Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning JUL 1, 2010 and ending JUN 30, 2011

B Check if applicable: [ ] Address change [X] Name change [ ] Initial return [ ] Terminated [X] Amended return [ ] Application pending

C Name of organization: CHILDREN'S HOSPITAL LOS ANGELES

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address): 4650 SUNSET BOULEVARD — Room/suite

City or town, state or country, and ZIP + 4: LOS ANGELES, CA 90027-0982

D Employer identification number: 95-1690977

E Telephone number: (323) 660-2450

G Gross receipts $ 1457927839.

F Name and address of principal officer: DIEMLAN (LANNIE) TONNU
SAME AS C ABOVE

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) Are all affiliates included? [ ] Yes [ ] No
If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c) ( )◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ WWW.CHLA.ORG

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation: 1901 **M** State of legal domicile: CA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: PROMOTION AND ADVANCEMENT OF CHILDREN'S HEALTH THROUGH PATIENT CARE, RESEARCH, AND EDUCATION.

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	65
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	44
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	4886
6	Total number of volunteers (estimate if necessary)	6	500
7 a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	17,146.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	89,917,517.	141,949,107.
	9	Program service revenue (Part VIII, line 2g)	463,835,925.	649,765,160.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,956,914.	18,435,956.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,077,829.	2,656,037.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	564,788,185.	812,806,260.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	305,083,062.	332,056,464.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	322,112.	322,122.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 11,899,740.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	294,048,506.	357,907,394.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	599,453,680.	690,285,980.
	19	Revenue less expenses. Subtract line 18 from line 12	-34,665,495.	122,520,280.

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	1,499,431,801.	1,705,734,786.
	21	Total liabilities (Part X, line 26)	665,941,137.	672,273,090.
	22	Net assets or fund balances. Subtract line 21 from line 20	833,490,664.	1,033,461,696.

Part II Signature Block

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

Sign Here

▶ Signature of officer — Date 2/6/13

▶ DIEMLAN (LANNIE) TONNU, SVP AND CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
DIANA J. MCCUTCHEN	Diana J McCutchen	2/1/13	[ ]	

Firm's name ▶ DELOITTE TAX LLP — Firm's EIN ▶

Firm's address ▶ 655 WEST BROADWAY, SUITE 700
SAN DIEGO, CA 92101-8590 — Phone no. (619) 232-6500

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

SCANNED MAR 05 2013

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Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission:
THE HOSPITAL'S PRINCIPAL MISSION IS TO PROMOTE AND ADVANCE THE STATE OF CHILDREN'S HEALTH, FOCUSING ON TERTIARY AND QUATERNARY SPECIALTIES IN PATIENT CARE, RESEARCH, AND EDUCATION.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No
If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 438,056,463. including grants of $) (Revenue $ 622,770,296.)
MEDICAL CARE PROVIDED TO CHILDREN
IT IS THE POLICY OF THE HOSPITAL TO STRIVE TO MAINTAIN QUALITY HEALTH CARE DELIVERY IN A MANNER THAT RESPECTS THE DIGNITY OF THE INDIVIDUAL AND FAMILY, REGARDLESS OF THE ABILITY TO PAY. UNDER THE HOSPITAL'S POLICY, MEDICAL CARE MAY BE PROVIDED WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES TO PEOPLE WHO ARE UNINSURED OR UNDERINSURED AND CANNOT AFFORD TO PAY FOR THEIR OWN MEDICAL CARE. THE HOSPITAL PROVIDES ADDITIONAL COMMUNITY SUPPORT BY PROVIDING CARE TO PATIENTS WHO PARTICIPATE IN PROGRAMS, LIKE MEDI-CAL, THAT DO NOT PAY FULL CHARGES. APPROXIMATELY THREE-FOURTHS OF THE HOSPITAL'S PATIENTS ARE COVERED BY MEDI-CAL PROGRAMS.

4b (Code:) (Expenses $ 40444874. including grants of $) (Revenue $ 22203575.)
GRADUATE MEDICAL EDUCATION PROVIDES TRAINING AND EDUCATION TO MEDICAL STUDENTS IN LOS ANGELES COUNTY WHO, IN TURN, PROVIDE SERVICES TO PATIENTS AT THE HOSPITAL. ALSO, INCLUDES EDUCATION REVENUE FROM THE RESIDENCY AND FELLOWSHIP PROGRAMS AT CHLA. THE HOSPITAL SUBSIDIZES A LARGE PART OF THE COST OF TRAINING PHYSICIANS, ALLIED HEALTH PROFESSIONALS, AND OTHER HEALTH CARE WORKERS IN ITS EMERGENCY ROOM, CLINICS, INPATIENT AREAS, AND OTHER PARTS OF ITS FACILITIES.

4c (Code:) (Expenses $ 59357368. including grants of $) (Revenue $ 4,791,289.)
RESEARCH REVENUES FURTHER THE EXEMPT PURPOSE OF CHLA BY PROVIDING THE PATIENTS OF CHLA ACCESS TO NEW TECHNOLOGIES, DISCOVERIES AND MEDICATIONS FOR TREATMENT. RESULTS OF THIS RESEARCH IS DISSEMINATED THROUGH PUBLICATIONS IN SCIENTIFIC JOURNALS AND PRESENTATIONS BY THE PRINCIPAL INVESTIGATORS. THE HOSPITAL SUBSIDIZES A LARGE PART OF THE COST OF MEDICAL RESEARCH TAKING PLACE IN ITS FACILITIES.

4d Other program services. (Describe in Schedule O.)
(Expenses $ 537,761. including grants of $) (Revenue $ 751,300.)

4e Total program service expenses ▶ 538,396,466.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	X	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5	N/A	
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	X	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17	X	
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	X	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach its audited financial statements to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	X	

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		X
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No", go to line 25*	24a	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		X
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26	X	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a	X	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b	X	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c	X	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29	X	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	X	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	X	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* [X] Yes [ ] No			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	548			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	4886			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file*. (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	X	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		X
b	If "Yes," enter the name of the foreign country: ▶					
	See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g	N/A	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	N/A	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? N/A			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966? N/A			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person? N/A			9b		
10	**Section 501(c)(7) organizations.** Enter:					
a	Initiation fees and capital contributions included on Part VIII, line 12 N/A	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter:					
a	Gross income from members or shareholders N/A	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year N/A	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? N/A			13a		
	Note. See the instructions for additional information the organization must report on Schedule O.					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

Form **990** (2010)

032005 12-21-10

00440115 099862 CHILDRENSHOS 2010.06020 CHILDREN'S HOSPITAL LOS ANG CHILDRE3

Part VI Governance, Management, and Disclosure

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

Check if Schedule O contains a response to any question in this Part VI [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	65		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	44		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	X	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		X
6	Does the organization have members or stockholders?		6		X
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a		X
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?		8a	X	
b	Each committee with authority to act on behalf of the governing body?		8b	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*		9		X

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		X
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this is done*	12c	X	
13	Does the organization have a written whistleblower policy?	13	X	
14	Does the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		X
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ CA

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
[ ] Own website [ ] Another's website [X] Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ▶
LAWRENCE FOUST - (323) 361-2425
4650 SUNSET BLVD, LOS ANGELES, CA 90027-0980

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII [X]

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
RICHARD CORDOVA PRESIDENT & CEO/TRUSTEE	40.00	X		X				822,616.	0.	15,909.
MARY DEE HACKER TRUSTEE/VP PATIENT CARE	40.00	X		X				308,664.	0.	71,083.
ROBERT ADLER TRUSTEE/FACULTY PHYSICIAN	40.00	X						180,031.	0.	0.
HENRI FORD TRUSTEE/FAC PHYSCN/VP	40.00	X		X				798,526.	0.	0.
ROBERT KAY TRUSTEE/FACULTY PHYSCN	40.00	X						187,450.	0.	185.
STUART SIEGEL TRUSTEE/FACULTY PHYSCN	40.00	X						392,000.	0.	0.
ROBERTA WILLIAMS TRUSTEE/FACULTY PHYSCN	40.00	X						220,117.	0.	0.
BRENT POLK TRUSTEE/FACULTY PHYSCN	40.00	X		X				447,506.	0.	0.
BONNIE MCCLURE TRUSTEE/FUNDRAISER COORD	30.00	X						64,000.	0.	0.
ARNOLD KLEINER TRUSTEE	10.00	X						0.	0.	0.
ELIZABETH LOWE TRUSTEE	10.00	X						0.	0.	0.
CATHY WEISS TRUSTEE	10.00	X						0.	0.	0.
MARION ANDERSON TRUSTEE	20.00	X						0.	0.	0.
JOHN (JACK) PETTKER TRUSTEE	20.00	X						0.	0.	0.
THEODORE SAMUELS TRUSTEE	10.00	X						0.	0.	0.
BROOKE ANDERSON TRUSTEE	2.00	X						0.	0.	0.
ASHWIN ADARKAR TRUSTEE	2.00	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
JUNE BANTA TRUSTEE	2.00	X						0.	0.	0.
LYNDA BOONE FETTER TRUSTEE	10.00	X						0.	0.	0.
ALEX CHAVES, SR. TRUSTEE	2.00	X						0.	0.	0.
MARTHA CORBETT TRUSTEE	2.00	X						0.	0.	0.
MARGARET EBERHARDT TRUSTEE	2.00	X						0.	0.	0.
RICHARD FARMAN TRUSTEE	10.00	X						0.	0.	0.
GREGORY T. FORATCH TRUSTEE	2.00	X						0.	0.	0.
PEGGY GALBRAITH TRUSTEE	2.00	X						0.	0.	0.
HERBERT GELFAND TRUSTEE	2.00	X						0.	0.	0.
1b Sub-total ▶								3,420,910.	0.	87,177.
c Total from continuation sheets to Part VII, Section A ▶								3,808,281.	0.	620,323.
d Total (add lines 1b and 1c) ▶								7,229,191.	0.	707,500.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 532

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3	X	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5	X	

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
CLEO ENTERPRISES LLC 34 CALLE CASTILLO, SAN CLEMENTE, CA 92673	CONSTRUCTION MGMT	3,952,330.
ZIMMER GUNSUL FRASCA ARCHITECTS LLP. 320 S.W. OAK STREET., PORTLAND, OR 97204	ARCHITECTURAL DESIGN	3,814,034.
PRICEWATERHOUSECOOPERS LLP P.O. BOX 514038, LOS ANGELES, CA 90051-4038	PROFESSIONAL SERVICES	2,606,165.
LTJ DESIGNS AND CONSULTING INC., 888 N. ALAMEDA ST. SUITE 525, LOS ANGELES, CA	LANDSCAPING/ ARCHITECTURE	986,285.
T2 TECHNOLOGY GROUP LLC, 1611 S. CATALINA AVE., SUITE 214, REDONDO BEACH, CA 90277	NETWORK SUPPORT	942,318.

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 37

SEE PART VII, SECTION A CONTINUATION SHEETS

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

(A) Name and title	(B) Average hours per week	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
RONALD GOTHER TRUSTEE	2.00	X						0.	0.	0.
CARL GRUSHKIN TRUSTEE	2.00	X						0.	0.	0.
MARY HART TRUSTEE	2.00	X						0.	0.	0.
MEGAN M. HERNANDEZ TRUSTEE	2.00	X						0.	0.	0.
MARCIA WILSON HOBBS TRUSTEE	2.00	X						0.	0.	0.
GLORIA HOLDEN TRUSTEE	2.00	X						0.	0.	0.
JAMES HUNT TRUSTEE	10.00	X						0.	0.	0.
WILLIAM HURT TRUSTEE	2.00	X						0.	0.	0.
FRANCINE KAUFMAN TRUSTEE/PHYSICIAN	2.00	X						0.	0.	0.
TODD E. MOLZ TRUSTEE	2.00	X						0.	0.	0.
JOSEPH LOZANO TRUSTEE	2.00	X						0.	0.	0.
SUSAN MALLORY TRUSTEE	2.00	X						0.	0.	0.
CAROL MANCINO TRUSTEE	2.00	X						0.	0.	0.
GREGORY MARTIN TRUSTEE	2.00	X						0.	0.	0.
ELIZABETH HUNT PRICE TRUSTEE	2.00	X						0.	0.	0.
ALEX MENESES TRUSTEE	2.00	X						0.	0.	0.
CARYLL SPRAGUE MINGST TRUSTEE	2.00	X						0.	0.	0.
MARY ADAMS O'CONNELL TRUSTEE	2.00	X						0.	0.	0.
CHESTER (CHET) PIPKIN TRUSTEE	2.00	X						0.	0.	0.
J. KRISTOFFER POPOVICH TRUSTEE	2.00	X						0.	0.	0.
Total to Part VII, Section A, line 1c										

032201 12-21-10

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

(A) Name and title	(B) Average hours per week	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
RONALD PREISSMAN TRUSTEE	2.00	X						0.	0.	0.
CARMEN PULIAFITO TRUSTEE	2.00	X						0.	0.	0.
ALAN PURWIN TRUSTEE	2.00	X						0.	0.	0.
DAYLE ROATH TRUSTEE	2.00	X						0.	0.	0.
KATHY LUPPEN ROSE TRUSTEE	2.00	X						0.	0.	0.
CHERYL SABAN TRUSTEE	2.00	X						0.	0.	0.
W. SCOTT SANFORD TRUSTEE	10.00	X						0.	0.	0.
PAUL SCHAEFFER TRUSTEE	10.00	X						0.	0.	0.
THOMAS SIMMS TRUSTEE	2.00	X						0.	0.	0.
VICTORIA SIMMS TRUSTEE	2.00	X						0.	0.	0.
RUSSELL SNOW, JR. TRUSTEE	2.00	X						0.	0.	0.
LISA STEVENS TRUSTEE	2.00	X						0.	0.	0.
JAMES TERRILE TRUSTEE	2.00	X						0.	0.	0.
JUDGE DICKRAM M. TEVRIZIAN TRUSTEE	2.00	X						0.	0.	0.
JOYCE BOGART TRABULUS TRUSTEE	2.00	X						0.	0.	0.
PEGGY TSIANG CHERNG TRUSTEE	2.00	X						0.	0.	0.
ESTHER WACHTELL TRUSTEE	2.00	X						0.	0.	0.
ALYCE WILLIAMSON TRUSTEE	2.00	X						0.	0.	0.
ALAN WILSON TRUSTEE	2.00	X						0.	0.	0.
JEFFREY WORTHE TRUSTEE	2.00	X						0.	0.	0.
Total to Part VII, Section A, line 1c										

032201 12-21-10

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

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
DICK ZIEGLER TRUSTEE	2.00	X						0.	0.	0.
DIEMLAN (LANNIE) TONNU SVP/CFO/TREASURER	40.00			X				490,560.	0.	83,293.
LAWRENCE FOUST SVP-GEN COUNSEL/SEC	40.00			X				417,227.	0.	85,666.
MICHELLE CRONKHITE ASSISTANT SECRETARY	40.00			X				62,411.	0.	1,870.
RODNEY HANNERS SVP OPERATIONS/COO	40.00				X			630,832.	0.	94,599.
CLAUDIA LOONEY SVP-DEVELOPMENT	40.00				X			434,447.	0.	83,135.
HUGO SANTOS VP, HUMAN RESOURCES	40.00					X		327,489.	0.	56,884.
KEITH HOBBS VP, ANCILLARY SUPPT SVCS	40.00					X		330,880.	0.	51,993.
STEVE GARSKE VP, CIO	40.00					X		329,841.	0.	48,060.
GAIL MARGOLIS VP, GOVT & PUBLIC POLICY	40.00					X		321,100.	0.	63,003.
DEANN MARSHALL VP, COMMUNICATIONS	40.00					X		278,526.	0.	51,820.
KENNETH WILDES FORMER VP COMMUNICATIONS	0.00						X	184,968.	0.	0.
Total to Part VII, Section A, line 1c								3,808,281.		620,323.

