

Form 990

Department of the Treasury  
Internal Revenue ServiceEXTENDED TO MAY 15, 2019  
Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

► Do not enter social security numbers on this form as it may be made public.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.2017  
Open to Public  
Inspection

A For the 2017 calendar year, or tax year beginning JUL 1, 2017 and ending JUN 30, 2018

B Check if applicable	C Name of organization <b>MERCYHEALTH DEVELOPMENT FOUNDATION</b>		D Employer identification number <b>36-3197918</b>
<input type="checkbox"/> Address change	Doing business as		E Telephone number <b>815.971.5000</b>
<input type="checkbox"/> Name change	Number and street (or P.O. box if mail is not delivered to street address) <b>2400 N ROCKTON AVE</b>		F Gross receipts \$ <b>18,417,729.</b>
<input type="checkbox"/> Initial return	Room/suite		G City or town, state or province, country, and ZIP or foreign postal code <b>ROCKFORD, IL 61103</b>
<input type="checkbox"/> Final return/terminated	H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<input type="checkbox"/> Amended return	H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/> Application pending	If "No," attach a list (see instructions)		
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) 4947(a)(1) or 527		J Website: ► <a href="https://FOUNDATION.MERCYHEALTHSYSTEM.ORG">HTTPS://FOUNDATION.MERCYHEALTHSYSTEM.ORG</a>	
K Form of organization. <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ►		L Year of formation 1982 M State of legal domicile IL	

## Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities <b>MERCYHEALTH DEVELOPMENT FOUNDATION HAS A MISSION TO PROVIDE ASSISTANCE TO ALL ENTITIES OF</b>		
	2 Check this box ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3 17	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4 16	
	5 Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5 0	
	6 Total number of volunteers (estimate if necessary)	6 80	
	7 a Total unrelated business revenue from Part VIII, column (C), line 12	7a 0.	
b Net unrelated business taxable income from Form 990-T, line 34	7b 0.		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 1,534,307.	Current Year 1,501,080.
	9 Program service revenue (Part VIII, line 2g)	0.	0.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	713,582.	1,202,279.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	39,465.	3,818.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,287,354.	2,707,177.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	886,226.	880,188.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
Expenses	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	386,942.	246,262.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25) ► 298,018.		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	453,221.	785,582.
	18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	1,726,389.	1,912,032.
	19 Revenue less expenses Subtract line 18 from line 12	560,965.	795,145.
	20 Total assets (Part X, line 16)	Beginning of Current Year 1,341,809,700.	End of Year 35,542,820.
21 Total liabilities (Part X, line 26)	8,114,371.	1,391,178.	
22 Net assets or fund balances Subtract line 21 from line 20	13,066,599.	34,151,642.	

## Part II Signature Block

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

Sign Here	► Signature of officer <i>Javon Bea</i>	Date <i>6/8/19</i>
	► JAVON BEA, PRESIDENT/CEO	
	Type or print name and title	
Paid	Print/Type preparer's name <b>TROY E. MARINE, CPA</b>	Preparer's signature <i>Troy E. Marine, CPA</i> Date 04/23/19
Preparer	Firm's name ► <b>BAKER TILLY VIRCHOW KRAUSE, LLP</b>	Firm's EIN ► 39-0859910
Use Only	Firm's address ► <b>500 MIDLAND COURT, PO BOX 8130 JANEVILLE, WI 53547-8130</b>	Phone no 608.752.5835

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

 Yes  No

## Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III 1 Briefly describe the organization's mission

THE MISSION OF MERCY HEALTH SYSTEM (MHS) IS "EXCEPTIONAL HEALTH CARE SERVICES WITH A PASSION FOR MAKING LIVES BETTER". WITH A VISION OF QUALITY - EXCELLENCE IN PATIENT CARE, SERVICE - EXCEPTIONAL PATIENT AND CUSTOMER CARE, PARTNERING - BEST PLACE TO WORK AND COST -

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

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses  
Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code       ) (Expenses \$ 230,710. including grants of \$ 145,237. ) (Revenue \$       )  
IN FY2018 ENDOWMENTS AND RESTRICTED FUNDS PROVIDED EDUCATION AND TRAINING FOR EMPLOYEES THROUGHOUT THE HEALTH SYSTEM INCLUDING TRAINING AND CONFERENCES FOR NURSES IN PREPARATION FOR ACHIEVING THE HIGHLY REGARDED MAGNET STATUS. IN ADDITION, RESTRICTED GIFTS AND ENDOWMENTS HELPED FUND A VARIETY OF EQUIPMENT AND SEVERAL FACILITIES PROJECTS THROUGHOUT THE SYSTEM.

DONATIONS FROM THE AUXILIARY ASSISTED WITH CARE ON THE CARE MOBILE, NURSING SCHOLARSHIPS FOR MINORITY STUDENTS, VARIOUS IMPROVEMENT PROJECTS AND THE HEALING HARP PROGRAM THAT CREATES AN ATMOSPHERE OF CARE AND COMFORT FOR HOSPITALIZED PATIENTS.

4b (Code       ) (Expenses \$ 463,656. including grants of \$ 208,235. ) (Revenue \$       )  
THROUGH CHARITABLE CONTRIBUTIONS, THE FOUNDATION SUPPORTS THE RONALD MCDONALD CARE MOBILE STAFFED AND OPERATED BY MERCYHEALTH EMPLOYEES, WHICH PROVIDES FREE MEDICAL AND DENTAL CARE TO UNINSURED AND UNDERINSURED CHILDREN AT MORE THAN 12 DIFFERENT SITES IN NORTHERN ILLINOIS AND SOUTHERN WISCONSIN. THE CARE MOBILE VISITS INCLUDE VACCINATIONS, LEAD OR BLOOD SCREENINGS, MEDICAL DIAGNOSES, PREVENTATIVE AND RESTORATIVE DENTAL CARE AND TREATMENT/CARE TO AVOID AN EMERGENCY ROOM VISIT.

AN ANNUAL CHARITY BALL FUNDRAISER BENEFITS THE HOUSE OF MERCY: A HOMELESS SHELTER IN JANESVILLE. IN FY2018 THE HOUSE OF MERCY PROVIDED 9,196 SHELTER NIGHTS. A TOTAL OF 232 INDIVIDUALS (119 ADULTS AND 113

4c (Code       ) (Expenses \$ 618,880. including grants of \$ 526,715. ) (Revenue \$       )  
THE PARTNER CRISIS FUND RAISED FUNDS IN FY18 FOR AN EMPLOYEE CRISIS FUND. THE CRISIS FUND PROVIDES ASSISTANCE TO EMPLOYEES WHO HAVE EXPERIENCED A CRISIS SUCH AS A FLOOD OR FIRE IN THEIR HOME OR A SEVERE ILLNESS, INJURY OR DEATH OF A SPOUSE OR CHILD.

MERCY FOUNDATION PROVIDED FUNDING ASSISTANCE FOR PATIENT CARE EXAMS AND THERAPIES, CLASSES, AND EQUIPMENT AS WELL AS PROVIDED INDIGENT INDIVIDUALS/FAMILIES WITH RENT ASSISTANCE AND TRANSPORTATION COSTS (BUS TOKENS). DONATIONS WERE ALSO USED TO ASSIST MERCYHEALTH AT HOME, A RELATED ORGANIZATION, IN CARING FOR THE ELDERLY, THE HOMEBOUND, THE RECOVERING AND THOSE FACING END OF LIFE. MERCY FOUNDATION PROVIDED SUBSIDY FUNDING FOR THE MERCY HEALTH SYSTEM RESIDENCY PROGRAM. THESE

4d Other program services (Describe in Schedule O)(Expenses \$        including grants of \$        ) (Revenue \$       )4e Total program service expenses ► 1,313,246.

