
	b Demographics of the community			
	Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
	d How data was obtained			
	e The health needs of the community			
	f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
	The process for identifying and prioritizing community health needs and services to meet those needs			
	h The process for consulting with persons representing the community's interests			
	i Information gaps that limit the hospital facility's ability to assess the community's health needs			
	j Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into			
_	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?	5		
	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
	a Hospital facility's website			
	b Available upon request from the hospital facility			
	c Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
	Adoption of an implementation strategy to address the health needs of the hospital facility's community			
	b Execution of the implementation strategy			
	<u> </u>			
	c Development of a community-wide community benefit plan for the facility			
	d Participation in community-wide community benefit plan			
	e Inclusion of a community benefit section in operational plans			
	Adoption of a budget for provision of services that address the needs identified in the CHNA			
	g Prioritization of health needs in the community			
	h Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	i Cother (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			
	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?	9	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 100%			
	If "No," explain in Part VI the criteria the hospital facility used			

Р	art V Facility Information (continued)			
ئىد			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 %			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	<u> </u>
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a Income level			
	b Asset level			
	c Medical indigency			
	d Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g State regulation			
	h Cother (describe in Part VI)			
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?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a 🔽 The policy was posted at all times on the hospital facility's web site			
	b The policy was attached to all billing invoices			
	c 🔽 The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d 🔽 The policy was posted in the hospital facility's admissions offices			
	e The policy was provided, in writing, to patients upon admission to the hospital facility			
	f 🔽 The policy was available upon request			
	g Other (describe in Part VI)			
Bil	ling and Collections			
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
4-	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 Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments or arrests			
	e T 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			1
	making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	<u> </u>	No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d F Body attachments			
	e C Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a Notified patients of the financial assistance policy upon admission			
	b Notified patients of the financial assistance policy prior to discharge			
	c Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills			
	d Documented its determination of whether patients were eligible for financial assistance under the hospital			
	facility's financial assistance policy			
	o C Other (describe in Part VI)	1	1 '	i

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes 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? **18** | Yes If "No," indicate why a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility's policy was not in writing The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part Other (describe in Part VI)

Inc	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									
	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged									
	b 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 The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged d Other (describe in Part VI)									
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial 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?	20		No						
21	If "Yes," explain in Part VI Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?									

21

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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)

Ho	w many non-hospital facilities did the organization	operate during the tax year? 8
Nar	me and address	Type of Facility (Describe)
1	Mercy Berryville Carter 207 Carter Street Berryville, AR 72616	Primary Care Medium
2	Medical Arts Building 211 Carter Street Berryville, AR 72616	Physician Clinic/Practice
3	Mercy Berryville Orchard 613 Orchard Drive Berryville, AR 72616	Primary Care Small
4	Mercy Therapy Services Berryville 735 Highway 62 West Berryville, AR 72616	OP Rehab
5	Bobcat Plaza 804 W Freeman Berryville, AR 72616	Home Care/Hospice
6	The Clinic at Walmart - Berryville 1000 W Trimble Berryville, AR 72616	Retail Clinic
7	Mercy Holiday Island 1 Park Drive - Unit 203 Holiday Island, AR 72631	Primary Care Small
8	Mercy Shell Knob 22361 Oak Ridge Drive Shell Knob, MO 65747	Primary Care Small
9		
10		

Schedule H (Form 990) 2011 Page **8**

Part VI Supplemental Information

Complete this part to provide the following information

Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part III, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

Identifier	ReturnReference	Explanation
FORM 990, SCHEDULE H, PART I, LINE 6A		THE ORGANIZATION'S COMMUNITY BENEFIT REPORT IS PREPARED BY ITS PARENT ENTITY, MERCY HEALTH
		SPRINGFIELD COMMUNITIES FORM 990, SCHEDULE H, PART I, LINE 7, Column F TOTAL EXPENSES FR OM FORM
		990, PART IX, LINE 25, COLUMN (A) ARE \$21,421,320 INCLUDED IN THIS AMOUNT WAS BAD DEBT EXPENSE
		(CHARGES) OF \$5,554,961 EXPENSES FOR THE PURPOSE OF CALCULATING LINE 7, COL UMN (F) ARE \$15,866,359
		FORM 990, SCHEDULE H, PART II EXPLANATION Mercy Hospital-Berryvil le's community building and coalition building
		activities promote the health of the communities they serve
		through their participation in community-based events, meetings and by se rving on community boards Coalition
		building with the meetings with public school distric ts to discuss and develop the HealthTeacher health and wellness
		initiative offered at no c harge to these schools FORM 990, SCHEDULE H, PART III, LINE 2 TO DETERMINE THE
		AMOUNT OF BAD DEBT EXPENSE, AT COST, BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENT ACCOUNTS WAS
		MULTIPLIE D BY A RATIO OF COST TO CHARGES THE RATIO OF COST TO CHARGES USED WAS BASED ON
		DETAILED C OST ACCOUNTING, WHERE AVAILABLE WHERE COST ACCOUNTING IS NOT AVAILABLE, COST
		REPORT COST TO CHARGE RATIOS WERE UTILIZED FORM 990, SCHEDULE H, PART III, LINE 3 THE FILING
		ORGANIZA TION DETERMINED THAT THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE (AT COST)
		ATTRIBUTABLE TO PA TIENTS ELÌGIBLE UNDER THE
		ORGANIZATION'S CHARITY CARE POLICY IS \$0 ALTHOUGH THE CHARITY C ARE POLICY REQUIRES THE
		PARTICIPATION OF THE PATIENT REQUESTING ASSISTANCE, WE HAVE A PROC ESS UNDER PRESUMPTIVE
		CHARITY (REFER TO DISCLOSURE FOR PART III, #9B) TO ADDRESS ACCOUNTS FOR PATIENTS WHO DO NOT
		PROVIDE THE INFORMATION WE BELIEVE THAT OUR CHARITY POLICY IS COM PREHENSIVE ENOUGH TO
		CAPTURE ALMOST ALL PATIENTS WHO QUALIFY FOR CHARITY CARE FORM 990, S CHEDULE H, PART III, LINE 4
		THE TEXT OF THE FOOTNOTE THAT IS INCLUDED IN MERCY HEALTH AND SUBSIDIARIES AUDITED FINANCIAL
		STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE IS AS FOLLOWS "PATIENT ACCOUNTS THAT ARE
		UNCOLLECTED, INCLUDING THOSE PLACED WITH COLLECTION AGENCIES, AR E INITIALLY CHARGED
		AGAINST THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IN ACCORDANCE WITH CO LLECTION
		POLICIES OF THE HEALTH SYSTEM AND, IN CERTAIN
		CASES, ARE RECLASSIFIED TO CHARITY CARE IF DEEMED TO OTHERWISE MEET THE HEALTH SYSTEM'S CHARITY
		CARE POLICY THE PROVISION FO R UNCOLLECTIBLE RECEIVABLES IS BASED ON MANAGEMENT'S
		ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND ECONOMIC
		CONDITIONS, TRENDS IN HEALTHCARE COVERA GE, AND OTHER COLLECTION INDICATORS PERIODICALLY
		THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE
		RECEIVABLES BASED UPON THE PAYOR COMPOSIT ION AND AGING OF RECEIVABLES AS OF THE REPORTING
		DATE WITH CONSIDERATION OF THE HISTORICAL PAYMENT AND WRITE-OFF EXPERIENCE BY PAYOR
		CATEGORY THE RESULTS OF THESE REVIEWS ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION
		FOR UNCOLLECTIBLE RECEIVABLES TO ESTABLIS H AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE
		RECEIVABLES AFTER SATISFACTION OF AMOUNTS DU E FROM INSURANCE, THE HEALTH SYSTEM FOLLOWS
		ESTABLISHED GUIDELINES FOR PLACING PAST-DUE BA LANCES WITH COLLECTION AGENCIES " FORM 990,
		SCHEDULE H, PART III, LINE 8 IT IS THE POSITIO N OF MERCY HOSPITAL BERRYVILLE THAT 100% OF ANY
		SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT THIS AMOUNT REPRESENTS THE COST OF
		PROVIDING SERVICES THAT REMAIN UNCOMPENSATED TO THE PROVIDER THE UNREIMBURSED COSTS OF
		MEDICARE IS CALCULATED BY THE GROSS CHARGES NET OF THE COST TO CHARGE RATIO LESS ANY PAYMENTS,
		DEDUCTIONS OR REIMBURSEMENTS USING THE ANN UAL
		MEDICARE COST REPORT (CMS FORM 2552-96) FORM 990, SCHEDULE H, PART III, LINE 9B MERCY HOSPITAL
		BERRYVILLE'S ("MERCY'S") DEBT COLLECTION POLICY PROVIDES THAT MERCY WILL PERFORM A REASONABLE
		REVIEW OF EACH INPATIENT ACCOUNT BEFORE TURNING AN ACCOUNT TO A THIRD-PARTY COLLECTION AGENT
		AND PRIOR TO INSTITUTING ANY LEGAL ACTION FOR NON-PAYMENT, TO ASSURE THAT THE PATIENT AND
		PATIENT GUARANTOR ARE NOT ELIGIBLE FOR ANY ASSISTANCE PROGRAM (E G , MEDI CAID) AND DO NOT
		QUALIFY FOR COVERAGE THROUGH MERCY'S COMMUNITY ASSISTANCE POLICY AFTER H AVING BEEN
		TURNED OVER TO A THIRD-PARTY COLLECTION AGENT, ANY PATIENT ACCOUNT THAT IS SUBS EQUENTLY
		DETERMINED TO HAVE MET THE MERCY COMMUNITY ASSISTANCE POLICY IS REQUIRED TO BE RE TURNED
		IMMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT TO MERCY FOR APPROPRIATE FOLLOW-UP MERCY
		REQUIRES ITS THIRD-PARTY COLLECTION AGENTS TO INCLUDE A MESSAGE ON ALL STATEMENTS I NDICATING
		THAT IF A PATIENT OR PATIENT GUARANTOR MEETS
		CERTAIN STIPULATED INCOME REQUIREME NTS, THE PATIENT OR PATIENT GUARANTOR MAY BE ELIGIBLE FOR
		FINANCIAL ASSISTANCE MERCY UTIL IZES THE "SEARCH AMERICA" TOOL TO ENHANCE THE ABILITY TO
		DETERMINE CHARITY QUALIFICATION PRESUMPTIVE CHARITY WILL BE GRANTED IN SITUATIONS WHERE
		MERCY HAS BEEN UNABLE TO OBTAIN IN FORMATION FROM PATIENTS OR THE INFORMATION PROVIDED IS
		NOT COMPLETE ENOUGH TO MAKE A CHARI TY DETERMINATION MERCY UTILIZES PRESUMPTIVE CHARI
		Schedule H (Form 990) 201:

Identifier	ReturnReference	Explanation
FORM 990, SCHEDULE H, PART I, LINE 6A		TY PRIOR TO BAD DEBT PLACEMENT FOR CHARITY ADJUSTMENTS IN EXCESS OF \$6,500 IN THESE CASES,
		MERCY UTILIZES THE SEARCH AMERICA REPORT STATUS
		OF "PROBABLE CHARITY" AS THE BASIS FOR A SSIGNING THE CHARITY LEVEL MERCY WILL PURSUE APPROPRIATE
		MEANS IN THE COLLECTION OF DELIN QUENT ACCOUNTS FROM PATIENTS WITH AN ESTABLISHED ABILITY TO PAY
		OR AN UNWILLINGNESS TO COO PERATE IN VALIDATING
		ELIGIBILITY FOR FINANCIAL ASSISTANCE THESE APPROPRIATE MEANS MAY INC LUDE LEGAL ACTION
		CONSISTENT WITH MERCY MISSION AND VALUES
		ADDITIONALLY THEY MAY INCLUDE LIENS UPON REAL PROPERTY AND REASONABLE WAGE GARNISHMENTS
		LEGAL ACTIONS WILL GENERALLY NO T INCLUDE BANK
		GARNISHMENT, REPOSSESSION OF ASSETS OR FORECLOSURES TO ENFORCE SATISFACTION OF A LIEN
		MERCY HAS POLICIES AND PROCEDURES ESTABLISHED TO ADDRESS THE INITIATION OF LEG ALACTION AND
		ANNUALLY REVIEWS COMPLIANCE WITH ALL POLICIES
		FORM 990, SCHEDULE H, PART V, QUESTION 19 EACH HOSPITAL FACILITY USED THE AVERAGE DISCOUNT OF
		THE HIGHEST (BEST PAYING) THREE COMMERCIAL
		MANAGED CARE PAYERS AS THE BASIS FOR ESTABLISHING UNINSURED DISCOUNT RAT ES FOR FAP
		ELIGIBLE INDIVIDUALS UNDER NO CIRCUMSTANCES,
		WILL THIS UNINSURED DISCOUNT BE LESS THAN 15% FORM 990, SCHEDULE H, Part VI, Question 2 NEEDS
		ASESSMENT MERCY HOSPITAL BER RYVILLE'S OBJECTIVES OF COMMUNITY NEEDS ASSESSMENT ARE
		TO IDENTIFY HEALTH NEEDS IN BERRYVI LLE, ARKANSAS
		AND THE SURROUNDING COMMUNITIES, AND TO INVOLVE THE COMMUNITY IN THE HEALTH PLANNING
		EFFORTS THE INFORMATION GATHERED IS USED TO
		PLAN STRATEGICALLY, AND BETTER MEET THE HEALTH AND HUMAN SERVICE NEEDS OF THESE COMMUNITIES
		MERCY HOSPITAL BERRYVILLE LOOKS A T COMMUNITY NEEDS ASSESSMENT AS AN OPPORTUNITY TO BUILD
		RELATIONSHIPS, EDUCATE THE COMMUNITY AND
		IDENTIFY RESOURCES THAT ARE AVAILABLE TO MEET IDENTIFIED NEEDS BASIC DISCUSSION FO RUMS HAVE
		BEEN UTILIZED TO FOSTER CONVERSATION WITH KEY
		STAKEHOLDERS EXAMPLES OF FORUMS I NCLUDE AN ADVISORY BOARD, FOCUS GROUPS, OPINION SURVEYS,
		AND COMMUNITY ROUND TABLE DISCUSS IONS STAKEHOLDER PARTICIPANTS INCLUDE BOARD
		MEMBERS, COMMUNITY/CIVIC LEADERS, LOCAL EMPLO
		YERS, OTHER HEALTH CARE PROVIDERS, FORMER PATIENTS, AND CO-WORKERS FORM 990, SCHEDULE H,
		PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY
		FOR ASSISTANCE MERCY HOSPITAL BERRYVILLE HAS PRINTED MATERIAL AVAILABLE AT EACH POINT OF
		REGISTRATION IN OUR FACILITY, IN ADDITION TO ELECTRONIC AVAILABILITY AT OUR WEB SITE SPECIFIC
		INFORMATION PROVIDED FINANCIAL ASSISTANCE
		INFORMATION AS A PART OF OUR HEALING MINISTRY, MERCY HOSPITAL BERRYVILLE IS COMMITTE D TO
		PROVIDING QUALITY HEALTHCARE SERVICES TO
		PATIENTS REGARDLESS OF THEIR FINANCIAL SITUA TION WE OFFER PAYMENT ASSISTANCE FOR THOSE WHO
		DO NOT HAVE INSURANCE OR WHO ARE IN FINANC IAL NEED UNINSURED PATIENT DISCOUNTS A DISCOUNT
		FROM THE HOSPITAL'S REGULAR BILLED CHARGE S WILL
		BE PROVIDED TO PATIENTS WHO DO NOT HAVE INSURANCE THIS INCLUDES PATIENTS WHOSE FIN
		ANCIAL SITUATION NORMALLY WOULD NOT OTHERWISE
		QUALIFY THEM FOR CHARITY CARE DISCOUNTS PAT IENTS WITHOUT INSURANCE WHOSE FINANCIAL
		SITUATION QUALIFIES THEM FOR CHARITY CARE DISCOUNT S (SEE ELIGIBILITY GUIDELINES BELOW) MUST
		FIRST FIND OÙT IF THEY ARE ELIGIBLE FOR MEDICÁID
		BEFORE APPLYING FOR FINANCIAL ASSISTANCE PATIENTS DENIED MEDICAID ELIGIBILITY THEN MUST
		PROVIDE CERTAIN INFORMATION TO SHOW FINANCIAL
		NEED APPLICATIONS FOR CHARITY CARE DISCOUNT S WILL BE REVIEWED FOR ELIGIBILITY BASED ON THE
		APPLICANT'S INCOME, FAMILY SIZE, AMOUNT OF PAYMENT DUE AND AVAILABILITY OF OTHER ASSETS OR
		RESOURCES PLEASE NOTE THAT CARE MUST BE
		MEDICALLY NECESSARY TO BE CONSIDERED ELIGIBLE FOR UNINSURED PATIENT DISCOUNTS ELIGIBILITY
		GUIDELINES FOR CHARITY CARE DISCOUNTS THE
		FEDERAL POVERTY GUIDELINES FOR INCOME ARE THE B ASIS FOR DETERMINING ELIGIBILITY FOR CHARITY CARE
		DISCOUNTS FOR EXAMPLE, INDIVIDUALS WITH INCOMES
		BELOW 100% OF THE FEDERAL POVERTY GUIDELINES WILL BE ELIGIBLE FOR FREE CARE INDI VIDUALS WITH
		INCOMES GREATER THAN 100% OF THE FEDERAL POVERTY GUIDELINES MAY BE ELIGIBLE F OR CARE AT
		DISCOUNTED RATES DEPENDING ON
		Schedule H (Form 990) 2011

