

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____	
B	This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)	
C	If the plan is a collectively-bargained plan, check here. ☐		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)	

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>MERCY HEALTH RETIREMENT SAVINGS PLAN 403B</u>	1b	Three-digit plan number (PN) ▶ <u>010</u>
		1c	Effective date of plan <u>01/01/2002</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>MERCY HEALTH</u> <u>1701 MERCY HEALTH PLACE</u> <u>CINCINNATI, OH 45237</u>	2b	Employer Identification Number (EIN) <u>31-1161086</u>
		2c	Plan Sponsor's telephone number <u>513-952-5000</u>
		2d	Business code (see instructions) <u>622000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2017	SCOTT WYMER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

3a Plan administrator's name and address ☐ Same as Plan Sponsor MERCY HEALTH RETIREMENT PLAN COMMITTEE 1701 MERCY HEALTH PLACE CINCINNATI, OH 45237	3b Administrator's EIN 81-3900857
	3c Administrator's telephone number 513-952-4634
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 2333
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year.....	6a(1) 2138
a(2) Total number of active participants at the end of the plan year	6a(2) 1910
b Retired or separated participants receiving benefits.....	6b 0
c Other retired or separated participants entitled to future benefits	6c 230
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 2140
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 7
f Total. Add lines 6d and 6e	6f 2147
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 2079
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 98
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2K 2L 2R 2S 2T 3H	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection.
For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
A Name of plan MERCY HEALTH RETIREMENT SAVINGS PLAN 403B	B Three-digit plan number (PN) ▶	010
C Plan sponsor's name as shown on line 2a of Form 5500 MERCY HEALTH	D Employer Identification Number (EIN) 31-1161086	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 50 60 64 65 71	NONE	26072	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

ERNST & YOUNG LLP

34-6565596

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 49 50	NONE	22759	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Internal Revenue Service</small> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>		
A Name of plan <u>MERCY HEALTH RETIREMENT SAVINGS PLAN 403B</u>	B Three-digit plan number (PN) ►	<u>010</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MERCY HEALTH</u>	D Employer Identification Number (EIN) <u>31-1161086</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	1887205	2492687
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	262553	428448
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	427197	580644
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	22837757	31035136
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)	277345	351732

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities	1d(1)	
(2)	Employer real property	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	25692057 34888647
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness	1i	
j	Other liabilities	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	25692057 34888647

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	6114765
	(B) Participants	2a(1)(B)	3044171
	(C) Others (including rollovers)	2a(1)(C)	663826
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	9822762
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	306
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans	2b(1)(E)	19379
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	19685
(2)	Dividends: (A) Preferred stock	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	931405
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	931405
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1033670
c Other income.....	2c		83287
d Total income. Add all income amounts in column (b) and enter total.....	2d		11890809

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2987980	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		2987980
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		1710
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	22759	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other	2i(4)	47640	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		70399
j Total expenses. Add all expense amounts in column (b) and enter total	2j		3060089

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		8830720
l Transfers of assets:			
(1) To this plan.....	2l(1)		365870
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>MERCY HEALTH RETIREMENT SAVINGS PLAN 403B</u>	B Three-digit plan number (PN) ▶ <u>010</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MERCY HEALTH</u>	D Employer Identification Number (EIN) <u>31-1161086</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment
19	If the total number of participants is 1,000 or more, complete lines (a) through (c) a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____% b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Mercy Health Retirement Savings Plan 403b
December 31, 2016 and 2015, and
Year Ended December 31, 2016
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

Mercy Health Retirement Savings Plan 403b

Financial Statements and Supplemental Schedule

December 31, 2016 and 2015, and Year Ended December 31, 2016

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Report of Independent Auditors

The Board of Trustees and Plan Administrator
Mercy Health

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Mercy Health Retirement Savings Plan 403b, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified investment information described in Note 3, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the entity that certified the investment information meets the requirements of 29 CFR 2520.103-8. The plan administrator has obtained certifications as of December 31, 2016 and 2015, and for the year ended December 31, 2016, stating that the investment information provided to the plan administrator is complete and accurate.