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ABPGTJSR0

## Part IV Checklist of Required Schedules

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

## Part IV Checklist of Required Schedules (continued)

		Yes	No
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	X
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	X
23	Did the organization answer "Yes" to Part VII, Section A, line 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	X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K If "No", go to line 25a	24a	X
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	<b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	X
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	X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II	26	X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27	X
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)	28a	X
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c	X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	29	X
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30	X
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31	X
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32	X
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33	X
34	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	34	X
35a	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	35a	X
b	If "Yes" to line 35a, 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	
36	<b>Section 501(c)(3) organizations</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36	X
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	X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	38	X

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**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V 

		Yes	No
1a	13		
1b	0		
1c	X		
2a	0		
2b			
3a	X		
3b			
4a	X		
5a	X		
5b	X		
5c			
6a	X		
6b			
7a	X		
7b	X		
7c	X		
7d			
7e	X		
7f	X		
7g			
7h			
8			
9a			
9b			
10a			
10b			
11a			
11b			
12a			
12b			
13a			
13b			
13c			
14a		X	
14b			

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

Check if Schedule O contains a response or note to any line in this Part VI

### Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year  
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.

1b 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?

3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

6 Did the organization have members or stockholders?

7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body?

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

	1a	1b	17	16	Yes	No
2					X	
3					X	
4					X	
5					X	
6		X				
7a		X				
7b		X				
8a		X				
8b		X				
9					X	

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

10a Did the organization have local chapters, branches, or affiliates?

b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?

b Describe in Schedule O the process, if any, used by the organization to review this Form 990

12a Did the organization have a written conflict of interest policy? If "No," go to line 13

b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done

13 Did the organization have a written whistleblower policy?

14 Did the organization have a written document retention and destruction policy?

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official

b Other officers or key employees of the organization

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?

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?

	10a	10b	11a	12a	12b	12c	13	14	15a	15b	16a	16b	Yes	No
10a													X	
10b														
11a													X	
12a				X										
12b					X									
12c						X								
13							X							
14								X						
15a									X					
15b										X				
16a											X			
16b														

### Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► IL, WI

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply

Own website  Another's website  Upon request  Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, address, and telephone number of the person who possesses the organization's books and records ►

SHANNON DUNPHY-ALEXANDER - 608.757.3126

2400 N ROCKTON AVE, ROCKFORD, IL 61103

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**
Check if Schedule O contains a response or note to any line in this Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter 0- in columns (D), (E), and (F) if no compensation was paid

- List all of the organization's **current** key employees, if any See instructions for definition of "key employee"

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/bustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
(1) MARC L. BARBEAU DIRECTOR	1.00 0.00	X					0.	0.	0.
(2) KAY BATES DIRECTOR	1.00 0.00	X					0.	0.	0.
(3) W. WALTER BOOTHE DIRECTOR	1.00 0.00	X					0.	0.	0.
(4) JULIE BOSMA DIRECTOR	1.00 0.00	X					0.	0.	0.
(5) JASON BREDENKAMP, MD DIRECTOR	1.00 0.00	X					0.	0.	0.
(6) MARK L. GOELZER, MD DIRECTOR/PHYSICIAN	1.00 45.00	X					0.	518,244.	34,463.
(7) GEORGE KNOLL DIRECTOR	1.00 0.00	X					0.	0.	0.
(8) SCOTT K. LAUE DIRECTOR	1.00 0.00	X					0.	0.	0.
(9) LISA RUDY DIRECTOR	1.00 0.00	X					0.	0.	0.
(10) MILTON G. SCHMITT, MD DIRECTOR	1.00 0.00	X					0.	0.	0.
(11) TWILA SCHOCK DIRECTOR	1.00 0.00	X					0.	0.	0.
(12) KATHY WEBER DIRECTOR	1.00 0.00	X					0.	0.	0.
(13) JEFF R. SMITH, MD DIRECTOR	1.00 45.00	X					0.	452,522.	64,976.
(14) PATRICK O'KEEFE CHAIRPERSON	3.00 0.00	X	X				0.	0.	0.
(15) PHILLIP A. D. HIGGINS VICE-CHAIR	1.00 45.00	X	X				0.	598,179.	63,310.
(16) LINDA HECKERT PAST CHAIR	1.00 0.00	X	X				0.	0.	0.
(17) JAVON R. BEA PRESIDENT & CEO	1.00 55.00	X	X				0.	9,320,037.	43,943.

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

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

0

3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

---

**Section B. Independent Contractors**

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

the organization report compensation for the calendar year ending with or within the organization's tax year		
(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100 000 of compensation from the organization ► 0

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Form 990 (2017)

## Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII 

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c	301,936.				
	d Related organizations	1d	390,753.				
	e Government grants (contributions)	1e	5,372.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	803,019.				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f		1,501,080.				
Program Service Revenue		Business Code					
	2 a						
	b						
	c						
	d						
	e						
	f All other program service revenue						
g Total. Add lines 2a-2f							
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		310,765.			310,765.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	(ii) Personal				
	b Less rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b Less cost or other basis and sales expenses	16,427,369.					
	c Gain or (loss)	15,535,855.					
d Net gain or (loss)	891,514.		891,514.			891,514.	
8 a Gross income from fundraising events (not including \$ 301,936. of contributions reported on line 1c) See Part IV, line 18	a	149,128.					
b Less direct expenses	b	167,012.	-17,884.			-17,884.	
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities See Part IV, line 19	a	28,293.					
b Less direct expenses	b	7,685.	20,608.			20,608.	
c Net income or (loss) from gaming activities							
10 a Gross sales of inventory, less returns and allowances	a						
b Less cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue	Business Code						
11 a MISCELLANEOUS	900099	1,094.				1,094.	
b							
c							
d All other revenue							
e Total. Add lines 11a-11d		1,094.					
12 Total revenue See instructions		2,707,177.	0.	0.	1,206,097.		