DLN: 93493134055313

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury

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

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

Open to Public

nternal Revenue Service	► Attach to Form 990. ► See separate instructions.		Inspection
Name of the organization Mercy Hospital Berryville		Employer identi	fication number
		71-0759299	
Part I Questions Regarding Co	omnensation		

			Yes	Νo
1 a	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			
	 ✓ First-class or charter travel ✓ Travel for companions ✓ Payments for business use of personal residence 			
	 ✓ Travel for companions ✓ Payments for business use of personal residence ✓ Tax idemnification and gross-up payments ✓ Health or social club dues or initiation fees 			
	Discretionary spending account Personal services (e.g., maid, chauffeur, chef)			
	presonal services (e.g., maid, chauleur, cher)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	1b	Yes	
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	Yes	
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			
	Compensation committee			
	Independent compensation consultant Compensation survey or study			
	Form 990 of other organizations Approval by the board or compensation committee			
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			
а	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		Νo
	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			
а	The organization?	5a		Νo
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			
а	The organization?	6a		Νo
b	Any related organization?	6b		Νo
	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	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured 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	(D) Nontaxable	(E) Total of columns	(F) Compensation
		(i) Base compensation	(ii) Bonus & ıncentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
(1) David Barbe MD	(I) (II)	0 264,370	0 59,976	0 24,960	0 42,066	0 10,222	0 401,594	0
(2) Kristy Estrem	(I) (II)	0 134,265	0 19,376	0 18,533	0 10,588	0 13,833	0 196,595	0
(3) Craig Milam MD	(I) (II)	0 93,431	0 33,555	0 14,447	0 3,847	0 9,997	0 155,277	0
(4) Michele M Schaefer	(I) (II)	0 310,176	0 63,076	0 43,334	0 56,610	0 7,852	0 481,048	0
(5) Richard Taylor MD	(I) (II)	0 137,304	0 23,037	0 44,502	0 18,472	0 8,080	0 231,395	0
(6) Jon Swope	(I) (II)	0 463,948	0 191,212	0 27,061	0 230,083	0 13,634	0 925,938	0
(7) Chris Knackstedt	(I) (II)	0 408,170	0 127,077	0 90,503	0 83,509	0 12,916	0 722,175	0
(8) Scott Reynolds	(I) (II)	0 190,368	0 48,425	0 43,558	0 23,993	0 11,975	0 318,319	0
(9) Sherry Clouse Day	(I) (II)	0 122,518	0 11,228	0 34,373	0 4,246	0 11,234	0 183,599	0
(10) Bradley Kım Day	(I) (II)	0 598,570	0 203,887	0 30,702	0 422,839	0 13,427	0 1,269,425	0
(11) Tanya Marion	(I) (II)	0 111,560	0 30,030	0 18,801	0 3,958	0 12,083	0 176,432	0
(12) Michael Merrigan	(I) (II)	0 214,349	0 66,366	0 40,208	0 49,457	0 15,771	0 386,151	0
(13) Andrew David MD	(ı) (ıı)	194,581 0	5,988 0	10,022	6,000 0	13,244 0	229,835 0	0
(14) Janet Shapter MD	(I) (II)	169,755 0	7,388 0	22,888 0	5,545 0	5,310 0	210,886 0	0
(15) Milo Warner DO	(I) (II)	230,132 0	7,151 0	18,124 0	11,762 0	5,187 0	272,356 0	0

Part III Supplemental Information

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

Ident if ier	Return Reference	Explanation
form 990, Schedule J, Part I, Question 1		Charter travel is provided to certain employees as and when appropriate, and as deemed necessary for business travel. After charter travel approval has been granted in accordance with the financial justification process, the approved charter travel for business is a reimbursable expense which is not taxable to the employees. Travel for companions is provided in rare instances and in accordance with the co-worker travel and other expense policy and procedures. Where companion travel has resulted in a taxable event, the employees are taxed for such travel. Limited instances of tax gross-ups may have occurred with respect to executives. Form 990, Schedule J, Part I, Question 3 FOR THOSE CLASSIFIED AS OFFICERS (AND THUS DISQUALIFIED PERSONS), THE ORGANIZATION RELIES UPON MERCY HEALTH, WHICH USES THE FOLLOWING TO ESTABLISH THE COMPENSATION EXTERNAL MARKET SALARY SURVEYS, EXTERNAL MARKET SALARY STUDIES, ENGAGEMENT OF AN INDEPENDENT COMPENSATION CONSULTANT, AND REVIEW/APPROVAL OF COMPENSATION BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF MERCY HEALTH FOR THOSE CLASSIFIED AS KEY EMPLOYEES, MERCY HEALTH USES THE FOLLOWING TO ESTABLISH THE COMPENSATION EXTERNAL MARKET SALARY SURVEYS, EXTERNAL MARKET SALARY STUDIES, AND REVIEW/APPROVAL OF EXECUTIVE MANAGEMENT COMPENSATION REVIEWS ARE COMPLETED ON AN ANNUAL BASIS, AND A REVIEW WAS COMPLETED DURING THE REPORTING YEAR Form 990, Schedule J, Part I, Question 4b Mercy Health offers supplemental retirement plans to certain executives which provide benefits upon retirement based on compensation, age at the time of benefit commencement, length of service with the company and/or its affiliates, and length of tenure in the plan. The individuals reportable on this return who participate in the supplemental retirement plans include. David Barbe, Michael Schaefer, Jon Swope, Christopher Knackstedt, Bradley Day, and Michael Merrigan. The amount of all accrued benefits is included in compensation amounts provided in part VII Form 990, Schedule J, Part I, Question 7 Mercy Health

Schedule J (Form 990) 2011

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DLN: 93493134055313

OMB No 1545-0047

SCHEDULE 0 (Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

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.

Supplemental Information to Form 990 or 990-EZ

Inspection

Name of the organization Mercy Hospital Berryville

Employer identification number

		[/1-0/59299
Identifier	Return Reference	Explanation
FORM 990, PART V, QUESTION 1A		VENDORS FOR THE FLING ORGANIZATION ARE PAD BY MERCY HEALTH (BIN 43-142365). AS SUCH, ALL REQUIRED FORM 1096 RADOR 1096 REPORTING IS MADE FOR THE ENTIRE HALTH SYSTEM (WITH LIMITED EXCEPTIONS) UNDER MERCY HEALTH IN FORM 990, PART VI QUESTIONS 6, 73, 8 78 THE FILING ORGANIZATION HAS A SOLE CORPORATE MEMBER MERCY HEALTH SPRINGFED COMMUNITIES THE CORPORATE MEMBER SHALL HAVE THE FOLLOWING POMERS AND RESPONSBLITIES, SUBJECT TO THE RESTRICTIONS SET FORTH HUNDER THESE BY LIVEN. TO REVEW, AMEDIA AND APPROVE THE MSSION, VISION, AND VALUES OF THE CORPORATION AS RECOMMENDED BY THE BOARD. TO AMEND THE ARTICLES OF INCORPORATION AND BY LAWS, SUBJECT TO RESTRICTIONS SET FORTH IN ARTICLES XI AND XII, TO APPONT MEMBERS OF THE BOARD, AS NOMINATED BY THE BOARD. TO THE CORPORATION, SUBJECT TO THE RESTRICTIONS SET FORTH IN MERTICLE VI HEAPIN. TO APPOINT, SUBJECT TO THE REQUIREMENTS SET FORTH IN A RETURE VILLEBRA TO THE PRESIDENT OF THE CORPORATION, SUBJECT TO THE REQUIREMENTS SET FORTH IN A RETURE VILLEBRA. TO REVIEW, AMEND, AND APPROVE THE OFFRATING, CAPITAL, AND CONSTRUCTION BLOGETS FOR THE CORPORATION. TO REVIEW, AMEND, AND APPROVE THE OFFRATING, CAPITAL, AND CONSTRUCTION BLOGETS FOR THE CORPORATION. TO REVIEW AMEND, AND APPROVE THE OFFRATING, CAPITAL, AND CONSTRUCTION BLOGETS FOR THE CORPORATION. TO REVIEW AMEND, AND APPROVE THE OFFRATING, CAPITAL, AND CONSTRUCTION BLOGETS FOR THE CORPORATION. TO REVIEW AMEND, AND APPROVE THE OFFRATION, CAPITAL, AND CONSTRUCTION BLOGETS FOR THE CORPORATION TO THE CHECK OF A PART OF THE COPPORATION BUDGETS AND/OR STRATEGIC PLAY. AND THE CAPITAL AND A PROVIDE A PART OF THE COPPORATION BUDGETS AND/OR STRATEGIC PLAY. AND THE CAPITAL AND A PREVOVED THE COPPORATION BUDGETS AND/OR STRATEGIC PLAY AND A TOLD APPROVED THE COPPORATION BUDGETS AND/OR STRATEGIC PLAY AND A TOLD APPROVED THE COPPORATION BUDGETS AND/OR STRATEGIC PLAY AND A TOLD APPROVED THE COPPORATION BUDGETS AND/OR STRATEGIC PLAY AND A TOLD APPROVED THE COPPORATION BUDGETS AND/OR STRATEGIC PLAY AND A TOLD APPROVED THE COPPORATION BUDGETS AND/O

efile GRAPHIC print - DO NOT PROCESS | As Filed Data SCHEDULE R | Related Or

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

DLN: 93493134055313

Open to Public Inspection

Department of the Treasury Internal Revenue Service

(Form 990)

Name of the Mercy Hospital E						dentification number		
Part I	Identification of Disregarded Entities (Comp	nlete if the organizati	on answered "Ye	s" on Form 990	71-07592 Part IV line 33)	99		
	I Identification of Disregarded Entities (Co (a) Name, address, and EIN of disregarded entity II Identification of Related Tax-Exempt Org or more related tax-exempt organizations duri Name, address, and EIN of related organization tional Data Table	(b) Primary activity	(c) Legal domicile (state or foreign country	(d) ate Total income	(e) End-of-year assets	(f) Direct controlling entity		
Part II	Identification of Related Tax-Exempt Organ or more related tax-exempt organizations during		ıf the organizatı	on answered "Yes	s" on Form 990, P	art IV, line 34 becau	ıse ıt hac	d one
	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code sectio	(e) Public charity statu (if section 501(c)(3		con	(g) 512(b)(13 trolled nization
See Additional D	Data Table						Tes	
							+	
								<u> </u>
For Privacy A	Act and Paperwork Reduction Act Notice, see the Instruct	tions for Form 990.	Cat No	50135Y		Schedule R	(Form 990) 2011

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)	,	(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 Disprop allocat	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j Gene mana parti	ral or aging	(k) Percentage ownership
							Yes	No		Yes	No	
(1) Merc Ambu Surg CTR 7301 Rogers Av Fort Smith, AR 72903 71-0827721	AMBUL SURG CENTER	AR	NA									
(2) RES OPT & INNOV 645 Maryville Centre Dr 200 St Louis, MO 63141 46-0468368	CENTRAL DIST	МО	NA									
Ardmore, OK 73401 43-1971232	MRI Services	ОК	NA									
(4) Fort Smith EMS 1701 S Greenwood Fort Smith, AR 72901 71-0416615	Emergency Med	AR	NA									
(5) St Ed Mer Med MOB 7301 Rogers Ave Fort Smith, AR 72903 71-0554050	Office Building	AR	NA									

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							

(6)