Disclaimer of Opinion on Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Disclaimer of Opinion on Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2016, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Compliance of Form and Content With Department of Labor's Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the certified investment information, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

October 11, 2017

Mercy Health Retirement Savings Plan 403(b)

Statements of Net Assets Available for Benefits

	December 31	
	2016	2015
Assets		
Investments at fair value	\$ 31,815,317	\$ 23,377,655
Receivables:		
Employer non-elective contribution receivable	2,492,687	1,887,205
Notes receivable from participants	580,644	427,197
Net assets available for benefits	<u>\$ 34,888,647</u>	<u>\$ 25,692,057</u>

See accompanying notes.

Mercy Health Retirement Savings Plan 403(b)

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2016

Additions

Investment income:

Net appreciation in fair value of investments	\$ 1,060,243
Interest and dividend income	939,261
	<u>1,999,504</u>

Contributions:

Participant	3,044,171
Employer	6,114,765
Rollovers	663,826
	<u>9,822,762</u>

Interest income on notes receivable from participants	19,378
Total additions	<u>11,841,644</u>

Deductions

Benefit payments	2,989,690
Administrative expenses	21,234
Total deductions	<u>3,010,924</u>

Transfers

Transfers from other qualified plans	<u>365,870</u>
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Net increase	9,196,590
Net assets available for benefits at beginning of year	<u>25,692,057</u>
Net assets available for benefits at end of year	<u><u>\$ 34,888,647</u></u>

See accompanying notes.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements

December 31, 2016

1. Description of Plan

The following description of the Mercy Health Retirement Savings Plan 403b (the Plan) provides general information about the Plan's provisions. Mercy Health (the Company) is the plan sponsor. Participants should refer to the plan document and summary plan description for a more complete description of the Plan's provisions, copies of which may be obtained from the plan sponsor. Fidelity Management Trust Company serves as the Trustee and Fidelity Investments serves as the recordkeeper of the Plan.

Laurel Lake Retirement Community, Inc. previously established, effective January 1, 2002, a retirement savings plan subject to Section 403(b) of the Internal Revenue Code (the Code), known as the Laurel Lake Retirement Community, Inc. Section 403(b) Retirement Plan. Effective September 28, 2012, the Company assumed sponsorship of the Laurel Lake Retirement Community, Inc. Section 403(b) Retirement Plan and elected to restate and rename it as the Plan. On the same date, the Company consolidated the plan design, implemented various new features, and merged another of the Company's 403(b) plans, the Marcum & Wallace Memorial Hospital 403b Plan, into the Plan effective September 28, 2012.

Effective December 31, 2013, all assets and liabilities that were held as part of the CHP Savings Plan 403b attributable to employees and former employees of Marcum and Wallace Memorial Hospital, Inc; Mercy Health Partners – Lourdes, Inc; and Mercy Health Physicians – Paducah LLC, as well as employees of Mercy Hospital of Southwest Ohio who are or were employed at the Sacred Heart Nursing Home, were transferred into the Plan. Any Employee who ceases to be an Employee at the Sacred Heart Village as of December 31, 2015 as a result of the sale of certain assets to Nazareth Home, Inc. shall be 100% vested in their Accounts as of December 31, 2015.

Effective December 31, 2013, the Matched Savings Plan for Allen Medical Center was spun off into the Plan. As such, the net assets held in the Matched Savings Plan for Allen Medical Center plan were transferred into the Plan during January 2014. Additionally, effective July 1, 2014, the Company approved the spin-off of additional assets from the Matched Savings Plan for Allen Medical Center into the Plan for employees of Allen Medical Center who are members of the Service Employees International Union.