**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).*Check if Schedule O contains a response or note to any line in this Part IX 

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	780,417.	780,417.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	99,771.	99,771.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	187,805.	75,122.	67,610.	45,073.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	12,481.	5,102.	4,347.	3,032.
9 Other employee benefits	37,910.	16,566.	11,778.	9,566.
10 Payroll taxes	8,066.	3,226.	2,904.	1,936.
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	72,866.		72,866.	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O)	97,466.		97,466.	
12 Advertising and promotion				
13 Office expenses	106,389.	43,975.	7,551.	54,863.
14 Information technology	1,614.		1,614.	
15 Royalties				
16 Occupancy				
17 Travel	6,533.	2,613.	2,352.	1,568.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	7,148.	3,867.	1,767.	1,514.
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a <b>HOUSE OF MERCY</b>	270,853.	270,853.		
b _____				
c _____				
d _____				
e All other expenses	222,713.	11,734.	30,513.	180,466.
25 Total functional expenses Add lines 1 through 24e	1,912,032.	1,313,246.	300,768.	298,018.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				
Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

## Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X 

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	2,722,581.	1	2,616,628.
	2 Savings and temporary cash investments	29,336.	2	61,565.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr) Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	10,415.	9	42,552.
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	86,080.		
	b Less accumulated depreciation	0.	10c	0.
	11 Investments - publicly traded securities	19,738,217.	11	21,145,846.
	12 Investments - other securities See Part IV, line 11		12	
	13 Investments - program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	11,680,421.	15	11,676,229.
	16 Total assets. Add lines 1 through 15 (must equal line 34)	34,180,970.	16	35,542,820.
Liabilities	17 Accounts payable and accrued expenses	1,038,722.	17	1,168,153.
	18 Grants payable		18	
	19 Deferred revenue	1,500.	19	1,500.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	74,149.	25	221,525.
	26 Total liabilities. Add lines 17 through 25	1,114,371.	26	1,391,178.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ► <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	16,685,197.	27	17,526,860.
	28 Temporarily restricted net assets	10,243,638.	28	10,487,018.
	29 Permanently restricted net assets	6,137,764.	29	6,137,764.
	Organizations that do not follow SFAS 117 (ASC 958), check here ► <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund/		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	33,066,599.	33	34,151,642.
	34 Total liabilities and net assets/fund balances	34,180,970.	34	35,542,820.

Form 990 (2017)

**Part XI** Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI 

1 Total revenue (must equal Part VIII, column (A), line 12)	1	2,707,177.
2 Total expenses (must equal Part IX, column (A), line 25)	2	1,912,032.
3 Revenue less expenses Subtract line 2 from line 1	3	795,145.
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	33,066,599.
5 Net unrealized gains (losses) on investments	5	289,898.
6 Donated services and use of facilities	6	
7 Investment expenses	7	
8 Prior period adjustments	8	
9 Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10 Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	34,151,642.

**Part XII** Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII 

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____		
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?	2a	X
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both		
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
2b Were the organization's financial statements audited by an independent accountant?	2b	X
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both		
<input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
2c If "Yes" to line 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?	2c	X
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O		
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	X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	

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

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

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

► Attach to Form 990 or Form 990-EZ.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization

**MERCYHEALTH DEVELOPMENT FOUNDATION**

Employer identification number

36-3197918

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

The organization is not a private foundation because it is (For lines 1 through 12, check only one box)

1  A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i). 12

2  A school described in section 170(b)(1)(A)(ii). (Attach Schedule E (Form 990 or 990-EZ))

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

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

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

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

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

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

9  An agricultural research organization described in section 170(b)(1)(A)(ix) operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions) Enter the name, city, and state of the college or university \_\_\_\_\_

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

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

12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g

a  Type I. A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization You must complete Part IV, Sections A and B.

b  Type II. A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) You must complete Part IV, Sections A and C.

c  Type III functionally integrated. A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) You must complete Part IV, Sections A, D, and E.

d  Type III non-functionally integrated. A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) You must complete Part IV, Sections A and D, and Part V.

e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization

f Enter the number of supported organizations 6

**g Provide the following information about the supported organization(s)**

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
JAVON BEA HOSPITAL (F/K/A ROCKFORD MEM	36-2167847	3	X		633,686.	
MH VISITING NURSES ASSOCIATION, INC	36-2167945	10	X		114,026.	
ROCKFORD HEALTH PHYSICIANS	36-3907436	3	X		15,432.	
MERCY ASSISTED CARE, INC.	39-1035110	10	X		0.	
MERCY HEALTH SYSTEM CORPORATION	39-0816848	3	X		0.	
<b>Total</b>					<b>763,144.</b>	<b>0.</b>

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. 732021 10-06-17 Schedule A (Form 990 or 990-EZ) 2017

SEE PART VI FOR LINE 12G CONTINUATION

15360423 144198 131484

2017.05050 MERCYHEALTH DEVELOPMENT F 131484\_1

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►

1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")

2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf

3 The value of services or facilities furnished by a governmental unit to the organization without charge

4 **Total.** Add lines 1 through 3

5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)

**6 Public support.** Subtract line 5 from line 4

	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
1						
2						
3						
4						
5						
6						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►

7 Amounts from line 4

8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources

9 Net income from unrelated business activities, whether or not the business is regularly carried on

10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)

11 **Total support.** Add lines 7 through 10

12 Gross receipts from related activities, etc. (see instructions) **12**

**13 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► **Section C. Computation of Public Support Percentage**

14 Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) **14** %

15 Public support percentage from 2016 Schedule A, Part II, line 14 **15** %

16a **33 1/3% support test - 2017.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ►

b **33 1/3% support test - 2016.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ►

17a **10% -facts-and-circumstances test - 2017.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ►

b **10% -facts-and-circumstances test - 2016.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ►

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ►

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►

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

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►

- 9 Amounts from line 6
- 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources
- b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975
- c Add lines 10a and 10b
- 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on
- 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI)
- 13 **Total support.** (Add lines 9, 10c, 11, and 12.)

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ►

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f))

15

%

16 Public support percentage from 2016 Schedule A, Part III, line 15

16

%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2017 (line 10c, column (f) divided by line 13, column (f))

17

%

18 Investment income percentage from 2016 Schedule A, Part III, line 17

18

%

19a **33 1/3% support tests - 2017.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ►

b **33 1/3% support tests - 2016.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ►

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.

2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).

3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.

b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.

c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.

4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.

b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.

c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.

5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).

b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?

c Substitutions only. Was the substitution the result of an event beyond the organization's control?

6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI.

7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).

8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).

9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI.

b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI.

c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI.

10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.

b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)

	Yes	No
1	X	
2	X	
3a	X	
3b		
3c		
4a		X
4b		
4c		
5a	X	
5b		
5c		
6	X	
7	X	
8	X	
9a	X	
9b	X	
9c	X	
10a	X	
10b		

**Part IV Supporting Organizations (continued)**

11 Has the organization accepted a gift or contribution from any of the following persons?

- A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?
- A family member of a person described in (a) above?
- A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.

	Yes	No
11a	X	
11b	X	
11c	X	

**Section B. Type I Supporting Organizations**

1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year

2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.

	Yes	No
1	X	
2	X	

**Section C. Type II Supporting Organizations**

1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).

	Yes	No
1		

**Section D. All Type III Supporting Organizations**

1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?

2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s)

3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.

	Yes	No
1		
2		
3		

**Section E. Type III Functionally Integrated Supporting Organizations**

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).

- The organization satisfied the Activities Test Complete line 2 below
- The organization is the parent of each of its supported organizations Complete line 3 below
- The organization supported a governmental entity Describe in Part VI how you supported a government entity (see instructions)

## 2 Activities Test Answer (a) and (b) below.

- Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities
- Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement

## 3 Parent of Supported Organizations Answer (a) and (b) below.

- Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.
- Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.