032201 12-21-10

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts					
1 a Federated campaigns 1a					
b Membership dues 1b					
c Fundraising events 1c	3189867.				
d Related organizations 1d					
e Government grants (contributions) 1e	44,254,403.				
f All other contributions, gifts, grants, and similar amounts not included above 1f	94,504,837.				
g Noncash contributions included in lines 1a-1f $	6217741.				
h **Total.** Add lines 1a-1f ▶		141,949,107.			
Program Service Revenue	Business Code				
2 a PATIENT REVENUE	621110	622,770,296.	622,770,296.		
b EDUCATION REVENUE	900099	11,499,575.	11,499,575.		
c GRADUATE MEDICAL EDUCA	900099	10,704,000.	10,704,000.		
d RESEARCH REVENUE	900099	4791289.	4791289.		
e					
f All other program service revenue					
g **Total.** Add lines 2a-2f ▶		649,765,160.			
Other Revenue					
3 Investment income (including dividends, interest, and other similar amounts) ▶		14,154,290.		12,352.	14,141,938.
4 Income from investment of tax-exempt bond proceeds ▶					
5 Royalties ▶		426,025.			426,025.
	(i) Real / (ii) Personal				
6 a Gross Rents					
b Less: rental expenses					
c Rental income or (loss)					
d Net rental income or (loss) ▶					
	(i) Securities / (ii) Other				
7 a Gross amount from sales of assets other than inventory	645,043,055. /				
b Less: cost or other basis and sales expenses	640,754,674. / 6,715.				
c Gain or (loss)	4,288,381. / -6,715.				
d Net gain or (loss) ▶		4281666.			4,281,666.
8 a Gross income from fundraising events (not including $ 3,189,867. of contributions reported on line 1c). See Part IV, line 18 a	2,025,040.				
b Less: direct expenses b	4,360,190.				
c Net income or (loss) from fundraising events ▶		-2,335,150.			-2,335,150.
9 a Gross income from gaming activities. See Part IV, line 19 a					
b Less: direct expenses b					
c Net income or (loss) from gaming activities ▶					
10 a Gross sales of inventory, less returns and allowances a					
b Less: cost of goods sold b					
c Net income or (loss) from sales of inventory ▶					
Miscellaneous Revenue	Business Code				
11 a PARKING GARAGE	812930	2005235.			2,005,235.
b CHILD DEVELOPMENT CENT	624410	1177435.			1,177,435.
c RESIDENT'S HOUSING	900099	437,342.	437,342.		
d All other revenue	900099	945,150.	313,957.	4,794.	626,399.
e **Total.** Add lines 11a-11d ▶		4565162.			
12 **Total revenue.** See instructions. ▶		812,806,260.	650,516,459.	17,146.	20,323,548.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3,512,483.	470,056.	2,540,427.	502,000.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	277285268.	205129478.	65,858,267.	6,297,523.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,281,983.	4,209,870.	944,175.	127,938.
9 Other employee benefits	26,112,368.	21,181,760.	4,255,035.	675,573.
10 Payroll taxes	19,864,362.	14,776,248.	4,645,944.	442,170.
11 Fees for services (non-employees):				
a Management	1,574,245.	932,129.	642,116.	
b Legal	546,477.	191,256.	355,221.	
c Accounting	595,263.		595,263.	
d Lobbying	61,012.		61,012.	
e Professional fundraising services. See Part IV, line 17	322,122.			322,122.
f Investment management fees	1,129,893.		1,129,893.	
g Other	109667859.	72,020,208.	35,459,011.	2,188,640.
12 Advertising and promotion	1,647,188.	1,647,188.		
13 Office expenses	95,867,194.	90,329,125.	4,996,018.	542,051.
14 Information technology	25,023,735.	17,255,158.	7,403,594.	364,983.
15 Royalties	224,941.	224,941.		
16 Occupancy	5,001,846.	2,065,271.	2,926,484.	10,091.
17 Travel	2,172,299.	1,537,207.	539,135.	95,957.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,243,687.	351,448.	707,896.	184,343.
20 Interest	17,856,325.	16,926,010.	930,315.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	22,423,326.	21,492,670.	930,656.	
23 Insurance	3,059,277.	2,899,889.	159,388.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a HOSPITAL FEE PROGRAM	37,853,441.	37,853,441.	0.	0.
b PROVISION FOR BAD DEBTS	10,200,977.	10,200,977.	0.	0.
c UTILITIES	8,578,339.	8,130,466.	446,266.	1,607.
d MINOR EQUIPMENT	3,445,261.	3,233,683.	204,414.	7,164.
e DUES AND SUBSCRIPTIONS	1,269,276.	260,831.	830,879.	177,566.
f All other expenses	8,465,533.	5,077,156.	3,428,365.	-39,988.
25 **Total functional expenses.** Add lines 1 through 24f	690285980.	538396466.	139989774.	11,899,740.
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720). Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X | Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing		5,000.	1	39,296.
	2	Savings and temporary cash investments		4,275,951.	2	12,680,323.
	3	Pledges and grants receivable, net		47,769,406.	3	80,568,425.
	4	Accounts receivable, net		94,519,047.	4	81,796,702.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		112,872.	5	90,298.
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)			6	
	7	Notes and loans receivable, net		1,208,161.	7	1,080,789.
	8	Inventories for sale or use		6,432,437.	8	5,658,457.
	9	Prepaid expenses and deferred charges		5,979,943.	9	7,639,230.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 1,338,381,773.			
	b	Less: accumulated depreciation	10b 460,373,231.	798,424,376.	10c	878,008,542.
	11	Investments - publicly traded securities		493,314,392.	11	589,000,733.
	12	Investments - other securities. See Part IV, line 11		3,769,305.	12	4,557,085.
	13	Investments - program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		43,620,911.	15	44,614,906.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,499,431,801.	16	1,705,734,786.
Liabilities	17	Accounts payable and accrued expenses		74,307,552.	17	84,412,939.
	18	Grants payable			18	
	19	Deferred revenue			19	53,763,712.
	20	Tax-exempt bond liabilities		517,257,301.	20	491,912,110.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities. Complete Part X of Schedule D		74,376,284.	25	42,184,329.
	26	**Total liabilities.** Add lines 17 through 25		665,941,137.	26	672,273,090.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		579,056,991.	27	736,224,144.
	28	Temporarily restricted net assets		111,388,079.	28	151,465,905.
	29	Permanently restricted net assets		143,045,594.	29	145,771,647.
		Organizations that do not follow SFAS 117, check here ▶ [ ] and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building, or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		833,490,664.	33	1,033,461,696.
	34	Total liabilities and net assets/fund balances		1,499,431,801.	34	1,705,734,786.

Form **990** (2010)

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI [X]

1	Total revenue (must equal Part VIII, column (A), line 12)	1	812,806,260.
2	Total expenses (must equal Part IX, column (A), line 25)	2	690,285,980.
3	Revenue less expenses. Subtract line 2 from line 1	3	122,520,280.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	833,490,664.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	77,450,752.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1033461696.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII [ ]

			Yes	No
1	Accounting method used to prepare the Form 990: [ ] Cash [X] Accrual [ ] Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: [ ] Separate basis [X] Consolidated basis [ ] Both consolidated and separate basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	X	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	3b	X	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047
2010
Open to Public Inspection

Name of the organization CHILDREN'S HOSPITAL LOS ANGELES
Employer identification number 95-1690977

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

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state:
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II)
9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III)
10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)		
(ii) A family member of a person described in (i) above?	11g(ii)		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)		

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col. (i) of your support? Yes	(v) No	(vi) Is the organization in col. (i) organized in the U.S.? Yes	(vi) No	(vii) Amount of support
Total									

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 **Total support.** Add lines 7 through 10						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f)) | 14 | %

15 Public support percentage from 2009 Schedule A, Part II, line 14 | 15 | %

16a **33 1/3% support test - 2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support test - 2009.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10% -facts-and-circumstances test - 2010.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10% -facts-and-circumstances test - 2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

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

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

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 **Total support** (Add lines 9, 10c, 11, and 12.)						

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

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2010** (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from **2009** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **33 1/3% support tests - 2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

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

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax), or Form 990-EZ, Part V, line 35a (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization	Employer identification number
CHILDREN'S HOSPITAL LOS ANGELES	95-1690977

Part I-A **Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures ▶ $ ______

3 Volunteer hours ______

Part I-B **Complete if the organization is exempt under section 501(c)(3).**

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ ______

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ ______

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV.

Part I-C **Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ ______

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ ______

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ $ ______

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

A Check ▶ ☐ if the filing organization belongs to an affiliated group.

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)	61,012.	
c Total lobbying expenditures (add lines 1a and 1b)	61,012.	
d Other exempt purpose expenditures	494,167,686.	
e Total exempt purpose expenditures (add lines 1c and 1d)	494,228,698.	
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.	1,000,000.	

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e.
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000.
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000.

	(a)	(b)
g Grassroots nontaxable amount (enter 25% of line 1f)	250,000.	
h Subtract line 1g from line 1a If zero or less, enter -0-	0.	
i Subtract line 1f from line 1c. If zero or less, enter -0-	0.	
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?	☐ Yes	☐ No

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying nontaxable amount	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000.
c Total lobbying expenditures	47,525.	129,415.	46,205.	61,012.	284,157.
d Grassroots nontaxable amount	250,000.	250,000.	250,000.	250,000.	1,000,000.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000.
f Grassroots lobbying expenditures					

Part II-B **Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).**

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total Add lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A **Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B **Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes."**

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV **Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i. Also, complete this part for any additional information.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

Part I — Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

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

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

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

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ ______

4 Number of states where property subject to conservation easement is located ▶ ______

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

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ ______

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ ______

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

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

Part III — Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ ______

(ii) Assets included in Form 990, Part X ▶ $ ______

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ ______

b Assets included in Form 990, Part X ▶ $ ______

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

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

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other ____

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

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

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

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

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

			Amount
c	Beginning balance	1c	
d	Additions during the year	1d	
e	Distributions during the year	1e	
f	Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	495,093,405.	471,903,453.	592,416,535.		
b	Contributions	32,136,775.	30,649,271.	32,922,898.		
c	Net investment earnings, gains, and losses	63,246,838.	45,036,808.	-81,655,753.		
d	Grants or scholarships					
e	Other expenditures for facilities and programs	48,288,079.	52,496,127.	71,780,227.		
f	Administrative expenses					
g	End of year balance	542,188,939.	495,093,405.	471,903,453.		

2 Provide the estimated percentage of the year end balance held as:

a Board designated or quasi-endowment ▶ 68.00 %

b Permanent endowment ▶ 27.00 %

c Term endowment ▶ 5.00 %

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

			Yes	No
(i)	unrelated organizations	3a(i)		X
(ii)	related organizations	3a(ii)		X
b	If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

Part VI **Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

	Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land		13,097,826.		13,097,826.
b	Buildings		390469143.	213824937.	176644206.
c	Leasehold improvements		285659557.	242867657.	42,791,900.
d	Equipment		649155247.	3,680,637.	645474610.
e	Other				
Total.	Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				878008542.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

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

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 15.)* ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) LOAN PAYABLE	16,289,653.
(3) INTEREST RATE SWAP	6,846,910.
(4) WORKERS COMPENSATION INSURANCE	
(5) RESERVE	7,565,300.
(6) ACCRUED EXECUTIVE BENEFITS	4,572,403.
(7) MALPRACTICE TAIL RESERVE	3,500,000.
(8) OTHER	3,410,063.
(9)	
(10)	
(11)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25.)* ▶	42,184,329.

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	
9	Total adjustments (net). Add lines 4 through 8	9	
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information

PART V, LINE 4: ENDOWMENT FUNDS ARE INTENDED TO BE USED ACCORDING TO THE DONOR'S WISHES WHICH VARY FROM ONGOING PROGRAM SUPPORT, TO SPECIFIC RESEARCH, TO BUILDING OR ASSET ACQUISITION, OR SUPPORT OF ACADEMIC CHAIRS WITHIN THE ORGANIZATION.

PART X, LINE 2: THE HOSPITAL ACCOUNTS FOR INCOME TAXES IN ACCORDANCE WITH FASB ASC 740, INCOME TAXES. FASB ASC 740 PRESCRIBES A COMPREHENSIVE MODEL FOR HOW A COMPANY SHOULD RECOGNIZE, MEASURE, PRESENT, AND DISCLOSE

Part XIV Supplemental Information *(continued)*

IN ITS CONSOLIDATED FINANCIAL STATEMENTS UNCERTAIN TAX POSITIONS THAT THE COMPANY HAS TAKEN, OR EXPECTS TO TAKE, ON A TAX RETURN. DURING THE YEARS ENDED JUNE 30, 2011 AND 2010, THE HOSPITAL DID NOT RECORD ANY LIABILITY FOR UNRECOGNIZED TAX BENEFITS.

PART V, LINE 1F, COLUMN (C):

AN ADJUSTMENT WAS MADE TO THE PRIOR YEAR BALANCES OF THE ENDOWMENT FUNDS AS COMPARED TO THE AMOUNTS REPORTED ON THE 2009 FORM 990. THIS ADJUSTMENT WAS MADE TO INCLUDE ADDITIONAL AMOUNTS THAT QUALIFIED UNDER THE FORM 990 DEFINITION OF AN ENDOWMENT.

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open To Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number 95-1690977

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

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

a [X] Mail solicitations
b [X] Internet and email solicitations
c [X] Phone solicitations
d [X] In-person solicitations
e [X] Solicitation of non-government grants
f [X] Solicitation of government grants
g [X] Special fundraising events

2 a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? [X] Yes [ ] No

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

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
CHILDREN'S MIRACLE NETWORK - 205 WEST 700 SOUTH, SALT LAKE	GENERAL FUNDRAISING		X	2,310,251.	322,122.	1,988,129.
Total ▶				2,310,251.	322,122.	1,988,129.

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

CA

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

SEE PART IV FOR CONTINUATIONS

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

		(a) Event #1 ANDERSON PAVILION OPE (event type)	(b) Event #2 WALK FOR KIDS (event type)	(c) Other events NONE (total number)	(d) Total events (add col. (a) through col. (c))
Revenue	1 Gross receipts	4,245,168.	969,739.		5,214,907.
	2 Less: Charitable contributions	2,395,867.	794,000.		3,189,867.
	3 Gross income (line 1 minus line 2)	1,849,301.	175,739.		2,025,040.
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	497,000.	131,008.		628,008.
	7 Food and beverages	227,400.	250,000.		477,400.
	8 Entertainment	127,000.	100,000.		227,000.
	9 Other direct expenses	1,901,690.	1,126,092.		3,027,782.
	10 Direct expense summary. Add lines 4 through 9 in column (d) ▶				(4,360,190.)
	11 Net income summary. Combine line 3, column (d), and line 10 ▶				-2,335,150.

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

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary. Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary. Combine line 1, column d, and line 7 ▶				

9 Enter the state(s) in which the organization operates gaming activities: ____________

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

b If "No," explain: ____________

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

b If "Yes," explain: ____________

11 Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in:

a The organization's facility 13a %

b An outside facility 13b %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶

Address ▶

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

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ ______ and the amount of gaming revenue retained by the third party ▶ $ ______ .

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

Name ▶

Address ▶

16 Gaming manager information:

Name ▶

Gaming manager compensation ▶ $

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

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

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

SCHEDULE G, PART I, LINE 2B, LIST OF TEN HIGHEST PAID FUNDRAISERS:

(I) NAME OF FUNDRAISER: CHILDREN'S MIRACLE NETWORK

(I) ADDRESS OF FUNDRAISER: 205 WEST 700 SOUTH, SALT LAKE CITY, UT 84101

SCHEDULE G, PART I, LINE 2B, COLUMN (V):

FUNDS SUBMITTED DIRECTLY TO CHILDREN'S MIRACLE NETWORK BY SPONSOR PARTNERS ARE REMITTED TO MEMBER HOSPITALS ON A QUARTERLY BASIS BY CHILDREN'S MIRACLE NETWORK. FUNDS REMITTED DIRECTLY TO MEMBER HOSPITALS

Part IV **Supplemental Information** *(continued)*

AS A RESULT OF A CHILDREN'S MIRACLE NETWORK FUNDRAISING PROGRAM ARE REPORTED BACK TO CHILDREN'S MIRACLE NETWORK FOR THE PURPOSES TRACKING FUNDRAISING RESULTS BUT THOSE FUNDS ARE DEPOSITED DIRECTLY BY THE MEMBER HOSPITAL.

MEMBER HOSPITALS PAY AN ANNUAL MEMBERSHIP FEE, WHICH DIFFERS FOR EACH MEMBER HOSPITAL AND DEPENDS LARGELY ON ITS MARKET TERRITORY POPULATION. THESE FEES ARE ANALOGOUS TO FRANCHISE FEES, WHERE HOSPITALS "OWN" MARKET TERRITORY IN WHICH THEY FUNDRAISE USING THE CHILDREN'S MIRACLE NETWORK BRAND.

CHILDREN'S MIRACLE NETWORK FURNISHES FUNDRAISING MATERIALS THAT ARE ESSENTIAL TO THE CAMPAIGNS. SUCH MATERIALS INCLUDE THE PAPER ICONS, COLLATERAL MATERIALS, AND COIN CANISTERS. MATERIALS ARE SENT DIRECTLY TO LOCATIONS OF SPONSOR PARTNERS (SUCH AS AN INDIVIDUAL COSTCO WAREHOUSE). IT IS THE RESPONSIBILITY OF EACH HOSPITAL TO PAY FOR THE COST OF THESE MATERIALS. MATERIALS COSTS ARE BILLED SEPARATE FROM THE ANNUAL MEMBERSHIP FEE AND ARE SENT INTERMITTENTLY DEPENDING ON THE FREQUENCY OF THE CAMPAIGNS.

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

Part I | Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b	If "Yes," was it a written policy?	1b	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ Other ____ %	3a	X	
b	Did the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other ____ %	3b	X	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		X
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	X	
b	If "Yes," did the organization make it available to the public?	6b	X	

Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)	1		2,662,000.		2,662,000.	.39%
b Unreimbursed Medicaid (from Worksheet 3, column a)	1		0.	0.		
c Unreimbursed costs - other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs	2		2,662,000.		2,662,000.	.39%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	66	1,050,809	5,294,000.		5,294,000.	.77%
f Health professions education (from Worksheet 5)	25	3,733	67,316,000.	41,164,000.	26,152,000.	3.79%
g Subsidized health services (from Worksheet 6)	3	1,432	5,121,000.		5,121,000.	.74%
h Research (from Worksheet 7)	1		89,538,000.	62,776,000.	26,762,000.	3.88%
i Cash and in-kind contributions to community groups (from Worksheet 8)	8	6,629	466,000.		466,000.	.07%
j **Total.** Other Benefits	103	1,062,603	167,735,000.	103,940,000.	63,795,000.	9.25%
k **Total.** Add lines 7d and 7j	105	1,062,603	170,397,000.	103,940,000.	66,457,000.	9.64%

Part II | Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support	7	302	76,595.		76,595.	.01%
4 Environmental improvements						
5 Leadership development and training for community members	2	757	82,236.		82,236.	.01%
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	9	1,059	158,831.		158,831.	.02%

Part III | Bad Debt, Medicare, & Collection Practices

			Yes	No
Section A. Bad Debt Expense				
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		1	X	
2 Enter the amount of the organization's bad debt expense (at cost)	2	10,200,977.		
3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3			
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				
Section B. Medicare				
5 Enter total revenue received from Medicare (including DSH and IME)	5	1,443,050.		
6 Enter Medicare allowable costs of care relating to payments on line 5	6	1,443,050.		
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7			
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☐ Cost to charge ratio ☒ Other				
Section C. Collection Practices				
9a Did the organization have a written debt collection policy during the tax year?		9a	X	
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	X	

Part IV | Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)
1 CHILDREN'S HOSPITAL LOS ANGELES 4650 SUNSET BLVD LOS ANGELES, CA 90027	X	X	X	X		X	X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: NOT REQUIRED

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply): a ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet the community health needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess all of the community's health needs j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: 20____			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply): a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply): a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Participation in the development of a community-wide community benefit plan d ☐ Participation in the execution of a community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the Needs Assessment g ☐ Prioritization of health needs in its community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8		
9 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for free care: ________ %	9		

Part V | Facility Information *(continued)* NOT REQUIRED

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* care to low income individuals?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care: ____________ %			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☐ The policy was available on request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year:			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other actions (describe in Part VI)			
16 Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply):			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other actions (describe in Part VI)			
17 Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply).			
a ☐ Notified patients of the financial assistance policy on admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)* NOT REQUIRED

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	18		

If "No," indicate the reasons why (check all that apply):

- **a** ☐ The hospital facility did not provide care for any emergency medical conditions
- **b** ☐ The hospital facility did not have a policy relating to emergency medical care
- **c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- **d** ☐ Other (describe in Part VI)

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply):

- **a** ☐ The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility
- **b** ☐ The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility
- **c** ☐ The hospital facility used the Medicare rate for those services
- **d** ☐ Other (describe in Part VI)

		Yes	No
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient? If "Yes," explain in Part VI.	21		

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 0

Name and address	Type of Facility (describe)

Part VI Supplemental Information

Complete this part to provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART II: THE HOSPITAL SPONSORS VARIOUS COMMUNITY SERVICES TO BENEFIT THE PHYSICALLY, MENTALLY, AND GENETICALLY DISABLED AS PART OF ITS CHARITABLE MISSION. THESE SERVICES INCLUDE PARENTAL COUNSELING, EDUCATIONAL SEMINARS, FAMILY SUPPORT GROUPS, AND AN OUTREACH ORGANIZATION FOR FAMILIES ADMINISTERED BY THE HOSPITAL IN AN AGENCY RELATIONSHIP AND FUNDED BY THE STATE OF CALIFORNIA. ADDITIONALLY, A LARGE NUMBER OF HEALTH-RELATED EDUCATIONAL PROGRAMS ARE PROVIDED FOR THE BENEFIT OF THE COMMUNITY, INCLUDING HEALTH ENHANCEMENTS AND WELLNESS, TELEPHONE INFORMATION SERVICES, AND PROGRAMS DESIGNED TO IMPROVE THE GENERAL STANDARDS OF THE HEALTH OF THE COMMUNITY.

