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Around the System



"We're not just fundraising. We're creating a culture of philanthropy," said Mark Stencer, chief

development officer for the Sisters of Mercy Health System (Mercy), in describing Mercy's Systemwide fundraising and development initiative. Stencer joined the Health System one year ago to lead the identification, cultivation and solicitation of national donors and to act as an internal consultant to Mercy facilities in their local fundraising efforts.

"Mercy is a large organization with an impressive national reputation, yet we've never had a coordinated development effort. As a result, giving to Mercy has not been a philanthropic priority for our communities and other potential contributors. We've got to change that by letting them know there now is a need," said Stencer.

As one of Mercy's six Strategic Initiatives, fundraising/development has risen to the forefront for the Health System and its facilities. Already challenged by a slow economy and declining revenue from healthcare payers, Mercy continues to need funding for major capital projects, to fund charity care and community benefit programs, and to provide support for other Mercy Strategic Initiatives.

Ron Ashworth, Mercy's president and chief executive officer, and Myra Aubuchon, vice president of strategic planning, led the efforts to establish a corporate development office. Aubuchon investigated the fundraising strategies

Major Gift Kicks Off Mercy Campaign

A major donation to St. John's Mercy Health Care in St. Louis has given the organization's capital campaign a spectacular jump-start.

A \$6 million challenge gift from David Pratt, St. Louis philanthropist, businessman and a member of the Sisters of Mercy Health System Board of Directors, is the largest monetary donation given to St. John's Mercy in its 132-year history. The gift is earmarked for the new cancer center at St. John's Mercy, which was dedicated on September 24 and named the David C. Pratt Cancer Center. The contribution is the first major philanthropic donation to Mercy's new Systemwide fundraising initiative.

"From a community perspective, it really serves as a reminder for what it takes to build and manage a facility like this - we've had to overcome perceptions both internally and externally that we don't need financial



Pictured at the dedication of the cancer center at St. John's Mercy Medical Center in St. Louis are (left to right) Ron Ashworth, president/CEO, Sisters of Mercy Health System; David Pratt, Mercy board member; Mike Morgan, president/CEO, St. John's Mercy; and Charles Thoele, St. John's Mercy board chairman.

support," said Scott Bates, director of the medical center's foundation.

While helping St. John's Mercy to meet its

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of other organizations to assess how Mercy, as a faith-based, not-for-profit system that had previously sought philanthropy at the local level only, could overcome the challenges involved in seeking philanthropic support nationally.

"Every person I spoke with said, 'There's no way you can do this on a national level,'" said

Aubuchon. "But our leadership just had a gut instinct that we could reach out nationally. We really took a huge leap of faith, and with the strong support of our board of directors, we literally shifted Mercy's model of fundraising. We felt that nationally, people would be compelled by Mercy's story and inspired by our vision."

"There are many challenges, but we're successfully taking advantage of this new avenue of financial support," said Ashworth. "We're keeping fundraising in focus on all levels, putting the right people in front of prospective major donors, and reaching out with the right resources to get this done."

National Efforts Focus on Vendors, Community Leaders

At the corporate level, Stencer is identifying and cultivating national donors and has begun recruitment for a national vendor steering committee, having met with Fortune 500 companies such as Abbott Laboratories, Kimberly-Clark, Merck, Kodak and AmerisourceBergen. Stencer finds that the leaders from these major corporations are willing to collaborate with Mercy so that they can best understand how to combine corporate philanthropy with business values and strategies.

"Mercy has never asked for charitable contributions at the corporate leadership level, so there's some curiosity about this vendor prospecting tool. But they also understand that

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FY '03 Charity Care, Community Benefits Top \$471 Million

Total contributions in charity care, Medicaid allowances and community benefit activities across the Sisters of Mercy Health System (Mercy) exceeded \$471 million in the fiscal year ending June 30, 2003. The total includes unpaid healthcare services provided by Mercy Strategic Service Units (SSUs) in Arkansas, Kansas, Missouri, Oklahoma and Texas, and outreach ministries supported by the SSUs and the System. The charity care amount is the largest in Mercy's history.

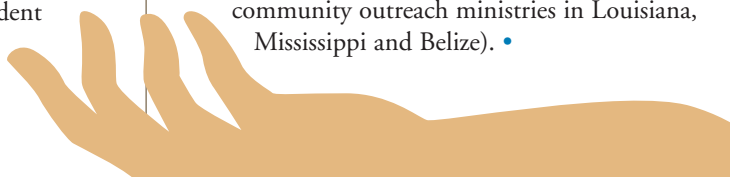
"Mercy's charity care and community benefit services are a reflection of our mission as a non-profit, faith-based healthcare organization," said Ron Ashworth, president and chief executive officer. "But the true worth of these contributions is demonstrated by the millions of people who benefit from these services. These

individuals are witness to our Mercy Service theme of making a difference by touching lives."

A breakdown of Mercy's charity care and community benefit contributions follows:

- > **\$99.3 million** in services provided free to patients unable to pay.
- > **\$351.2 million** in reimbursement shortfalls for services provided to Medicaid patients.
- > **\$21.4 million** in community benefit activities (subsidized healthcare services, outreach programs, medical education and research, the Catherine's Fund and Mercy Caritas grant programs, and Mercy's community outreach ministries in Louisiana, Mississippi and Belize). •

\$471 million



KEY TO PEOPLE,
SERVICE AND
CAPITAL PILLARS

The pillars that illustrate articles throughout this newsletter highlight activities and initiatives that support Mercy's strategies in these key areas:



Developing Mercy co-workers, physician partners and others who are actively engaged in the Mercy healthcare ministry.



Delivering medical and healthcare services that are of the highest clinical and service quality and marked by service excellence.



Managing our resources, both human and capital, to ensure the financial strength to support renewal and growth.