	Yes	No
2a		
2b		
3a		
3b		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970 (explain in Part VI) See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E

<b>Section A - Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
<b>8 Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	<b>8</b>		
<b>Section B - Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
<b>d Total</b> (add lines 1a, 1b, and 1c)	<b>1d</b>		
e Discount claimed for blockage or other factors (explain in detail in Part VI)			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d	3		
4 Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by 035	6		
7 Recoveries of prior-year distributions	7		
<b>8 Minimum Asset Amount</b> (add line 7 to line 6)	<b>8</b>		
<b>Section C - Distributable Amount</b>			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3	4		
5 Income tax imposed in prior year	5		
<b>6 Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	<b>6</b>		
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions)			

**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations *(continued)*

<b>Section D - Distributions</b>		<b>Current Year</b>
1	Amounts paid to supported organizations to accomplish exempt purposes	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	
4	Amounts paid to acquire exempt-use assets	
5	Qualified set-aside amounts (prior IRS approval required)	
6	Other distributions (describe in Part VI) See instructions	
7	<b>Total annual distributions.</b> Add lines 1 through 6	
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9	Distributable amount for 2017 from Section C, line 6	
10	Line 8 amount divided by line 9 amount	

<b>Section E - Distribution Allocations (see instructions)</b>	<b>(i) Excess Distributions</b>	<b>(ii) Underdistributions Pre-2017</b>	<b>(iii) Distributable Amount for 2017</b>
1 Distributable amount for 2017 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2017 (reasonable cause required- explain in Part VI) See instructions			
3 Excess distributions carryover, if any, to 2017			
a From 2012			
b From 2013			
c From 2014			
d From 2015			
e From 2016			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2017 distributable amount			
i Carryover from 2012 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2017 from Section D, line 7 \$			
a Applied to underdistributions of prior years			
b Applied to 2017 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2017, if any Subtract lines 3g and 4a from line 2 For result greater than zero, explain in Part VI. See instructions			
6 Remaining underdistributions for 2017 Subtract lines 3h and 4b from line 1 For result greater than zero, explain in Part VI See instructions			
7 Excess distributions carryover to 2018. Add lines 3j and 4c			
8 Breakdown of line 7			
a Excess from 2013			
b Excess from 2014			
c Excess from 2015			
d Excess from 2016			
e Excess from 2017			

**Part VI**

**Supplemental Information.** Provide the explanations required by Part II, line 10, Part II, line 17a or 17b, Part III, line 12, Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c, Part IV, Section B, lines 1 and 2, Part IV, Section C, line 1, Part IV, Section D, lines 2 and 3, Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b, Part V, line 1, Part V, Section B, line 1e, Part V, Section D, lines 5, 6, and 8, and Part V, Section E, lines 2, 5, and 6 Also complete this part for any additional information (See instructions )

**PART IV, SECTION B, LINE 1:**

THE BYLAWS OF MERCYHEALTH DEVELOPMENT FOUNDATION (FOUNDATION) PROVIDE  
THAT MERCY HEALTH CORPORATION (MHC) IS THE SOLE CORPORATE MEMBER OF THE  
FOUNDATION. MHC IS ALSO THE SOLE CORPORATE MEMBER OF EACH OF THE  
SUPPORTED ORGANIZATIONS AND HAS THE POWER TO APPOINT EACH MEMBER OF THE  
RESPECTIVE BOARDS OF DIRECTORS. PURSUANT TO A WRITTEN DETERMINATION  
FROM THE INTERNAL REVENUE SERVICE, THE FOUNDATION IS OPERATED,  
SUPERVISED, OR CONTROLLED BY THE SUPPORTED ORGANIZATIONS, AND THUS THE  
FOUNDATION IS A TYPE I SUPPORTING ORGANIZATION.

**Part VI Supplemental Information** (Schedule A, Part I, Line 12g - Information regarding supported organizations (continuation))

### Continuation Totals

**SCHEDULE D**  
(Form 990)Department of the Treasury  
Internal Revenue Service**Supplemental Financial Statements**

► Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No 1545-0047

**2017**Open to Public  
Inspection

Name of the organization

**MERCYHEALTH DEVELOPMENT FOUNDATION**Employer identification number  
**36-3197918****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6

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

	(a) Donor advised funds	(b) Funds and other accounts
1		
2		
3		
4		

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

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

Preservation of land for public use (e.g., recreation or education)  Preservation of a historically important land area  
 Protection of natural habitat  Preservation of a certified historic structure  
 Preservation of open space

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

	Held at the End of the Tax Year
2a	
2b	
2c	
2d	

- a Total number of conservation easements

- b Total acreage restricted by conservation easements

- c Number of conservation easements on a certified historic structure included in (a)

- d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► \_\_\_\_\_

- 4 Number of states where property subject to conservation easement is located ► \_\_\_\_\_

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

- 6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ► \_\_\_\_\_

- 7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ► \$ \_\_\_\_\_

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

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

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 8

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included on Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_  
(ii) Assets included in Form 990, Part X ► \$ \_\_\_\_\_

- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

- a Revenue included on Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_  
b Assets included in Form 990, Part X ► \$ \_\_\_\_\_

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

Schedule D (Form 990) 2017

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

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

a  Public exhibition  
 b  Scholarly research  
 c  Preservation for future generations

d  Loan or exchange programs  
 e  Other \_\_\_\_\_

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

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

c Beginning balance  
 d Additions during the year  
 e Distributions during the year  
 f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	2,687,807.	2,469,894.	2,452,939.	2,386,798.	2,280,090.
b Contributions	2,045.	11,630.	31,782.	27,318.	56,884.
c Net investment earnings, gains, and losses	278,141.	288,013.	85,004.	71,787.	206,118.
d Grants or scholarships					
e Other expenditures for facilities and programs	124,027.	75,297.	93,696.	29,496.	149,952.
f Administrative expenses	6,799.	6,433.	6,135.	3,468.	6,342.
g End of year balance	2,837,167.	2,687,807.	2,469,894.	2,452,939.	2,386,798.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ► 13.10 %

b Permanent endowment ► 46.20 %

c Temporarily restricted endowment ► 40.70 %

The percentages on lines 2a, 2b, and 2c should equal 100%

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

(i) unrelated organizations  
 (ii) related organizations

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

Yes	No
3a(i)	X
3a(ii)	X
3b	

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

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		2,779.	2,779.	0.
c Leasehold improvements				
d Equipment		83,301.	83,301.	0.
e Other				

Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10c.) ►

0.

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b See Form 990, Part X, line 12

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ►</b>		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c See Form 990, Part X, line 13

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ►</b>		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) INTEREST IN BENEFICIAL TRUST	11,674,388.
(2) DUE FROM VNA	1,841.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ►</b>	<b>11,676,229.</b>

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f See Form 990, Part X, line 25

(a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2) DUE TO RELATED ORGANIZATIONS	221,525.	
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ►</b>	<b>221,525.</b>	

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII

Schedule D (Form 990) 2017

**Part X Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a

1	1
2	2a
	2b
	2c
	2d
	2e
3	
4	4a
	4b
	4c
5	

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

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a

1	1
2	2a
	2b
	2c
	2d
	2e
3	
4	4a
	4b
	4c
5	

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

**Part XIII Supplemental Information.**

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

**PART V, LINE 4:**

FUNDS WERE USED TO PROVIDE A LECTURE SERIES, FOR CONTINUING EDUCATION FOR

EMPLOYEES WANTING TO IMPROVE THEIR CREDENTIALS OR TO FOCUS ON A NEW SKILL

OR SOME TECHNOLOGY NOT CURRENTLY AVAILABLE IN THE ROCKFORD COMMUNITY.

THERE WERE ALSO MISCELLANEOUS PROJECTS DESIGNATED BY THE FOUNDATION BOARD

IN ACCORDANCE WITH THE SPECIFIC ENDOWMENT. ALL FUNDS WERE EXPENDED PER THE

SPECIFIC DIRECTION OF EACH ENDOWMENT.