PART III, LINE 4: THE HOSPITAL RECOGNIZES PATIENT SERVICE REVENUE ON THE BASIS OF CONTRACTUAL RATES FOR THE SERVICES RENDERED FOR THOSE PATIENTS WHO HAVE THIRD-PARTY PAYOR COVERAGE. FOR UNINSURED PATIENTS WHO DO NOT QUALIFY FOR CHARITY CARE, THE HOSPITAL RECOGNIZES REVENUE ON THE BASIS OF ITS STANDARD RATES (OR ON THE BASIS OF DISCOUNTED RATES, IF NEGOTIATED OR PROVIDED BY POLICY). PATIENTS COVERED BY INSURANCE, BUT REQUIRED TO PAY DEDUCTIBLES OR COPAYMENTS ARE CONSIDERED TO BE UNINSURED FOR THOSE PORTIONS. BASED ON HISTORICAL EXPERIENCE, THE HOSPITAL

Part VI | Supplemental Information

BELIEVES THAT A SIGNIFICANT PORTION OF ITS PATIENT ACCOUNTS WILL BE UNCOLLECTIBLE. THUS, IT RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS RELATED TO PATIENT ACCOUNTS IN THE PERIOD THE SERVICES ARE PROVIDED.

BAD DEBTS ARE NOT INCLUDED AS COMMUNITY BENEFITS AND CONTAIN -0- CHARITY COST. BAD DEBTS ARE CALCULATED BASED ON UNCOLLECTIBLE ACCOUNTS NET OF CONTRACTUALS.

PART III, LINE 8: CHLA IS NOT INCLUDING ANY MEDICARE SHORTFALL AS PART OF ITS COMMUNITY BENEFIT. FURTHER, CHLA USES FEDERAL MEDICARE COST ALLOCATION METHODOLOGY, AS REPORTED IN ITS MEDICARE COST REPORT, TO DETERMINE THE ALLOWABLE COSTS OF CARE RELATING TO MEDICARE PAYMENTS RECEIVED.

PART III, LINE 9B: THE HOSPITAL'S POLICY STATES THAT IF THE PATIENT/GUARANTOR IS UNABLE TO PAY FOR SERVICES DUE TO THEIR CURRENT FINANCIAL SITUATION, THEY COULD BE ELIGIBLE FOR UNCOMPENSATED CARE, IN WHICH CASE THE HOSPITAL'S APPLICABLE POLICY AND PROCEDURE IS FURTHER REFERENCED. IF THE PATIENT/GUARANTOR DOES NOT QUALIFY, THE HOSPITAL FOLLOWS ALL APPLICABLE FEDERAL AND STATE GUIDELINES FOR DEBT COLLECTION, INCLUDING THE REQUIREMENT OF FAIR TREATMENT, THE PROHIBITION OF MAKING FALSE STATEMENTS AND RESTRICTIONS ON THE TIME OF DAY THAT DEBT COLLECTORS MAY CONTACT THE DEBTOR.

PART I, LINE 7B:

IN OCTOBER 2010, CMS APPROVED LEGISLATION ENACTED BY THE STATE OF CALIFORNIA THAT PROVIDED FOR SUPPLEMENTAL MEDI-CAL PAYMENTS TO BE PAID TO CERTAIN HOSPITALS FROM FUNDS COLLECTED FROM PARTICIPATING HOSPITALS UNDER

Part VI Supplemental Information

THE STATE'S QUALITY ASSURANCE FEE PROGRAM. SUCH AMOUNTS WERE ALLOCATED AND PAID TO CHLA BASED ON PRIOR YEAR PATIENT DATA, WHICH INCLUDES MEDI-CAL PATIENTS. THE INCLUSION OF OUT-OF-PERIOD REVENUE IN FISCAL YEAR 2011 FINANCIAL RESULTS REDUCED UNREIMBURSED MEDICAID EXPENSES TO ZERO.

PART VI, LINE 2: CHILDREN'S HOSPITAL LOS ANGELES RECOGNIZES THE IMPORTANCE OF KNOWING AND UNDERSTANDING THE KEY INDICATORS OF ITS COMMUNITY'S HEALTH AND THE ISSUES THAT AFFECT PATIENTS, PARENTS, AND COMMUNITY ORGANIZATIONS.

THE COMMUNITY NEEDS ASSESSMENT SERVES AS THE BASIS FOR THE PLANNING OF PROGRAMS AND SERVICES THAT PROMOTE THE WELL-BEING OF OUR SURROUNDING COMMUNITIES. CHILDREN'S HOSPITAL LOS ANGELES WORKS COLLABORATIVELY ON THE ASSESSMENT WITH FOUR OTHER AREA HOSPITALS: CALIFORNIA HOSPITAL MEDICAL CENTER, GOOD SAMARITAN HOSPITAL, KAISER PERMANENTE LOS ANGELES MEDICAL CENTER AND ST. VINCENT'S MEDICAL CENTER.

PART VI, LINE 3: THE OFFICE OF COMMUNITY AFFAIRS AT CHILDREN'S HOSPITAL LOS ANGELES HELPS FAMILIES ACCESS LOW-COST HEALTH INSURANCE COVERAGE BY ASSISTING WITH APPLICATIONS FOR HEALTH PROGRAMS AND REFERRALS TO OTHER COMMUNITY HEALTH RESOURCES.

IN FY 2011, MORE THAN 200 CHILDREN AND FAMILIES WERE ASSISTED IN ACCESSING NEW HEALTH INSURANCE COVERAGE. MORE THAN 37,000 CHILDREN AND FAMILIES WERE REACHED THROUGH OUTREACH CAMPAIGNS TO PROVIDE AWARENESS OF AVAILABLE PROGRAMS.

PART VI, LINE 4: LOS ANGELES COUNTY IS ONE OF THE LARGEST COUNTIES IN

Part VI Supplemental Information

THE UNITED STATES WITH 4,752 SQUARE MILES AND, WITH A POPULATION OF APPROXIMATELY 10 MILLION PEOPLE, IS THE MOST POPULOUS COUNTY IN THE NATION. IT IS HOME TO FAMILIES THAT COME FROM MORE THAN 140 COUNTRIES - AND SPEAK MORE THAN 86 LANGUAGES. THE HOSPITAL IS PHYSICALLY LOCATED IN THE METRO AREA OF THE CITY OF LOS ANGELES - AN AREA THAT IS HOME TO MORE THAN 1.2 MILLION FAMILIES AND 300,000 CHILDREN AND YOUTH. IT IS A REGIONAL, TERTIARY HEALTH CARE FACILITY THAT SERVES PATIENTS THROUGHOUT L.A. COUNTY AND BEYOND AND IS THE ONLY LEVEL 1 PEDIATRIC TRAUMA CENTER BETWEEN SAN FRANCISCO AND SAN DIEGO.

PART VI, LINE 5: AT CHILDREN'S HOSPITAL LOS ANGELES, PROVIDING HEALTH CARE TO PATIENTS AND THEIR FAMILIES DOESN'T STOP AT THE HOSPITAL'S WALLS. REACHING OUT TO COMMUNITIES THROUGH EDUCATION, OUTREACH AND ADVOCACY IS A PRIORITY FOR THE HOSPITAL. THE STAFF IS ACTIVELY ENGAGED WITHIN THE COMMUNITY, PROVIDING PREVENTIVE SERVICES AND ACCESS TO HEALTH CARE.

- THE DIVISION OF EMERGENCY MEDICINE AND TRANSPORT - CHILDREN'S HOSPITAL LOS ANGELES IS THE ONLY FREESTANDING LEVEL I PEDIATRIC TRAUMA CENTER IN L.A. COUNTY APPROVED BY THE COUNTY DEPARTMENT OF HEALTH SERVICES AND ACCREDITED BY THE COMMITTEE ON TRAUMA OF THE AMERICAN COLLEGE OF SURGEONS. THE EMERGENCY TRANSPORT PROGRAM IS A LIFE-SAVING RESOURCE FOR CHILDREN THROUGHOUT SOUTHERN CALIFORNIA AND BEYOND. IN ADDITION, KIDS CARE/URGENT CARE, A FAST-TRACK CLINIC FOR CHILDREN WITH ACUTE BUT NON-EMERGENT CONDITIONS, EXPANDS ACCESS TO CARE FOR CHILDREN DURING EVENINGS AND WEEKENDS. THE EMERGENCY DEPARTMENT AT CHILDREN'S HOSPITAL LOS ANGELES SEES MORE THAN 66,000 INFANTS, CHILDREN AND ADOLESCENTS A YEAR.
- THE DIVISION OF CARDIOLOGY HAS COLLABORATED WITH THE CHAD FOUNDATION FOR ATHLETES AND ARTISTS TO PROVIDE PREVENTIVE CARDIAC SCREENINGS FOR HIGH SCHOOL ATHLETES IN OUR LOCAL COMMUNITIES.

Part VI | Supplemental Information

- THE HELEN AND BILL CLOSE FAMILY RESOURCE CENTER IS A PLACE FOR THE WHOLE FAMILY TO LEARN HOW TO CARE FOR THEMSELVES OR A LOVED ONE WHO IS AT HOME OR IN THE HOSPITAL.

- PARENT UNIVERSITY PROVIDES EDUCATION AND EMPOWERS PARENTS ABOUT MATTERS CONCERNING THEIR CHILD'S HEALTH. CLASSES ARE HELD, FREE-OF-CHARGE, ON AN ASSORTMENT OF TOPICS, FROM NUTRITION TO CHILD SAFETY TO TALKING WITH ADOLESCENTS. EACH SESSION IS OFFERED IN ENGLISH AND SPANISH AND IS AVAILABLE TO ALL PARENTS AND PARENTS-TO-BE. SIXTY-FIVE PARENTS AND PARENTS-TO-BE ATTENDED PARENT UNIVERSITY IN FY 2011.

- USC UNIVERSITY CENTER FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES (UCEDD) AT CHILDREN'S HOSPITAL PRODUCES A RESOURCE GUIDE THAT PROVIDES TEACHERS, SCHOOL STAFF AND PARENTS IN OUR COMMUNITY WITH THE TOOLS NECESSARY TO COMFORTABLY CARE FOR A CHILD WITH EPILEPSY.

- THE OFFICE OF COMMUNITY AFFAIRS AT CHILDREN'S HOSPITAL WORKS CLOSELY WITH LOCAL ORGANIZATIONS, ON VARIOUS COMMUNITY HEALTH INITIATIVES AND PARTICIPATES IN COMMUNITY OUTREACH EVENTS IN DIVERSE COMMUNITIES. THE OFFICE OF COMMUNITY AFFAIRS REACHED MORE THAN 53,000 CHILDREN AND FAMILIES BY PARTICIPATING IN 35 COMMUNITY-ORGANIZED EVENTS IN FY 2011.

- THE LITERALLY HEALING PROGRAM AT CHILDREN'S HOSPITAL LOS ANGELES GAVE MORE THAN 4,300 BOOKS TO ORGANIZATIONS AND SCHOOLS IN OUR COMMUNITY.

- NURSES AT CHILDREN'S HOSPITAL LOS ANGELES HAVE CREATED A DYNAMIC ONLINE EDUCATION FORUM FOR PARENTS: THE RN REMEDIES BLOG. THE BLOG HAS ACCUMULATED A STEADY CORE OF FOLLOWERS AND REACHES MORE THAN 4,000 HITS

Part VI Supplemental Information

EACH MONTH.

- THE HOPE PROGRAM PROVIDED MORE THAN 2,500 HOURS OF TECHNICAL ASSISTANCE FOR COMMUNITY-BASED ORGANIZATIONS, REACHING MORE THAN 44,838 INDIVIDUALS.

- THE DIVISION OF DENTISTRY AND ORTHODONTICS PARTICIPATES IN VARIOUS COMMUNITY EVENTS TO ADVOCATE FOR AND PROVIDE ORAL HEALTH EDUCATION AND AWARENESS TO CHILDREN AND FAMILIES IN OUR COMMUNITY. IT ALSO PROVIDES SCREENINGS FOCUSED ON CHILDREN WITH SPECIAL HEALTH CARE NEEDS.

- PROJECT NATEEN IS AN ADOLESCENT FAMILY LIFE PROGRAM THAT PROVIDES CULTURALLY SENSITIVE AND COMPREHENSIVE CASE MANAGEMENT SERVICES TO PREGNANT AND PARENTING TEENS IN OUR COMMUNITY. IN FY 2011, PROJECT NATEEN SERVED 1,610 ADOLESCENTS IN OUR COMMUNITY.

- CHILDREN'S HOSPITAL LOS ANGELES IS THE LEAD AGENCY FOR THE CYPRESS PARK/NORTHEAST LOS ANGELES GANG REDUCTION YOUTH DEVELOPMENT (GRYD) ZONE, WHICH LEADS VIOLENCE PREVENTION EFFORTS TO IMPROVE THE WELL-BEING AND SAFETY OF YOUTHS AND THEIR FAMILIES. IN FY 2011, THE GRYD PROGRAM SERVED 830 YOUNG PEOPLE IN OUR COMMUNITY.

- THE CHILDREN'S HOSPITAL TRAUMA PROGRAM DEVELOPED AN INNOVATIVE PROGRAM CALLED LA STREET SMARTS. THIS INTERACTIVE EDUCATIONAL SET, WHICH REPLICATES A SMALL NEIGHBORHOOD, IS TAKEN TO LOCAL SCHOOLS, WHERE OUR EXPERTS TEACH CHILDREN HOW TO PROPERLY CROSS STREETS, MANEUVER IN AND AROUND CARS AND STAY SAFE WHILE WALKING IN THE COMMUNITY. TO DATE, LA STREET SMARTS HAS VISITED MORE THAN 25 SITES IN OUR COMMUNITY AND HAS REACHED MORE THAN 3,000 CHILDREN AND THEIR FAMILIES.

Part VI | Supplemental Information

- THE KOHL'S SAFETY AND INJURY PREVENTION PROGRAM AT CHILDREN'S HOSPITAL LOS ANGELES RAISES AWARENESS OF PREVENTABLE INJURIES. IN FY 2011, THIS PROGRAM WAS PRESENT AT OVER 100-COMMUNITY HEALTH AND SAFETY FAIRS REACHING THOUSANDS OF CHILDREN AND FAMILIES. THROUGH ITS BIWEEKLY CHILD-SAFETY-SEAT CLASSES, THE PROGRAM PROVIDED MORE THAN 400 FREE-OF-CHARGE CHILD-SAFETY SEATS AND REACHED HUNDREDS OF CHILDREN AND FAMILIES FROM VARIOUS COMMUNITIES.

- THROUGH A PARTNERSHIP WITH CHILDREN'S HOSPITAL CINCINNATI AND TOYOTA, "BUCKLE UP FOR LIFE" IS AN INJURY PREVENTION INITIATIVE FOR FAMILIES IN FAITH-BASED ORGANIZATIONS IN OUR COMMUNITY. THE BUCKLE UP FOR LIFE PROGRAM AT CHILDREN'S HOSPITAL LOS ANGELES PROVIDED 450 FREE-OF-CHARGE CHILD-SAFETY SEATS AND TAUGHT MORE THAN 1,000 CHILDREN AND FAMILIES FROM SIX DIFFERENT CONGREGATIONS THE IMPORTANCE OF BUCKLING UP FOR LIFE.

PART VI, LINE 6: CHILDREN'S HOSPITAL LOS ANGELES IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

CA

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Travel for companions ☐ Tax indemnification and gross-up payments ☒ Discretionary spending account ☒ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e.g., maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	X	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply. ☒ Compensation committee ☒ Independent compensation consultant ☒ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	X	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		X
b	Any related organization?	5b		X
	If "Yes" to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" to line 6a or 6b, describe in Part III.			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	X	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	8		X
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
1 RICHARD CORDOVA	(i)	602,336.	0.	220,280.	7,350.	8,559.	838,525.	167,780.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 MARY DEE HACKER	(i)	223,913.	58,518.	26,233.	42,658.	28,425.	379,747.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 ROBERT ADLER	(i)	180,031.	0.	0.	0.	0.	180,031.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 HENRI FORD	(i)	627,120.	50,000.	121,406.	0.	0.	798,526.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 ROBERT KAY	(i)	187,450.	0.	0.	0.	185.	187,635.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 STUART SIEGEL	(i)	392,000.	0.	0.	0.	0.	392,000.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7 ROBERTA WILLIAMS	(i)	220,117.	0.	0.	0.	0.	220,117.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
8 BRENT POLK	(i)	447,506.	0.	0.	0.	0.	447,506.	205,579.
	(ii)	0.	0.	0.	0.	0.	0.	0.
9 DIEMLAN (LANNIE) TONNU	(i)	335,486.	83,664.	71,410.	58,696.	24,597.	573,853.	46,442.
	(ii)	0.	0.	0.	0.	0.	0.	0.
10 LAWRENCE FOUST	(i)	315,728.	84,999.	16,500.	64,518.	21,148.	502,893.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
11 RODNEY HANNERS	(i)	380,670.	100,001.	150,161.	60,209.	34,390.	725,431.	133,661.
	(ii)	0.	0.	0.	0.	0.	0.	0.
12 CLAUDIA LOONEY	(i)	284,886.	133,061.	16,500.	51,537.	31,598.	517,582.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
13 HUGO SANTOS	(i)	207,190.	46,999.	73,300.	40,760.	16,124.	384,373.	56,800.
	(ii)	0.	0.	0.	0.	0.	0.	0.
14 KEITH HOBBS	(i)	237,627.	54,052.	39,201.	34,471.	17,522.	382,873.	39,201.
	(ii)	0.	0.	0.	0.	0.	0.	0.
15 STEVE GARSKE	(i)	228,304.	56,248.	45,289.	42,082.	5,978.	377,901.	45,289.
	(ii)	0.	0.	0.	0.	0.	0.	0.
16 GAIL MARGOLIS	(i)	240,952.	63,648.	16,500.	48,997.	14,006.	384,103.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
1 DEANN MARSHALL	(i)	224,880.	53,646.	0.	38,396.	13,424.	330,346.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 KENNETH WILDES	(i)	0.	0.	184,968.	0.	0.	184,968.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

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

PART I, LINE 1A: HENRI FORD RECEIVED A HOUSING ALLOWANCE OF $121,406 IN CALENDAR YEAR 2010, WHICH WAS TREATED AS TAXABLE COMPENSATION.