Note. Complete line 1 if any entity is listed in Parts II, III or IV				Yes	No
$\textbf{1} \ During \ the \ tax \ year, \ did \ the \ orgranization \ engage \ in \ any \ of \ the \ following \ transactions \ with \ one \ or \ more \ related \ organization \ organizati$	anızatıons lısted ın Part	s II-IV?			
a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity			1 a		No
b Gift, grant, or capital contribution to related organization(s)			1b		No
c Gift, grant, or capital contribution from related organization(s)			1 c		No
d Loans or loan guarantees to or for related organization(s)			1d		No
e Loans or loan guarantees by related organization(s)			1e		No
			10		
f Sale of assets to related organization(s)			1f	-	No
g Purchase of assets from related organization(s)			1g		No
h Exchange of assets with related organization(s)			1h		No
i Lease of facilities, equipment, or other assets to related organization(s)			<u> 1i</u>		No
j Lease of facilities, equipment, or other assets from related organization(s)			1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)			1k		No
Performance of services or membership or fundraising solicitations by related organization(s)			11		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)			1m		No
n Sharing of paid employees with related organization(s)			1n		No
					\vdash
Reimbursement paid to related organization(s) for expenses			10	Yes	
p Reimbursement paid by related organization(s) for expenses			1p	Yes	
q Other transfer of cash or property to related organization(s)			1 q		No
r Other transfer of cash or property from related organization(s)			1r		No
			_		
2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line,	including covered relat	ionships and transacti	on thresholds		
(a) Name of other organization	(b) Transaction	(c) Amount involved	(d) Method of determi		nount
1) Mercy Clinic Springfield Communities	type(a-r)		involve	d	
	0	104,518	FMV		
2) Mercy Hospital Springfield	Р	8,111,067	FMV		
3) MHM Support Services	0	872,692	FMV		
4) Resource Optimization & Innovation LLC	0	510,151	FMV		
5)					

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	org	(e) Are all partners section 501(c)(3) janizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate alloc		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene man part	j) eral or aging ener?	(k) Percentage ownership
			,	Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
FORM 990,		LAWSON ERP SOFTWARE IS THE PRIMARY ACCOUNTING SOFTWARE USED MERCY HEALTH AND SUBSIDIARIES THE MAJORITY OF THE
SCHEDULE R,		INTERCOMPANY/RELATED ORGANIZATION TRANSACTIONS ARE PROCESSED THROUGH LAWSON VIA INTERCOMPANY JOURNAL ENTRIES WITH
PART V		THE CURRENT DESIGN OF THE ERP SYSTEM, THERE ARE VARIOUS LIMITATIONS ON THE RELATED ORGANIZATION INFORMATION THAT CAN BE
		EXTRACTED FROM LAWSON DUE TO THESE LIMITATIONS, MOST OF THE RELATED ORGANIZATION ACTIVITY FOR THE FILING ORGANIZATION HAS
		BEEN CLASSIFIED ON SCHEDULE R, PART V, IN LINES O AND P

Schedule R (Form 990) 2011

Software ID: Software Version:

EIN: 71-0759299

Name: Mercy Hospital Berryville

Form 990, Schedule R, Part II - Ide	entification of F	Related Tax-	Exempt Orga	anizations	Т		
(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	Section (b)(g on 512 (13) rolled ization
Advance Care Hospital 300 Werner Street Hot Springs, AR 71913	Hospital	AR	501(C) (3)	3	Mercy Health	Yes	
71-0816634 Casa de Misericordia 1602 Mcclelland Street Laredo, TX 78044	Shelter	тх	501(C) (3)	7	MM Laredo	Yes	
74-2912461 Laredo Medical Group 14528 S Outer Forty Ste 100 Chesterfield, MO 63017	Inactive	тх	501(C) (3)	9	MHS-TX	Yes	
74-2764726 McAuley Portfolio Management Company 14528 S Outer Forty Ste 100 Chesterfield, MO 63017	Port Mgmt	МО	501(C) (3)	11b	Mercy Health	Yes	
26-1708048 Mercy Clinic East Communites 14528 S Outer Forty Ste 100 Chesterfield, MO 63017	Phys Group	МО	501(C) (3)	9	MHEC	Yes	
43-1771217 Mercy Clinic Fort Smith Communitites 7301 Rogers Avenue Fort Smith, AR 72917	Phys Clinic	AR	501(C) (3)	9	MHFSC	Yes	
26-1318597 Mercy Clinic Hot Springs Communitites 1 Mercy Lane Hot Springs, AR 71913	Phys Clinic	AR	501(C) (3)	9	мннѕс	Yes	
26-1125131 Mercy Clinic O klahoma Communities 4300 W Memorial Road O klahoma City, OK 73120	Phys Group	ок	501(C) (3)	9	мнос	Yes	
27-0473057 Mercy Clinic Springfield Communities 1965 Fremont Street Ste 2950 Springfield, MO 65804	Phys Group	МО	501(C) (3)	9	MHSC	Yes	
43-1560263 Mercy Family Center 14528 S Outer Forty Ste 100 Chesterfield, MO 63017	counseling	МО	501(C) (3)	7	Mercy Health	Yes	
72-1069468 Mercy Foundation for Health Innovation 14528 S Outer Forty Ste 100 Chesterfield, MO 63017 20-0901499	Foundation	МО	501(C) (3)	11b	Mercy Health	Yes	
Mercy Health 14528 S Outer Forty Ste 100 Chesterfield, MO 63017 43-1423050	Sup Hith Sys	МО	501(C) (3)	1	NA		No
Mercy Health East Communities 14528 S Outer Forty Ste 100 Chesterfield, MO 63017 43-1718408	HIth System	МО	501(C) (3)	11b	Mercy Health	Yes	
Mercy Health Fort Smith Communities 7301 Rogers Avenue Fort Smith, AR 72917 26-1318515	Holding Co	AR	501(C) (3)	11b	Mercy Health	Yes	
Mercy Health Foundation Ardmore 1011 14th Avenue NW Ardmore, OK 73401 71-0962525	Foundation	ок	501(C) (3)	11a	MH Ardmore	Yes	
Mercy Health Foundation Berryville 214 Carter Street Berryville, AR 72616 71-0759301	Foundation	AR	501(C) (3)	11a	MH Berryvill	Yes	
Mercy Health Foundation Fort Scott 401 Woodland Hills Blvd Fort Scott, KS 66701 48-1077073	Foundation	KS	501(C) (3)	11c	Mercy KS Com	Yes	
Mercy Health Foundation Hot Springs 300 Werner Street Hot Springs, AR 71913 71-0804718	Foundation	AR	501(C) (3)	11b	мннѕ	Yes	
Mercy Health Foundation Independence 800 W Myrtle Independence, KS 67301 48-1079981	Foundation	KS	501(C) (3)	11a	Mercy KS Com	Yes	
Mercy Health Foundation Joplin 2817 St Johns Blvd Joplin, MO 64804 27-0906136	Foundation	МО	501(C) (3)	11a	мнѕмкс	Yes	

orm 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	Section (b)(i contro	n 512 13) olled	
Mercy Health Foundation NW Arkansas 2710 Rife Medical Lane Rogers, AR 72758 71-0601687	Foundation	AR	501(C) (3)	11c	MH Rogers	Yes		
Mercy Health Foundation OF Oklahoma 4300 W Memorial Road Oklahoma City, OK 73120 45-4732301	Foundation	ок	501(C) (3)	11a	мнос	Yes		
Mercy Health Foundation OK City 4300 W Memorial Road Oklahoma City, OK 73120 73-1593024	Foundation	ок	501(C) (3)	11a	мнос	Yes		
Springfield, MO 65804 32-0195818	Foundation	МО	501(C) (3)	11b	MHSC	Yes		
Chesterfield, MO 63017 56-2410020	Foundation	МО	501(C) (3)	11b	МНЕС	Yes		
Washington, MO 63090 56-2410022	Foundation	МО	501(C) (3)	11b	MHEC	Yes		
Hot Springs, AR 71913 26-1125064	Holding Co	AR	501(C) (3)	11b	Mercy Health	Yes		
Rogers, AR 72758 62-1684203	Phys Group	AR	501(C) (3)	11b	Mercy Health	Yes		
Oklahoma City, OK 73120 73-1453048	Holding co	ок	501(C) (3)	11b	Mercy Health	Yes		
Springfield, MO 65804 43-1856028	Holding Co	МО	501(C) (3)	11b	Mercy Health		No	
Joplin, MO 64804 30-0584463	Hlth System	МО	501(C) (3)	11b	Mercy Health	Yes		
Chesterfield, MO 63017 74-2764727	Inactive	ТХ	501(C) (3)	11b	Mercy Health	Yes		
Mercy Home Health Berryville 804 W Freeman Suite 4 Berryville, AR 72616 87-0781247	Home Health	AR	501(C) (3)	11c	MH Sprngfld	Yes		
Ardmore, OK 73401 73-1500629	Hospital	ок	501(C) (3)	3	мнос	Yes		
Aurora, MO 65605 43-1936696	Hospital	МО	501(C) (3)	3	мнѕс	Yes		
Carthage, MO 64836 45-3808607	Hospital	МО	501(C) (3)	3	мнѕмкс	Yes		
Cassville, MO 65625 43-1936699	Hospital	МО	501(C) (3)	3	мнѕс	Yes		
Columbus, KS 66725 27-0842031	Hospital	МО	501(C) (3)	3	мнѕмкс	Yes		
El Reno, OK 73036 27-2716065	Hospital	ок	501(C) (3)	3	мнос	Yes		
Mercy Hospital Fort Smith 7301 Rogers Avenue Fort Smith, AR 72917 71-0240352	Hospital	AR	501(C) (3)	3	MHFSC	Yes		

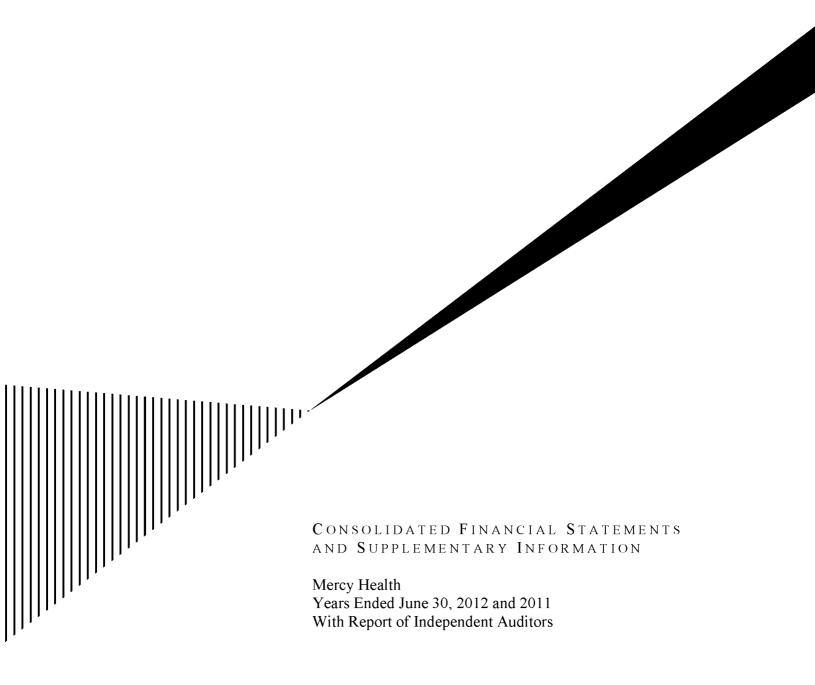
orm 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations									
(a) Name, address, and EIN of related organization	(b) Primary A ctivity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	g Section (b)(1: control organiza	3) lled		
Mercy Hospital Healdton 918 South 8th Street Healdton, OK 73438 26-3173902	Hospital	ок	501(C) (3)	3	MH Ardmore	Yes			
Mercy Hospital Hot Springs 300 Werner Street Hot Springs, AR 71913 71-0236913	Hospital	AR	501(C) (3)	3	мннѕс	Yes			
Mercy Hospital Joplin 2817 St Johns Blvd Joplin, MO 64804 27-0814858	Hospital	МО	501(C) (3)	3	мнѕмкс	Yes			
Mercy Hospital Lebanon 100 Hospital Drive Lebanon, MO 65536 43-1767432	Hospital	МО	501(C) (3)	3	MHSC	Yes			
Mercy Hospital Logan County Inc	Hospital	ок	501(C) (3)	3	мнос	Yes			
Mercy Hospital of Laredo 14528 S Outer Forty Ste 100 Chesterfield, MO 63017 74-1189682	Inactive	тх	501(C) (3)	3	MHS-TX	Yes			
Oklahoma City, OK 73120 73-0579285	Hospital	ок	501(C) (3)	3	мнос	Yes			
Ozark, AR 72949 71-0689680	Hospital	AR	501(C) (3)	3	MHFS	Yes			
Paris, AR 72855 71-0655753	Hospital	AR	501(C) (3)	3	MHFS	Yes			
Rogers, AR 72758 71-0294390	Hospital	AR	501(C) (3)	3	M H N WA C	Yes			
Springfield, MO 65804 44-0552485	Hospital	МО	501(C) (3)	3	MHSC	Yes			
Tishomingo, OK 73460 27-4433830	Hospital	ок	501(C) (3)	3	MH Ardmore	Yes			
Mercy Hospital Waldron 1341 W 6th Street Waldron, AR 72958 71-0557895	Hospital	AR	501(C) (3)	3	MHFS	Yes			
Mercy Hospital Watonga Inc 500 Clarence Nash Blvd Watonga, OK 73772 45-5199762 Mercy Hospitals East Communities	Hospital	ок	501(C) (3)	3	мнос	Yes			
	Hospital	МО	501(C) (3)	3	MHEC	Yes			
	Hospital	KS	501(C) (3)	3	мнѕмкс	Yes			
1235 E Cherokee Street Springfield, MO 65804 87-0796305 Mercy Ministries of Laredo	Research	мо	501(C) (3)	4	MHSC	Yes			
2500 Zacatecas Laredo, TX 78046 20-0198462 Mercy St Francis Hospital	outreach	тх	501(C) (3)	7	Mercy Health	Yes			
	Hospital	мо	501(C) (3)	3	мнѕс	Yes			
14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-1677952	Inactive	МО	501(C) (3)	11c	мнес	Yes			

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
MHM SUPPORT SERVICES 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 20-2553101	HIth System	МО	501(C) (3)	11B	MERCY HEALTH	Yes
Mission Clinical Services 300 Werner Street Hot Springs, AR 71913 13-4239691	nursing home	AR	501(C) (3)	9	MHHSC	Yes
St Edward Mercy Foundation PO Box 17000 Fort Smith, AR 72917 23-7330425	Foundation	AR	501(C) (3)	7	MHFS	Yes
St John's Children's Hospital Inc 1235 E Cherokee Street Springfield, MO 65804	Inactive	МО	501(C) (3)	3	MHSC	Yes
St Mary's Hospital of Enid Oklahoma 14528 S Outer Forty Ste 100 Chesterfield, MO 63017 73-0614655	Inactive	ок	501(C) (3)	3	мнос	Yes
The Sister M Cornelia Blasko Foundation 100 W Highway 60 Mountain View, MO 65548 43-1873914	Foundation	МО	501(C) (3)	11a	MSFH	Yes
Unity Ambulatory Care 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-1861745	Inactive	МО	501(C) (3)	11c	MHEC	Yes