**SCHEDULE G**  
(Form 990 or 990-EZ)

## **Supplemental Information Regarding Fundraising or Gaming Activities**

Department of the Treasury  
Internal Revenue Service

**Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.**

organization entered more than \$15,000 on Form 990-EZ, line 6a.

► Attach to Form 990 or Form 990-EZ.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest instructions.

OMB No. 1545-0047

2017

**Open to Public  
Inspection**

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Name of the organization

Employer identification number  
36-3197918

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**Part I Fundraiser**

## MERCYHEALTH DEVELOPMENT FOUNDATION

**Part I Fundraising Activities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

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

<b>a</b> <input type="checkbox"/> Mail solicitations	<b>e</b> <input type="checkbox"/> Solicitation of non-government grants
<b>b</b> <input type="checkbox"/> Internet and email solicitations	<b>f</b> <input type="checkbox"/> Solicitation of government grants
<b>c</b> <input type="checkbox"/> Phone solicitations	<b>g</b> <input type="checkbox"/> Special fundraising events
<b>d</b> <input type="checkbox"/> In-person solicitations	

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

Yes

No

b If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization	
		Yes	No			

**Total**

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

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule G (Form 990 or 990-EZ) 2017

**Part II Fundraising Events.** Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000

	(a) Event #1 CHARITY BALL (event type)	(b) Event #2 GALA (event type)	(c) Other events 1 (total number)	(d) Total events (add col (a) through col (c))
1 Gross receipts	186,891.	210,618.	53,555.	451,064.
2 Less Contributions	163,786.	116,450.	21,700.	301,936.
3 Gross income (line 1 minus line 2)	23,105.	94,168.	31,855.	149,128.
4 Cash prizes	3,000.			3,000.
5 Noncash prizes	11,850.	2,486.		14,336.
6 Rent/facility costs	2,737.	14,829.	6,143.	23,709.
7 Food and beverages	14,448.	41,138.	6,652.	62,238.
8 Entertainment	5,725.	8,700.		14,425.
9 Other direct expenses	13,811.	32,606.	2,887.	49,304.
10 Direct expense summary Add lines 4 through 9 in column (d)				► 167,012.
11 Net income summary Subtract line 10 from line 3, column (d)				► -17,884.

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

	(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
1 Gross revenue			28,293.	28,293.
2 Cash prizes			3,000.	3,000.
3 Noncash prizes			4,685.	4,685.
4 Rent/facility costs				
5 Other direct expenses				
6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes 100 % <input type="checkbox"/> No	
7 Direct expense summary Add lines 2 through 5 in column (d)				► 7,685.
8 Net gaming income summary Subtract line 7 from line 1, column (d)				► 20,608.

9 Enter the state(s) in which the organization conducts gaming activities IL, WI

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

b If "No," explain EACH RAFFLE/AUCTION IS PART OF A FUNDRAISING EVENT AND REQUIRES ONLY A CITY PERMIT FROM THE CITY IN WHICH THE EVENT WILL TAKE PLACE.

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

b If "Yes," explain \_\_\_\_\_

11	Does the organization conduct gaming activities with nonmembers?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
12	Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
13	Indicate the percentage of gaming activity conducted in		
a	The organization's facility	13a	.00 %
b	An outside facility	13b	100.00 %
14	Enter the name and address of the person who prepares the organization's gaming/special events books and records		

Name ► **BARB BORTNER, VP**

Address ► 1000 MINERAL POINT AVE. - JANEVILLE, WI 53548-2940

**15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No

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

c If "Yes," enter name and address of the third party

Name ►

Address ►

## 16 Gaming manager information

Name ► RHONDA TAYLOR

Gaming manager compensation ► \$ 639.

Description of services provided ► RECORD KEEPING, MONEY COUNTING, BANK DEPOSITS,  
RECEIVING DONATED ITEMS FOR THE RAFFLE, ETC.

Director/officer

Employee

Independent contractor

## 17 Mandatory distributions

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

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

**Part IV** **Supplemental Information.** Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions

**Schedule G (Form 990 or 990-EZ) MERCY HEAD**  
**Part IV Supplemental Information (continued)**



(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of noncash assistance
FINANCIAL ASSISTANCE FOR FAMILIES WITH AN AUTISTIC CHILD.	11	10,030.	0.		
FINANCIAL ASSISTANCE FOR EMPLOYEES DEALING WITH A CRISIS.	82	89,741.	0.		

Draft IV **Supplemental Information** Provided the information required in Part I line 2 Part III column 1a and any other additional information

BAPTITNE 2.

APPLICATIONS ARE SUBMITTED TO THE HOSPITAL VERIFYING A NEED FOR FUNDS OR PRODUCTS (IE AUTOMATIC ELECTRONIC DEFIBRILLATORS-AED). A DETERMINATION IS MADE THROUGH A PREDETERMINED SCORING METHOD AS TO WHAT ORGANIZATIONS WILL BE RECIPIENTS OF THE FUNDS OR PRODUCTS. CASH CONTRIBUTIONS ARE MADE ONLY TO RECOGNIZED CHARITIES FOR WHICH GOOD FAITH REGARDING FUND USE HAS BEEN ESTABLISHED. THE CONTRIBUTION IS ONLY FOR THE AMOUNT OF THE APPEAL AND FOR A SPECIFIED NEED.

**SCHEDULE J**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

► Complete if the organization answered "Yes" on Form 990, Part IV, line 23.  
► Attach to Form 990.  
► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization

**MERCYHEALTH DEVELOPMENT FOUNDATION**

Employer identification number  
**36-3197918**

**Part I** Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items		
<input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef)	
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain		
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?		
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III		
<input type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Written employment contract <input type="checkbox"/> Compensation survey or study <input type="checkbox"/> Approval by the board or compensation committee	
4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	<b>4a X</b> <b>4b X</b> <b>4c X</b>	
Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.		
5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a The organization? b Any related organization? If "Yes" on line 5a or 5b, describe in Part III	<b>5a X</b> <b>5b X</b>	
6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization? b Any related organization? If "Yes" on line 6a or 6b, describe in Part III	<b>6a X</b> <b>6b X</b>	
7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III	<b>7 X</b>	
8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	<b>8 X</b>	
9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	<b>9</b>	

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

Schedule J (Form 990) 2017

Part II Officers Directors Trustees Key Employees and Highest Compensated Employees [See duplicate copies of additional forms is required]

For each individual whose compensation must be reported on 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 aren't listed on Form 990, Part VII.

Note: The sum of columns 10-14 is for each listed individual and the total amount of Form 2000 Part VIII Section A lines 1-10.

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information

PART I, LINE 3:

THE CEO IS PAID FROM A RELATED ORGANIZATION, MERCY HEALTH SYSTEM

CORPORATION (MHSC). MHSC USES THE FOLLOWING TO ESTABLISH THE COMPENSATION OF THE CEO: COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT,

FORM 990 OF OTHER ORGANIZATION, WRITTEN EMPLOYMENT CONTRACT, COMPENSATION SURVEY OR STUDY AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE. THE MERCY COMPENSATION COMMITTEE OF MHSC IS COMPRISED OF THE BOARD CHAIRPERSON, SECRETARY, AND THE TREASURER. THE COMPENSATION COMMITTEE IS ASSISTED BY INDEPENDENT LEGAL COUNSEL AND AN INDEPENDENT COMPENSATION CONSULTANT. THE COMPENSATION COMMITTEE, LEGAL COUNSEL, AND THE COMPENSATION CONSULTANT MEET THROUGHOUT THE YEAR AND REPORT DIRECTLY TO THE BOARD OF DIRECTORS ANNUALLY. THIS PROCESS WAS COMPLETED FOR 2017.