RICHARD CORDOVA HAS A DISCRETIONARY SPENDING ACCOUNT OF $36,000 FOR CALENDAR YEAR 2010. THIS ACCOUNT IS TO BE USED FOR CHLA BUSINESS ACTIVITIES IN HIS ROLE AS CEO. THIS AMOUNT WAS REPORTED AS TAXABLE INCOME ON HIS FORM W-2.

PART I, LINES 4A-B: KEN WILDES RECEIVED A SEVERANCE PAYMENT OF $184,968 IN CALENDAR YEAR 2010.

PART I, LINE 4B: THE FOLLOWING INDIVIDUALS PARTICIPATED IN CHLA'S 457(F) PLAN, A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. AMOUNTS DEFERRED UNDER SECTION 457(F) PLAN ARE SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE. THESE AMOUNTS WILL BE REPORTED AS COMPENSATION FOR THE YEAR PAID. AMOUNTS RECOGNIZED AS TAXABLE COMPENSATION ON THE EMPLOYEE'S 2010 FORM W-2 REFLECT PAYMENTS RECEIVED BY THE EMPLOYEE DURING CALENDAR YEAR 2010 THAT WERE PREVIOUSLY REPORTED AS DEFERRED COMPENSATION IN PRIOR YEAR FORM 990S:

RICHARD CORDOVA - $167,780

Part III | Supplemental Information

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

RODNEY HANNERS - $133,661

DIEMLAN (LANNIE) TONNU - $46,442

HUGO SANTOS - $56,800

STEVE GARSKE - $45,289

KEITH HOBBS - $39,201

PART I, LINE 7: CHLA MAINTAINS AN EXECUTIVE BONUS PROGRAM THAT AWARDS INCENTIVE COMPENSATION BASED UPON ACHIEVEMENT OF ORGANIZATIONAL OBJECTIVES INCLUDING HEALTH OUTCOMES, QUALITY IMPROVEMENT, LEVEL OF COMMUNITY BENEFIT PROVIDED AND OTHER MEASURES AS DETERMINED ANNUALLY BY THE COMPENSATION COMMITTEE. ALTHOUGH THE AMOUNT OF BONUS INCENTIVES THAT EACH EMPLOYEE MAY BE GRANTED IS BASED ON A FIXED FORMULA, THE COMPENSATION COMMITTEE HAS THE DISCRETION TO DETERMINE THE EXTENT OF THE GOALS THAT HAVE BEEN MET BY EACH EMPLOYEE. HOWEVER, NO AWARD IS PAYABLE UNDER THIS PROGRAM UNLESS DESIGNATED MINIMUM OPERATION MARGIN LEVELS ARE ACHIEVED BY THE HOSPITAL.

PART II, COLUMN (F):

ON THE 2009 FORM 990 BRENT POLK'S COMPENSATION WAS INADVERTENTLY REPORTED ON A FISCAL YEAR BASIS RATHER THAN ON A CALENDAR YEAR BASIS. HIS 2009

Part III | Supplemental Information

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

CALENDAR YEAR COMPENSATION WAS $2,221. THE $205,579 OF COMPENSATION REPORTED IN PART II, COLUMN (F) FOR BRENT POLK REPRESENTS THE PORTION OF HIS COMPENSATION THAT WAS REPORTED ON BOTH THE 2009 AND 2010 FORM 990.

FORM 990,PART VII, LINE 5:

PURSUANT TO THE AFFILIATE AGREEMENT WITH THE UNIVERSITY OF SOUTHERN CALIFORNIA ("USC"), AN UNRELATED ORGANIZATION, THE FOLLOWING COMPENSATION AMOUNTS WERE PAID TO THE FOLLOWING LISTED INDIVIDUALS BY USC. USC WAS SUBSEQUENTLY REIMBURSED BY CHLA FOR THE AMOUNTS:

ROBERT ADLER, M.D. - $180,031

HENRI FORD, M.D. - $627,120

ROBERT KAY, M.D, - $157,450

STUART E. SIEGLE, M.D. - $392,000

ROBERTA G. WILLIAMS, M.D. - $220,117

BRENT POLK, M.D. - $447,506

BONNIE MCCLURE IS THE DIRECTOR OF ASSOCIATES & AFFILIATES GROUP THAT SUPPORTS AND IS INVOLVED IN FUND RAISING PROGRAMS TO GENERATE REVENUE SUPPORT FOR CHLA. SHE WAS COMPENSATED $64,000 FOR HER SERVICES.

SCHEDULE K (Form 990)
Department of the Treasury Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part V.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2010
Open to Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

Part I Bond Issues

SEE PART V FOR COLUMNS (A) AND (F) CONTINUATIONS

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT	68-0164610	130795CQ8	04/24/07	170,792,342.	FINANCED THE COSTS OF MAJOR EX		X		X		X
B	CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT	68-0164610	NONE	12/18/09	29,865,000.	REFUND BONDS ISSUED 7/24/2008		X		X		X
C	CALIFORNIA HEALTH FACILITIES FINANCING AUT	52-1643828	13033LHC4	05/20/10	186,024,080.	REFUND BONDS ISSUED 5/26/99, 9		X		X		X
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	170,792,342.	29,865,000.	186,024,080.	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,500,000.		2,644,798.	
8	Credit enhancement from proceeds			5,213,423.	
9	Working capital expenditures from proceeds	9,301,225.			
10	Capital expenditures from proceeds	159,991,117.			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2009	2010	2011	

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X	X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		

Part III Private Business Use (Continued)

	A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X		X		X		
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		.00 %		.00 %		.00 %		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		.00 %		.00 %		.00 %		%
6 Total of lines 4 and 5		.00 %		.00 %		.00 %		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

	A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2 Is the bond issue a variable rate issue?		X	X		X			
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X		X		
b Name of provider	GOLDMAN SACHS & CO.							
c Term of hedge	.1000000							
d Was the hedge superintergrated?		X						
e Was the hedge terminated?	X							
4a Were gross proceeds invested in a GIC?	X			X		X		
b Name of provider	AIG MATCHED FUNDING							
c Term of GIC	1.4000000							
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6 Did the bond issue qualify for an exception to rebate?	X		X		X			

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K.

SCHEDULE K, PART I, BOND ISSUES:
(A) ISSUER NAME: CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
(F) DESCRIPTION OF PURPOSE:
FINANCED THE COSTS OF MAJOR EXPANSION AND MODERNIZATION OF THE HOSPITAL

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K.

(A) ISSUER NAME: CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY

(F) DESCRIPTION OF PURPOSE: REFUND BONDS ISSUED 7/24/2008

(A) ISSUER NAME: CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

(F) DESCRIPTION OF PURPOSE:

REFUND BONDS ISSUED 5/26/99, 9/8/04 AND 7/24/08

SCHEDULE K, SUPPLEMENTAL INFORMATION:

PART III, LINE 3C:

WHILE CHLA DOES NOT ROUTINELY ENGAGE BOND COUNSEL OR OTHER OUTSIDE COUNSEL TO REVIEW ANY CONTRACTS OR AGREEMENTS RELATING TO TAX-EXEMPT BOND-FINANCED PROPERTY, CHLA UTILIZES ITS FULL- TIME IN-HOUSE LEGAL DEPARTMENT TO REVIEW ANY SUCH CONTRACTS. CHLA'S GENERAL COUNSEL'S OFFICE HAS DEVELOPED INTERNAL PROCEDURES FOR REVIEWING CONTRACTS RELATING TO TAX-EXEMPT BOND FINANCED PROPERTIES TO ENSURE COMPLIANCE WITH PROPER SAFE HARBORS.

SCHEDULE K, PART IV, LINE 4C, COLUMN A:

THERE WERE TWO CONTRACTS WITH THE PROVIDER, ONE WITH A TERM OF 1.3 YEARS, THE OTHER WITH A TERM OF 2.3 YEARS.

SCHEDULE L (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Transactions With Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open To Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
HENRI FORD - HOUS		X	237,495.	90,298.		X	X		X	
Total			▶ $	90,298.						

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance

SEE PART V FOR CONTINUATIONS

Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
MR. WILLIAM H. HURT (TRUST	CHAIRMAN OF CAPITAL	242,477.	THE HOSPITA		X
MR. ALAN PURWIN (TRUSTEE)	PRESIDENT OF HELINE	189,056.	PROVIDES TR		X
MR. ALEX CHAVES, SR. (TRUS	OWNER OF PARKING CO	3,745,345.	PROVIDES PA		X
THEODORE R. SAMUELS (TRUST	SR. VP AND DIRECTOR	242,477.	PAYMENT FOR		X
JAMES TERRILE (TRUSTEE)	SR. VP OF CAPITAL R	242,477.	PAYMENT FOR		X
ALAN J. WILSON (TRUSTEE)	SR. VP OF CAPITAL G	242,477.	PAYMENT FOR		X
CARL GRUSHKIN, M.D. (TRUST	PRESIDENT OF CHILDR	5,867,754.	CHLAMG IS T		X
FRANCINE KAUFMAN, M.D. (TR	KEY EMPLOYEE OF CHI	5,867,754.	CHLAMG IS T		X
HENRI R. FORD, M.D. (TRUST	DIRECTOR FOR CHILDR	5,867,754.	CHLAMG IS T		X
LISA STEVENS (TRUSTEE)	EXECUTIVE VP AND RE	295,978.	PAYMENT FOR		X

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SCHEDULE L, PART II, LOANS TO AND FROM INTERESTED PERSONS:

(A) NAME OF PERSON: HENRI FORD

(A) PURPOSE OF LOAN: HOUSING ASSISTANCE

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: MR. WILLIAM H. HURT (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

CHAIRMAN OF CAPITAL STRATEGY RESEARCH, INC. (AN AFFILIATE OF CGT)

(D) DESCRIPTION OF TRANSACTION: THE HOSPITAL HAS INVESTMENT ACCOUNTS

WITH CAPITAL GUARDIAN TRUST (CGT).

(A) NAME OF PERSON: MR. ALAN PURWIN (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

PRESIDENT OF HELINET AVIATION

(D) DESCRIPTION OF TRANSACTION: PROVIDES TRANSPORTATION SERVICES FOR

PATIENTS OF THE HOSPITAL.

(A) NAME OF PERSON: MR. ALEX CHAVES, SR. (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

OWNER OF PARKING COMPANY OF AMERICA

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

(D) DESCRIPTION OF TRANSACTION: PROVIDES PARKING SERVICES FOR THE HOSPITAL.

(A) NAME OF PERSON: THEODORE R. SAMUELS (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION: SR. VP AND DIRECTOR OF CAPITAL GUARDIAN TRUST CO.

(D) DESCRIPTION OF TRANSACTION: PAYMENT FOR INVESTMENT SERVICES TO THE HOSPITAL.

(A) NAME OF PERSON: JAMES TERRILE (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION: SR. VP OF CAPITAL RESEARCH GLOBAL INVESTORS

(D) DESCRIPTION OF TRANSACTION: PAYMENT FOR INVESTMENT SERVICES TO THE HOSPITAL.

(A) NAME OF PERSON: ALAN J. WILSON (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION: SR. VP OF CAPITAL GUARDIAN TRUST COMPANY

(D) DESCRIPTION OF TRANSACTION: PAYMENT FOR INVESTMENT SERVICES TO THE HOSPITAL.

(A) NAME OF PERSON: CARL GRUSHKIN, M.D. (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION: PRESIDENT OF CHILDREN'S HOSPITAL LOS ANGELES MEDICAL GROUP ("CHLAMG")

(D) DESCRIPTION OF TRANSACTION: CHLAMG IS THE PEDIATRIC FACULTY PHYSICIAN PLAN FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA AT CHLA. PAYMENT IS FOR ADMINISTRATIVE AND COVERAGE SERVICES PROVIDED BY FACULTY PHYSICIANS.

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

(A) NAME OF PERSON: FRANCINE KAUFMAN, M.D. (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

KEY EMPLOYEE OF CHILDREN'S HOSPITAL LOS ANGELES MEDICAL GROUP ("CHLAMG")

(D) DESCRIPTION OF TRANSACTION: CHLAMG IS THE PEDIATRIC FACULTY PHYSICIAN PLAN FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA AT CHLA. PAYMENT IS FOR ADMINISTRATIVE AND COVERAGE SERVICES PROVIDED BY FACULTY PHYSICIANS.

(A) NAME OF PERSON: HENRI R. FORD, M.D. (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

DIRECTOR FOR CHILDREN'S HOSPITAL LOS ANGELES MEDICAL GROUP ("CHLAMG")

(D) DESCRIPTION OF TRANSACTION: CHLAMG IS THE PEDIATRIC FACULTY PHYSICIAN PLAN FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA AT CHLA. PAYMENT IS FOR ADMINISTRATIVE AND COVERAGE SERVICES PROVIDED BY FACULTY PHYSICIANS.

(A) NAME OF PERSON: LISA STEVENS (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

EXECUTIVE VP AND REGIONAL PRESIDENT OF WELLS FARGO BANK

(D) DESCRIPTION OF TRANSACTION: PAYMENT FOR BANKING SERVICES AS WELL AS REPAYMENT OF HOUSING MORTGAGE.

(A) NAME OF PERSON: RICHARD ZIEGLER (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

SR. VP OF INVESTMENT SERVICES OF BANK OF AMERICA

(C) AMOUNT OF TRANSACTION $ 1,215,086.

(D) DESCRIPTION OF TRANSACTION: PAYMENT FOR BANKING SERVICES TO THE

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

HOSPITAL AND FEES FOR LETTERS OF CREDIT PROVIDED TO THE HOSPITAL.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: STUART E. SIEGEL, M.D. (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

KEY EMPLOYEE OF CHILDREN'S HOSPITAL LOS ANGELES MEDICAL GROUP ("CHLAMG")

(C) AMOUNT OF TRANSACTION $ 5,867,754.

(D) DESCRIPTION OF TRANSACTION: CHLAMG IS THE PEDIATRIC FACULTY PHYSICIAN PLAN FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA AT CHLA. PAYMENT IS FOR ADMINISTRATIVE AND COVERAGE SERVICES PROVIDED BY FACULTY PHYSICIANS.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: J. KRISTOFFER POPOVICH (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

HIS WIFE IS A TRUSTEE OF UNIVERSITY OF SOUTHERN CALIFORNIA

(C) AMOUNT OF TRANSACTION $ -0-

(D) DESCRIPTION OF TRANSACTION: REIMBURSEMENT OF FACULTY SALARIES TO USC BY CHLA. ZERO AMOUNT REFLECTS REIMBURSEMENT NATURE OF TRANSACTION.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: ROBERT KAY (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

KEY EMPLOYEE OF CHILDREN'S HOSPITAL LOS ANGELES MEDICAL GROUP ("CHLAMG")

(C) AMOUNT OF TRANSACTION $ 5,867,754.

(D) DESCRIPTION OF TRANSACTION: CHLAMG IS THE PEDIATRIC FACULTY PHYSICIAN PLAN FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA AT CHLA. PAYMENT IS FOR ADMINISTRATIVE AND COVERAGE SERVICES PROVIDED BY FACULTY

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

PHYSICIANS.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: MARTHA CORBETT (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

PARTNER AT PRICEWATERHOUSECOOPERS

(C) AMOUNT OF TRANSACTION $ 3,452,351.

(D) DESCRIPTION OF TRANSACTION: PAYMENT FOR CONSULTING SERVICES RELATED

TO REVENUE ENHANCEMENTS.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: CARMEN PULIAFITO (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

KEY EMPLOYEE OF UNIVERSITY OF SOUTHERN CALIFORNIA, DEAN OF MEDICAL SCHOOL

(C) AMOUNT OF TRANSACTION $ -0-

(D) DESCRIPTION OF TRANSACTION: REIMBURSEMENT OF FACULTY SALARIES TO USC

BY CHLA. ZERO AMOUNT REFLECTS REIMBURSEMENT NATURE OF TRANSACTION.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: ROBERT ADLER (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

PRESIDENT FOR CHILDREN'S HOSPITAL LOS ANGELES MEDICAL GROUP ("CHLAMG")

(C) AMOUNT OF TRANSACTION $ 5,867,754.

(D) DESCRIPTION OF TRANSACTION: CHLAMG IS THE PEDIATRIC FACULTY

PHYSICIAN PLAN FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA AT CHLA. PAYMENT

IS FOR ADMINISTRATIVE AND COVERAGE SERVICES PROVIDED BY FACULTY

PHYSICIANS.

(E) SHARING OF ORGANIZATION REVENUES? = NO

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

(A) NAME OF PERSON: ROBERTA G. WILLIAMS (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

KEY EMPLOYEE OF CHILDREN'S HOSPITAL LOS ANGELES MEDICAL GROUP ("CHLAMG")

(C) AMOUNT OF TRANSACTION $ 5,867,754.

(D) DESCRIPTION OF TRANSACTION: CHLAMG IS THE PEDIATRIC FACULTY PHYSICIAN PLAN FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA AT CHLA. PAYMENT IS FOR ADMINISTRATIVE AND COVERAGE SERVICES PROVIDED BY FACULTY PHYSICIANS.

(E) SHARING OF ORGANIZATION REVENUES? = NO

(A) NAME OF PERSON: MEGAN HERNANDEZ (TRUSTEE)

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

HUSBAND IS ENRIQUE HERNANDEZ, FOUNDER AND HEAD OF INTER-CON

(C) AMOUNT OF TRANSACTION $ 2,713,329.