Effective December 31, 2013, the Company sold Laurel Lake Retirement Community, Inc. to Laurel Lake Foundation. In connection with this sale, participant accounts for former employees of Laurel Lake Retirement Community, Inc. were transferred to Laurel Lake Foundation's retirement plan.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

1. Description of Plan (continued)

For the merged and transferred plans noted above, upon the transfer of assets from the merged and transferred plan to the Plan, all benefits payable to the transferred plan participants and their beneficiaries shall be payable under the Plan except that each transferred plan participant will receive a benefit under the Plan that is at least equal to the benefit the transferred plan participant would have received immediately prior to the transferred plan merger.

General

The Plan is a defined contribution plan covering eligible employees of the Company and its participating employers. Employees must have at least one year of service and 1,000-hour minimum period of eligible service in order to become eligible for employer contributions outlined in the Plan. This begins on the first day of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Mercy Health Retirement Plan Committee (the Committee or the Plan Administrator) is responsible for the general administration of the Plan.

Contributions

Participants may elect in 1% increments to defer up to 75% in whole percentages of their eligible pay on a pretax basis or as a Roth contribution on an after-tax basis, as defined by the Plan. Effective January 1, 2014, and each year thereafter, the Company will provide a 50% match on the first 6% of eligible pay that is deferred to the Plan.

To be eligible for Company contributions, participants must complete one year of service during which the participant is credited with at least 1,000 hours of service. In addition, the employer will provide, on an annual basis, an employer non-elective contribution of an amount equal to the greater of (i) 2% of eligible pay or (ii) \$1,400 provided the participant meets the initial eligibility and ongoing eligibility requirements as described by the Plan. The Company may make a retirement shared success contribution in an amount the Company determines on an annual basis. All contributions are subject to certain limitations of the Code.

Effective January 1, 2014, eligible employees are automatically enrolled in the Plan at 1% and their contributions are invested in the applicable life cycle fund based on their age until they change their election. Eligible employees have the first 30 days of initial eligibility to increase deferral or opt out of the auto-enrollment program for the plan year.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Effective January 1, 2014, for the first payroll period that begins on or after April 1, any participant who has not affirmatively elected a different contribution percentage, including zero, or who has not affirmatively elected contribution percentage of less than 6% shall have their deferral contribution percentage increase by 1%, provided such that the participant was not automatically enrolled within the last six months prior to April 1. The automatic increase shall continue to be made each April 1 until the Participant's deferral reaches 6% of his or her eligible compensation.

With respect to each transferred plan participant, each such eligible participant shall continue to be or shall become a participant on the merger date if such eligible participant was eligible to receive an allocation of employer matching contributions under the terms of the merged plan or prior plan in which he or she was a participant on the day immediately preceding the merger date. Participants may also roll over or transfer amounts representing distributions from other qualified defined benefit or contribution plans.

Participant Accounts

Each participant's account is credited with (a) the participant's contribution or rollovers; (b) the allocations of the Company's discretionary, non-elective, and matching contributions; and (c) allocations of the Plan's earnings. Allocations are based on eligible compensation and account balances, as defined by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant-Directed Investment Options

Upon enrollment in the Plan, a participant may direct contributions, specifying whole number percentages with the entire amount so allocated equal to 100%, to any investment option in the Plan available during the year.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. For participants hired after September 28, 2012, they are vested in the employer's matching contributions, non-elective contributions, and discretionary contributions, and any earnings on them, after the participant completes three years of service.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

1. Description of Plan (continued)

For participants hired before September 28, 2012, the vesting schedule is the better of the Plan (as noted above) or the original transferred employer plan as defined in the respective previous merged plan document.

Forfeitures

Any discretionary, non-elective, and matching contributions forfeited by participants who terminate employment prior to becoming fully vested are used first by restoring the amount of previous forfeitures and then by either reducing the amount of employer contributions or by paying Plan administrative expenses. For the years ended December 31, 2016 and 2015, unallocated forfeited non-vested accounts were \$31,234 and \$11,459, respectively. Forfeitures used to reduce employer contributions during 2016 were \$34,543.