PART I, LINES 4A-B:

GARY KAATZ BEGAN RECEIVING SEVERANCE PAYMENTS DURING THE 7/10/15 PAY PERIOD AND WILL CONTINUE TO RECEIVE SEVERANCE THROUGH THE 1/5/18 PAY PERIOD. TOTAL PAYMENTS RECEIVED BY GARY KAATZ IN 2017 WAS \$901,541.

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information

INCENTIVE PLAN DISTRIBUTION:

JAVON R. BEA - \$6,088,607

PART II, LINE 4:

JAVON R. BEA - DEFERRED COMPENSATION PAYMENT

MR. BEA HAS BEEN EMPLOYED BY MHSC AS PRESIDENT AND CEO OVER THE PAST 30 YEARS. DURING THIS TIME, MR. BEA HAS LED AN INCREDIBLE TRANSFORMATION TAKING A SMALL, SINGLE, STAND-ALONE COMMUNITY HOSPITAL AND CREATING A VERTICALLY INTEGRATED HEALTH SYSTEM WITH 85 FACILITIES IN 50 COMMUNITIES THROUGHOUT SOUTHERN WISCONSIN AND NORTHERN ILLINOIS, INCREASING GROSS REVENUE FROM \$33 MILLION TO OVER \$2.9 BILLION IN FY2018. THIS HAS ALLOWED THE HEALTH SYSTEM TO GO FROM SERVING 89,000 PATIENTS IN 1989 TO OVER 2.4 MILLION PATIENTS TODAY WORKING TOGETHER WITH OVER 8,000 PARTNERS IN HEALTH CARE. TODAY, MHSC HAS BECOME THE LARGEST EMPLOYER IN SOUTHERN WISCONSIN AND NORTHERN ILLINOIS.

THIS GROWTH CAN BE ATTRIBUTED TO MR. BEA'S VISIONARY LEADERSHIP. LEADERSHIP THAT HAS LED TO MHSC RECEIVING NUMEROUS NATIONAL RECOGNIZED

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information

AWARDS INCLUDING BEING NAMED THE FIRST FULLY INTEGRATED HEALTH SYSTEM TO RECEIVE THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD, THE MAGNET RECOGNITION AWARD, BEING RANKED #1 AND #2 ON AARP'S TOP 100 BEST PLACES TO WORK FOR WORKERS OVER 50, AND BEING RANKED IN THE TOP 25 ON THE TOP 100 INTEGRATED HEALTHCARE NETWORKS LIST BY MODERN HEALTHCARE FOR OVER 10 STRAIGHT YEARS.

THE TURNAROUND OF THE MHSC IMPLEMENTED BY MR. BEA IS UNPARALLELED. BY PIONEERING A "PARTNERSHIP MODEL" OF COMPENSATION AND DESIGNING A CUSTOM CULTURE OF EXCELLENCE, MR. BEA IS VITAL TO THE DECADES-LONG AND CONTINUING GROWTH AT MHSC. THIS SUCCESS HAS MADE MR. BEA A HIGHLY SOUGHT AFTER SPEAKER AND CONSULTANT AS HE IS NOW WELL-REOWNED FOR HIS INNOVATIONS IN THE AREAS OF INTEGRATED HEALTHCARE AND PHYSICIAN PARTNERSHIP MODELS.

THE TREMENDOUS SUCCESS OF MHSC UNDER THE LEADERSHIP OF MR. BEA HAS ALLOWED HIM TO RECEIVE PAYOUTS FROM A DEFERRED COMPENSATION PACKAGE WHICH MHSC HAS BEEN PAYING INTO OVER MANY YEARS. THESE PAYMENTS ONLY BECAME PAYABLE IF MHSC ATTAINED CERTAIN DEFINED FINANCIAL AND STRATEGIC

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this Part for any additional information

GOALS AND THE AMOUNTS ARE AT RISK EVERY SINGLE YEAR. AS INDICATED ABOVE, MANY OF THESE GOALS WERE ACHIEVED WITHIN THE PAST TWO YEARS RESULTING IN A RELEASE OF THESE DEFERRED PAYMENTS WHICH IMPACTED MR. BEA'S COMPENSATION REPORTING.

THE SETTING OF THESE GOALS WERE LAID OUT BY THE BOARD OF DIRECTORS IN COOPERATION WITH NATIONALLY RECOGNIZED COMPENSATION ATTORNEYS AND CONSULTANTS TO MAKE SURE ALL FACTORS WERE TAKEN INTO CONSIDERATION. MR. BEA'S COMPENSATION HAS ALSO BEEN SCRUTINIZED BY NUMEROUS OUTSIDE ORGANIZATIONS AND MOST IMPORTANTLY, THE INTERNAL REVENUE SERVICE; AND HAS PASSED INSPECTION IN EACH CASE. TOTAL COMPENSATION IS APPROVED ANNUALLY BY THE BOARD OF DIRECTORS OF MHSC.

## Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
► Attach to Form 990 or 990-EZ.  
► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

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**2017**

Open to Public  
Inspection

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MERCYHEALTH DEVELOPMENT FOUNDATION

Employer identification number  
36-3197918

### FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

THE MERCY HEALTH SYSTEM (MHS) BY RECEIVING, MAINTAINING, AND  
ADMINISTERING FUNDS RECEIVED FROM THE PUBLIC AND OTHER AVAILABLE  
RESOURCES TO FURTHER THE EXEMPT PURPOSE OF THESE NON-PROFIT 501(C)(3)  
ORGANIZATIONS AND TO SUPPORT THE MHS MISSION OF "EXCEPTIONAL HEALTH  
CARE SERVICES WITH A PASSION FOR MAKING LIVES BETTER".

### FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

COST-EFFECTIVE CARE AND A COMMITMENT TO THE VALUES OF: HEALING IN THE  
BROADEST SENSE, PATIENTS COME FIRST, TREAT EACH OTHER LIKE FAMILY AND  
ALWAYS SEEK EXCELLENCE. THE MERCYHEALTH DEVELOPMENT FOUNDATION ASSISTS  
IN THIS MISSION BY USING ITS RESOURCES TO SUPPORT ALL AFFILIATED  
ENTITIES TO HELP THEM FULFILL THEIR COMMITMENT TO THIS MISSION.

### FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

CHILDREN) WERE SERVED. OTHER FUNDRAISERS WHOSE PROCEEDS BENEFITED THE  
HOUSE OF MERCY INCLUDE: BOOK SALE FUNDRAISERS, JEWELRY SALE  
FUNDRAISERS AND JEANS DAYS.

### FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:

DONATIONS WERE USED FOR EDUCATIONAL NECESSITIES OUTSIDE THE NORMAL  
OPERATING BUDGET OF THE MERCY RESIDENCY PROGRAM.