(D) DESCRIPTION OF TRANSACTION: PROVIDES PRIVATE SECURITY SERVICES FOR THE HOSPITAL.

(E) SHARING OF ORGANIZATION REVENUES? = NO

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047
2010
Open to Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art - Works of art				
2	Art - Historical treasures				
3	Art - Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities - Publicly traded	X	44	6,217,741.	COST OR SELLING PRIC
10	Securities - Closely held stock				
11	Securities - Partnership, LLC, or trust interests				
12	Securities - Miscellaneous				
13	Qualified conservation contribution - Historic structures				
14	Qualified conservation contribution - Other				
15	Real estate - Residential				
16	Real estate - Commercial				
17	Real estate - Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ ( )				
26	Other ▶ ( )				
27	Other ▶ ( )				
28	Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement — 29

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		X
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	X	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a	X	
b	If "Yes," describe in Part II.			
33	If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.			

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

SCHEDULE M, LINE 32B: THE HOSPITAL USES BROKERAGE HOUSES TO SELL NON-CASH CONTRIBUTIONS.

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047
2010
Open to Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES
Employer identification number: 95-1690977

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

OTHER PROGRAM SERVICE REVENUES ALSO INCLUDE RESIDENTS HOUSING AND MISCELLANEOUS TUITION AND EDUCATION INCOME.

EXPENSES $ 537,761. INCLUDING GRANTS OF $ 0. REVENUE $ 751,300.

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

THE EXECUTIVE COMMITTEE CONSISTS OF ONLY ACTIVE, VOTING MEMBERS OF THE BOARD OF TRUSTEES AND IS COMPOSED OF THE CO-CHAIRPERSONS OF THE BOARD; THE VICE CHAIRPERSONS OF THE BOARD; THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE HOSPITAL; THE CHAIRPERSONS OF THE BOARD'S FINANCE; AUDIT; SAFETY, QUALITY AND SERVICE; COMPENSATION; GOVERNMENT RELATIONS; INVESTMENT; GOVERNANCE; NOMINATING; AND RESEARCH INSTITUTE COMMITTEES AND SEVERAL OTHER TRUSTEES ELECTED BY THE BOARD OF TRUSTEES. THE EXECUTIVE COMMITTEE MAY ACT WITH THE FULL AUTHORITY OF THE BOARD OF TRUSTEES EXCEPT ON THOSE MATTERS THAT ARE REQUIRED BY LAW OR THE BYLAWS TO BE DECIDED BY THE FULL BOARD OF TRUSTEES. ALL ACTIONS OF THE EXECUTIVE COMMITTEE ARE REFLECTED IN MINUTES OF THE COMMITTEE, CONTEMPORANEOUSLY DOCUMENTED AND REPORTED TO BOTH THE EXECUTIVE COMMITTEE AND THE FULL BOARD OF TRUSTEES AT THEIR NEXT MEETINGS.

FORM 990, PART VI, SECTION A, LINE 2:

FRANCINE KAUFMAN, MD (TRUSTEE) - BUSINESS RELATIONSHIP WITH CATHY WEISS (TRUSTEE)

ALAN WILSON (TRUSTEE) - BUSINESS RELATIONSHIPS AMONG TED SAMUELS (TRUSTEE), BILL HURT (TRUSTEE), AND JAMES TERRILE (TRUSTEE)

SUSAN MALLORY (TRUSTEE) - BUSINESS RELATIONSHIPS AMONG MARION ANDERSON (TRUSTEE), ESTHER WACHTELL (TRUSTEE) AND MARCIA HOBBS (TRUSTEE)

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

ELIZABETH LOWE (TRUSTEE) - BUSINESS RELATIONSHIPS AMONG THEODORE SAMUELS (TRUSTEE), JAMES TERRILE (TRUSTEE), ALAN WILSON (TRUSTEE) AND BILL HURT (TRUSTEE)

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

THE FORM 990 IS PREPARED BY DELOITTE TAX LLP, WORKING IN CONJUNCTION WITH CHLA'S FINANCE DEPARTMENT. CHLA'S CONTROLLER HAS DIRECT RESPONSIBILITY FOR THIS EFFORT, SUBJECT TO SUPERVISION BY THE CHIEF FINANCIAL OFFICER. AFTER AN INITIAL DRAFT OF THE FORM 990 IS PREPARED, IT IS CIRCULATED FOR REVIEW AND COMMENT BY RELEVANT MEMBERS OF THE EXECUTIVE TEAM WHO HAVE RESPONSIBILITY AND/OR KNOWLEDGE ABOUT THE VARIOUS MATTERS DISCLOSED AND/OR DESCRIBED IN THE FORM. THE CHIEF FINANCIAL OFFICER AND GENERAL COUNSEL, IN PARTICULAR, REVIEW THE FORM 990 AND ENSURES ACCURACY OF DESCRIPTIONS AND THAT DISCLOSURE IS COMPLETE. THE DRAFT FORM 990 IS REVIEWED BY THE AUDIT COMMITTEE OF CHLA, ACTING ON BEHALF OF THE BOARD OF TRUSTEES OF CHLA. ONCE THE DRAFT FORM 990 HAS BEEN REVIEWED AND DISCUSSED BY THE AUDIT COMMITTEE, ANY CHANGES RESULTING FROM THEIR REVIEW IS INCORPORATED INTO THE FINAL DRAFT OF THE FORM 990. THE FINAL DRAFT OF THE FORM 990 IS THEN DISTRIBUTED TO THE BOARD OF TRUSTEES VIA A SECURE WEB SITE FOR THEIR REVIEW AND COMMENTS PRIOR TO THE FILING OF THE FORM 990.

FORM 990, PART VI, SECTION B, LINE 12C: CHLA REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY THROUGH ANNUAL CIRCULATION OF A CONFLICT OF INTEREST QUESTIONNAIRE WHICH IS REQUIRED TO BE ANSWERED BY ALL MEMBERS OF THE BOARD OF TRUSTEES AND OFFICERS. THESE ANNUAL DISCLOSURES ARE REVIEWED BY A COMBINATION OF CHLA'S GENERAL COUNSEL, COMPLIANCE OFFICER, CHIEF EXECUTIVE OFFICER, GOVERNANCE COMMITTEE OF THE BOARD AND THE FULL BOARD OF TRUSTEES, DEPENDING ON THE

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

INDIVIDUAL MAKING THE DISCLOSURE. ADDITIONALLY, THE LEGAL DEPARTMENT OF CHLA REVIEWS CONTRACTUAL RELATIONSHIPS ENTERED INTO BY CHLA. FURTHERMORE, BOARD MEMBERS AND OFFICERS ARE ASKED TO DISCLOSE ANY POTENTIAL CONFLICTS OF INTEREST ON A CONTINUOUS BASIS THROUGHOUT THE YEAR. THIS REQUEST IS REINFORCED AT THE BEGINNING OF EACH BOARD OR COMMITTEE MEETING. IF A POTENTIAL CONFLICT EXISTS, THE BOARD OR COMMITTEE DETERMINES WHETHER THE BOARD MEMBER OR OFFICER SHOULD BE EXCLUDED FROM VOTING ON THAT PARTICULAR MATTER.

FORM 990, PART VI, SECTION B, LINE 15: 15. A. THE PROCESS FOR DETERMINING THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER OF CHLA IS CONDUCTED BY THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES OF CHLA, ACTING ON BEHALF OF THE BOARD OF TRUSTEES OF THE ORGANIZATION. THE COMPENSATION COMMITTEE REPORTED ITS DELIBERATIONS AND DECISIONS TO THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES. IN DETERMINING THE CHIEF EXECUTIVE OFFICER'S COMPENSATION DURING THE TAX PERIOD OF THIS INFORMATION RETURN THE COMPENSATION COMMITTEE WORKED WITH AND RELIED UPON THE COUNSEL AND EXPERTISE OF INTEGRATED HEALTHCARE SERVICES AND MERCER CONSULTING, FIRMS WITH EXPERIENCE AND EXPERTISE IN THE AREA OF NON-PROFIT ORGANIZATION EXECUTIVE COMPENSATION. THESE CONSULTANTS PROVIDED REPORTS TO THE COMPENSATION COMMITTEE, WHICH FURNISHED THE BASIS FOR THE ESTABLISHMENT OF THE CHIEF EXECUTIVE OFFICER'S COMPENSATION PACKAGE. THEIR REPORTS WERE BASED ON A REVIEW OF THE EXECUTIVE COMPENSATION PRACTICES OF A VARIETY OF ORGANIZATIONS THAT ARE CONSIDERED COMPARABLE TO CHLA BASED ON VARIOUS METRICS SUCH AS HOSPITAL TYPE AND REVENUE. THE COMPENSATION COMMITTEE DELIBERATED ON THE ISSUE OF THE CHIEF EXECUTIVE OFFICER'S COMPENSATION PACKAGE IN LIGHT OF THESE REPORTS AND QUESTIONS WERE ASKED OF, AND ANSWERED BY, INTEGRATED HEALTHCARE SERVICES AND MERCER REGARDING SUCH REPORTS AND

OTHER RELEVANT MATTERS. BASED ON SUCH DELIBERATIONS, THE COMPENSATION COMMITTEE NEGOTIATED A WRITTEN CONTRACT WITH THE CEO.

15. B. THE PROCESS FOR DETERMINING THE COMPENSATION OF OFFICERS AND OTHER KEY EMPLOYEES OF CHLA IS CONDUCTED BY THE HUMAN RESOURCES DEPARTMENT OF CHLA, AND THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES OF CHLA, ACTING ON BEHALF OF THE BOARD OF TRUSTEES OF THE ORGANIZATION. IN DETERMINING SUCH EMPLOYEE'S COMPENSATION, DURING THE 2010 COMPENSATION SEASON THE HUMAN RESOURCES DEPARTMENT AND COMPENSATION COMMITTEE WORKED WITH AND RELIED UPON THE COUNSEL AND EXPERTISE OF MERCER CONSULTING, A FIRM WITH EXPERIENCE AND EXPERTISE IN THE AREA OF NON-PROFIT ORGANIZATION EXECUTIVE COMPENSATION. MERCER PROVIDED AN EXECUTIVE COMPENSATION REPORT TO THE HUMAN RESOURCES DEPARTMENT AND COMPENSATION COMMITTEE WHICH FURNISHED THE BASIS FOR THE ESTABLISHMENT OF SUCH EMPLOYEES' COMPENSATION PACKAGE DURING THE FOLLOWING YEAR. MERCER'S REPORT WAS BASED ON A REVIEW OF EXECUTIVE COMPENSATION PRACTICES OF A VARIETY OF ORGANIZATIONS THAT ARE CONSIDERED COMPARABLE TO CHLA BASED ON VARIOUS METRICS SUCH AS HOSPITAL TYPE AND REVENUE. IN ADDITION, THE CHIEF EXECUTIVE OFFICER MADE A RECOMMENDATION TO THE COMPENSATION COMMITTEE WITH RESPECT TO EACH OF SUCH EMPLOYEES' COMPENSATION PACKAGE IN LIGHT OF THE MERCER REPORT AND IN LIGHT OF THE EXECUTIVE'S PERFORMANCE. AT THE COMPENSATION COMMITTEE MEETING ADDRESSING SUCH MATTERS, QUESTIONS WERE ASKED OF, AND ANSWERED BY, MERCER REGARDING SUCH REPORT AND OTHER RELEVANT MATTERS. BASED ON SUCH DELIBERATIONS, THE COMPENSATION COMMITTEE MADE A DECISION REGARDING THE COMPENSATION PACKAGE FOR SUCH EMPLOYEES FOR THE FOLLOWING YEAR.

FORM 990, PART VI, SECTION C, LINE 19: CHLA DOES NOT MAKE ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC. CHLA'S

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

FINANCIAL STATEMENTS ARE CONTAINED IN ITS FORM 990, WHICH IS AVAILABLE FOR PUBLIC INSPECTION DURING BUSINESS HOURS.

PART VII, COLUMN B:

THE HOURS REPORTED FOR EACH OF THE FACULTY PHYSICIANS RELATE TO THEIR TOTAL COMPENSATION FROM ALL SOURCES AS REPORTED IN COLUMN D OF PART VII.

FORM 990, PART XI, LINE 5, CHANGES IN NET ASSETS:

NET UNREALIZED GAINS ON INVESTMENTS:	49,820,213.
PROPOSITION 3 AND 61 FUNDS	21,833,834.
CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENTS	-283,904.
CHANGE IN SWAP MARK TO MARKET	4,158,065.
OTHER TRANSFERS	-600,844.
INVESTMENT IN DISREGARDED ENTITY	309,984.
BOOK/TAX DIFFERENCE ON K-1S	2,213,404.
TOTAL TO FORM 990, PART XI, LINE 5	77,450,752.

SCHEDULE H, PART VI:

OTHER INFORMATION:

LETTER FROM RICHARD CORDOVA, CEO, ON COMMUNITY BENEFIT AT CHILDREN'S HOSPITAL LOS ANGELES

THE PAST YEAR HAS BEEN LIKE NO OTHER IN THE HISTORY OF CHILDREN'S HOSPITAL LOS ANGELES. WITH THE COMPLETION OF OUR NEW HOSPITAL BUILDING, THE MARION AND JOHN E. ANDERSON PAVILION, WE HAVE RECOMMITTED OURSELVES TO OUR CORE MISSION OF CREATING HOPE AND BUILDING HEALTHIER FUTURES FOR THE PATIENTS AND COMMUNITIES WE SERVE.

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

DESIGNING A HOSPITAL SPECIFICALLY FOR CHILDREN AND THEIR FAMILIES WITH MORE DEDICATED BEDS FOR INTENSIVE AND ACUTE CARE WAS AN EXPENSIVE BUT MUCH-NEEDED INVESTMENT ON BEHALF OF THE CHILDREN AND THE YOUNG PEOPLE WE WILL TREAT LONG INTO THE FUTURE. FROM ITS SPACIOUS NEW PATIENT ROOMS, TO THE FAMILY LOUNGES ON EACH FLOOR, TO THE UNIVERSALLY ACCESSIBLE PLAYGROUND, THE 317-BED HOSPITAL ALLOWS OUR INCREDIBLE DOCTORS AND NURSES TO CARE FOR MORE CHILDREN THAN EVER BEFORE.

DESPITE THE TIME AND ATTENTION DIRECTED TOWARD THE OPENING OF THE ANDERSON PAVILION, I'M PROUD THAT STAFF ALSO ENSURED THAT OUR COMMUNITY OUTREACH INITIATIVES AND PROGRAMS CONTINUED TO FLOURISH. FAR TOO NUMEROUS TO LIST HERE, A FEW EXAMPLES OF THE COLLABORATIVE EFFORTS HIGHLIGHTED IN THIS REPORT INCLUDE:

IMPROVING ACCESS TO QUALITY HEALTH CARE - IN FY 2011 THE OFFICE OF COMMUNITY AFFAIRS ASSISTED MORE THAN 200 FAMILIES WITH ENROLLING IN INSURANCE COVERAGE FOR THE FIRST TIME WHILE ALSO PERFORMING OUTREACH TO RAISE AWARENESS OF INSURANCE PROGRAMS TO MORE THAN 37,000 CHILDREN AND PARENTS.

PROMOTING HEALTHY HABITS - THROUGH COMMUNITY HEALTH FAIRS, SCHOOLS AND OTHER HEALTH CARE ORGANIZATIONS OUR CLINICAL DIETICIANS REACHED NEARLY 10,000 CHILDREN AND FAMILIES, PROMOTING HEALTHY EATING HABITS AND EDUCATING THEM REGARDING EATING DISORDERS.

PROVIDING HEALTH EDUCATION - FOR FY 2011, 115 CHILDREN'S HOSPITAL NURSES PROVIDED HEALTH EDUCATION AT A VARIETY OF VENUES IN THE

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

COMMUNITY, CONNECTING WITH 6,900 FAMILIES.

SCHOOL-BASED SCOLIOSIS SCREENING - MEMBERS OF THE CHILDREN'S ORTHOPEDIC CENTER STAFF PROVIDED PRIMARY AND SECONDARY SCOLIOSIS SCREENING, IN PUBLIC AND PRIVATE SCHOOLS-OFTEN SEEING UP TO 600 STUDENTS AT EACH SCHOOL FOR INITIAL SCREENING AS WELL AS RE-SCREENING 40-60 REFERRED STUDENTS.

COMBINED WITH THE OPENING OF THE ANDERSON PAVILION, THESE PROGRAMS, AND THE OTHERS CONTAINED IN THIS REPORT, HIGHLIGHT OUR CONTINUE COMMITMENT TO ADVANCING THE HEALTH OF CHILDREN INSIDE AND OUTSIDE OUR HOSPITAL WALLS. WITH OUR NEW FACILITY SUCCESSFULLY OPENED, WE ARE ALREADY CARING FOR MORE CHILDREN ON OUR CAMPUS. AND WITH EACH ADDITIONAL PATIENT WE TREAT, WE GAIN A GREATER UNDERSTANDING OF WHAT WE CAN DO TO IMPROVE THE QUALITY OF LIFE FOR THE DIVERSE COMMUNITIES WE SO PROUDLY SERVE.

RICHARD CORDOVA, FACHE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
CHILDREN'S HOSPITAL LOS ANGELES

OUR HISTORY

FOUNDED IN 1901, CHILDREN'S HOSPITAL LOS ANGELES IS ONE OF THE NATION'S LEADING CHILDREN'S HOSPITALS AND IS ACKNOWLEDGED WORLDWIDE FOR ITS LEADERSHIP IN PEDIATRIC AND ADOLESCENT HEALTH. CHILDREN'S HOSPITAL LOS ANGELES IS ONE OF ONLY 11 CHILDREN'S HOSPITALS IN THE NATION, AND THE ONLY ONE IN CALIFORNIA, RANKED IN ALL 10 PEDIATRIC SPECIALTIES IN THE U.S. NEWS & WORLD REPORT RANKINGS AND NAMED TO THE MAGAZINE'S HONOR ROLL OF CHILDREN'S HOSPITALS.