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

Form 990, Schedule R, Pa	art IV - Identii	fication of I	Related Orga	nizations 1	raxable as a	Corporation	n 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
Frontenac Properties Inc 14528 S Outer Forty Suite 100 Chesterfield, MO 63017 52-1914421	HOLDING COMP	DE	NA	C-Corp			
Inveno Health Inc 1235 E Cherokee Street Springfield, MO 65804 26-4509571	IT SERVICES	МО	NA	C-Corp			
Mercy Community Services Inc 401 Woodland Hills Blvd Fort Scott, KS 66701 48-1078101	RETAIL PHARMACY	KS	NA	C-Corp			
Mercy Health Center Condominium Inc 4300 W Memorial Rd Oklahoma City, OK 73120 68-0640970	REAL ESTATE	ок	NA	C-Corp			
Mercy Health Network of the Southern Reg 1011 14th Avenue NW Ardmore, OK 73401 73-1580607	HEALTH CARE	ок	NA	C-Corp			
Mercy Health Network Inc 4300 W Memorial Road Oklahoma City, OK 73120 73-1381689	HEALTH CARE	ок	NA	C-Corp			
Mercy Managed Care Corporation 4300 W Memorial Road Oklahoma City, OK 73120 73-1441665	HOLDING COMP	ок	NA	C-Corp			
UH L Corp Inc 645 Maryville Centre Drive Suite 1 St Louis, MO 63141 74-2499535	HOLDING COMP	МО	NA	C-Corp			
Unity Support Services Inc 645 Maryville Centre Drive Suite 1 St Louis, MO 63141 43-1797042	PRACTICE MGT	МО	NA	C-Corp			



Ernst & Young LLP



Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

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Consolidated Balance Sheets	3
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Consolidating Statement of Operations	50
Consolidating Statement of Changes in Net Assets	52



Ernst & Young LLP
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St Louis, MO 63105-3434

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Report of Independent Auditors

The Board of Directors Mercy Health

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mercy Health at June 30, 2012 and 2011, and the consolidated results of their operations, changes in net assets, and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

As discussed in Note 2 to the consolidated financial statements, effective July 1, 2011, Mercy Health adopted authoritative guidance issued by the Financial Accounting Standards Board related to presentation and disclosure of patient service revenues and provisions for uncollectible receivables

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

Ernst + Young LLP

September 24, 2012

Consolidated Balance Sheets

	June 30			
	 2012		2011	
	(In Tho	usar	nds)	
Assets				
Current assets				
Cash and cash equivalents	\$ 337,324	\$	195,419	
Accounts receivable, net of allowance for uncollectible				
receivables of \$171,015 in 2012 and \$187,756 in 2011	506,351		459,733	
Inventories	78,717		69,389	
Short-term investments	26,206		26,958	
Other current assets	282,204		155,758	
Total current assets	1,230,802		907,257	
Investments	1,338,053		1,350,133	
Property and equipment, net	2,281,591		2,080,125	
Notes receivable	12,961		12,569	
Other assets	 320,178		280,924	
Total assets	\$ 5,183,585	\$	4,631,008	
Liabilities and net assets Current liabilities				
Current maturities of long-term obligations	\$ 21,218	\$	19,380	
Accounts payable	136,273		110,135	
Accrued payroll and related liabilities	318,411		287,389	
Accrued liabilities and other	 338,290		201,399	
Total current liabilities	814,192		618,303	
Insurance reserves and other liabilities	400,804		366,504	
Pension liabilities	362,324		245,170	
Long-term obligations, less current maturities	810,204		796,560	
Total liabilities	2,387,524		2,026,537	
Net assets				
Unrestricted	2,724,806		2,534,232	
Restricted	71,255		70,239	
Total net assets	 2,796,061	<u></u>	2,604,471	
Total liabilities and net assets	\$ 5,183,585	\$	4,631,008	

See accompanying notes.

Consolidated Statements of Operations

		Year Ended June 30 2012 2011			
		(In Thousan	ds)		
Operating revenues					
Patient service revenues (net of contractuals and discounts)	\$	3,879,408 \$	3,585,608		
Provision for uncollectible receivables		(268,365)	(249,050)		
Net patient service revenues		3,611,043	3,336,558		
Capitation revenues		258,978	235,928		
Other operating revenues		242,622	221,752		
Total operating revenues		4,112,643	3,794,238		
Operating expenses					
Salaries and benefits		2,328,935	2,146,871		
Supplies and other		1,264,543	1,188,393		
Medical claims expense		120,819	105,734		
Interest		11,808	6,183		
Depreciation and amortization		264,125	253,407		
Total operating expenses		3,990,230	3,700,588		
Operating income before Joplin operations and related					
insurance recovery (Note 3)		122,413	93,650		
Joplin insurance proceeds		388,100	50,000		
Joplin operating revenues		95,577	194,159		
Joplin operating expenses		(247,339)	(255,015)		
Total operating income	'	358,751	82,794		
Nonoperating (losses) gains					
Investment returns, net		(8,301)	171,761		
Realized and unrealized losses on interest rate swaps, net		(49,819)	(259)		
Other, net		(2,001)	(2.850)		
Total nonoperating (losses) gains, net		(60,121)	168,652		
Excess of revenues over expenses		298,630	251,446		
Other changes in unrestricted net assets					
Pension liability adjustments		(121,025)	12,532		
Gain from discontinued operations		8,435	2,447		
Net assets released from restrictions for property acquisitions		3,131	10,139		
Other		1,403	5,752		
Increase in unrestricted net assets	S	190,574 \$	282,316		

See accompanying notes

Consolidated Statements of Changes in Net Assets

	Year Ended June 30 2012 2011			
		(In Thou	เรตก	ds)
Increase in unrestricted net assets	\$	190,574	\$	282,316
Restricted net assets				
Pledges, bequests, and gifts for specific purposes		16,069		16,694
Investment returns, net		146		5,890
Net assets released from restrictions		(15,015)		(23,344)
Other		(184)		(426)
Increase (decrease) in restricted net assets		1,016		(1,186)
Increase in net assets		191,590		281,130
Net assets at beginning of year		2,604,471		2,323,341
Net assets at end of year	\$	2,796,061	\$	2,604,471

See accompanying notes.

Consolidated Statements of Cash Flows

	Year Ende 2012		ne 30 2011
	(In Thou	เรสกล	ls)
Operating activities			
Change in net assets	\$ 191,590	\$	281,130
Adjustments to reconcile change in net assets to net cash			
provided by operating activities	(5 45 T)		(2.11 <u>-</u>)
Net gain from discontinued operations	(8,435)		(2,447)
Pension liability adjustments	121,025		(12,532)
Pledges, bequests, and gifts for specific purposes	(16,069)		(16,694)
Unrealized loss (gain) on interest rate swap	37,866		(2,112)
Depreciation and amortization	282,818		238,332
Provision for uncollectible receivables	274,416		264,888
Insurance recoveries	(388,100)		(26,000)
Net (gain) loss on disposal of property	(488)		318
Changes in assets and liabilities			
Accounts receivable	(307,668)		(270,861)
Investments classified as trading	64,864		78,547
Inventories and other current assets	(22,170)		(25,968)
Accounts payable	23,243		(40,889)
Accrued liabilities and other	58,850		20,273
Insurance reserves and other liabilities	(7,663)		(2,398)
Net cash provided by operating activities	304,079		483,587
Investing activities			
Additions to property and equipment, net	(428,434)		(203, 168)
Insurance recoveries	388,100		50,000
Net change in notes receivable and other assets	(28,295)		(34,305)
Net increase in alternative investments	(59,260)		(259,049)
Business acquisitions	(30,295)		(70,809)
Net cash used in investing activities	 (158,184)		(517,331)
The table acts in integring act these	(100,104)		(217,221)

Consolidated Statements of Cash Flows (continued)

Financing activities Proceeds from issuance of long-term debt, net of original issue discount and financing costs Principal payments on long-term obligations Pledges, bequests, and gifts for specific purposes Pet cash used in financing activities Proceeds from issuance of long-term debt, net of original issue discount and financing costs Principal payments on long-term obligations Pledges, bequests, and gifts for specific purposes Pledges, bequests, and gifts for specific purposes Pet cash used in financing activities Proceeds from continuing operations Proceeds from discontinued from discontinued operations Proceeds from from discontinued operations Proceeds from discontinued from discontinued operations Proceeds from from from discontinued from discontinued operations Proceeds from from from discontinued from discontinued from from discontinued operations Proceeds from from from from from from from from		Year Ended 2012	June 30 2011
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Cash paid for interest \$ 13,770 \$ 11,371	Supplemental disclosures		
•		 13,770 \$	11,371
	•		<u> </u>

See accompanying notes

Notes to Consolidated Financial Statements (Tables in Thousands)

June 30, 2012

1. Organization

Mercy Health, formerly known as (f/k/a) the Sisters of Mercy Health System, changed its name in fiscal 2012 to Mercy Health (Mercy) in an effort to better serve its patients and communities, as well as to honor the health system's heritage

Mercy was incorporated in September 1986 and is the sole corporate member of various health care corporations. Mercy is sponsored by Mercy Health Ministry, a public juridic person whose members include Sisters of Mercy and lay leaders. Prior to sponsorship by Mercy Health Ministry, Mercy was sponsored by the Institute of the Sisters of Mercy of the Americas, Regional Community of St. Louis, a religious order of the Roman Catholic Church (Sisters of Mercy)

Mercy is incorporated as a not-for-profit corporation under the laws of the state of Missouri and is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code)

Mercy's ministry office (headquarters) is located in St Louis, Missouri Mercy and Subsidiaries (the Health System) comprise the following corporations and their subsidiaries

- Mercy Health Fort Smith Communities (f/k/a St Edward Mercy Health System, Inc), Fort Smith, Arkansas
- Mercy Health Hot Springs Communities (f/k/a St Joseph's Mercy Health System, Inc), Hot Springs, Arkansas
- Mercy Health Northwest Arkansas Communities (f/k/a Mercy Health System of Northwest Arkansas, Inc.), Rogers, Arkansas
- Mercy Health East Communities (f/k/a St John's Mercy Health Care), St Louis, Missouri
- Mercy Health Springfield Communities (f/k/a St John's Health System, Inc), Springfield, Missouri

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

1. Organization (continued)

- Mercy Health Oklahoma Communities, Inc (f/k/a Mercy Health System, Inc), Oklahoma City and Ardmore, Oklahoma
- Mercy Ministries of Laredo, Laredo, Texas
- Mercy Health Southwest Missouri / Kansas Communities (f/k/a Mercy Health System-Joplin, Inc), Joplin, Missouri, and Independence and Fort Scott, Kansas

Each subsidiary above is a separately incorporated not-for-profit corporation and is tax-exempt pursuant to Section 501(c)(3) of the Code All significant intercompany transactions and balances have been eliminated in consolidation

Significant Acquisitions and Divestitures

Acquisitions

During fiscal 2012, several of the Health System's subsidiaries entered into asset purchase agreements to make certain acquisitions, including a hospital, physician practices, and other assets for approximately \$35.4 million in cash During fiscal 2011, two of the Health System's subsidiaries entered into asset purchase agreements to acquire a hospital, physician practices, and other assets for approximately \$70.8 million in cash and the assumption of a note payable of \$8.0 million. All of these transactions were accounted for as acquisitions in accordance with Accounting Standards Codification (ASC) Topic 958-805, *Business Combinations – Not-for-Profit Entities*

These acquisitions provided the Health System's patients with access to a greater number of specialists and enhanced the coordination of health services

The operating results of entities acquired are included in the Health System's consolidated financial statements from the date of acquisition Operating revenues of the entities acquired in fiscal 2012 included in the consolidated statement of operations was \$55.4 million for the year ended June 30, 2012 Operating revenues of the entities acquired in fiscal 2011 included in the consolidated statement of operations was \$36.9 million for the year June 30, 2011

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

1. Organization (continued)

The Health System allocates the purchase price of the acquired businesses to assets acquired and liabilities assumed based on their fair values. The excess of the purchase price over fair value of net assets acquired is recorded as goodwill. The goodwill can be attributed to benefits that Mercy expects to realize from operating efficiencies and increased revenues.

The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed

	 scal 2012 quisitions	scal 2011 quisitions
Assets acquired		
Cash	\$ 5,069	\$ _
Accounts receivable	13,366	_
Inventory, prepaid expenses, and other current assets	2,620	759
Property, plant, and equipment	11,387	71,437
Goodwill, identifiable intangibles, and other long-term		
assets	11,106	6,878
Total assets acquired	43,548	79,074
Liabilities assumed		
Accounts payable	2,894	_
Accrued liabilities	5,290	281
Note payable assumed	_	7,984
Total liabilities assumed	8,184	8,265
	\$ 35,364	\$ 70,809

Divestitures

Effective October 1, 2010 (fiscal 2011), Mercy sold Mercy Health Plans, Inc (MHP) for \$112 2 million MHP, a for-profit corporation, was a health insurance organization that provided health maintenance organization (HMO) and preferred provider organization (PPO) insurance plans and health management services to subscribing employee groups and individuals in areas served by Mercy

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

1. Organization (continued)

The operations of MHP have been classified as discontinued operations in accordance with ASC Topic 205, *Discontinued Operations*, because the associated operations and cash flows have been eliminated from ongoing operations, and the Health System does not have continuing involvement in the operations of MHP For all periods presented, the operating results for these operations have been removed from continuing operations and presented separately as discontinued operations in the consolidated statements of operations. The notes to the consolidated financial statements were adjusted to exclude the impact of discontinued operations

MHP's operating revenues were \$156.5 million for the year ended June 30, 2011 MHP's results from operations consisted of income of \$0.8 million for the year ended June 30, 2011

Included in discontinued operations for the year ended June 30, 2012, is \$2 0 million related to final purchase price adjustments and \$6 4 million related to sublease income on leased office space that had been vacated in 2011

For fiscal 2012 and 2011, the Health System had certain managed care and other contracts with the acquiring entity related to the sale of MHP, which generated continuing cash flows of approximately 6% of the Health System's total operating revenues

Letter of Intent

In April 2012, Mercy signed an agreement in principle to sell Mercy Health Hot Springs Communities to Capella Healthcare Inc – a private, for-profit system based in Franklin, Tennessee In August 2012, a definitive agreement was signed This transaction is subject to approval from the Roman Catholic Church and the Federal Trade Commission Due to the pending approvals from the Roman Catholic Church, the criteria for classifying the operations of Mercy Health Hot Springs Communities as discontinued operations has not yet been met in accordance with ASC Topic 205, *Discontinued Operations*

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding amounts classified as investments, are considered cash equivalents. The Health System routinely invests in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations. Financial instruments that potentially subject the Health System to concentrations of credit risk include the Health System's cash and cash equivalents. The Health System places its cash and cash equivalents with institutions with high credit quality. However, at certain times, such cash and cash equivalents are in excess of government-provided insurance limits.