### FORM 990, PART VI, SECTION A, LINE 1:

THE BOARD OF DIRECTORS SHALL BE ASSISTED THROUGH THE WORK OF VARIOUS  
STANDING AND SPECIAL COMMITTEES. EACH COMMITTEE SHALL HAVE A CHARTER,

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2017)

732211 09-07-17

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WHICH MUST BE APPROVED BY THE BOARD OF DIRECTORS AND WHICH SHALL SPECIFY  
THE COMPOSITION OF THE COMMITTEE (INCLUDING QUALIFICATIONS OF COMMITTEE  
MEMBERS, IF ANY), AND THE AUTHORITY AND RESPONSIBILITIES OF THE COMMITTEE.  
EXCEPT AS SPECIFICALLY DETERMINED BY THE BOARD OF DIRECTORS, COMMITTEES  
SHALL ACCOUNT DIRECTLY TO THE BOARD OF DIRECTORS THROUGH REGULAR REPORTING  
AT SUCH TIME AND IN SUCH FORMAT AS MAY BE DETERMINED BY THE BOARD. TO THE  
EXTENT PROVIDED BY ITS CHARTER, A STANDING COMMITTEE MAY BE GRANTED THE  
AUTHORITY TO EXERCISE THE POWER OF THE BOARD BETWEEN BOARD MEETINGS, EXCEPT  
THAT NO COMMITTEE SHALL TAKE ANY OF THE FOLLOWING ACTIONS:

(A) ADOPT A PLAN FOR DISTRIBUTION OF THE ASSETS OR DISSOLUTION OF THE FOUNDATION;

(B) FILL VACANCIES ON THE BOARD OR ANY COMMITTEE THEREOF;

(C) ELECT, APPOINT OR REMOVE ANY DIRECTOR, OFFICER OR COMMITTEE MEMBER, OR FIX THE COMPENSATION OF ANY COMMITTEE MEMBER;

(D) AMEND OR REPEAL THE ARTICLES OF INCORPORATION OR THE BYLAWS;

(E) ADOPT A PLAN OF MERGER OR CONSOLIDATION, OR AUTHORIZE THE SALE, LEASE, EXCHANGE OR MORTGAGE OF ALL OR SUBSTANTIALLY ALL OF THE PROPERTY OR ASSETS OF THE FOUNDATION; OR

(F) AMEND, ALTER, REPEAL OR TAKE ACTION INCONSISTENT WITH ANY RESOLUTION OR ACTION OF THE BOARD IF, BY ITS TERMS, SUCH RESOLUTION OR ACTION PROVIDES THAT IT SHALL NOT BE AMENDED, ALTERED OR REPEALED BY A COMMITTEE.

FORM 990, PART VI, SECTION A, LINE 6:

MERCY HEALTH CORPORATION (MHC) IS THE SOLE CORPORATE MEMBER OF MERCYHEALTH DEVELOPMENT FOUNDATION (FOUNDATION). THE BOARD OF DIRECTORS OF THE SOLE MEMBER (THE "SOLE MEMBER BOARD") SHALL HAVE EXCLUSIVE AUTHORITY OVER THE FOLLOWING ACTIONS OF THE FOUNDATION AND, THROUGH THE FOUNDATION, ANY

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MERCYHEALTH DEVELOPMENT FOUNDATION

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CORPORATION, ASSOCIATION, PARTNERSHIP, TRUST, JOINT VENTURE, OR OTHER ENTITY WHOLLY OR PARTIALLY CONTROLLED BY THE FOUNDATION (EACH A "SUBSIDIARY"), AS WELL AS OTHER ENTITIES CONTROLLED BY THE SOLE MEMBER (COLLECTIVELY, THE "SYSTEM"). UNLESS EXPRESSLY STATED TO THE CONTRARY HEREIN, THE SOLE MEMBER MAY EXERCISE SUCH POWER WITH OR WITHOUT A PRIOR ACTION OR RECOMMENDATION OF THE BOARD.

(A) MAJORITY VOTE. THE FOLLOWING FOUNDATION ACTIONS MAY BE TAKEN BY A MAJORITY VOTE OF THE SOLE MEMBER BOARD:

(I) ELECTION AND REMOVAL OF THE DIRECTORS OR DIRECTORS OF ANY SUBSIDIARY;

(II) INITIATION OR APPROVAL OF THE FORMATION OF A NEW SUBSIDIARY, OR AN EQUITY INVESTMENT BY THE FOUNDATION OR A SUBSIDIARY IN ANY UNRELATED PERSON;

(III) ADOPTION OF THE ANNUAL CONSOLIDATED OPERATING AND CAPITAL BUDGETS OF THE FOUNDATION AND ITS SUBSIDIARIES, WHICH SHALL BE CONSISTENT WITH THE STRATEGIC PLANS AND STRATEGIC CAPITAL PLANS OF THE SYSTEM;

(IV) INITIATION OR APPROVAL OF UNBUDGETED OR OUT-OF-BUDGET CAPITAL EXPENDITURES BY THE FOUNDATION OR ONE OR MORE SUBSIDIARIES THAT EXCEED \$500,000 AS EITHER A SINGLE ITEM OR A SERIES OF RELATED ITEMS;

(V) INITIATION OR APPROVAL OF BUDGETED CAPITAL EXPENDITURES BY THE FOUNDATION OR ONE OR MORE SUBSIDIARIES EXCEEDING \$1,500,000;

(VI) APPROVAL OF LOCAL BANKING RELATIONSHIP OF THE FOUNDATION OR ITS SUBSIDIARIES AND THE FOUNDATION'S OR ANY SUBSIDIARY'S ENGAGEMENT OF INDEPENDENT AUDITORS;

(VII) INITIATION OR APPROVAL OF LOANS OR OTHER INCURRENCE OF DEBT BY THE FOUNDATION OR ANY SUBSIDIARY EXCEEDING \$500,000;

(VIII) APPROVAL OF ANY ACTION THAT COULD IMPAIR THE TAX-EXEMPT STATUS OF

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36-3197918THE FOUNDATION OR ANY SUBSIDIARY;(IX) INITIATION OR APPROVAL OF THE HIRING OR REMOVAL OF THE CHIEF EXECUTIVE OFFICER, PRESIDENT AND/OR CHIEF OPERATING OFFICER OF FOUNDATION OR ANY SUBSIDIARY;(X) ANY OTHER ACTION RESERVED TO THE FOUNDATION BY THE ARTICLES OF INCORPORATION OR BYLAWS OF A SUBSIDIARY; AND(XI) APPROVAL OF ANY AND ALL SUCH OTHER MATTERS REGARDING THE FOUNDATION AND THE CONDUCT OF ITS BUSINESS ACTIVITIES AND OWNERSHIP OF ITS ASSETS AS MAY RIGHTLY COME BEFORE THE SOLE MEMBER BOARD;(B) SUPERMAJORITY VOTE. THE FOLLOWING FOUNDATION ACTIONS MAY BE TAKEN BY A SUPERMAJORITY VOTE OF THE SOLE MEMBER BOARD (AS DEFINED IN THE SOLE MEMBER'S CORPORATE BYLAWS):(I) APPROVAL OF THE ISSUANCE OF INDEBTEDNESS EXCEEDING \$5 MILLION ON BEHALF OF THE FOUNDATION OR ANY SUBSIDIARY;(II) INITIATION OR APPROVAL OF ANY ACQUISITION, MERGER, CONSOLIDATION, DISSOLUTION OR OTHER AFFILIATION OF THE FOUNDATION OR A SUBSIDIARY WITH AN UNRELATED ENTITY;(III) INITIATION OR APPROVAL OF ANY ACQUISITION, MERGER, CONSOLIDATION, DISSOLUTION, OR SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE FOUNDATION OR A SUBSIDIARY;(IV) INITIATION OR APPROVAL OF CHANGES TO THE MISSION OF THE FOUNDATION OR ANY OTHER AMENDMENT OR RESTATEMENT OF THE FOUNDATION'S ARTICLES OF INCORPORATION OR THESE BYLAWS;(V) INITIATION OR APPROVAL OF CHANGES TO THE MISSION OF A SUBSIDIARY OR ANY OTHER AMENDMENT OR RESTATEMENT OF A SUBSIDIARY'S ARTICLES OF INCORPORATION OR CORPORATE BYLAWS;