Participant Loans

The Plan allows participants to apply for and obtain loans, limited to 50% of the participant's vested account balance, not to exceed \$50,000, from the vested balance of the participant's account. For loans taken before a merger date (September 28, 2012 and December 31, 2013), these loans must be repaid within 5 years unless the loan is used to finance the participant's primary residence, in which case, the loan must be repaid in 15 years. For loans taken after the merger date, these loans must be repaid within five years unless the loan is used to finance the participant's primary residence, in which case, the Plan Administrator shall have the discretion to determine the repayment period for such loan. Each loan shall bear interest at a rate to be fixed by the Plan Administrator and, in determining the interest rate, the Plan Administrator shall take into consideration interest rates currently being charged by commercial lending institutions. Interest rates shall be fixed for the term of the loan at the time the loan is made, and the Plan Administrator shall determine periodically the interest rate to be charged on new loans.

Payment of Benefits

On termination of service due to death, disability, or retirement, participants may elect to receive a distribution equal to the value of their vested interest in their account or defer receipt of their account balance until age 70½. At the later of 70½ or termination of employment, minimum required distributions are required to commence.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

1. Description of Plan (continued)

In-service withdrawals are available in certain limited circumstances, as defined by the Plan. Hardship withdrawals are allowed for participants incurring an immediate and heavy financial need, as defined by the Plan. Hardship withdrawals are strictly regulated by the Internal Revenue Service (IRS), and a participant must exhaust all available loan options and available distributions prior to requesting a hardship withdrawal.

Administrative Expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the Plan's provisions. Administrative expenses paid by the Plan include recordkeeping and trustee fees. Expenses relating to purchases, sales, or transfers of the Plan's investments are charged to the particular investment fund to which the expenses relate. All other administrative expenses of the Plan are paid by the Company. Expenses that are paid by the Company are excluded from these financial statements.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, participants will become 100% vested in their accounts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Payment of Benefits

Benefits are recorded when paid.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Notes Receivable From Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are recorded when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 or 2015. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 4 for further discussion and disclosures related to fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 defines management's responsibility to evaluate whether there is a substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. In connection with preparing financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an organization's ability to continue as a going concern within one year after the date that the financial statements are issued. ASU 2014-15 is effective for fiscal years ending after December 15, 2016. Management has performed this assessment as of the date these financial statements were available to be issued and no going-concern uncertainties were identified.

3. Investments

All investment information disclosed in the accompanying financial statements and supplemental schedule, including investments held and notes receivable from participants at December 31, 2016 and 2015, and net appreciation in fair value of investments, interest and dividend income, and interest income on notes receivable from participants for the year ended December 31, 2016, was obtained or derived from information provided to the Plan Administrator and certified as complete and accurate by the Plan Trustee.

4. Fair Value Measurements

The Plan follows the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

- Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable, either directly or indirectly, for substantially the full term of the asset or liability. Level 2 inputs include the following:
 - Quoted prices for similar assets and liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in markets that are not active
 - Observable inputs other than quoted prices that are used in the valuation of the asset or liabilities (e.g., interest rate and yield curve quotes at commonly quoted intervals)
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value by the Plan:

Mutual funds and money market – Valued at the closing price reported on the major market on which the individual securities are traded and are classified within Level 1 of the valuation hierarchy. The Plan does not adjust the quoted market price for such financial instruments.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets carried at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Money market	\$ 428,448	\$ –	\$ –	\$ 428,448
Mutual funds	31,386,869	–	–	31,386,869
Total assets at fair value	<u>\$ 31,815,317</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 31,815,317</u>

The following table sets forth by level, within the fair value hierarchy, the Plan's assets carried at fair value as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Money market	\$ 262,553	\$ –	\$ –	\$ 262,553
Mutual funds	23,115,102	–	–	23,115,102
Total assets at fair value	<u>\$ 23,377,655</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 23,377,655</u>

5. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

6. Related-Party and Party-in-Interest Transactions

The Plan holds units of mutual funds managed by Fidelity Management Trust Company, the Plan Trustee. The related transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

Mercy Health Retirement Savings Plan 403b

Notes to Financial Statements (continued)

7. Tax Status

The Plan has been designed to qualify under Section 403(b) of the Internal Revenue Code and therefore, it is not currently eligible to receive a determination letter from IRS. The Plan is required to operate in conformity with the Code to maintain its qualification under Section 403(b). The Plan Administrator believes that the Plan is operating in accordance with the applicable requirements of Section 403(b) of the Code and, therefore, believes the Plan is qualified and the related custodial accounts are tax-exempt.

U.S. GAAP requires plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016 and 2015, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

8. Subsequent Events

Management evaluated subsequent events for the Plan through October 11, 2017, the date the financial statements were available to be issued.

Supplemental Schedule

Mercy Health Retirement Savings Plan 403(b)

EIN 31-1161086 Plan #001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2016

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
Fidelity® Money Market Trust Retirement Government Money Market Portfolio *	Money Market	**	\$ 428,448
Brokerage Link – Fidelity® Mutual Funds *	Mutual Fund	**	351,732
Wells Fargo Advantage DJ Target Today Fund Administrator Class	Mutual Fund	**	81,484
Wells Fargo Advantage DJ Target 2055 Fund Administrator Class	Mutual Fund	**	468,029
Wells Fargo Advantage DJ Target 2050 Fund Administrator Class	Mutual Fund	**	2,212,939
Wells Fargo Advantage DJ Target 2045 Fund Administrator Class	Mutual Fund	**	2,653,589
Wells Fargo Advantage DJ Target 2040 Fund Administrator Class	Mutual Fund	**	4,073,092
Wells Fargo Advantage DJ Target 2035 Fund Administrator Class	Mutual Fund	**	4,034,783
Wells Fargo Advantage DJ Target 2030 Fund Administrator Class	Mutual Fund	**	3,576,864
Wells Fargo Advantage DJ Target 2025 Fund Administrator Class	Mutual Fund	**	4,692,504
Wells Fargo Advantage DJ Target 2020 Fund Administrator Class	Mutual Fund	**	4,212,590
Wells Fargo Advantage DJ Target 2015 Fund Administrator Class	Mutual Fund	**	1,889,737
Wells Fargo Advantage DJ Target 2010 Fund Administrator Class	Mutual Fund	**	147,030
Fidelity® Total Market Index Investor Fund *	Mutual Fund	**	770,938
PIMCO Total Return Fund Class A	Mutual Fund	**	351,337
PIMCO All Asset Fund Class P	Mutual Fund	**	110,558
Neuberger Berman Socially Responsive Fund Trust Class	Mutual Fund	**	62,218
Dreyfus/Standish Global Fixed Income Fund Class I	Mutual Fund	**	129,648
DFA U.S. Small Cap Portfolio Institutional Class	Mutual Fund	**	455,941
DFA International Small Company Portfolio Institutional Class	Mutual Fund	**	105,352
DFA Emerging Markets Portfolio Institutional Class	Mutual Fund	**	44,096
American Century Investments Growth Fund Investor Class	Mutual Fund	**	375,536
American Beacon Large Cap Value Fund Investor Class	Mutual Fund	**	407,556
American Funds EuroPacific Growth Fund Class R	Mutual Fund	**	179,315
			<u>31,815,317</u>
Participant loans *	Interest rate 4.50%		<u>580,644</u>
			<u><u>\$ 32,395,960</u></u>