Inventories

Inventories, which consist principally of medical supplies and pharmaceuticals, are stated at the lower of cost or market Cost is determined principally using the average cost method

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value at the date of receipt

Depreciation is provided using the straight-line method over the estimated useful lives of land and leasehold improvements, buildings, and equipment The estimated useful lives are as follows land and leasehold improvements, 2 to 30 years, buildings, 3 to 40 years, and equipment, 2 to 20 years

Property and equipment under capital lease obligations are amortized using the straight-line method over the lease term or the estimated useful life of the leased asset, whichever period is shorter Such amortization is included with depreciation in the accompanying consolidated statements of operations and changes in net assets

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Asset Impairment

The Health System periodically evaluates the carrying value of its long-lived assets for impairment when indicators of impairment are identified. These evaluations are primarily based on the estimated recoverability of the assets' carrying value based on undiscounted cash flows. Impairment write-downs are recognized in operating income at the time the impairment is identified.

Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold, and for which it is probable that the sale will be completed within one year, is classified as held for sale For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell

Other Assets

Other assets consist primarily of investment securities held under deferred compensation arrangements, land held for future development, fair value of interest rate swaps in asset positions, and investments in unconsolidated affiliates

Goodwill

The Health System records goodwill arising from a business combination as the excess of purchase price and related costs over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed At June 30, 2012 and 2011, the Health System had goodwill of \$43 0 million and \$31 5 million, respectively The Health System annually reviews, as of January 1, the carrying value of goodwill for impairment In addition, a goodwill impairment assessment is performed if an event occurs or circumstances change that would make it more likely than not that the fair value of a reporting unit is below its carrying amount Management has determined that the Health System has seven reporting units at which fair value is measured If such circumstances suggest that the recorded amounts of any of these assets cannot be recovered, the carrying values of such assets are reduced to fair value If the carrying value of any of these assets is impaired, a material charge may be incurred to results of operations. It was determined there were no goodwill impairments during 2012 or 2011

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Net Assets

The Health System's net assets and activities are classified into two classes, restricted and unrestricted, based on the existence or absence of donor-imposed restrictions. Restricted net assets include temporarily restricted net assets (71% and 70% of restricted net assets at June 30, 2012 and 2011, respectively), whose use by the Health System has been limited by donors to a specific time period or for a particular purpose, and permanently restricted net assets (29% and 30% of restricted net assets at June 30, 2012 and 2011, respectively), which must be maintained by the Health System in perpetuity with the related investment income expendable to support the donor-designated purpose. The general nature of the donor restrictions is to support the Health System's indigent care mission and health education programs and to assist with capital projects

Net Patient Service Revenues and Patient Accounts Receivable

Patient service revenues (net of contractual and discounts) are recorded during the period the health care services are provided and are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations Estimates of contractual allowances under managed care health plans are based upon the services provided, historical payment rates and the payment terms specified in the related contractual agreements Revenues related to uninsured patients have discounts applied in accordance with Mercy policy Net patient service revenue is reported net of provision for uncollectible receivables

Patient accounts that are uncollected, including those placed with collection agencies, are initially charged against the allowance for uncollectible accounts in accordance with collection policies of the Health System and, in certain cases, are reclassified to charity care if deemed to otherwise meet the Health System's charity care policy. The provision for uncollectible receivables is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible receivables based upon the payor composition and aging of receivables as of the reporting date with consideration of the historical payment and write-off experience by payor category. The results of these reviews are then used to make any modifications to the provision for uncollectible receivables to establish an appropriate allowance for uncollectible receivables. After satisfaction of amounts due from insurance, the Health System follows established guidelines for placing past-due patient balances with collection agencies.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Retroactive third-party adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known Adjustments to revenue based on prior periods increased net patient service revenues by approximately \$30.0 million and \$14.0 million in 2012 and 2011, respectively, due to revised estimates consisting primarily of retroactive third-party adjustments for years that are subject to audits, reviews, and investigations. Included in the \$30.0 million recognized in 2012 is \$16.6 million, which relates to the Medicare Rural Floor Budget Neutrality. Act settlement (Settlement). This Settlement with Centers for Medicare and Medicaid Services involved approximately 2,200 hospitals nationwide and was made to resolve a challenge made by the plaintiff hospitals for underpayment of inpatient Medicare services dating back to 1999.

Capitation Revenues and Medical Claims Expense

Certain Health System Subsidiaries have entered into various risk-based contracts with certain HMOs Under these arrangements, the Subsidiaries receive capitated payments based on the demographic characteristics of covered members in exchange for providing certain medical services to those members. These payments are reflected as capitation revenues in the consolidated statements of operations. The Subsidiaries recognize medical claims expense for services provided. The medical claims expense represents claims paid, claims reported but not yet paid, and claims incurred but not reported (IBNR). The IBNR amount is estimated based upon prior experience modified for current trends. The claims IBNR amount was \$21.0 million and \$20.8 million at June 30, 2012 and 2011, respectively, and was included in accrued liabilities and other in the consolidated balance sheets.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Electronic Health Record Incentive Program

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period ending in 2016 Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology Providers must demonstrate continued meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments

The Health System accounts for EHR incentive payments as other operating revenue. The Health System utilizes a grant accounting model to recognize EHR incentive revenues and records incentive revenue ratably throughout the incentive reporting period when it is reasonably assured that the respective eligible provider will meet the meaningful use objectives for the reporting period and that the grants will be received. The EHR reporting period for hospitals is based on the federal fiscal year, which runs from October 1 through September 30. The Health System attested for meaningful use (both for eligible facilities and for integrated ambulatory physicians) and received incentive payments of approximately \$42.0 million during the year ended June 30, 2012. The Health System believes that the eligible providers that met meaningful use objectives will continue to meet the objectives for the federal fiscal year ended September 30, 2012. Therefore, the Health System also recognized an additional \$7.5 million based on its reasonable assurance of meeting year two EHR requirements. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. In addition, the Health System's compliance with the meaningful use criteria is subject to audit by the federal government.

In addition, the Health System has an incentive program with its physicians whereby the Health System compensates eligible physicians if certain criteria are met. The Health System expensed approximately \$16.7 million for incentives paid to physicians for the year ended June 30, 2012. These amounts are included in salaries and benefits in the accompanying consolidated statements of operations. The net amount reflected in the consolidated statements of operations for EHR incentive payments is \$32.8 million for the year ended June 30, 2012.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Services to the Community

In support of its mission, the Health System provides care to patients who personally bear a significant financial burden relative to their health care services and are deemed to be medically indigent. The Health System classifies the resources utilized for the care of patients bearing a significant health care financial burden as compared to their resources as traditional charity care. Traditional charity care includes the cost of services provided to persons who cannot afford health care because of the financial burden of the health care services and/or who are uninsured or underinsured. Traditional charity care also includes services for which the patient may not participate in the charity care process but are otherwise deemed to meet the Health System's charity care policy.

Because the Health System does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as net patient service revenue. The cost of traditional charity care was \$126.8 million and \$110.4 million in 2012 and 2011, respectively. The Health System estimates cost of charity care using a calculated ratio of costs to charges by hospital and applies that ratio to the relevant gross charges respectively, less any payments received.

Health care services to patients under government programs, such as Medicare and Medicaid, are also considered part of the Health System's benefit provided to the community since a portion of such services are reimbursed at amounts less than cost. In addition, the Health System maintains community benefit programs designed to positively impact the health status of the communities served. These services include various clinics and outreach programs (designed to deliver health care services to underserved communities), medical education and research activities, and direct cash and in-kind charitable contributions.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

These community benefit programs also include the activities of Mercy Ministries of Laredo (MML), Mercy Caritas, Catherine's Fund, and Mercy Family Center (f/k/a Sisters of Mercy Ministries) that are administered by Mercy These programs finance charitable activities to help meet the needs of the poor, sick, and uneducated

Investments

Investments include assets set aside through resolution by the Board of Directors for future long-term purposes, including capital improvements and self insurance. In addition, investments include amounts contributed by donors with stipulated restrictions. These assets include investments in equity securities and debt securities, which are measured at fair value. The cost of securities sold is based on the specific-identification method. The Health System accounts for its ownership interest in alternative investments under the equity method. Management has utilized the best available information for reported investment values, which in some instances are valuations as of an interim date.

For purposes of recognizing investment returns as a component of excess of revenues over expenses, substantially all investments, other than alternative investments, are considered to be trading securities. Prior to fiscal 2012, investment returns on assets held in the professional liability trust fund were reported as other operating revenues. The professional liability trust fund was terminated as of June 30, 2011 (see Note 8), and thus, investment return is included as nonoperating gains (losses) in 2012 consistent with other Board-restricted assets. Unrestricted investment returns, including alternative investments, are included in nonoperating gains (losses) in the consolidated statements of operations. Investment returns arising from donor-restricted resources are reported as a direct increase in restricted net assets in the consolidated statements of changes in net assets, consistent with the donors' restrictions. In addition, cash flows from the purchases and sales of marketable securities designated as trading are reported as a component of operating activities in the accompanying consolidated statements of cash flows

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments

Derivative instruments are contracts between the Health System and a third party (counterparty) that provide for economic payments between the parties based on changes in some defined market security or index or combination thereof. The Health System's derivative financial instruments are primarily interest rate swaps utilized as part of its debt management process. The Health System recognizes all derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value. The Health System does not account for any of its interest rate swap agreements as hedges, and accordingly, realized and unrealized gains (losses) and net settlement payments are reflected as a component of nonoperating gains (losses) in the accompanying consolidated statements of operations

Pledges, Bequests, and Gifts for Specific Purposes

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are recorded as an increase in restricted net assets if they are received with donor stipulations that limit the use of the assets. Upon expenditure in accordance with a donor's restrictions and when the asset is placed in service, net assets restricted for capital acquisitions are reported as direct additions to unrestricted net assets, and assets restricted for operating purposes are reported as an increase in other operating revenues. Donor-restricted contributions for operating purposes whose restrictions are met within the same year as received, and contributions received by donors without restrictions, are reflected as other operating revenues in the accompanying consolidated statements of operations

Unconditional promises to give, less an allowance for uncollectible amounts, are recorded as receivables in the year made. Net pledges receivable of \$3.1 million and \$7.9 million were included in other current assets and other assets, respectively, at June 30, 2012. Net pledges receivable of \$3.3 million and \$8.2 million were included in other current assets and other assets, respectively, at June 30, 2011.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Functional Classification of Expenses

The Health System provides general health care services to residents within communities served, including acute inpatient, subacute inpatient, outpatient, ambulatory, long-term, and home care, as well as related general and administrative services

The Health System does not present expense information by functional classification because its resources and activities are primarily related to providing health care services. Furthermore, since the Health System receives substantially all of its resources from providing health care services in a manner similar to a business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged its stewardship responsibilities.

Operating Indicator

The Health System's operating indicator (operating income before Joplin operations and related insurance recovery) includes all unrestricted revenue, gains and other support, and expenses directly related to the recurring and ongoing health care operations during the reporting period. The operating indicator excludes operating revenues, expenses and insurance proceeds related to Joplin, nonoperating gains and losses, pension liability adjustments, gain from discontinued operations, net assets released from restrictions for property acquisitions, and other

Performance Indicator

The Health System's performance indicator (excess of revenues over expenses) includes all changes in unrestricted net assets other than pension liability adjustments, gain from discontinued operations, net assets released from restrictions for property acquisitions, and other

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Operating and Nonoperating Gains (Losses)

The Health System's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, and other health care services Activities directly associated with the furtherance of this purpose are considered to be operating activities Other activities that result in gains or losses peripheral to the Health System's primary mission are considered to be nonoperating Nonoperating activities include net investment returns and net realized and unrealized gains (losses) on interest rate swaps

Use of Estimates

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

Accounting Pronouncements Adopted

Effective for the year ended June 30, 2012, the Health System adopted Accounting Standards Update (ASU) 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure* ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care, and requires disclosure of the method used to identify or determine such costs

Effective for the year ended June 30, 2012, the Health System adopted ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in this ASU state that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. The adoption of this standard did not have a material impact on the Health System's consolidated financial position and results of operations.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

2. Summary of Significant Accounting Policies (continued)

Effective for the year ended June 30, 2012, the Health System adopted ASU 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities ASU 2011-07 requires health care entities to change the presentation of their statement of operations by reclassifying the provision for uncollectible receivables associated with patient service revenue from an operating expense to a deduction from patient services revenues (net of contractual allowances and discounts) In addition, enhanced disclosures are required for the entity's revenue recognition policies and assessing bad debts. The standard also requires disclosure of patient service revenue by major payor source as well as qualitative and quantitative information about changes in the allowance for uncollectible accounts. The provision for uncollectible receivables associated with patient service revenue has been reclassified from an operating expense to a deduction from patient service revenues, and the prior year has been reclassified to conform to this presentation (See the consolidated statements of operations and Note 4)

3. Joplin Operations and Related Insurance Recovery

An EF-5 tornado hit the city of Joplin on May 22, 2011 Mercy has an acute care hospital and several medical office buildings in Joplin As a result of the tornado, the acute care hospital was completely destroyed and several of the medical office buildings suffered significant physical damage The operations of Joplin were expected to be approximately 5% of the Health System's consolidated net patient service revenues in fiscal 2011 The Health System has continued to provide health care services in a temporary facility, but in a diminished capacity

For the year ended June 30, 2011, management recorded a \$161 million impairment loss equal to the book value of the buildings and equipment affected by the tornado. In addition, management recorded a \$60 million impairment loss for inventory destroyed

The Health System has incurred additional costs related to cleanup and security of the premises and has continued to pay all employees. These expenses are being recorded as incurred. It is anticipated these costs will ultimately be significantly covered by insurance.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

3. Joplin Operations and Related Insurance Recovery (continued)

As of the date of the tornado, the Health System maintained insurance coverage of \$750 million, which covered property damage, business interruption, and related costs, subject to a deductible During fiscal 2012, the Health System received \$388 l million in insurance proceeds from the insurance company related to this event, of which \$125 0 million was for business interruption During fiscal 2011, the Health System received a \$50 0 million initial payment from the insurance company related to this event. These payments are reflected as Joplin insurance proceeds on the accompanying consolidated statements of operations. Future cash payments under the policy will be recorded when received in operating income