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(VI) INITIATION OR APPROVAL OF MATERIAL CHANGES TO THE SCOPE OF SERVICES OF FOUNDATION OR ITS SUBSIDIARIES IF SUCH CHANGES WOULD HAVE A MATERIAL NET EFFECT (I.E., AN ACTUAL OR REASONABLY FORESEEABLE VALUE OR ECONOMIC EFFECT OF AT LEAST \$1,000,000) ON THE OPERATING MARGIN OF FOUNDATION OR ITS SUBSIDIARIES; AND

(VII) REMOVAL OF ANY DIRECTOR OF THE FOUNDATION OR A DIRECTOR OF A SUBSIDIARY BASED UPON A FINDING OF CAUSE, AS THAT TERM IS DEFINED IN SECTION 3.5(A) OF THE BYLAWS.

FORM 990, PART VI, SECTION A, LINE 7A:

SEE NARRATIVE FOR PART VI, LINE 6

FORM 990, PART VI, SECTION A, LINE 7B:

SEE NARRATIVE FOR PART VI, LINE 6

FORM 990, PART VI, SECTION B, LINE 11B:

MANAGEMENT REVIEWS THE FORM 990 BEFORE FILING AND IT IS AVAILABLE TO THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION B, LINE 12C:

MHC COMPLIANCE DEPARTMENT (ACTING ON BEHALF OF MHDF AND FOLLOWING GUIDELINES SET FORTH IN THE POLICY) GENERALLY SENDS OUT A COPY OF THE POLICY WITH THE CONFLICT OF INTEREST FORM INCLUDED. EMPLOYEES AND EACH BOARD MEMBER COMPLETE THE FINANCIAL INTEREST DISCLOSURE STATEMENT WHICH IS A PART OF THE POLICY. THE MHC COMPLIANCE DEPARTMENT REVIEWS AND RETAINS THESE STATEMENTS. IF A CONFLICT IS IDENTIFIED, ALL AFFECTED PARTIES ARE INFORMED, POTENTIAL CONFLICTS REVIEWED AND APPROPRIATE ACTIONS ARE TAKEN AS A RESULT OF THE REVIEW. EMPLOYEES ARE USUALLY GIVEN THE POLICY AND A

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STATEMENT TO COMPLETE ANNUALLY AT THE BEGINNING OF THE YEAR OR AS A NEW  
PARTY IS HIRED OR JOINS THE MHDF BOARD. THIS PROCESS WAS LAST COMPLETED IN  
2018, WHEN THE QUESTIONNAIRES WERE SENT TO ADDRESS ANY 2017 CONFLICTS  
IDENTIFIED. THE MHC CONFLICT OF INTEREST POLICY IS AVAILABLE UPON REQUEST.

FORM 990, PART VI, SECTION C, LINE 19:

GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY & FINANCIAL STATEMENTS ARE  
AVAILABLE UPON REQUEST.



## Continuation of 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 section 501(c)(3))	(f) Direct controlling entity	(g) Section 529(b)(13) controlled organization?
Yes	No					
MERCY HEALTH SYSTEM ASSOCIATION OF VOLUNTEERS - 39-0912682, 1000 MINERAL POINT AVE, JANEVILLE, WI 53548	SUPPORT OF HEALTHCARE	WISCONSIN	501(C)(3)	LINE 12C, LI-LI-FI	MERCY HEALTH SYSTEM CORPORATION	X
MERCY HEALTH SYSTEM CORPORATION - 39-0816848 1000 MINERAL POINT AVE JANEVILLE, WI 53548	HEALTHCARE	WISCONSIN	501(C)(3)	LINE 3	MERCY HEALTH CORPORATION	X
MERCY ASSISTED CARE, INC. - 39-1035110 901 MINERAL POINT JANEVILLE, WI 53548	HEALTHCARE	WISCONSIN	501(C)(3)	LINE 10	MERCY HEALTH CORPORATION	X
MERCY HARVARD HOSPITAL, INC. - 31-1551871 901 GRANT STREET HARVARD, IL 60033	HEALTHCARE	ILLINOIS	501(C)(3)	LINE 3	MERCY HEALTH CORPORATION	X
MERCY CRYSTAL LAKE HOSPITAL AND MEDICAL CENTER - 20-1673011, 1000 MINERAL POINT AVE, JANEVILLE, WI 53548	NONE	WISCONSIN	501(C)(3)	LINE 3	MERCY HEALTH CORPORATION	X

**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	(i) Section 512(b)(3) controlled entity?	Yes	No
ROCKFORD HEALTH INSURANCE LTD										
WELLESLEY HOUSE SO, 2ND FL										
PEMBROKE HM, BERMUDA	INSURANCE	BERMUDA	N/A	C CORP	N/A	N/A	N/A			X
JANESVILLE MEDICAL CENTER, INC. - 39-1530130	MANAGEMENT OF UNION EMPLOYEES	WI	N/A	C CORP	N/A	N/A	N/A			X
1000 MINERAL POINT AVE JANESVILLE, WI 53548	MERCYCARE INSURANCE COMPANY - 39-1768192	580 N WASHINGTON ST JANESVILLE, WI 53546	WI	N/A	C CORP	N/A	N/A			X
MERCYCARE HMO, INC. - CONSOLIDATED WITH MERCYCARE INSURANCE CO - 20-1482553, 580 N WASHINGTON ST, JANESVILLE, WI 53546	INSURANCE	WI	N/A	C CORP	N/A	N/A	N/A			X

**Part V** Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36

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

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

- a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity
- b Gift, grant, or capital contribution to related organization(s)
- c Gift, grant, or capital contribution from related organization(s)
- d Loans or loan guarantees to or for related organization(s)
- e Loans or loan guarantees by related organization(s)

- f Dividends from related organization(s)
- g Sale of assets to related organization(s)
- h Purchase of assets from related organization(s)
- i Exchange of assets with related organization(s)
- j Lease of facilities, equipment, or other assets to related organization(s)

- k Lease of facilities, equipment, or other assets from related organization(s)
- l Performance of services or membership or fundraising solicitations for related organization(s)
- m Performance of services or membership or fundraising solicitations by related organization(s)
- n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o Sharing of paid employees with related organization(s)

- p Reimbursement paid to related organization(s) for expenses
- q Reimbursement paid by related organization(s) for expenses

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

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

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

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

**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.

Schedule R (Form 990) 2017

**Part VII Supplemental Information.**

Provide additional information for responses to questions on Schedule R. See instructions.