

NOTICE 2018-100

Form 990-T

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

OMB No 1545-0687

For calendar year 2017 or other tax year beginning 07/01, 2017, and ending 06/30, 2018

2017

Department of the Treasury Internal Revenue Service

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).

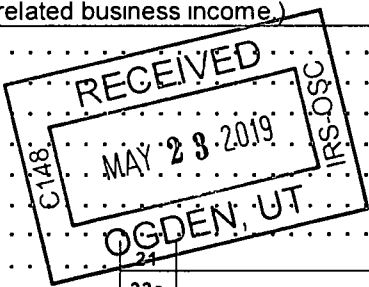
Open to Public Inspection for 501(c)(3) Organizations Only

Form header section including: A Check box if address changed; B Exempt under section 501(c)(3); C Book value of all assets at end of year; Name of organization: MERCY CLINIC FORT SMITH COMMUNITIES; Employer identification number: 26-1318597; Group exemption number: 0928; G Check organization type: 501(c) corporation.

Form section H: Describe the organization's primary unrelated business activity; I: During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?; J: The books are in care of GRETA WILCHER, VP OF FINANCE Telephone number 479-314-6104

Table with 4 columns: Description, (A) Income, (B) Expenses, (C) Net. Rows include: 1a Gross receipts or sales; 2 Cost of goods sold; 3 Gross profit; 4a Capital gain net income; 5 Income (loss) from partnerships and S corporations; 6 Rent income; 7 Unrelated debt-financed income; 8 Interest annuities, royalties and rents from controlled organizations; 9 Investment income of a section 501(c)(7) (9), or (17) organization; 10 Exploited exempt activity income; 11 Advertising income; 12 Other income; 13 Total. Combine lines 3 through 12.

Table with 4 columns: Description, (A) Income, (B) Expenses, (C) Net. Rows include: 14 Compensation of officers, directors, and trustees; 15 Salaries and wages; 16 Repairs and maintenance; 17 Bad debts; 18 Interest (attach schedule); 19 Taxes and licenses; 20 Charitable contributions; 21 Depreciation; 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; 27 Excess readership costs; 28 Other deductions; 29 Total deductions; 30 Unrelated business taxable income before net operating loss deduction; 31 Net operating loss deduction; 32 Unrelated business taxable income before specific deduction; 33 Specific deduction; 34 Unrelated business taxable income.



SCANNED JUL 10 2019

For Paperwork Reduction Act Notice, see instructions.

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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 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) \$ _____ (3) \$ 70,168.

b Enter organization's share of (1) Additional 5% tax (not more than \$11,750) \$ _____
 (2) Additional 3% tax (not more than \$100,000) \$ _____

c Income tax on the amount on line 34. **ATTCH. 2** **35c** 19,334.

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. **44** **40** 19,334.

Part IV Tax and Payments

41 a 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 (see instructions). **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** 19,334.

43 Other taxes. Check if from Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule). **43**

44 Total tax. Add lines 42 and 43. **44** 19,334.

45 a Payments. A 2016 overpayment credited to 2017. **45a**

b 2017 estimated tax payments. **45b**

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**

47 Estimated tax penalty (see instructions). Check if Form 2220 is attached. **47**

48 Tax due. If line 46 is less than the total of lines 44 and 47, enter amount owed. **53** **48** 19,334.

49 Overpayment. If line 46 is larger than the total of lines 44 and 47, enter amount overpaid. **49**

50 Enter the amount of line 49 you want credited to 2018 estimated tax. **Refunded** **50**

Part V Statements Regarding Certain Activities and Other Information (see instructions)

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 **Yes** **No**

52 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? **Yes** **No**

If YES, see instructions for other forms the organization may have to file

53 Enter the amount of tax-exempt interest received or accrued during the tax year **\$**

Sign Here **GRETA WILCHEN** *[Signature]* **5/15/19** **VP OF FINANCE**

Signature of officer Date Title

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.

Paid Preparer Use Only

Print/Type preparer's name **ERICA FERTELINES** Preparer's signature *[Signature]* Date **5-15-19**

Firm's name **ERNST & YOUNG U.S. LLP** Firm's EIN **34-6565596**

Firm's address **950 MAIN AVENUE, SUITE 1800, CLEVELAND, OH 44113** Phone no **216-861-5000**

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

Check if self-employed PTIN **P01608257**

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

Table with 8 rows and 4 columns. Rows include: 1 Inventory at beginning of year, 2 Purchases, 3 Cost of labor, 4a Additional section 263A costs, 4b Other costs, 5 Total, 6 Inventory at end of year, 7 Cost of goods sold, 8 Do the rules of section 263A...

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

(see instructions)

1. Description of property

Table with 4 rows for property description (1) through (4).

2. Rent received or accrued

Table with 3 columns: (a) From personal property, (b) From real and personal property, 3(a) Deductions directly connected with the income. Includes rows (1) through (4) and a Total row.

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

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

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

Table with 5 main columns: 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, 4 Amount of average acquisition debt, 5 Average adjusted basis, 6 Column 4 divided by column 5, 7 Gross income reportable, 8 Allocable deductions. Includes rows (1) through (4) and a Totals row.