Since the post-tornado operations of Joplin are not comparable to the pre-tornado operations and since Joplin's results are impacted significantly by insurance proceeds, management has determined that Joplin's financial results should be segregated in the attached consolidated statements of operations for both periods presented

	Year Ended June 30			
		2012	2011	
Operating revenues			_	
Patient service revenues (net of contractuals and				
discounts)	\$	91,442 \$	203,965	
Provision for uncollectible receivables		(6,051)	(15,838)	
Net patient service revenues		85,391	188,127	
Other operating revenues		10,186	6,032	
Total operating revenues		95,577	194,159	
Operating expenses				
Salaries and benefits		84,050	93,297	
Supplies and other		144,596	143,727	
Depreciation and amortization		18,693	17,991	
Total operating expenses		247,339	255,015	
Joplin insurance proceeds		388,100	50,000	
Joplin operating income (loss)	\$	236,338 \$	(10,856)	
		•		

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

4. Net Patient Service Revenue and Patient Receivables

The following is a summary of the Health System's patient service revenues, net of contractual allowances and discounts (before the provision for uncollectible receivables) by major payor Medicare and Medicaid managed plans are grouped with Medicare and Medicaid, respectively

	Year Ended June 30			
		2012	2011	
Medicare	\$	1,356,873	\$ 1,285,354	
Medicaid		424,509	353,172	
Managed care/other		1,849,947	1,659,375	
Self-pay		248,079	287,707	
Total	\$	3,879,408	\$ 3,585,608	

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Noncompliance with Medicare and Medicaid laws and regulations can make the Health System subject to significant regulatory action, including substantial fines and penalties, as well as exclusion from the Medicare and Medicaid programs

The Health System provides health care services through inpatient and outpatient care facilities located in several states. The Health System grants credit to patients in return for health care services rendered to said patients, substantially all of whom are residents of the communities served. The Health System does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, HMOs, and commercial insurance policies). At June 30, 2012 and 2011, approximately 36% and 33%, respectively, of net accounts receivable were collectible from governmental payors (including Medicare and Medicaid), with approximately 50% for both 2012 and 2011 of net accounts receivable collectible from commercial insurance and managed care payors

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

4. Net Patient Service Revenue and Patient Receivables (continued)

The allowance for uncollectible receivables was approximately \$171 0 million and \$187 8 million as of June 30, 2012 and 2011, respectively These balances as a percent of accounts receivable net of contractual allowances were approximately 25% and 29% as of June 30, 2012 and 2011, respectively The Health System's allowance for uncollectible receivables covered approximately 93% and 94% of self-pay patient receivables as of June 30, 2012 and 2011, respectively The Health System has experienced an increase in write-off trends related to bad debt and charity across the ministry driven by higher unemployment, loss of employer-sponsored insurance plans, and rising patient responsibility balances Mercy reviews and updates its uninsured discount rate on an annual basis There have been no significant changes to the charity care policies for the year ended June 30, 2012

The following is a summary of the Health System's allowance for uncollectible receivables activity

	 June 30, 2012
Balance at beginning of period	\$ 187,756
Provision for uncollectible receivables	268,365
Provision for uncollectible receivables – Joplin	6,051
Accounts written off, net of recoveries and other	(291,157)
Balance at end of period	\$ 171,015

5. Investments

The following is a summary of investments

	June 30			
	2012	2011		
Board-designated	\$ 1,321,605 \$	1,338,053		
Restricted by donor or grantor	42,654	39,038		
Total investments	1,364,259	1,377,091		
Less short term investments	(26,206)	(26,958)		
	\$ 1,338,053 \$	1,350,133		

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

5. Investments (continued)

The following is a summary of investments by classification

		June 30			
		2012		2011	
Cash and cash equivalents	\$	93,477	\$	48,642	
Fixed income					
Corporate debt securities		73,209		72,255	
Government agencies		3,579		3,334	
Government obligations (U S and foreign)		90,099		79,088	
Other debt securities		36,436		19,173	
Commingled and mutual funds		147,477		144,147	
Equity securities					
Domestic equities – common stock		262,603		278,182	
International equities – common stock		226,820		326,082	
Real assets – commodities		38,837		22,852	
Alternative investments					
Hedge funds		245,697		273,583	
Private equity investments		99,466		85,932	
Real assets – limited partnerships		24,816		669	
Other		21,743		23,152	
		1,364,259	1	,377,091	
Less short term investments		(26,206)		(26,958)	
Total investments	\$ 1	1,338,053	\$ 1	,350,133	

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

5. Investments (continued)

The following is a summary of investment returns

	Year Ended June 30			
	 2012	2011		
Investment returns included in other operating revenues	\$ - \$	16,955		
Investments Interest and dividends	23,758	21,490		
Realized gains, net	34,013	35,913		
Interest expense on Series 2001 bonds	(2,417)	(2,514)		
Unrealized (losses) gains, net	(63,655)	116,872		
Investment returns included in nonoperating				
(losses) gains, net	(8,301)	171,761		
Investment returns included in restricted net assets	146	5,890		
Total investment returns	\$ (8,155) \$	194,606		

The Health System's investments are exposed to various kinds and levels of risk Fixed income securities expose the Health System to interest rate risk, credit risk, and liquidity risk As interest rates change, the value of many fixed income securities is affected, particularly those with fixed rates Credit risk is the risk that the obligor of the security will not fulfill its obligations Liquidity risk is affected by the willingness of market participants to buy and sell given securities Equity securities expose the Health System to market risk, performance risk, and liquidity risk Market risk is the risk associated with major movements of the equity markets, both foreign and domestic Performance risk is the risk associated with a company's operating performance Liquidity risk as previously defined tends to be higher for foreign equities and equities related to small capitalization companies

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

5. Investments (continued)

Certain of the Health System's investments are made through alternative investments, primarily private equity limited partnership investments and hedge funds. These investments provide the Health System with a proportionate share of the investment gains and losses. The fund manager has full discretionary authority over the investment decisions and provides the net asset valuation. The hedge funds and private equity funds present risks similar to those of traditional investments, as well as some additional risks. Due to the fact that these funds are invested through limited partnerships or other limited access-type vehicles, pricing is infrequent and liquidity may also be limited in some cases, up to 24 months for hedge funds. Due to infrequent pricing and illiquidity of underlying investments, it is common practice for private equity funds to require investors to commit to a 10-year investment period, although the distribution of capital is likely to occur prior to the 10-year termination date. These investments may also employ leverage, which may lead to additional risk of loss. These investments are subject to market risk, default risk, interest rate risk, and credit risk as well as various other types of risks. At June 30, 2012, the Health System has commitments to fund \$54.1 million in these investments.

At the balance sheet dates, receivables and payables for investment trades not settled are presented with other current assets and other current liabilities. Unsettled sales resulted in receivables due from brokers of \$196.6 million and \$85.6 million at June 30, 2012 and 2011, respectively. Unsettled buys resulted in payables of \$164.5 million and \$60.3 million at June 30, 2012 and 2011, respectively.

6. Fair Value Measurements

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 measurements and disclosures topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

6. Fair Value Measurements (continued)

Level 2 – Pricing inputs other than quoted prices included in Level 1, which are either directly observable or can be derived or supported from observable data as of the reporting date

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. In evaluating the significance of input, the Health System generally classifies assets or liabilities as Level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs, represent more than 10% of the fair value of the assets or liabilities. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2012

	Level 1	Level 2	Level 3	Total
Assets				
Cash and eash equivalents	\$ 89,338	\$ 4,139	\$ - \$	93,477
Equity securities				
Domestic equities – common stock	262,603	_	_	262,603
International equities – common				
stock	86,200	140,620	_	226,820
Fixed income				
Corporate debt securities	_	73,209	_	73,209
Government agencies	_	3,579	_	3,579
Government obligations				
(US and foreign)	-	90,099	_	90,099
Other debt securities	703	35,733	_	36.436
Commingled and mutual funds	44,645	102,832	_	147,477
Real assets – commodities	26,200	12.637	_	38,837
Other	-	6,390	_	6,390
Investments	509,689	469,238	_	978.927
Cash and eash equivalents	619	_	_	619
Equities – mutual funds	106,398	_	_	106,398
Other	-	6,103	42,493	48,596
Deferred compensation plan assets	107,017	6,103	42,493	155,613
Interest rate swap agreements	-	9,441	_	9,441
Total assets	\$ 616,706	\$ 484,782	\$ 42,493 \$	1.143.981
Liabilities				
Interest rate swap agreements	\$ _	\$ 86,636	\$ - \$	86,636
Total liabilities	\$ _	\$ 86,636	\$ - \$	86,636

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

6. Fair Value Measurements (continued)

The following table is a rollforward of the deferred compensation plan assets classified within Level 3 of the valuation hierarchy

	 Other
Fair value at July 1, 2011	\$ 42,572
Purchases, issuances, settlements, and sales	
Purchases	18,336
Sales	(19,189)
Actual return on plan assets	774
Transfers in and or out of Level 3	_
Fair value at June 30, 2012	\$ 42,493

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2011

	Level 1		Level 2		Level 3	Total
Assets						
Cash and cash equivalents	\$ 571	\$	48.071	\$	- \$	48.642
Equity securities						
Domestic equities – common stock	277.298		884		_	278,182
International equities – common						
stock	147,417		178,665		-	326,082
Fixed income						
Corporate debt securities	_		72,255		_	72,255
Government agencies	_		3,334		-	3,334
Government obligations						
(US and foreign)	_		79,088		-	79,088
Other debt securities	455		18,718		_	19,173
Commingled and mutual funds	52,165		91,982		_	144,147
Real assets – commodities	22,852		_		_	22,852
Other	 _		7.299			7.299
Investments	 500,758		500,296		_	1,001,054
Cash and eash equivalents	473		_		_	473
Equities – mutual funds	105,702		_		_	105,702
Other	_		7,183		42,572	49,755
Deferred compensation plan assets	106,175		7,183		42,572	155,930
Interest rate swap agreements	_		9.215		_	9.215
Total assets	\$ 606,933	\$	516,694	\$	42.572 \$	1,166,199
Liabilities						
Interest rate swap agreements	\$ _	\$	48,544	S	- \$	48,544
Total liabilities	\$ 	\$	48,544	\$	_ <u>- 3</u> _ \$	48,544
Total naomities		Ψ	70,577	Ψ	_ υ	70,344

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

6. Fair Value Measurements (continued)

The following table is a rollforward of the deferred compensation plan assets classified within Level 3 of the valuation hierarchy

	 Otner
Fair value at July 1, 2010 Purchases, issuances, and settlements Actual return on plan assets Transfers in and or out of Level 3	\$ 37.337 2.409 2.826
Fair value at June 30, 2011	\$ 42,572

Investments in the fair value tables above exclude alternative investments of \$370 0 million, which are recorded under the equity method of accounting and land held for investment of \$15 4 million, which is recorded at cost at June 30, 2012 Investments in the fair value tables above exclude alternative investments of \$360 2 million, which are recorded under the equity method of accounting, land held for investment of \$15 4 million, which is recorded at cost, and a note receivable of \$0.5 million at June 30, 2011

Deferred compensation plan assets and interest rate swaps (assets) are reported in other assets, and interest rate swaps (liabilities) are reported in insurance reserves and other liabilities in the consolidated balance sheets

The following is a description of the Health System's valuation methodologies for assets and liabilities measured at fair value Fair value for Level 1 is based upon quoted market prices. The fair value of certain Level 2 securities was determined using multiple price types of bid/offer, last traded, settlement, evaluated, and the official primary exchange close-time pricing, provided by third-party pricing services if quoted market prices were not available. The quality of the prices received is evaluated through price comparisons and tolerance level checks. These Level 2 investments include cash equivalents, international equities, corporate debt securities, government agencies, government obligations, and commingled funds The fair values of the interest rate swap contracts, also Level 2 measurements, are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved. The valuations reflect a credit spread adjustment to the London Interbank Offered Rate (LIBOR) discount curve in order to reflect nonperformance risk. The credit spread adjustment is derived from other comparable rated entities' bonds priced in the market for Mercy and counterparty bond trading levels (or credit default swap spreads) for JP Morgan and Deutsche Bank The fair values of other securities in the deferred compensation plan's assets are based on unobservable inputs and are recorded based on information provided by the trustee

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

6. Fair Value Measurements (continued)

The deferred compensation plans invest in a fully benefit-responsive guaranteed investment contract (GIC) with MetLife, which is a general account evergreen group annuity contract MetLife maintains the contributions in the general account. The deferred compensation plans own a series of guarantees that are embedded in the insurance contract. The contractual guarantees are backed up by the full faith and credit of MetLife, the contract issuer MetLife is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the deferred compensation plan. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer. Such interest rates are reviewed on an annual basis for resetting.

The carrying values of cash and cash equivalents, accounts receivable, notes receivable, pledges receivable, and current liabilities are reasonable estimates of their fair values due to the short-term nature of these financial instruments. The fair value of the Health System's fixed-rate bonds is based on quoted market prices for the same or similar issues and approximates \$7.2 million and \$9.5 million as of June 30, 2012 and 2011, respectively. The carrying amount approximates fair value for all other long-term debt, which is variable rate, and excludes the impact of third-party credit enhancements.

Due to the volatility of the financial market, there is a reasonable possibility of changes in fair value and additional gains and losses in the near term subsequent to June 30, 2012

7. Property and Equipment

The following is a summary of property and equipment

	June 30			
	2012	2011		
Land and leasehold improvements	\$ 238,172	\$ 182,870		
Buildings	2,600,791	2,424,151		
Equipment	2,007,360	1,864,288		
Construction-in-progress	120,036	44,057		
	4,966,359	4,515,366		
Less accumulated depreciation	(2,684,768)	(2,435,241)		
Property and equipment, net	\$ 2,281,591	\$ 2,080,125		

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

7. Property and Equipment (continued)

At June 30, 2012, construction and software-related contracts and commitments exist for capital improvements at certain of the Health System's facilities. The remaining commitment on these contracts at June 30, 2012, was approximately \$536.5 million, out of which \$458.5 million relates to the construction of the new hospital in Joplin During the years ended June 30, 2012 and 2011, interest of \$0.8 million and \$3.0 million, respectively, was capitalized.

