

AMENDED RETURN - SECTION 512(A)(7) REPEAL
Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

Form 990-T

OMB No 1545-0687

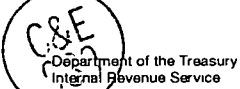
2017

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

Go to www.irs.gov/Form990T for instructions and the latest information

Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3)

Open to Public Inspection for 501(c)(3) Organizations Only



A Check box if address changed

Name of organization (Check box if name changed and see instructions.)

D Employer identification number (Employees' trust, see instructions)

39-0816848

B Exempt under section
 501(c)(3)
 408(e) 220(e)
 408A 530(a)
 529(a)

Print or Type

MERCY HEALTH SYSTEM CORPORATION

Number, street, and room or suite no. If a P O box, see instructions.

P.O. BOX 5003 - 1000 MINERAL POINT

City or town, state or province, country, and ZIP or foreign postal code

JANESVILLE, WI 53547-5003

E Unrelated business activity codes (See instructions)

561000 446110

C Book value of all assets at end of year
576,031,562.

F Group exemption number (See instructions.)

G Check organization type 501(c) corporation 501(c) trust 401(a) trust Other trust

H Describe the organization's primary unrelated business activity. SEE STATEMENT 1

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? Yes No
If "Yes," enter the name and identifying number of the parent corporation. SEE STATEMENT 3

J The books are in care of SHANNON DUNPHY-ALEXANDER Telephone number 608.757.3126

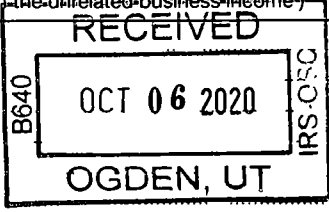
Part I Unrelated Trade or Business Income

	(A) Income	(B) Expenses	(C) Net
1 a Gross receipts or sales	12,489,339.		
b Less returns and allowances			
2 Cost of goods sold (Schedule A, line 7)			
3 Gross profit. Subtract line 2 from line 1c	12,489,339.		12,489,339.
4 a Capital gain net income (attach Schedule D)			
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c Capital loss deduction for trusts			
5 Income (loss) from partnerships and S corporations (attach statement)			
6 Rent income (Schedule C)			
7 Unrelated debt-financed income (Schedule E)			
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F)			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10 Exploited exempt activity income (Schedule I)			
11 Advertising income (Schedule J)			
12 Other income (See instructions; attach schedule)			
13 Total. Combine lines 3 through 12	12,489,339.		12,489,339.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions)

(Except for contributions, deductions must be directly connected with the unrelated business income)

14 Compensation of officers, directors, and trustees (Schedule K)			
15 Salaries and wages			
16 Repairs and maintenance			
17 Bad debts			
18 Interest (attach schedule)			
19 Taxes and licenses			
20 Charitable contributions (See instructions for limitation rules)			
21 Depreciation (attach Form 4562)	384,675.		
22 Less depreciation claimed on Schedule A and elsewhere on return			
23 Depletion			
24 Contributions to deferred compensation plans			
25 Employee benefit programs			
26 Excess exempt expenses (Schedule I)			
27 Excess readership costs (Schedule J)			
28 Other deductions (attach schedule)	SEE STATEMENT 2		
29 Total deductions Add lines 14 through 28			12,445,138.
30 Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13			44,201.
31 Net operating loss deduction (limited to the amount on line 30)	SEE STATEMENT 4		
32 Unrelated business taxable income before specific deduction Subtract line 31 from line 30			28,184.
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)			1,000.
34 Unrelated business taxable income Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			27,184.



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Part III Tax Computation	
35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input checked="" type="checkbox"/> See instructions and:	
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):	
(1) \$ _____ (2) \$ <u>328.</u> (3) \$ <u>26,856.</u>	
b Enter organization's share of (1) Additional 5% tax (not more than \$11,750) \$ <u>11,750.</u>	
(2) Additional 3% tax (not more than \$100,000) \$ _____	
c Income tax on the amount on line 34	▶ 35c <u>7,994.</u>
36 Trusts Taxable at Trust Rates See instructions for tax computation Income tax on the amount on line 34 from Tax rate schedule or Schedule D (Form 1041)	▶ 36
37 Proxy tax. See instructions	▶ 37
38 Alternative minimum tax	38
39 Tax on Non-Compliant Facility Income See instructions	39
40 Total. Add lines 37, 38 and 39 to line 35c or 36, whichever applies	40 <u>7,994.</u>

Part IV Tax and Payments	
41a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	41a
b Other credits (see instructions)	41b
c General business credit Attach Form 3800	41c
d Credit for prior year minimum tax (attach Form 8801 or 8827)	41d
e Total credits Add lines 41a through 41d	41e
42 Subtract line 41e from line 40	42 <u>7,994.</u>
43 Other taxes Check if from: Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	43
44 Total tax Add lines 42 and 43	44 <u>7,994.</u>
45a Payments: A 2016 overpayment credited to 2017	45a
b 2017 estimated tax payments	45b <u>16,238.</u>
c Tax deposited with Form 8868	45c
d Foreign organizations Tax paid or withheld at source (see instructions)	45d
e Backup withholding (see instructions)	45e
f Credit for small employer health insurance premiums (Attach Form 8941)	45f
g Other credits and payments. Form 2439 _____ Form 4136 _____ Other _____ Total ▶	45g
46 Total payments. Add lines 45a through 45g	46 <u>16,238.</u>
47 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶	47 <u>164.</u>
48 Tax due If line 46 is less than the total of lines 44 and 47, enter amount owed	48
49 Overpayment If line 46 is larger than the total of lines 44 and 47, enter amount overpaid	49 <u>8,080.</u>
50 Enter the amount of line 49 you want: Credited to 2018 estimated tax ▶ Refunded ▶	50 <u>8,080.</u>