* Denotes party-in-interest

**Participant-directed investment, cost not required

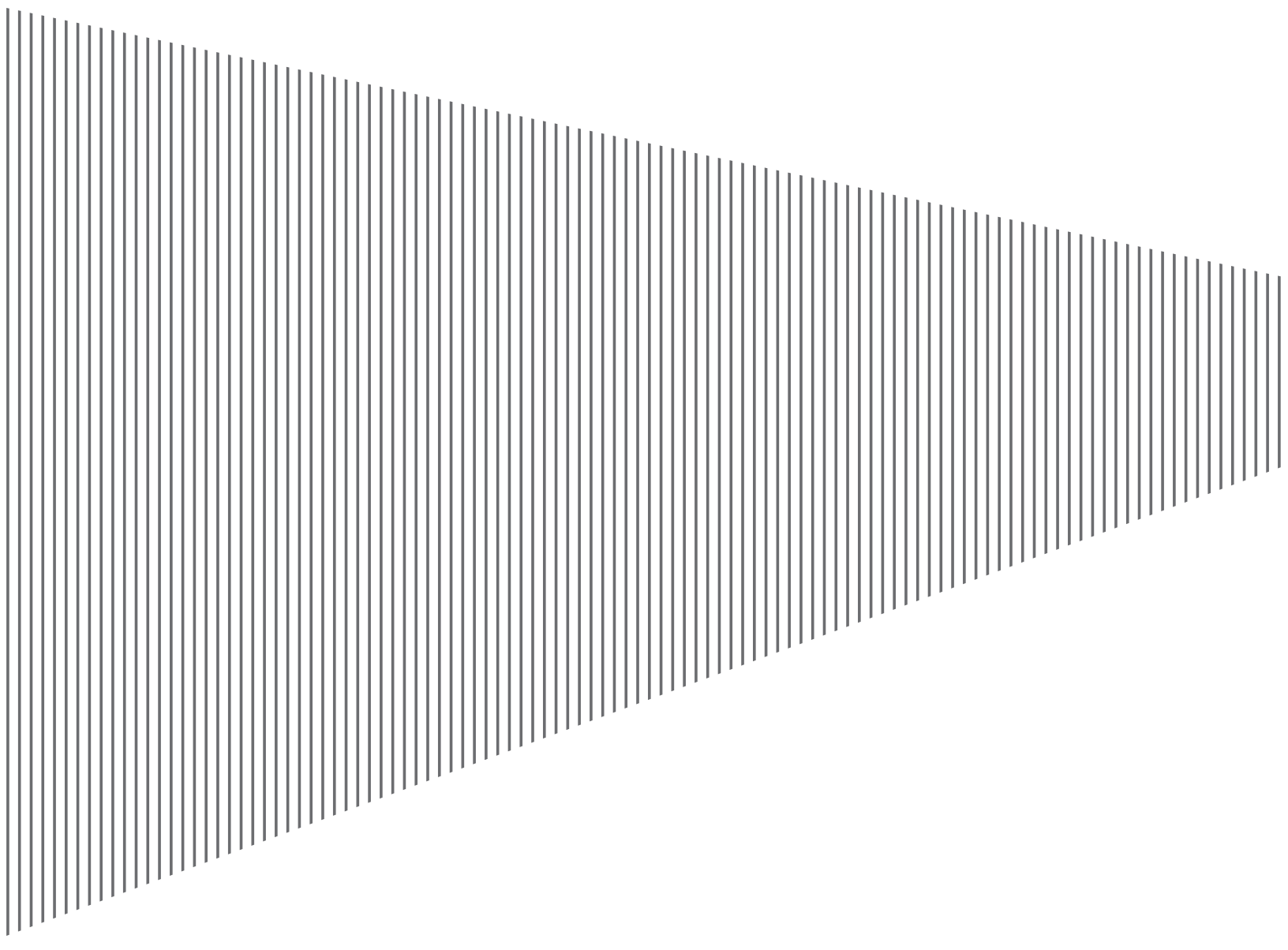
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See

Audited Financial

Statements

For

Schedule of Assets Held

(Schedule H 4i)