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

THE SABAN RESEARCH INSTITUTE OF CHILDREN'S HOSPITAL LOS ANGELES IS ONE OF THE FEW FREESTANDING RESEARCH CENTERS IN THE U.S. WHERE SCIENTIFIC INQUIRY IS COMBINED WITH CLINICAL CARE AND IS DEVOTED EXCLUSIVELY TO CHILDREN. THE INSTITUTE'S INVESTIGATORS HOLD FACULTY APPOINTMENTS AT THE KECK SCHOOL OF MEDICINE OF THE UNIVERSITY OF SOUTHERN CALIFORNIA AND THE CENTER IS AN ACADEMIC MEMBER OF THE LOS ANGELES BASIN CLINICAL AND TRANSLATIONAL SCIENCE INSTITUTE, AN ACADEMIC-CLINICAL-COMMUNITY CONSORTIUM.

CHILDREN'S HOSPITAL LOS ANGELES IS A PREMIER TEACHING HOSPITAL AND HAS BEEN AFFILIATED WITH THE KECK SCHOOL OF MEDICINE OF USC SINCE 1932.

THE MARION AND JOHN E. ANDERSON PAVILION

CHILDREN'S HOSPITAL LOS ANGELES PROVIDES INPATIENT CARE FOR CHILDREN IN THE MARION AND JOHN E. ANDERSON PAVILION. NAMED FOR GENEROUS BENEFACTOR AND HOSPITAL BOARD OF TRUSTEES CO-CHAIR, MARION ANDERSON, AND HER HUSBAND, JOHN, THIS NEW BUILDING IS A PREMIERE HEALTH CARE SETTING FOR THE TREATMENT OF CHILDREN. OPENED IN JULY 2011, THIS 317-BED BUILDING ALLOWS THE HOSPITAL TO TRANSFORM THE PRACTICE OF PEDIATRIC MEDICINE, BENEFITING OUR PATIENTS, FAMILIES AND CAREGIVERS FOR GENERATIONS TO COME.

CHILDREN'S HOSPITAL LOS ANGELES - ARCADIA

THE SAME EXPERT PHYSICIANS CARING FOR CHILDREN AT THE NATIONALLY RENOWNED CHILDREN'S HOSPITAL LOS ANGELES NOW SEE PATIENTS IN ITS OUTPATIENT LOCATION IN ARCADIA, JUST OFF THE I-210 FREEWAY. CHILDREN'S HOSPITAL LOS ANGELES - ARCADIA OFFERS CONVENIENT ACCESS TO A WIDE

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number: 95-1690977

VARIETY OF BOARD-CERTIFIED AND BOARD-ELIGIBLE PEDIATRIC SPECIALISTS FOR INITIAL EVALUATION AND FOLLOW-UP CARE. SPECIALISTS FROM THE FOLLOWING AREAS ARE AVAILABLE IN THIS NEW LOCATION:

ENDOCRINOLOGY

GASTROENTEROLOGY

LABORATORY SERVICES

OPHTHALMOLOGY

ORTHOPAEDICS

OTOLARYNGOLOGY - HEAD AND NECK SURGERY

PEDIATRIC SURGERY

PULMONOLOGY

RADIOLOGICAL SERVICES

TOMORROW'S CAREGIVERS

AT CHILDREN'S HOSPITAL LOS ANGELES WE BELIEVE DEEPLY THAT EDUCATION IS AMONG THE GREATEST LEGACIES WE CAN LEAVE FOR FUTURE GENERATIONS, AND THIS COMMITMENT IS EVIDENT IN OUR TEACHING AND TRAINING OF MEDICAL STUDENTS, RESIDENTS AND FELLOWS. DURING THE PAST FISCAL YEAR, OUR FACULTY TRAINED 575 MEDICAL STUDENTS, 85 FULL-TIME RESIDENTS, THREE CHIEF RESIDENTS AND 107 FELLOWS WHO COLLECTIVELY REFLECT THE DIVERSITY NOT ONLY OF THE PATIENT POPULATION, BUT ALSO OF THE LOS ANGELES REGION. FOR THE PAST 12 YEARS, 97 PERCENT OF OUR GRADUATING RESIDENTS AT CHILDREN'S HOSPITAL HAVE PASSED THE AMERICAN BOARD OF PEDIATRICS EXAM ON THE FIRST ATTEMPT, FAR ABOVE THE NATIONAL AVERAGE.

ONE OF THE MANY CHARACTERISTICS THAT MAKES CHILDREN'S HOSPITAL LOS

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES | Employer identification number: 95-1690977

ANGELES SUCH A SPECIAL PLACE IS THE COMPASSION, KNOWLEDGE, AND DEDICATION OF OUR NURSES. THEY ARE AT THE HEART OF OUR MISSION AND THE EMBODIMENT OF OUR VALUES. AS A MAGNET HOSPITAL OUR ORGANIZATION HAS BEEN RECOGNIZED FOR QUALITY INPATIENT CARE, AS WELL AS EXCELLENCE IN NURSING WHICH PROVES THE HOSPITAL UPHOLD THE TRADITION OF PROFESSIONAL NURSING PRACTICE. OUR COMMITMENT TO QUALITY INPATIENT CARE BEGINS WITH OUR COMMITMENT TO SUPPORTING OUR NURSES' CAREER GOALS AND THE DEVELOPMENT OF FUTURE NURSES.

DURING THE PAST FISCAL YEAR, 70 NURSES GRADUATED FROM THE VERSANT RN RESIDENCY IN PEDIATRICS AT CHILDREN'S HOSPITAL-A 22-WEEK PROGRAM PROVIDING NEW NURSING SCHOOL GRADUATES WITH A COMPREHENSIVE CLINICAL AND LEARNING EXPERIENCE TO PREPARE THEM FOR WORK IN AN ACUTE CARE ENVIRONMENT. THE PROGRAM HAS BECOME A NATIONAL MODEL FOR NEW GRADUATE NURSE RESIDENCY PROGRAMS IN OTHER HOSPITALS.

IN ADDITION TO THE VERSANT PROGRAM, CHILDREN'S HOSPITAL LOS ANGELES SERVED AS A TRAINING SITE FOR MORE THAN 1,170 STUDENT NURSES FROM MORE THAN 15 COMMUNITY COLLEGES AND UNIVERSITIES WITHIN SOUTHERN CALIFORNIA IN FY 2011. THROUGH CLINICAL ROTATIONS, SUPERVISED BY THEIR CLINICAL INSTRUCTOR AND ALONGSIDE OUR EXPERT NURSES AT CHILDREN'S HOSPITAL, STUDENT NURSES ARE ABLE TO APPLY THEORETICAL NURSING CONCEPTS LEARNED IN SCHOOL SUCH AS ASSESSMENTS, DOCUMENTING CHARTS AND ADMINISTERING MEDICATION.

OPPORTUNITIES FOR YOUNG ADULTS IN OUR COMMUNITY

IN LOS ANGELES, 18 PERCENT OF YOUNG ADULTS AGES 20 TO 24 ARE

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES | Employer identification number: 95-1690977

UNEMPLOYED, AND APPROXIMATELY 22 PERCENT OF 18-TO-24-YEAR-OLDS DO NOT HAVE A HIGH SCHOOL DEGREE OR GED EQUIVALENT. THIS RESULTS IN A LARGE NUMBER OF YOUNG ADULTS IN OUR COMMUNITY WHO ARE IN NEED OF SKILL DEVELOPMENT. TO ADDRESS THIS COMMUNITY NEED, THE OFFICE OF COMMUNITY AFFAIRS AT CHILDREN'S HOSPITAL LOS ANGELES IS A HOST SITE FOR THE HIRE LA'S YOUTH "SUMMER YOUTH EMPLOYMENT PROGRAM" AND JOINS WITH THE OFFICE OF LOS ANGELES MAYOR ANTONIO VILLARAIGOSA AND THE LOS ANGELES AREA CHAMBER OF COMMERCE AND OTHER LOCAL BUSINESSES TO SUPPORT COMMUNITY YOUTH DEVELOPMENT.

THE LATINO & AFRICAN-AMERICAN HIGH SCHOOL INTERNSHIP PROGRAM (LA-HIP) IS A BIOMEDICAL SUMMER RESEARCH AND COLLEGE PREPARATORY PROGRAM FOR LATINO AND AFRICAN-AMERICAN HIGH SCHOOL STUDENTS WHO LIVE OR ATTEND SCHOOL IN THE SOUTH OR EAST LOS ANGELES COMMUNITIES. IN FY 2011, 100 HIGH SCHOOL JUNIORS FROM THESE COMMUNITIES APPLIED FOR 16 AVAILABLE SUMMER INTERNSHIPS WITH LA-HIP. THE PROGRAM PROVIDES A SIX-WEEK HANDS-ON MEDICAL RESEARCH LAB EXPERIENCE FOR STUDENTS WHO ARE PASSIONATE ABOUT PURSUING A CAREER IN THE SCIENCES. WORKING UNDER THE DIRECTION OF OUR SCIENTISTS AT THE SABAN RESEARCH INSTITUTE OF CHILDREN'S HOSPITAL LOS ANGELES, THESE INTERNS CONDUCT RESEARCH PROJECTS ON DISEASES SUCH AS CANCER AND TUBERCULOSIS. OTHERS WORK ON INVESTIGATIVE RESEARCH PROJECTS.

ADDITIONAL INFORMATION ON THE ORGANIZATION'S PROGRAMS IS PROVIDED IN THE COMMUNITY BENEFITS REPORT (WHICH IS AVAILABLE UPON REQUEST).

FORM 990, PAGE 1, BOX B:

THE ORGANIZATION HAS AMENDED ITS 2010 TAX RETURN AS IT HAD

Name of the organization	Employer identification number
CHILDREN'S HOSPITAL LOS ANGELES	95-1690977

INADVERTENTLY USED THE INCORRECT CALENDAR YEAR INFORMATION FOR INDEPENDENT CONTRACTORS ON PART VII, SECTION B. THE ORGANIZATION HAS A JUNE 30TH YEAR END AND AS SUCH IT WAS INCORRECTLY USING THE CALENDAR YEAR INFORMATION THAT BEGAN DURING ITS FISCAL YEAR. DURING THE PREPARATION OF THE 2011 TAX RETURN, THE ORGANIZATION REALIZED IT SHOULD BE USING THE CALENDAR YEAR COMPENSATION THAT ENDS WITHIN THE FISCAL YEAR. ACCORDINGLY, THIS RETURN HAS BEEN UPDATED TO REPORT THE INDEPENDENT CONTRACTOR INFORMATION ON FORM 990, PART VII, SECTION B USING THE CALENDAR YEAR ENDING WITHIN THE ORGANIZATION'S FISCAL YEAR.

SCHEDULE R
(Form 990)
Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047
2010
Open to Public Inspection

Name of the organization: CHILDREN'S HOSPITAL LOS ANGELES

Employer identification number 95-1690977

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
CHLA HOLDINGS LLC - 27-3653228 4650 SUNSET BLVD. LOS ANGELES, CA 90027-0980	INVESTMENT VEHICLE	CALIFORNIA	0.	309,984.	N/A

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
VERSANT ADVANTAGE, INC. - 73-1718240 4650 SUNSET BLVD. MS #70 LOS ANGELES, CA 90027	NURSE RESIDENCY TRAINING	CALIFORNIA	501(C)(3)	2	N/A	X	
ANCHORS GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118986, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
ANTELOPE VALLEY GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118987, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
BELAIR GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118835, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X

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

Part II Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	No
CENTENNIAL GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 14-1878642, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
CHILDREN'S CHAIN OF CHILDREN'S HOSPITAL LOS ANGELES - 95-4559789, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
DELLA ROBBIA GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118990, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
DELAT DELTA DELTA FOR CHILDREN'S HOSPITAL LOS ANGELES - 23-7294093, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
EL SEGUNDO AUXILIARY OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118991, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
FLINTRIDGE GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118993, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
FOCUS - 80-0290181 4650 SUNSET BLVD. MS #4 LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
FRIENDS OF CHILDREN'S HOSPITAL LOS ANGELES - 14-1878647, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
GLENDALE AUXILIARY OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118994, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
GREEN HOUSE - 23-7215226 4650 SUNSET BLVD. MS #4 LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
HEALING ARTS REACHING KIDS (HARK) - 20-4459362, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
LA PROVIDENCIA GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6128178, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	No
LAS HERMANAS GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6128176, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
LAS MADRINAS, INC. - 95-1959907 4650 SUNSET BLVD. MS #4 LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
LAS PRIMERAS GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121928, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
MARY DUQUE OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121921, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
MARY DUQUE JUNIORS OF CHILDREN'S HOSPITAL LOS ANGELES - 95-3786303, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
MEN'S GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 26-0109744, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
MONROVIA GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121929, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
NORTHRIDGE GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121930, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
PASADENA GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121932, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
PENINSULA COMMITTEE - 23-7091175 4650 SUNSET BLVD. MS #4 LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
PROJECT CHLA - 95-4524737 4650 SUNSET BLVD. MS #4 LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
SAN ANTONIO GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121934, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	No
SANTA MONICA BAY AUXILIARY OF CHILDREN'S HOSPITAL LOS ANGELES - 23-7293607, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
SIERRA GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121935, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
SOUTH BAY AUXILIARY OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6118996, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
SPIRITUAL CARE OF CHILDREN'S HOSPITAL LOS ANGELES - 20-0872821, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
THIS LITTLE LIGHT OF CHILDREN'S HOSPITAL LOS ANGELES - 95-4445549, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
TOLUCA GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6098666, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
WESTSIDE GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6059321, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X
WHITTIER GUILD OF CHILDREN'S HOSPITAL LOS ANGELES - 95-6121939, 4650 SUNSET BLVD. MS #4, LOS ANGELES, CA 90027	FUNDRAISING	CALIFORNIA	501(C)(3)	11D	N/A		X

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
CHLA ESBT - 20-3115169 4650 SUNSET BOULEVARD LOS ANGELES, CA 90027	INVESTMENT	CA		TRUST	77,429.		100.00%
CRUT-12 4650 SUNSET BOULEVARD LOS ANGELES, CA 90027	CHARITABLE TRUST	CA		TRUST			
CRAT-3 4650 SUNSET BOULEVARD LOS ANGELES, CA 90027	CHARITABLE TRUST	CA		TRUST			
MMR LIT-1 4650 SUNSET BOULEVARD LOS ANGELES, CA 90027	CHARITABLE TRUST	CA		TRUST			
GROVER COLLINS, INC. - 95-1911481 4650 SUNSET BOULEVARD LOS ANGELES, CA 90027	PASSIVE INVESTMENT	CA		C CORP	181,831.	582,645.	100.00%

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.		Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a		X
b Gift, grant, or capital contribution to other organization(s)	1b		X
c Gift, grant, or capital contribution from other organization(s)	1c	X	
d Loans or loan guarantees to or for other organization(s)	1d		X
e Loans or loan guarantees by other organization(s)	1e		X
f Sale of assets to other organization(s)	1f		X
g Purchase of assets from other organization(s)	1g		X
h Exchange of assets	1h		X
i Lease of facilities, equipment, or other assets to other organization(s)	1i		X
j Lease of facilities, equipment, or other assets from other organization(s)	1j		X
k Performance of services or membership or fundraising solicitations for other organization(s)	1k		X
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		X
m Sharing of facilities, equipment, mailing lists, or other assets	1m		X
n Sharing of paid employees	1n		X
o Reimbursement paid to other organization for expenses	1o		X
p Reimbursement paid by other organization for expenses	1p		X
q Other transfer of cash or property to other organization(s)	1q		X
r Other transfer of cash or property from other organization(s)	1r	X	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) VERSANT ADVANTAGE, INC.	R	2,004,122.	CASH
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 37)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations? Yes	(d) No	(e) Share of end-of-year assets	(f) Disproportionate allocations? Yes	(f) No	(g) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner? Yes	(h) No

Part VII **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Children's Hospital Los Angeles

Consolidated Financial Statements as of and for the Years Ended June 30, 2011 and 2010, and Independent Auditors' Report

CHILDREN'S HOSPITAL LOS ANGELES

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Children's Hospital Los Angeles:

We have audited the accompanying consolidated balance sheets of Children's Hospital Los Angeles (the "Hospital") as of June 30, 2011 and 2010, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Hospital as of June 30, 2011 and 2010, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, in the year ended June 30, 2011, the Hospital adopted the provisions of Accounting Standards Update No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*.