Part V Statements Regarding Certain Activities and Other Information (see instructions)		Yes	No
51 At any time during the 2017 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶			<input checked="" type="checkbox"/>
52 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file			<input checked="" type="checkbox"/>
53 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$			

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 taxpayer) is based on all information of which preparer has any knowledge

Sign Here *Sharon Murphy Alexander* 9/24/2020 **Vice President Finance**
Signature of officer Date Title

May the IRS discuss this return with the preparer shown below (see instructions)? Yes No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
	TROY MARINE, CPA	<i>Troy E. Marine, CPA</i>	09/15/2020		P00187863
	Firm's name ▶ BAKER TILLY US, LLP	Firm's EIN ▶ 39-0859910			
Firm's address ▶ JANESVILLE, WI 53547-8130			Phone no 608.752.5835		

Schedule A - Cost of Goods Sold. Enter method of inventory valuation **N/A**

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3				
4a Additional section 263A costs (attach schedule)	4a				
b Other costs (attach schedule)	4b		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?		Yes No
5 Total Add lines 1 through 4b	5				

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)
(see instructions)

1 Description of property

(1)
(2)
(3)
(4)

2 Rent received or accrued		3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	
(1)		
(2)		
(3)		
(4)		
Total	0.	Total 0.

(c) **Total income** Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) **0.**

(b) **Total deductions** Enter here and on page 1, Part I, line 6, column (B) **0.**

Schedule E - Unrelated Debt-Financed Income (see instructions)

1 Description of debt-financed property	2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)	
(1)				
(2)				
(3)				
(4)				
4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 x column 6)	8 Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals			Enter here and on page 1, Part I, line 7, column (A) 0.	Enter here and on page 1, Part I, line 7, column (B) 0.
Total dividends-received deductions included in column 8			0.	0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1 Name of controlled organization	2 Employer identification number	Exempt Controlled Organizations				
		3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column 4 that is included in the controlling organization's gross income	6 Deductions directly connected with income in column 5	
(1)						
(2)						
(3)						
(4)						
Nonexempt Controlled Organizations		7 Taxable income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column 9 that is included in the controlling organization's gross income	11 Deductions directly connected with income in column 10
(1)						
(2)						
(3)						
(4)						
Totals				Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A)	0.	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B)

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
Totals		Enter here and on page 1, Part I, line 9, column (A)		Enter here and on page 1, Part I, line 9, column (B)

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals		Enter here and on page 1, Part I, line 10, col (A)	0.	Enter here and on page 1, Part I, line 10, col (B)	0.	Enter here and on page 1, Part II, line 26

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))		0.	0.			0.

Part II **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis)

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	0. <small>Enter here and on page 1, Part I, line 11, col (A)</small>	0. <small>Enter here and on page 1, Part I, line 11, col (B)</small>				0. <small>Enter here and on page 1, Part II, line 27</small>

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total Enter here and on page 1, Part II, line 14			0.

FOOTNOTES

STATEMENT 2

THE 2017 FORM 990-T IS BEING AMENDED DUE TO THE REPEAL OF IRC SECTION 512(A)(7). THE AMENDED RETURN REDUCES OTHER INCOME ON LINE 12 BY \$37,113, THE AMOUNT OF DISALLOWED TRANSPORTATION FRINGE BENEFITS PROVIDED TO EMPLOYEES REPORTED ON THE ORIGINALLY FILED FORM 990-T.

THE FOLLOWING LINES OF THE FORM 990-T CHANGED AS A RESULT OF THE ADJUSTMENT TO OTHER INCOME:

LINES 12, 13, 30, 32, 34, 35C, 40, 42, 44, 45B, 46, 47, 48, AND 50.

FORM 990-T	OTHER DEDUCTIONS	STATEMENT 3
DESCRIPTION		AMOUNT
PURCHASED SERVICES		958,273.
DRUGS & MEDICAL SUPPLIES		2,579,222.
OTHER SUPPLIES		59,026.
EDUCATION		14,151.
MEMBERSHIPS & DUES		129,858.
MILEAGE		12,873.
OTHER DIRECT EXPENSES		-706,643.
ADVERTISING		43,365.
HUMAN RESOURCES		3,073.
FINANCE COSTS		2,601.
LEASE & RENTAL		136,939.
INSURANCE		29,418.
PUBLICATIONS		5,350.
POSTAGE		197,107.
PRINTING & COPIER		145,202.
CONSULTING FEES		706,043.
FACILITIES		2,203.
TELEPHONE		11,343.
TOTAL TO FORM 990-T, PAGE 1, LINE 28		4,329,404.

FORM 990-T	PARENT CORPORATION'S NAME AND IDENTIFYING NUMBER	STATEMENT 4
CORPORATION'S NAME		IDENTIFYING NO
MERCY HEALTH CORPORATION		47-2158680

FORM 990-T	NET OPERATING LOSS DEDUCTION			STATEMENT 5
TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
06/30/09	47,193.	47,193.	0.	0.
06/30/10	17,434.	17,434.	0.	0.
06/30/11	53,158.	53,158.	0.	0.
06/30/17	16,017.	0.	16,017.	16,017.
NOL CARRYOVER AVAILABLE THIS YEAR			16,017.	16,017.