8. Liability Programs

The Health System administers a liability program to provide for general and professional liability risks within certain limits. Health care professional liabilities in excess of self-insured limits are insured on a claims-made basis subject to an annual maximum of \$20,000 over the self-insured retention of \$10,000, after which the Health System would again be responsible. The recorded liabilities are based upon actuarial estimates of reported claims and IBNR claims using historical claim experience and other relevant industry and hospital-specific factors and trends, discounted at an interest rate of 4.75% for 2012 and 2011. Until June 30, 2011, the Health System maintained assets in a revocable trust fund to cover these risks. On June 30, 2011, the trust was terminated, and the funds were merged into board-designated funds for investment purposes. Management, however, continues to monitor and track these funds separately. The discounted general and professional liability was \$130.9 million and \$141.0 million at June 30, 2012 and 2011, respectively, which is included in accrued liabilities and insurance reserves in the accompanying consolidated balance sheets

9. Employee Retirement Plans

Prior to July 1, 2011, Mercy sponsored an active defined benefit retirement plan (the Plan) to provide coverage under a single plan for groups acquired in business combinations. Pension benefits were provided to substantially all Health System employees through the Plan. As new employee groups were transitioned to the Plan, the Plan was modified through plan amendments to provide credit for service with the acquired provider. Plan benefits were originally provided based on a final average pay formula but were later transitioned to a cash balance-type formula. The cash balance formula provided an annual pay credit, based on employee compensation and years of service, and an interest credit based on the 30-year U.S. Treasury bill rate, subject to a floor of 5.25%. Effective June 30, 2011, the Plan was closed to new entrants, and pay credits ceased. Interest credits continue to be paid under the Plan. The Plan is funded consistent with actuarial funding recommendations.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

Mercy provides various non-qualified defined benefit retirement plans to provide retirement income in excess of the limitations on benefits imposed by Internal Revenue Service (IRS) limitations and to attract and retain certain key executives. These plans are closed to new entrants

The following table sets forth the Plan's and certain other of the Health System's pension plans' benefit obligations, fair value of plan assets, and funded status at the measurement date

	June 30			
	2012		2011	
Accumulated benefit obligation	\$ 1,010,293	\$	945,980	
Changes in projected benefit obligation				
Projected benefit obligation at beginning of period	\$ 966,632	\$	876,039	
Service cost, benefits earned during the period	1,413		61,090	
Interest cost on projected benefit obligation	47,392		45,523	
Actuarial loss	66,852		41,724	
Benefits paid	(61,982)		(57,744)	
Projected benefit obligation at end of period	\$ 1,020,307	\$	966,632	
Changes in plan assets				
Fair value of plan assets at beginning of period	\$ 718,489	\$	598,943	
Actual return on plan assets	(10,219)	•	99,678	
Employer contributions	8,361		77,612	
Benefits paid	(61,982)		(57,744)	
Fair value of plan assets at end of period	\$ 654,649	\$	718,489	
Funded status of the Plan	\$ (365,658)	\$	(248,143)	

Amounts recognized in the accompanying consolidated balance sheets at June 30 consist of

	 2012	2011
Accrued liabilities and other Pension liabilities	\$ 3,334 362,324	\$ 2,973 245,170
	\$ 365,658	\$ 248,143

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

No plan assets are expected to be returned to the Health System during the fiscal year ended June 30, 2013

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic pension cost

	Year Ended June 30				
	2012	2011			
Unrecognized actuarial loss Unrecognized prior service cost	\$ (421,973 (3,561	(300,404) (4,105)			
	\$ (425,534	\$ (304,509)			

Changes in plan assets and benefit obligations recognized in unrestricted net assets include

	Year Ended June 30				
	2012		2011		
Current year actuarial (loss) gain Amortization of actuarial loss Amortization of prior service credit	\$ (130,055) 8,486 544	\$	5,606 6,379 547		
	\$ (121,025)	\$	12,532		

The estimated net actuarial gain (loss) and prior service cost included in unrestricted net assets and expected to be recognized in net periodic benefit cost during the year ending June 30, 2013, are \$12.0 million and \$0.5 million, respectively. The impact of the change in discount rate on the projected benefit obligation of the plan was an increase of approximately \$71.3 million for the year ended June 30, 2012.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

The following is a summary of the components of net periodic pension cost

	Year Ended June 30				
		2012		2011	
Service cost, benefits earned during the period	\$	1,413	\$	61,090	
Interest cost on projected benefit obligation		47,392		45,523	
Expected return on plan assets		(52,984)		(52,350)	
Amortization of unrecognized					
Prior service credit		544		547	
Actuarial loss		8,486		6,379	
Net periodic pension cost	\$	4,851	\$	61,189	

Weighted-average assumptions used to determine the Plan's projected benefit obligation and net periodic benefit costs are as follows

			Net Per	riodic
	Projected Bene	fit Obligation	Benefit	Costs
	2012	2011	2012	2011
Discount rates	4.05-4.20%	5 00%-5 15%	5.00%-5.15%	5 05%-8 00%
Rates of salary increase	5.00	5 00-6 00	6.00	5 00-6 00
Expected long-term return on				
plan assets	8.15	8 15	8.15	8 15

The Plan's weighted-average asset allocations at June 30, 2012 and 2011, and target allocation by asset category are as follows

	2012 Target Asset	Plan Assets	at June 30
Asset Category	Allocation	2012	2011
Equity securities	40%	37%	47%
Debt securities	30	26	26
Alternative investments	30	33	26
Other	_	4	1
Total	100%	100%	100%

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

The fair value of the Plan's assets measured at fair value was determined using the following inputs at June 30, 2012

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 45,966	\$ 12,304	\$ _	\$ 58,270
Equity securities				
Domestic equities – common				
stock	126,524	_	_	126,524
International equities –				
common stock	41,353	68,922	_	110,275
Fixed income				
Corporate debt securities	_	36,332	_	36,332
Government agencies	_	1,761	_	1,761
Government obligations				
(US and foreign)	_	44,370	_	44,370
Other debt securities	346	2,734	_	3,080
Commingled and mutual				
funds	20,657	50,428	_	71,085
Real assets – commodities	12,652	6,194	_	18,846
Other	_	_	2,846	2,846
Hedge funds	_	_	120,346	120,346
Private equity	_	_	48,751	48,751
Real assets – limited				
partnerships	 _	_	12,163	12,163
	\$ 247,498	\$ 223,045	\$ 184,106	\$ 654,649

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy

	He	dge Funds	Private Equity	eal Assets – Limited artnerships	Other
Fair value at July 1, 2011 Purchases, issuances, and	\$	130,032 \$	43,024	\$ 14,165 \$	2,882
settlements Actual return on plan		(7,677)	2,560	(296)	_
assets Transfers in and/or out of		(2,009)	3,167	(1,706)	(36)
Level 3		_	_	_	
Fair value at June 30, 2012	\$	120,346 \$	48,751	\$ 12,163 \$	2,846

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

The fair value of the Plan's assets measured at fair value was determined using the following inputs at June 30, 2011

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 2,399	\$ 9,113	\$ _	\$ 11,512
Equity securities				
Domestic equities – common				
stock	147,317	476	_	147,793
International equities –				
common stock	77,734	94,706	_	172,440
Fixed income				
Corporate debt securities	_	38,356	_	38,356
Government agencies	_	1,774	_	1,774
Government obligations				
(US and foreign)	_	42,161	_	42,161
Other debt securities	242	23,491	_	23,733
Commingled and mutual				
funds	27,245	48,929	_	76,174
Real assets – commodities	12,214	_	_	12,214
Other	_	2,229	2,882	5,111
Hedge funds	_	_	130,032	130,032
Private equity	_	_	43,024	43,024
Real assets – limited				
partnerships	_	_	14,165	14,165
	\$ 267,151	\$ 261,235	\$ 190,103	\$ 718,489

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy

	Па	daa Earada	Private		eal Assets – Limited	Othou
	пес	dge Funds	Equity	P	artnerships	Other
Fair value at July 1, 2010 Purchases, issuances, and	\$	78,155	\$ 6,469	\$	- \$	2,925
settlements Actual return on plan		42,808	35,121		15,047	_
assets		9,069	1,434		(882)	(43)
Transfers in and/or out of Level 3		_	_		_	_
Fair value at June 30, 2011	\$	130,032	\$ 43,024	\$	14,165 \$	2,882

Fair value methodologies for Level 1 and Level 2 assets are consistent with the inputs described in Note 6 Level 3 securities, which consist of alternative investments (principally limited partnership interests in hedge funds and private equity funds) and a guaranteed investment contract, represent the Plan's ownership interest in the net asset value (NAV) of the respective partnership

Management opted to use the NAV per share, or its equivalent, as a practical expedient for fair value of the Plan's interest in hedge funds and private equity funds. Valuations provided by the respective fund's management include variables such as the financial performance of underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchanges at period-end provide additional observable market inputs of the exit price. The majority of these funds have restrictions on the timing of withdrawals, which may reduce liquidity, in some cases for up to 24 months in the case of hedge funds and up to 10 years for private equity funds. At June 30, 2012, the Plan has commitments to fund \$26.5 million in these investments.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

The Plan employs investment managers to invest fund balances in a structured portfolio of equity, fixed income, and alternative investments (which includes hedges funds, private equity, and real assets) The Plan retains outside consultants to support the overall asset allocation and manager selection process. The Plan's current investment policy was updated and approved in November 2011. This update did not result in any material changes to the allocation of assets. All manager performance is reviewed to test that market performance has been calculated accurately, to monitor performance versus peers and benchmarking, and to evaluate portfolio structure considering current and future needs based on economic forecasts and actuarial projections. Mercy believes that a diversified portfolio will limit the degree of risk to the Plan and stabilize the long-term results. The Plan's diversified blend of marketable securities also takes into consideration the cash flow requirements of the Plan to help ensure the ability to meet the monthly payout of benefits required. Projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category.

The Health System expects to contribute at least \$2.5 million to the Plan during fiscal 2013

The following benefit payments, which reflect expected future service, are expected to be paid by the Plan

	 Amount
Year Ending June 30	
2013	\$ 69,400
2014	69,600
2015	76,200
2016	72,600
2017	75,900
2018 through 2022	365,200
	\$ 728,900

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

9. Employee Retirement Plans (continued)

The Health System has a defined-contribution 401(k) plan and a 403(b) plan for the benefit of substantially all employees Participant contributions to the plans are subject to IRS limitations. The 401(k) plan has always included an employer-provided match contribution. Effective July 1, 2011, the 401(k) plan was amended to enhance the match contribution and add a non-matching service contribution to replace the pay credit previously earned under the defined benefit plan. The 403(b) plan allows participant contributions, and amounts contributed to the plan are eligible for a match contribution and service contribution under the provisions of the 401(k) plan.

The match contribution is equal to 50% of the first 4% of the participant's compensation contributed and 25% of the next 2% of the participant's compensation contributed. The service contribution is equal to compensation multiplied by a percentage of pay based on years of service (1%–9% for employees hired prior to July 1, 2011 and 1%–4% for those hired on July 1, 2011 or later). In order to earn a match contribution or service contribution, an employee must work at least 1,000 hours during the year (or a rate of 1,000 hours for the service contribution). Employees become vested in both match and service contributions upon the completion of three years of vesting service.

For the years ended June 30, 2012 and 2011, the total expenses incurred related to the 401(k) and 403(b) plans were \$82.2 million and \$14.2 million, respectively

10. Long-Term Obligations

The following is a summary of long-term obligations

		2012		2011
Revenue bonds, fixed interest rates of 5 0% due				_
through June 2019	\$	6,500	\$	8,745
Revenue bonds, variable interest rates with weighted-average interest rates of 0 75% and 0 9% in fiscal 2012				
and 2011, respectively, due through June 2039		742,075		754,725
Other notes, mortgage notes, and capital lease obligations		82,847		52,470
		831,422		815,940
Less current maturities on long-term obligations		(21,218)		(19,380)
Long-term obligations, less current maturities	\$	810,204	\$	796,560

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

10. Long-Term Obligations (continued)

Mercy's not-for-profit subsidiaries have executed a commitment agreement governing certain borrowing arrangements under the Mercy Master Trust Indenture and related agreements (Financing Agreements) While only the revenues of Mercy collateralize the outstanding borrowings of the Health System, each of these subsidiaries has committed to transfer such assets to Mercy to pay the amounts due on borrowings when they come due The Financing Agreements contain certain restrictive covenants, including debt service coverage and liquidity ratios At June 30, 2012, Mercy was in compliance with all covenants

Tax-exempt revenue bonds have been issued by various issuing authorities, the proceeds of which were used by Mercy primarily to finance capital projects and to refinance existing indebtedness of certain subsidiaries

Mercy has auction-rate securities aggregating to \$378 3 million. The interest rate is set through a weekly auction process among bond investors. Starting in fiscal 2008, due to the marketwide financial crisis, institutional buyers and investment banks opted not to participate in the market for securities of this type, causing a failure of the auction process and resulting in the bonds resetting to a maximum rate predefined in the bond agreement based on the higher of the current LIBOR or commercial paper index adjusted for the current rating and current tax rate plus a fixed spread

In November 2011, \$376.4 million of variable rate tax-exempt health facility revenue bonds were issued by the Health and Educational Facilities Authority of the State of Missouri on behalf of Mercy under the Master Trust Indenture. The proceeds of these bonds were used to refund the Series 2008 variable rate demand bonds aggregating \$376.4 million. These bonds were directly purchased by four banks and mature at various dates starting June 1, 2012 through June 1, 2039. The bonds bear interest monthly, and interest is paid monthly at an annual borrowing rate based on a percentage of one-month LIBOR plus an applicable spread. The bonds include a mandatory put by the purchasing banks in November 2016 and November 2018, at which time Mercy may elect to renegotiate with the initial purchasers, remarket or redeem the bonds.