Deloitte & Touche LLP

November 16, 2011

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2011 AND 2010
(In thousands)

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,685	$ 4,281
Patient accounts receivable — net of allowance for doubtful accounts of $8,295 and $10,330 at June 30, 2011 and 2010, respectively	60,119	76,485
Current portion of pledges receivable — net of allowance for uncollectible pledges of $300 and $5,332 at June 30, 2011 and 2010, respectively (Note 5)	24,578	16,361
Securities lent under securities lending program (Note 4)		17,796
Collateral received under securities lending program		18,161
Grants receivable	9,262	6,598
Current portion of trustee-held funds (Notes 4 and 6)	9,096	13,104
Restricted cash — Proposition 3 funds (Note 9)		15,031
Other current assets (Notes 15 and 17)	41,213	28,349
Total current assets	156,953	196,166
ASSETS LIMITED AS TO USE (Notes 4 and 6):		
Investments	575,461	435,531
Unitrust investments	4,281	3,769
Trustee-held funds — net of amount required to meet current obligations	4,444	8,724
Total assets limited as to use — net of current portion	584,186	448,024
PLEDGES RECEIVABLE — Net of current portion — net of allowance for uncollectible pledges of $509 and $574 as of June 30, 2011 and 2010, respectively (Note 5)	55,991	31,409
OTHER ASSETS (Note 15)	30,286	25,506
PROPERTY, PLANT, AND EQUIPMENT (Note 7)	878,009	798,424
TOTAL	$ 1,705,425	$ 1,499,529

(Continued)

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2011 AND 2010
(In thousands)

LIABILITIES AND NET ASSETS	2011	2010
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 46,243	$ 41,118
Salaries, wages, and related liabilities	38,170	33,189
Payable under securities lending program		18,161
Proposition 3 — advances (Note 9)		15,031
Current portion of long-term debt (Note 8)	4,310	11,380
Payables under government and state programs	769	618
Deferred revenue — Hospital Fee Program (Note 17)	53,764	
Total current liabilities	143,256	119,497
LONG-TERM DEBT — Net of current portion (Note 8)	487,602	490,847
LIABILITY UNDER UNITRUST AGREEMENTS	2,642	2,441
INTEREST RATE SWAP (Note 8)	6,847	8,901
OTHER NONCURRENT LIABILITIES (Note 10)	31,927	44,256
Total liabilities	672,274	665,942
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS:		
Unrestricted:		
Operating	365,931	244,644
Board designated	369,983	334,509
Total unrestricted	735,914	579,153
Temporarily restricted (Note 11)	151,465	111,388
Permanently restricted (Note 11)	145,772	143,046
Total net assets	1,033,151	833,587
TOTAL	$ 1,705,425	$ 1,499,529

See notes to consolidated financial statements. (Concluded)

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(In thousands)

	2011	2010
REVENUES (Note 13):		
Patient service revenue — net of contractual allowances and discounts (Note 17)	$580,513	$408,675
Provision for doubtful accounts	(10,201)	(9,291)
Net patient service revenue less provision for doubtful accounts (Note 3)	570,312	399,384
Grants, contracts, and other	124,501	110,496
Unrestricted gifts and bequests	29,073	28,006
Investment income used for operations, research, and education (Note 4)	15,456	16,467
Net assets released from restrictions used for operations, research, and education	26,185	29,745
Total revenues	765,527	584,098
EXPENSES (Note 13):		
Salaries and employee benefits (Note 12)	337,823	312,449
Professional fees and purchased services (Note 15)	130,382	114,476
Supplies	93,681	83,386
Utilities	10,166	8,366
Rent (Note 10)	7,452	6,808
Insurance	3,059	3,096
Travel, dues, and subscriptions	4,085	3,912
Equipment	4,164	3,279
Hospital Fee Program (Note 17)	37,853	
Other	13,211	12,533
Total expenses before depreciation, amortization, and interest	641,876	548,305
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION, AMORTIZATION, AND INTEREST	123,651	35,793
DEPRECIATION, AMORTIZATION, AND INTEREST:		
Depreciation and amortization	23,583	29,495
Interest	17,856	13,914
Total depreciation, amortization, and interest	41,439	43,409
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	82,212	(7,616)
OTHER GAINS (LOSSES):		
Net realized and unrealized gain on investments held for trading (Note 4)	40,558	27,150
Other investment loss — net (Note 4)	(8,461)	(8,137)
Interest rate swap mark-to-market gain (loss) (Note 8)	2,054	(2,689)
Loss from bond defeasance		(2,672)
Other gains — net	2,417	439
Total other gains	36,568	14,091
EXCESS OF REVENUES OVER EXPENSES AND OTHER GAINS	118,780	6,475
PROPOSITION 3 — Building construction revenue (Note 9)	21,834	75,679
NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT	16,616	4,287
TRANSFERS AND OTHER	(469)	(3,183)
INCREASE IN UNRESTRICTED NET ASSETS	$156,761	$ 83,258

See notes to consolidated financial statements.

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(In thousands)

	2011	2010
UNRESTRICTED NET ASSETS:		
Excess of revenues over expenses and other gains	$ 118,780	$ 6,475
Proposition 3 — building construction revenue (Note 9)	21,834	75,679
Net assets released from restrictions used for purchase of property and equipment	16,616	4,287
Transfers and other	(469)	(3,183)
Increase in unrestricted net assets	156,761	83,258
TEMPORARILY RESTRICTED NET ASSETS:		
Restricted grants, gifts, and bequests	69,682	19,205
Provision for uncollectible pledges (Note 5)	(8,544)	(7,847)
Net investment income on restricted gifts and endowments (Note 4)	3,182	2,656
Net realized gain on sale of restricted investments (Note 4)	2,840	4,937
Net unrealized gain on restricted investments (Note 4)	16,121	6,221
Net assets released from restrictions used for operations, research, and education	(26,185)	(29,745)
Net assets released from restrictions used for purchase of property and equipment	(16,616)	(4,287)
Transfers and other	(235)	(671)
Change in value of split-interest agreements	(168)	(206)
Increase (decrease) in temporarily restricted net assets	40,077	(9,737)
PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	2,835	2,175
Change in value of split-interest agreements	(116)	(100)
Reclassification of net assets	7	(12)
Increase in permanently restricted net assets	2,726	2,063
CHANGE IN NET ASSETS	199,564	75,584
NET ASSETS — Beginning of year	833,587	758,003
NET ASSETS — End of year	$ 1,033,151	$ 833,587

See notes to consolidated financial statements.

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(In thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 199,564	$ 75,584
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on refinancing of long-term debt		2,672
Depreciation and amortization of property, plant, and equipment	23,019	28,992
Amortization of bond issuance costs	564	503
Amortization of bond discounts and premiums — net	(150)	(114)
Provision for doubtful accounts	10,201	9,291
Provision for uncollectible pledges	8,544	7,847
Net realized and unrealized gain on investments	(59,519)	(38,308)
(Gain) loss on disposal of property, plant, and equipment	(312)	337
Contributions temporarily restricted for purchases of long-lived assets	(575)	(8,101)
Permanently restricted contributions	(2,835)	(2,175)
Proposition 3 — building construction	(21,834)	(75,679)
Interest rate swap mark-to-market (gain) loss	(2,054)	2,689
Changes in operating assets and liabilities:		
Patient accounts receivable	6,165	(11,147)
Pledges receivable	(41,343)	9,240
Grants receivable	(2,664)	(1,103)
Payables under government and state programs	151	5,459
Other current assets	(12,864)	(6,151)
Other assets	(5,060)	3,060
Accounts payable and accrued expenses	9,974	(4,285)
Salaries, wages, and related liabilities	4,981	583
Liability under unitrust agreements	201	(76)
Deferred revenue — Hospital Fee Program	53,764	
Other noncurrent liabilities	(12,329)	4,351
Net cash provided by operating activities	155,589	3,469
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(713,582)	(584,886)
Sale of investments	650,454	596,488
Cost of property, plant, and equipment acquired	(107,140)	(103,875)
Transfers from (to) trustee-held funds	8,288	(347)
Restricted cash — Proposition 3 advances	15,031	(15,031)
Net cash used in investing activities	(146,949)	(107,651)

(Continued)

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(In thousands)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	$ (10,165)	$ (211,838)
Proceeds from issuance of long-term debt		216,024
Payment of financing costs	(284)	(8,139)
Contributions temporarily restricted for purchase of long-lived assets	575	8,101
Proceeds from permanently restricted contributions	2,835	2,175
Proposition 3 — advances	6,803	90,710
Net cash (used in) provided by financing activities	(236)	97,033
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,404	(7,149)
CASH AND CASH EQUIVALENTS — Beginning of year	4,281	11,430
CASH AND CASH EQUIVALENTS — End of year	$ 12,685	$ 4,281
SUPPLEMENTAL INFORMATION RELATING TO NONCASH ITEMS:		
Property and equipment acquisitions included in accounts payable	$ 5,838	$ 10,687
Change in collateral received under securities lending program	$ (18,161)	$ (644)
Change in payable under securities lending program	$ (18,161)	$ (644)

See notes to consolidated financial statements.

(Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — Children's Hospital Los Angeles (CHLA), a not-for-profit corporation organized under the laws of the State of California, is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and similar California statutes and, as such, is exempt from federal income taxes and state franchise taxes.

CHLA is the sole corporate member of Versant Advantage, Inc. ("Versant"), a not-for-profit corporation organized under the laws of the State of California, which is a tax-exempt organization under Section 501(c)(3) of the IRC and similar California statutes and, as such, is exempt from federal income taxes and state franchise taxes. Versant was formed to provide educational programs for registered nurses and nursing students relating to the medical treatment of patients. In December 2009, Versant sold substantially all of its assets to a third party. On May 13, 2011, all remaining assets were transferred to CHLA and, as of August 25, 2011, Versant was legally dissolved (see Note 14).

These consolidated financial statements include CHLA and Versant (collectively, the "Hospital"). All intercompany transactions have been eliminated in consolidation.

The Hospital's principal mission is to promote and advance the state of children's health, focusing on tertiary and quaternary specialties in patient care, research, and education.

Use of Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Excess of Revenues over Expenses and Other Gains — The consolidated statements of activities include the excess of revenues over expenses and other gains. Changes in unrestricted net assets, which are excluded from this total and consistent with industry practice, include revenues recognized from Proposition 3, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

Cash and Cash Equivalents — Cash and cash equivalents include investments with an original maturity of three months or less at the time of purchase, excluding amounts whose use is limited by Board of Trustees (the "Board") designation or other arrangements under trust agreements and cash held by the Hospital's investment managers that will be invested based on the Hospital's long-term investment strategy. The Hospital holds deposits in excess of Federal Deposit Insurance Corporation limits. Uninsured, uncollateralized deposits were approximately $9.7 million and $3.7 million at June 30, 2011 and 2010, respectively. These deposits are held by creditworthy, high-quality financial institutions.

Securities Lending — During the years ended June 30, 2011 and 2010, the Hospital participated in securities lending transactions with its custodian whereby the Hospital lends a portion of its investments to various brokers in exchange for collateral for the securities loaned, usually on a short-term basis. Collateral provided by brokers is maintained at levels of at least 100% of the fair value of the securities on loan and is adjusted for market fluctuations. The Hospital maintains effective control of the loaned securities through its custodian during the term of the arrangement in that they may be recalled at any time. Under the terms of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed. The market value of collateral held for loaned securities is reported as collateral received under securities lending program and a corresponding obligation is reported for repayment of such collateral upon settlement of the lending transaction. During the year ended June 30, 2009, the Hospital took action to unwind these lending activities by removing maturing securities from the program and ceasing any future lending activities. The market value of the securities on loan was $17.8 million as of June 30, 2010. There were no amounts outstanding under this agreement at June 30, 2011.

Patient Accounts Receivable — The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Patient accounts receivable are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

As part of the Hospital's mission to serve the community, the Hospital provides care to patients even though they may lack adequate insurance or may participate in programs that do not pay full charges. The Hospital manages its collection risk by regularly reviewing its accounts and contracts and by providing appropriate allowances.

Pledges Receivable — Pledges due in fiscal year 2012 are included in current assets and pledges due after fiscal year 2012 are included in noncurrent assets. The pledges due in greater than one year are reported at net present value using risk-free interest rates at the date of such pledges, which vary between 0.2% and 5.1% in fiscal year 2011 and 0.3% and 5.1% in fiscal year 2010. Pledges are reported net of an estimated allowance for uncollectible amounts.

Inventories — Inventories are stated at the lower of cost or market value, which is determined using the weighted-average method, and are included in other current assets in the accompanying consolidated balance sheets. The carrying value of inventories is $5.7 million and $6.4 million at June 30, 2011 and 2010, respectively.

Property, Plant, and Equipment — Property, plant, and equipment acquired by purchase are recorded at cost. Donated items are recorded at estimated fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets. Estimated useful lives by classification are as follows:

Land improvements	3–20 years
Buildings and improvements	5–40 years
Equipment	3–20 years

Asset Impairment — The Hospital periodically evaluates the carrying value of its long-lived assets for impairment. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Property, Plant, and Equipment*, the evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, a write-down is recorded. No impairments were recorded during the years ended June 30, 2011 and 2010.

Investments and Investment Income — Investments consist primarily of equity and debt securities purchased by the Hospital and unitrusts for which the Hospital has been designated as trustee and beneficiary. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based upon publicly quoted market prices or quotations of similar securities. Investments for which readily determinable market values do not exist, including alternative investments, are recorded at fair value, determined by the Hospital, with the assistance of fund managers, the general partners, or third-party service providers, using methods and significant assumptions the Hospital considers appropriate based on its understanding of the underlying characteristics of the investments.

The Hospital classifies its investment portfolio as a trading portfolio, and as such, all unrestricted net unrealized holding gains or losses are recorded in other gains (losses) in the period in which they occur.

Investment income (which includes interest and dividends) and realized gains and losses are included in the excess of revenues over expenses and other gains, unless the income or gain/loss is restricted by donor or law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

Assets Limited as to Use — Assets limited as to use primarily include assets restricted by donors or designated by the Board for future capital improvements, patient care, research, and other uses. The net assets over which the Board retains control may subsequently be used for other purposes at the Board's discretion. Assets held by trustees under indenture agreements, escrow deposits, and various unitrusts are also included within assets limited as to use.

Donor-Restricted Gifts — Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions are satisfied. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Unitrust Agreements — The Hospital has been designated as trustee for several trusts. The trust agreements generally require the Hospital to make payments to beneficiaries based on stipulated interest rates, which range from 4.6% to 12% during both of the years ended June 30, 2011 and 2010, applied to the fair market value of the trust assets determined either annually or at inception of the trust.

Interest Rate Swap — The Hospital accounts for its interest rate swap in accordance with FASB ASC 815, *Derivatives and Hedging*, as amended and interpreted. FASB ASC 815 requires all derivatives to be recorded in the consolidated balance sheets at fair value as either assets or liabilities depending on the rights or obligations under the contract. FASB ASC 815 would require that changes in the fair value of derivative financial instruments that qualify, and are designated as fair value hedges, be recorded in operating income as offsets to the changes in fair values of the exposures being hedged. However, the Hospital has not designated its derivative financial instrument as a hedge. Accordingly, all unrealized gains and losses are recognized as other gains and losses in the accompanying consolidated statements of activities.

Deferred Revenue — Hospital Fee Program — The Hospital has received funds under the California Hospital Fee Program (see Note 17), a portion of which is carried in the consolidated balance sheets as deferred revenues, pending final approval of this round of the program by the Centers for Medicare and Medicaid Services (CMS).

Temporarily and Permanently Restricted Net Assets — Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets are those with donor-imposed restrictions that are to be maintained by the Hospital in perpetuity.

Net Patient Service Revenue — The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Grants and Contracts Revenues — Grants and contracts revenues generally are recognized as unrestricted revenues and grants receivable when the research or educational expenses are incurred. Unspent grant funds from federal and other grantors received in advance of the related expenditure are offset against outstanding grants receivable in the accompanying consolidated balance sheets.

Graduate Medical Education — The Hospital underwrites a large part of the cost of training allied health professionals, physicians, and residents in its emergency rooms, clinics, and inpatient areas. The Hospital recognized revenue of $10.7 million and $11.6 million in federal Graduate Medical Education funds during the years ended June 30, 2011 and 2010, respectively.

Fund-Raising — The Hospital sponsors various fund-raising events in addition to the solicitation of grants and private donations. During the years ended June 30, 2011 and 2010, the Hospital incurred $15.9 million and $12.0 million, respectively, in fund-raising costs.

Income Taxes — The Hospital accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*. FASB ASC 740 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its consolidated financial statements uncertain tax positions that the company has taken, or expects to take, on a tax return. During the years ended June 30, 2011 and 2010, the Hospital did not record any liability for unrecognized tax benefits.

Recent Accounting Pronouncements — In April 2009, the FASB issued Accounting Standards Update (ASU) No. 2010-07, *Not-for-Profit Entities Mergers and Acquisitions* (ASU 2010-07). This statement provides guidance on accounting for a combination of not-for-profit entities and applies to a combination that meets the definition of either a merger of not-for-profit entities or an acquisition by a not-for-profit entity. ASU 2010-07 establishes principles and requirements for how a not-for-profit entity (a) determines whether a combination is a merger or an acquisition, (b) applies the carryover method in accounting for a merger, (c) applies the acquisition method in accounting for an acquisition, and (d) determines what information to disclose with respect to the nature and financial effects of a merger or an acquisition. This statement also amends both FASB ASC 350, *Intangibles — Goodwill and Other*, and ASC 810, *Consolidation*, to make their provisions fully applicable to not-for-profit entities. The provisions of ASU 2010-07, which are to be applied prospectively, were effective for the Hospital beginning January 1, 2010, for mergers and had no impact on the Hospital's consolidated financial statements. The provisions for acquisitions were effective for the Hospital beginning July 1, 2010, and had no impact on the Hospital's consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures*, which amended ASC 820, *Fair Value Measurement*, to require new disclosures related to transfers in and out of Level 1 and Level 2, including reasons for the transfers, and to require new disclosures related to Level 3 fair value measurements. In addition, the new guidance clarifies existing disclosure requirements related to the level of disaggregation of classes of assets and liabilities and provides further detail about inputs and valuation techniques used for fair value measurement. The new guidance was effective for the Hospital beginning July 1, 2010, except for the new disclosures related to Level 3 fair value measurements (which are effective beginning July 1, 2011). See Note 16 for information about the Hospital's fair value measurements and disclosures required by the adoption of these amendments.

In August 2010, the FASB issued ASU No. 2010-23, *Measuring Charity Care for Disclosure* (ASU 2010-23), which requires that cost be used as a measurement for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. It also requires disclosure of the method used to identify or determine such costs. The adoption of ASU 2010-23 is effective for the Hospital beginning July 1, 2011. The adoption of ASU 2010-23 is not expected to have a material impact on the Hospital's consolidated financial statements.

In August 2010, the FASB issued ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), which clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The adoption of ASU 2010-24 is effective for the Hospital beginning July 1, 2011. The adoption of ASU 2010-24 is not expected to have a material impact on the Hospital's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* (ASU 2011-04), which amends ASC 820. ASU 2011-04 also requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. In addition, the ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The new guidance is effective for the Hospital beginning July 1, 2012. The adoption of ASU 2011-04 is not expected to have a material impact on the Hospital's consolidated financial statements.

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), which provides guidance on presentation and disclosure of patient service revenue and the related provision for bad debts and allowance for doubtful accounts. ASU 2011-07 requires an entity to present its provision for bad debts as a reduction of patient service revenue on a separate line item in its consolidated statements of activities, disclose its policy for assessing the timing and amount of uncollectible patient service revenue recognized as bad debts by major payor source, and provide qualitative and quantitative information about significant changes in the allowance for doubtful accounts. The Hospital is required to adopt ASU 2011-07 for the fiscal year ending June 30, 2013; however, the Hospital has decided to adopt ASU 2011-07 in the fiscal year ended June 30, 2011. The change to the presentation of the provision for bad debts related to patient service revenue in the consolidated statements of activities have been applied retrospectively to all prior periods presented. The additional disclosure requirements are applied prospectively and are shown in Note 13.

Subsequent Events — The Hospital has evaluated subsequent events through November 16, 2011, the date the consolidated financial statements were available to be issued.

2. CHARITY CARE AND COMMUNITY SERVICES

It is the policy of the Hospital to strive to maintain quality health care delivery in a manner that respects the dignity of the individual and family, regardless of ability to pay. Consistent with the Hospital's tax-exempt status and community service responsibilities, the Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates.