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)				
			Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A)	Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B)

Totals

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)				
		Enter here and on page 1, Part I, line 9, column (A)		Enter here and on page 1, Part I, line 9, column (B)

Totals

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)						
		Enter here and on page 1, Part I, line 10, col (A)	Enter here and on page 1, Part I, line 10, col (B)			Enter here and on page 1, Part II, line 26

Totals

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))						

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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 ▶						
	Enter here and on page 1, Part I, line 11, col (A)	Enter here and on page 1, Part I, line 11, col (B)				Enter here and on page 1, Part II, line 27
Totals, Part II (lines 1-5) ▶						

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 ▶			

Alternative Minimum Tax - Corporations

Department of the Treasury
Internal Revenue Service

▶ Attach to the corporation's tax return.

2017

▶ Go to www.irs.gov/Form4626 for instructions and the latest information.

Name MERCY CLINIC FORT SMITH COMMUNITIES	Employer identification number 26-1318597
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Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e)

1 Taxable income or (loss) before net operating loss deduction		1		70,168
2 Adjustments and preferences:				
a Depreciation of post-1986 property		2a		
b Amortization of certified pollution control facilities		2b		
c Amortization of mining exploration and development costs		2c		
d Amortization of circulation expenditures (personal holding companies only)		2d		
e Adjusted gain or loss		2e		
f Long-term contracts		2f		
g Merchant marine capital construction funds		2g		
h Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)		2h		
i Tax shelter farm activities (personal service corporations only)		2i		
j Passive activities (closely held corporations and personal service corporations only)		2j		
k Loss limitations		2k		
l Depletion		2l		
m Tax-exempt interest income from specified private activity bonds		2m		
n Intangible drilling costs		2n		
o Other adjustments and preferences		2o		
3 Pre-adjustment alternative minimum taxable income (AMTI) Combine lines 1 through 2o		3		70,168
4 Adjusted current earnings (ACE) adjustment:				
a ACE from line 10 of the ACE worksheet in the instructions	4a			
b Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. See instructions	4b		-70,168	
c Multiply line 4b by 75% (0.75). Enter the result as a positive amount	4c		52,626	
d Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments. See instructions. Note: You must enter an amount on line 4d (even if line 4b is positive)	4d			
e ACE adjustment • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount }		4e		
5 Combine lines 3 and 4e. If zero or less, stop here, the corporation does not owe any AMT.		5		70,168
6 Alternative tax net operating loss deduction. See instructions		6		
7 Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions		7		70,168
8 Exemption phase-out (if line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c)				
a Subtract \$150,000 from line 7. If completing this line for a member of a controlled group, see instructions. If zero or less, enter -0-	8a			
b Multiply line 8a by 25% (0.25)	8b			
c Exemption. Subtract line 8b from \$40,000. If completing this line for a member of a controlled group, see instructions. If zero or less, enter -0-		8c		0
9 Subtract line 8c from line 7. If zero or less, enter -0-		9		70,168
10 Multiply line 9 by 20% (0.20)		10	SEE ATTACHMENT	7,074
11 Alternative minimum tax foreign tax credit (AMTFTC). See instructions		11		0
12 Tentative minimum tax. Subtract line 11 from line 10.		12		7,074
13 Regular tax liability before applying all credits except the foreign tax credit		13		19,334
14 Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return		14		0

Mercy Clinic Fort Smith Communities

EIN: 26-1318597

FORM 4626: FISCAL YEAR CORPORATION TAX COMPUTATION APPLYING BLENDED TAX RATE

1 AMT, Line 9	-	70,168
2 Tax on line 1 figured using the 20% rate	20%	14,034
Multiply Line 2 by the number of days in corporations tax		
3 year before 1/1/2018	184	2,582,182
4 Divide Line 3 by total numer days in corporations tax year	365	7,074 47
5 Tax on line 1 using the 0% rate	0%	-
Multiply Line 5 by the number of days in corporations tax		
6 year before 1/1/2018after 12/31/2017	181	-
7 Divide Line 6 by total numer days in corporations tax year	365	-
8 Add lines 4 and 7: Total tax for the fiscal year		<u>7,074</u>

ATTACHMENT 1

PART I - LINE 12 - OTHER INCOME

QUALIFIED TRANSPORTATION FRINGE BENEFITS

71,168.

PART I - LINE 12 - OTHER INCOME

71,168.

FORM 990-T: FISCAL YEAR CORPORATION TAX COMPUTATION APPLYING BLENDED TAX RATE

1 UNRELATED BUSINESS TAXABLE INCOME (PAGE1, PART II, LINE 34).	70,168.
2 TAX ON LINE 1 FIGURED USING THE TAX RATE SCHEDULE OR TAX COMPUTATION WORKSHEET FOR MEMBERS OF A CONTROLLED GROUP.....	23,857.
3 TAX ON LINE 1 FIGURED USING THE 21% RATE.....	14,735.
4 MULTIPLY LINE 2 BY THE NUMBER OF DAYS 184 IN THE CORPORATION'S TAX YEAR BEFORE 01/01/2018.....	4,389,688.
5 MULTIPLY LINE 3 BY THE NUMBER OF DAYS 181 IN THE CORPORATION'S TAX YEAR AFTER 12/31/2017.....	2,667,035.
6 DIVIDE LINE 4 BY THE TOTAL NUMBER OF DAYS 365 IN THE CORPORATION'S TAX YEAR.....	12,027.
7 DIVIDE LINE 5 BY THE TOTAL NUMBER OF DAYS 365 IN THE CORPORATION'S TAX YEAR.....	<u>7,307.</u>
8 ADD LINES 6 AND 7: THE TOTAL TAX FOR THE FISCAL YEAR.....	<u><u>19,334.</u></u>