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

10. Long-Term Obligations (continued)

Other notes payable, mortgage notes payable, and capital lease obligations are secured by certain property and equipment of the specific borrowers

Aggregate maturities of long-term obligations as scheduled at June 30, 2012, are as follows

	Amount
Year Ending June 30	
2013	\$ 21,218
2014	21,051
2015	17,365
2016	14,966
2017	8,239
Thereafter	748,583
	\$ 831,422

11. Derivatives

The Health System has interest rate-related derivative instruments to manage its interest rate exposure on its variable-rate debt instruments and does not enter into derivative instruments for any purpose other than risk management. Interest rate swap contracts between the Health System and a third party (counterparty) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate. These agreements expose the Health System to market risk and credit risk Credit risk is the risk that contractual obligations of the counterparties will not be fulfilled Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions Counterparty credit risk is managed by requiring high credit standards for the Health System's counterparties The counterparties to these contracts are financial institutions that carry investment-grade credit ratings at the time contracts are executed. The interest rate swap contracts contain collateral provisions applicable to both parties to mitigate credit risk. The Health System does not anticipate nonperformance by its counterparties Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken Management also mitigates risk through periodic reviews of the Health System's derivative positions in the context of its blended cost of capital

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

11. Derivatives (continued)

The following is a summary of the outstanding positions under these interest rate swap agreements

Interest Rate Swap Type	Expiration Date	Health System Pays	Health System Receives	Notional Value June 30, 2012	Notional Value June 30, 2011		
Fixed payor	June 2, 2031	3 36% – 3 751%	70% of one-month LIBOR	\$ 252,200	\$	252,200	
Fixed payor	June 2, 2031	3 848% – 3 856%	70% of one-month LIBOR	50,000		50,000	
Fixed payor	June 1, 2016	3 94%	67% of one-month LIBOR	29,050		36,650	
Constant maturity	June 2, 2031	One-week SIFMA Index	89% of 10-year SIFMA Index	125,000		125,000	
Constant maturity	January 1, 2016	89% of 10-year SIFMA Index	USD-BMA Municipal Swap Index	125,000		125,000	

The fair value of derivative instruments is as follows

Derivatives Not Designated as	Balance Sheet	June 30							
Hedging Instruments	Location		2012		2011				
					_				
Interest rate swap agreements	Other assets	\$	9,441	\$	9,215				
Interest rate swap agreements	Other liabilities		86,636		48,544				

The effects of derivative instruments on the consolidated statements of operations and changes in net assets for the years ended June 30, 2012 and 2011, are reflected in realized and unrealized gains (losses) on interest rate swaps in the consolidated statements of operations

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

12. Operating Leases

Rent expense for the years ended June 30, 2012 and 2011, totaled \$66.9 million and \$61.3 million, respectively

Future minimum rental payments under noncancelable operating leases as of June 30, 2012, that have initial or remaining terms in excess of one year are as follows

	Amount
Year Ending June 30	
2013	\$ 46,599
2014	40,692
2015	33,454
2016	29,981
2017	27,873
Thereafter	133,289
	\$ 311,888

13. Commitments and Contingencies

Regulatory Compliance

The U S Department of Justice and other federal agencies are increasing resources dedicated to regulatory investigations and compliance audits of health care providers. The Health System is not exempt from these regulatory efforts and has received correspondence from federal agencies with regard to such initiatives. In consultation with legal counsel, management estimates these matters will be resolved without a material adverse effect on the Health System's consolidated financial position or results of operations.

Litigation

The Health System is involved in litigation arising in the normal course of business After consultation with legal counsel, it is management's opinion that these matters will be resolved without a material adverse effect on the Health System's consolidated financial position or results of operations

Notes to Consolidated Financial Statements (continued) (Tables in Thousands)

14. Subsequent Events

The Health System evaluated events and transactions occurring subsequent to June 30, 2012, through September 24, 2012, the date the consolidated financial statements were issued During this period, there were no subsequent events that required recognition in the consolidated financial statements

On July 1, 2012, a subsidiary of the Health System executed an agreement to purchase substantially all of the assets of a physician practice, an ambulatory surgery center, several medical office buildings, and the employment of 78 physicians in various specialties for approximately \$123 million in cash and assumption of debt As of September 24, 2012, not all third-party valuations are final, and accordingly, purchase accounting for this transaction has been provisionally recorded based on best available information

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date. As the values of certain assets and liabilities are preliminary in nature, they are subject to adjustment as additional information is obtained about the facts and circumstances that existed at the acquisition date. When the valuation is final, any changes to the preliminary valuation of acquired assets and liabilities could result in adjustments to goodwill

	<u>Jul</u>	y 1, 2012
Property and equipment, net	\$	80,200
Goodwill and intangible assets		44,100
Long-term debt		21,900
Other (including net working capital)		(1,200)

On August 9, 2012, the Health System signed a letter of intent to acquire Jefferson Health System and its subsidiaries (Jefferson) Jefferson includes an acute care hospital in the Jefferson County region of Missouri, a physician network that has more than 150 affiliated physicians, and other outpatient facilities. It is anticipated that the definitive agreements for this transaction will be executed in fiscal 2013.

Supplementary Information

Consolidating Balance Sheet

June 30, 2012

	Fort	Hot							
	 Smith	Springs	Rogers		Joplin	ŀ	Kansas	C	ırthage
			(In Thous	und	5)				
Assets									
Current assets									
Cash and eash equivalents	\$ 34,111	\$ (26,056)	\$ (4.680)	\$	112,544	\$	25,199	\$	549
Accounts receivable, net	36,172	31.245	27,485		15,517		4.907		8,848
Inventories	3,823	4.943	3,753		3.997		1.592		1,233
Short-term investments	_	_	_		_		_		_
Other current assets	 (1,518)	(5,143)	(5,520)		(33,458)		(1,516)		10,393
Total current assets	72.588	4.989	21.038		98,600		30,182		21.023
Investments	2.093	781	8,419		220		1,312		(18)
Property and equipment, net	154,722	114,318	127,664		161,079		39,152		42,671
Notes receivable	9.715	454	_		56		191		-
Other assets	14,583	9.635	95		1,493		(644)		
Total assets	\$ 253,701	\$ 130,177	\$ 157,216	\$	261,448	\$	70,193	\$	63,676
Liabilities and net assets									
Current liabilities									
Current maturities of long-term									
obligations	\$ 360	\$ 427	\$ 136	\$	_	\$	_	\$	707
Accounts payable	4.017	5,379	3,990		20,995		2,264		2,075
Accrued payroll and related liabilities	11,243	11,188	7,961		7,882		4,122		3,968
Accrued liabilities and other	2,211	(134)	3,834		1,557		3,806		2,792
Total current liabilities	17.831	16,860	15,921		30,434		10,192		9,542
Insurance reserves and other									
liabilities	3,338	2,004	1		33		397		_
Pension liabilities	_	_	_		_		_		_
Long-term obligations, less current									
maturities	7,237	7,585	304		_		_		43,270
Total liabilities	28,406	26,449	16,226		30,467		10,589		52,812
Net assets									
Unrestricted	223,531	102,871	135,081		227,947		59,210		10,864
Restricted	1,764	857	5,909		3,034		394		_
Total net assets	 225,295	103,728	140,990		230,981		59,604		10,864
Total liabilities and net assets	\$ 253,701	\$ 130,177	\$ 157,216	\$	261,448	\$	70,193	\$	63,676

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St. Louis		Springfield			Oklahoma	MML		Mercy	I	Eliminations	Total	
			-				(In Tho	usur	ids)			
\$	34,692	\$	32,372	\$	54,321	\$	835	\$	73,437	\$	- \$	337,324
	132,308		167,183		82,523		_		163		_	506,351
	14,748		24,789		8,899		_		10,940		_	78,717
	_		_		_		_		26,206		_	26,206
	11,150		9,544		(10,106)		300		378,904		(70,826)	282,204
	192.898		233,888		135,637		1,135		489,650		(70.826)	1,230,802
	22,346		25,448		8,318		24,503		1,244,631		_	1,338,053
	600,356		451,786		209,133		2,689		378,021		_	2.281.591
	2,101		409		35		_				-	12.961
	48,788		114,358		40,087		1		91.782		_	320,178
\$	866,489	\$	825,889	\$	393,210	\$	28,328	\$	2,204,084	\$	(70,826) \$	5,183,585
\$	2.808 46.940	\$	460 59,504	\$	254 14.425	\$	- 90	\$	16,066 33,549	\$	- \$ (56.955)	21.218 136.273
	46,940		59,504		14,425		90		33,549		(56.955)	136,273
	85,601		89,428		30.922		_		79,967		(13.871)	318,411
	9,109		76,637		1,158		138		237,182		-	338,290
	144,458		226.029		46,759		228		366.764		(70.826)	814.192
	20,984		64,891		1,977		425		306,754		_	400,804
	-		-		-		_		362.324		-	362,324
	30,865		207		158		-		720,578		_	810,204
	196,307		291,127		48,894		653		1,756,420		(70,826)	2,387,52-
	648,000		506,959		336,339		27,510		446,494		_	2,724,806
	22,182		27,803		7.977		165		1,170			71,255
	670,182		534,762		344.316		27.675		447,664		-	2,796,061
\$	866,489	\$	825,889	\$	393,210	\$	28,328	\$	2,204,084	\$	(70,826) \$	5,183,585

Consolidating Statement of Operations

Year Ended June 30, 2012

		Fort	Hot				
	_	Smith	Springs	Rogers	Joplin	Kansas	Carthage
				(In Tho	usands)		
Operating revenues							
Patient service revenues	47	270.520	r 252.260 d	215212	d'S	e 72.502	e 20.711
(net of contractuals and discounts)	\$		\$ 252,260 \$		\$ -	\$ 73,503	\$ 38,744
Provision for uncollectible receivables	_	(26.288)	(16.953)	(14.155) 201.087		(4.651) 68,852	(4.318)
Net patient service revenues		233,232		201,087	-	08,832	34,426
Capitation revenues			46 5,203	3,584	_	5,300	211
Other operating revenues		17.325 270.557	240,556	204.671		74,152	34.670
Total operating revenues		270.337	240,336	204.071	_	74.132	34,070
Operating expenses							
Salaries and benefits		143.822	139,143	107,295	=	39,739	12.394
Supplies and other		121.309	98.837	84,875	_	27,900	18,398
Medical claims expense		-	_	_	_	_	_
Interest		610	650	39	_	1	1,287
Depreciation and amortization		12,785	12,795	12,361	_	3,672	1,759
Total operating expenses		278,526	251.425	204,570	_	71,312	33,838
Operating (loss) income before Joplin operations							
and related insurance recovery		(7,969)	(10,869)	101	_	2,840	832
Joplin insurance proceeds		_	_	_	388,100	_	_
Joplin operating revenues		_	_	-	95,577	_	_
Joplin operating expenses		_	_	_	(247.339)	_	_
Total operating (loss) income		(7.969)	(10,869)	101	236,338	2,840	832
Nonoperating gams (losses)							
Investment returns, net		32	151	356	(40)	46	2
Realized and unrealized losses on							
interest rate swaps			-	-	=	=	-
Other, net		(697)	91	5	(460)	(307)	6
Total nonoperating (losses) gains, net		(665)	242	361	(500)	(261)	8
(Deficit) excess of revenues over expenses		(8.634)	(10.627)	462	235,838	2,579	840
Other changes in unrestricted net assets							
Transfers from (to) Mercy, net		25,251					
Pension liability adjustments		43,431	_	_	_	_	_
Gain from discontinued operations							
Net assets released from restrictions		_	_	_	_	_	_
for property acquisitions		_	_	_	_	25	_
Other		(250)	(303)	(170)	(10,027)	(152)	10,024
Increase (decrease) in unrestricted net assets			\$ (10,930) \$		\$ 225.811	\$ 2,452	\$ 10,864
more a faction of in time timeter net a very	<u> </u>	10,007	w (10,730)	, 4,4	<i>₩₩₩</i> ,011	U 4,TU4	U 10,00-T

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St. Louis		Springfield	Oklahoma	MML	Mercy	Eliminations	Total	
				(In Thousands)				
\$	1,095,242 \$	5 1,383,411 \$	655,837	\$ 294 \$	1,208	\$ (115,853) \$	3,879,408	
	(38.805)	(106.810)	(56,162)	_	(223)	_	(268,365)	
	1.056,437	1,276,601	599.675	294	985	(115,853)	3,611,043	
	7.290	251,361	_	_	281	_	258,978	
	42,280	87.224	32,539	2,574	595,435	(549,086)	242.622	
	1.106.007	1.615.186	632.214	2.868	596,701	(664,939)	4.112.643	
	582.981	783.988	312.619	2.398	320,409	(115.853)	2,328,935	
	436,024	566,123	274,168	1,515	184,478	(549.084)	1.264,543	
	147	120,672	-	=	_		120,819	
	2,780	19	32	_	6,391	(1)	11.808	
	61,550	53,104	23,943	192	81,964	=	264,125	
	1,083,482	1,523,906	610.762	4,105	593,242	(664.938)	3,990,230	
	22.525	91,280	21.452	(1.237)	3.459	(1)	122.413	
	_	_	_	_	_	_	388,100	
	_	-	-	_	-	_	95,577	
	_	_	_	_	_	_	(247.339)	
	22,525	91.280	21.452	(1.237)	3,459	(1)	358,751	
	745	(389)	18	1.207	(10.429)	-	(8.301)	
		_		_	(49.819)	_	(49.819)	
	194	(27)	(19)	_	(787)	_	(2,001)	
	939	(416)	(1)	1,207	(61.035)		(60,121)	
	23.464	90,864	21.451	(30)	(57.576)	(1)	298,630	
	5.093	(141,176)	10,887	_	99,945	_	_	
		_	- · · · · · -	_	(121.025)	_	(121.025)	
	_	_	_	_	8,435	_	8.435	
	1.172	4	1.908	22	_	_	3.131	
	(3)	1,983	(1.460)	(1)	(13.776)	15,538	1,403	
\$	29,726 \$	(48,325) \$	32,786	\$ (9) \$	(83,997) \$	5 15,537 \$	190,574	

Consolidating Statement of Changes in Net Assets

Year Ended June 30, 2012

	Fort Smith	,	Hot Springs	Rogers	Joplin	J	Kansas	C	arthage
				(In Thou	sands)				-
Increase (decrease) in unrestricted net assets	\$ 16,367	\$	(10.930)	\$ 292	\$ 225.811	\$	2.452	\$	10.864
Restricted net assets									
Pledges, bequests, and gifts for specific purposes	1,336		67	35	1.072		-		-
Investment returns, net	_		(6)	_	_		_		_
Net assets released from restrictions	(956)		(1,208)	(126)	(286)		(283)		_
Other	_		(41)	-	_		166		
Increase (decrease) in restricted net assets	380		(1,188)	(91)	786		(117)		
Change in net assets	16,747		(12,118)	201	226,597		2,335		10,864
Net assets at beginning of year	208,548		115,846	140,789	4,384		57,269		
Net assets at end of year	\$ 225,295	\$	103,728	\$ 140,990	\$ 230,981	\$	59,604	\$	10,864

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St. Louis Springfi		Springfield	Oklahoma		MML		Mercy	Eliminations	ninations		
(In Thousands)											
\$ 29.726	\$	(48.325)	\$ 32.786	\$	(9)	\$	(83.997)	5 15.537	\$	190,574	
5,890		3,985	1.684		1.012		988	_		16.069	
153		(2)	1		_		_	_		146	
(5.895)		(2.245)	(2.857)		(1.041)		(118)	_		(15.015)	
49		10	(7)				(361)	_		(184)	
197		1,748	(1,179)		(29)		509	-		1,016	
29.923		(46,577)	31.607		(38)		(83.488)	15,537		191.590	
640,259		581.339	312,709		27.713		531.152	(15.537)		2,604,471	
\$ 670,182	\$	534,762	\$ 344,316	\$	27,675	\$	447,664	5 –	\$	2,796,061	

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