Under the Hospital's policy, charity care may be provided to people who are uninsured or underinsured and cannot afford to pay for their own medical care. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Hospital provides additional community support through the unpaid cost of public programs, which is defined as the cost of treating California Medicaid ("Medi-Cal") program and indigent beneficiaries in excess of government payments. These costs are calculated through the Hospital's cost accounting system utilizing standard costing for the services provided and step-down cost allocation methodologies. During the years ended June 30, 2011 and 2010, the unpaid cost of Medi-Cal programs totaled $94.7 million and $75.6 million, respectively. The Medi-Cal program offsets some of these unpaid costs through the Disproportionate Share Hospital program in the amounts of $44.7 million and $48.9 million during the years ended June 30, 2011 and 2010, respectively.

Support from the United Way and other agencies for charity care and the unpaid cost of public programs amounted to $2.7 million and $2.8 million in the years ended June 30, 2011 and 2010, respectively.

The Hospital underwrites part of the cost of research which takes place in its facilities. The costs underwritten for research for the years ended June 30, 2011 and 2010, amounted to $26.8 million and $25.8 million, respectively.

As described in Note 1, the Hospital underwrites a large part of the cost of training allied health professionals, physicians, and residents in its facilities. The costs underwritten for training for the years ended June 30, 2011 and 2010, were $20.8 million and $21.9 million, respectively.

The Hospital also sponsors various community services to benefit the physically, mentally, and genetically disabled as part of its charitable mission. These services include parental counseling, educational seminars, family support groups, and an outreach organization for families administered by the Hospital in an agency relationship and funded by the State of California. Additionally, a large number of health-related educational programs are provided for the benefit of the community, including health enhancements and wellness, telephone information services, and programs designed to improve the general standards of the health of the community.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Hospital to concentrations of credit risk consist primarily of marketable securities, private investment funds, patient accounts receivable, and pledges receivable. The investment portfolios are managed primarily by professional investment managers (see Note 15) within the guidelines established by the Board, which, as a matter of policy, limit the amounts that may be invested in any one issuer. Concentration of credit risk with respect to patient accounts receivable from nongovernment payors is limited due to the large number of payors composing the Hospital's patient base.

A significant portion of the Hospital's net patient care revenues is derived from Medi-Cal patients, comprising 73% (64% excluding the impact of the Hospital Fee Program revenues, which are included as part of Medi-Cal patient revenues) and 59% in the years ended June 30, 2011 and 2010, respectively. Inpatient services are reimbursed based upon contractually agreed-upon per-diem rates, while outpatient services are reimbursed based upon statewide fee schedules.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred providers, and other organizations. The basis for payment to the Hospital under these agreements includes prospectively determined daily rates, case rates, and discounts from established charges. A total of 27% (36% excluding the impact of the Hospital Fee Program revenues) and 41% in the years ended June 30, 2011 and 2010, respectively, of the Hospital's net patient care revenue is derived from these types of charges.

The California State Legislature has passed senate bills in order to provide for supplemental Medi-Cal payments to hospitals that serve a disproportionately high percentage of Medi-Cal and other low-income patients. As discussed in Note 2, the Hospital has recorded $44.7 million and $48.9 million in the years ended June 30, 2011 and 2010, respectively, in net patient service revenue relating to these senate bills.

Certain third-party payors provide for payments to the Hospital at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the payors. Settlement amounts of $769 thousand and $618 thousand as of June 30, 2011 and 2010, respectively, are included in payables under government and state programs in the accompanying consolidated balance sheets. In addition, the California Hospital Fee Program provided payments to the Hospital, net of related fees, of $155.6 million in the fiscal year ended June 30, 2011. Of these net payments provided, as of June 30, 2011, supplemental payments received of $53.8 million and supplemental fees paid of $12.6 million are included in deferred revenues — Hospital Fee Program and other current assets, respectively, in the consolidated balance sheets, pending final approval of the related program period by CMS (see Note 17).

4. INVESTMENTS

The carrying amounts of investments as of June 30, 2011 and 2010, are as follows (in thousands):

	2011	2010
Securities lent under securities lending program	$ -	$ 17,796
Current portion of trustee-held funds (Note 6)	9,096	13,104
	9,096	30,900
Cash and cash equivalents	54,019	81,543
Mutual funds	101,303	86,101
Equity securities	89,443	67,835
Debt securities	77,040	2,502
Private investment funds	88,702	32,620
Commingled funds	169,235	186,495
Trustee-held funds (Note 6)	4,444	8,724
Less securities lent		(17,796)
Assets limited as to use	584,186	448,024
Total investments	$593,282	$478,924

The cash and cash equivalents included in investments at June 30, 2011 and 2010, represent cash held by the Hospital's investment managers that will be invested based on the Hospital's long-term investment strategy, as well as restricted cash held by the Hospital in segregated interest-bearing cash accounts.

Investment income and gains for assets limited as to use, cash equivalents, and other investments for the years ended June 30, 2011 and 2010, are composed of the following (in thousands):

	2011	2010
Investment income — net of fees	$ 6,995	$ 8,330
Realized gain on sale of investments — net	6,859	10,322
Unrealized gain on investments — net	33,699	16,828
Unrestricted net investment income	47,553	35,480
Investment income — net of fees	3,182	2,656
Realized gain on sale of investments — net	2,840	4,937
Unrealized gain on investments — net	16,121	6,221
Temporarily restricted net investment income	22,143	13,814
Total	$ 69,696	$ 49,294

5. PLEDGES RECEIVABLE

Outstanding pledges and contributions receivable from various corporations, foundations, and individuals as of June 30, 2011 and 2010, are reported net of an estimated allowance for uncollectible pledges and were as follows (in thousands):

	2011	2010
Pledges due:		
In less than one year	$ 24,878	$ 21,693
In one to five years	61,626	33,547
After five years	726	2,476
Discount on pledges	(5,852)	(4,040)
Allowance for uncollectible pledges	(809)	(5,906)
Total net pledges receivable	$ 80,569	$ 47,770

6. TRUSTEE-HELD FUNDS

As of June 30, 2011 and 2010, the current portion of trustee-held funds included amounts deposited to pay interest for the Series 2009 and 2010 Revenue Bonds, as well as the portion of principal and interest on the Series 1993 Insured Revenue Certificates of Participation (the "1993 Certificates") due within 12 months of the respective year ended. As of June 30, 2010, the current portion of trustee-held funds also included $6.2 million deposited to pay for the partial defeasance of the Series 1999 Revenue Certificates of Participation (the "1999 Certificates") that was paid in August 2010 (see Note 8).

Trustee-held funds included $9.3 million and $13.6 million as of June 30, 2011 and 2010, respectively, for the economic defeasance of the 1993 Certificates (see Note 8), of which $4.8 million is included in the current portion of trustee-held funds in the consolidated balance sheets as of June 30, 2011 and 2010.

7. PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment as of June 30, 2011 and 2010, is as follows (in thousands):

	2011	2010
Buildings and improvements	$ 391,309	$ 387,562
Equipment	296,342	272,549
Accumulated depreciation	(460,373)	(437,370)
Total property, plant, and equipment	227,278	222,741
Construction in progress	637,633	562,585
Land	13,098	13,098
Property, plant, and equipment — net	$ 878,009	$ 798,424

8. LONG-TERM DEBT

Long-term debt as of June 30, 2011 and 2010, consists of the following obligations (in thousands):

	2011	2010
Revenue Bond Series 2010, consisting of Series 2010A Revenue Bonds issued for $135,515, which includes both insured and uninsured bonds, with serial maturities between 2014 and 2038, interest payable semiannually at various fixed rates, and Series 2010B Variable Rate Revenue Bonds issued for $51,000, with serial maturities from 2038 to 2042, and interest payable monthly, both series collateralized by a pledge of gross revenues and a mortgage of the Hospital's real and personal assets, other than cash and investments, net of unamortized discount of $564 and $501 at June 30, 2011 and 2010, respectively.	$ 185,951	$ 186,014
Variable Rate Revenue Bonds Series 2009, issued at par for $30,000, collateralized by a pledge of gross revenues, maturing in 2034, with interest payable semiannually at a term rate of 3.42% for five years and subject to daily, weekly, or specified term rates thereafter.	30,000	30,000
Insured Revenue Bonds Series 2007, consisting of three series for $53,100, $52,800, and $64,100, collateralized by a pledge of gross revenues, interest payable semiannually at 5%, serial maturities through 2047; $53,100 maturing in 2039 and $52,800 maturing in 2043, with the remaining balance maturing in 2047, net of unamortized premium of $502 and $576 at June 30, 2011 and 2010, respectively.	170,502	170,576
Revenue Certificates of Participation Series 1999, consisting of $11,010 insured serial certificates and two uninsured term certificates for $7,730 and $90,435, collateralized by a pledge of gross revenues, interest payable semiannually at rates ranging from 4% to 5.25%, remaining serial maturities through 2029, net of unamortized discount of $1,649 and $1,708 at June 30, 2011 and 2010, respectively. In August 2010, $6,200 was repaid with proceeds from the 2010A Bond Series.	96,516	102,557
Insured Revenue Certificates of Participation Series 1993, collateralized by a pledge of gross revenues, interest payable semiannually at rates ranging from 3% to 6%, serial maturities through 2013, with remaining balance maturing in June 2021, net of unamortized premium of $63 and $135 at June 30, 2011 and 2010, respectively. Proceeds of 2004 Bonds were used to prepay $45,840 of these certificates with unamortized discounts of $3,094.	8,943	13,080
Less portion classified as current	(4,310)	(11,380)
Long-term debt — net of current portion	$ 487,602	$ 490,847

On May 6, 2010, the Hospital issued $186.5 million of California Health Facilities Financing Authority Revenue Bonds, consisting of $135.5 million Series 2010A Bonds (the "Series 2010A Bonds"), maturing at various dates between 2014 and 2038, and on May 12, 2010, issued $51 million Series 2010B Bonds (the "Series 2010B Bonds"), maturing between 2038 and 2042. Financing costs are amortized over the life of the bonds. Series 2010A Bonds include both insured and uninsured issues and bear interest at fixed rates, set between 4% and 5.25%, depending on the issue. Series 2010B Bonds bear interest at a variable rate, initially set at 3.626% and adjustable either daily, weekly, or for specified terms. Daily interest rates on the Series 2010B Bonds ranged from 0.05% to 0.36%, annualized, for the year ended June 30, 2011, and 0.15% to 0.27%, annualized, for the year ended June 30, 2010. The proceeds of the Series 2010A and Series 2010B Bonds were used to refund (i) the outstanding principal amount of the Series 2008 Authority Insured Revenue Bonds (the "2008 Bonds"), (ii) the outstanding principal amount of the Series 2004 Authority Insured Revenue Bonds (the "2004 Bonds"), and (iii) a portion of the outstanding principal amount of the 1999 Certificates.

In order to facilitate the issuance of the Series 2010B Bonds, the Hospital provided credit enhancement through the issuance of an irrevocable, direct-pay letter of credit to guarantee payment of the aggregate principal and up to 50 days of accrued interest. The letter of credit will expire in 2014, unless terminated earlier or extended, as provided for under its term of issuance. It is the Hospital's intention to renew the letter of credit prior to expiration.

On December 1, 2009, the Hospital issued $30 million of California Statewide Communities Development Authority (the "Authority") Variable Rate Revenue Bonds consisting of $30 million, maturing on July 1, 2034 (the "2009 Bonds"). Financing costs are amortized over the life of the 2009 Bonds. The 2009 Bonds bear interest at variable daily and weekly rates. The 2009 Bonds bear interest at an initial term rate of 3.42% for a period of five years. Thereafter, the bonds are subject to variable daily, weekly, or term rates, until maturity. The proceeds of the 2009 Bonds were used to refund a portion of the outstanding principal amount of the 2008 Bonds, Series C, and to pay certain costs incurred in connection with the issuance of the bonds.

On April 1, 2007, the Hospital issued $170 million of the Authority Insured Revenue Bonds consisting of $53.1 million maturing on August 15, 2039, $52.8 million maturing on August 15, 2043, and $64.1 million maturing on August 15, 2047 (the "2007 Bonds"), pursuant to a master indenture dated December 1, 1993 (the "Master Indenture"), as amended by the Supplemental Master Indenture for Obligation No. 5. Financing costs are amortized over the life of the 2007 Bonds. Interest on the 2007 Bonds is 5%. The proceeds of the 2007 Bonds were used to (i) finance a portion of the costs of major expansion and modernization of the facilities, (ii) pay capitalized interest on the 2007 Bonds, and (iii) pay certain costs of issuance of the 2007 Bonds.

The Hospital entered into an interest rate swap agreement in September 2004, originally hedging a portion of its 2004 Bonds. With the repayment of the 2004 Bonds in 2010, the swap agreement, still in effect, is used to hedge the variable interest rate portion of the Series 2010B Bonds. This interest rate swap has a notional amount of $49.8 million and matures on February 15, 2034. The agreement effectively adjusts the Hospital's interest costs by swapping the variable interest rate on the Series 2010B Bonds to a fixed rate of 3.63%. The interest rate swap agreement had a fair value of $(6.8) million and $(8.9) million at June 30, 2011 and 2010, respectively, which represents the estimated amount the Hospital would pay to terminate the swap via a competitively priced assignment. Because the swap is not designated as a cash flow hedge in accordance with FASB ASC 815, the change in fair value is reported as interest rate swap mark-to-market gain (loss) in the accompanying consolidated statements of activities. As of June 30, 2011, the Hospital has posted $2.9 million of collateral related to the swap agreement.

On May 1, 1999, the Hospital issued $109.2 million of Authority tax-exempt 1999 Certificates, evidencing the proportionate interests of the registered holders in the right to receive certain installment payments to be made by the Authority from payments to be received from the Hospital, in connection with the sale and purchase of certain real property and improvements between the Hospital and the Authority. The 1999 Certificates were issued as Obligation No. 2 pursuant to the Master Indenture. The proceeds received from the sale of the 1999 Certificates were used to (i) finance certain capital improvements and equipment acquisitions at the Hospital, (ii) pay capitalized interest on the 1999 Certificates, and (iii) pay the costs of delivering the 1999 Certificates. In August 2010, the Hospital repaid $6.2 million of the principal due on these 1999 Certificates with proceeds received from the sale of Series 2010A Bonds.

On December 1, 1993, the Hospital issued $103.8 million of Authority tax-exempt 1993 Certificates, pursuant to the Master Indenture. The proceeds received from the sale of the 1993 Certificates were used to (i) advance refund the Hospital Revenue Bonds 1991 Series A, (ii) fund certain equipment acquisitions at the facilities, and (iii) pay certain costs relating to the execution and delivery of the 1993 Certificates.

The 1993 Certificates included serial certificates maturing from 1994 to 2013 and term certificates maturing in 2023. The term certificates were refinanced with the proceeds of the 2004 Bonds in 2004. In 2007, the Hospital established an escrow account with sufficient funds to pay the principal and interest on the outstanding 1993 Certificates. The balance of the escrow account at June 30, 2011 and 2010, was $9.3 million and $13.6 million, respectively. As a result of the establishment of the escrow account, the debt service associated with the remaining 1993 Certificates is excluded from the annual "income available for debt service" computation.

Pursuant to the Master Indenture, the Hospital has pledged its gross revenues as security for all of its long-term debt. The Master Indenture provides for limitations on the incurrence of additional indebtedness, unless certain conditions are met, and requires the Hospital to maintain certain financial ratios.

The aggregate principal maturities and sinking fund requirements of long-term debt as of June 30, 2011, are as follows (in thousands):

Years Ending June 30	
2012	$ 4,310
2013	4,570
2014	0
2015	6,600
2016	6,890
Thereafter	471,190
Total principal maturities	493,560
Less net unamortized discount	(1,648)
Total	$491,912

The premiums on the 2007 Bonds and the 1993 Certificates and the discounts on the 2010 Bonds and 1999 Certificates are being amortized over their respective lives using the effective interest method. Net premium amortization during the years ended June 30, 2011 and 2010, amounted to $150 thousand and $114 thousand, respectively. The 2009 Bonds were issued at par.

Cash paid for interest during the years ended June 30, 2011 and 2010, amounted to $23 million and $22 million, including capitalized interest of $8.2 million and $8.7 million, respectively.

9. PROPOSITION 3

In November 2008, the State of California passed a bond for the benefit of specified children's hospitals in the State of California, the Children's Hospital Bond Act of 2008 (the "2008 Bond Act"), whereby $750 million was provided to improve and expand California children's hospitals as well as to purchase new medical equipment for these hospitals. The Hospital is entitled to $98 million from the 2008 Bond Act, which is recognized as revenue as qualifying expenditures are reimbursed in accordance with the 2008 Bond Act.

Funds totaling $6.8 million and $90.7 million were paid to the Hospital for the fiscal years ended June 30, 2011 and 2010, respectively. Qualified expenditures of $21.8 million and $75.6 million were incurred and recognized as revenue during the years ended June 30, 2011, and 2010, respectively. These amounts are included in Proposition 3 — building construction revenue in the accompanying consolidated statements of activities. As of June 30, 2010, unexpended advances of $15 million were recorded in the consolidated balance sheet as restricted cash — Proposition 3 funds.

10. COMMITMENTS AND CONTINGENCIES

Since 1994, the Hospital has been insured on a claims-made basis for both professional/general liability coverage and directors' and officers' coverage with per-claim deductible amounts of $250 thousand and $25 thousand, respectively. An estimated liability of claims incurred but not reported of $3.5 million as of June 30, 2011 and 2010, has been accrued and is included in other noncurrent liabilities in the accompanying consolidated balance sheets.

The Hospital is self-insured for workers' compensation benefits for employees. Annual expense and funding under this program is based on past claims experience and projected losses. Insurance coverage, in excess of the per-occurrence, self-insured retention, has been secured with insurers. Actuarial estimates of uninsured losses for the workers' compensation program are $9.9 million and $9.3 million at June 30, 2011 and 2010, respectively, and include an estimate for claims incurred but not reported. These amounts are included in other noncurrent liabilities in the accompanying consolidated balance sheets, net of the current portions of $2.6 million and $2.5 million as of June 30, 2011 and 2010, respectively, which are included in salaries, wages, and related liabilities.

Legal proceedings arising from the normal conduct of business are pending, but in the opinion of management and legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the consolidated financial position or results of operations of the Hospital.

The Hospital leases certain facilities under operating leases with terms of one to 10 years. Total rental expense on operating leases for the years ended June 30, 2011 and 2010, was $7.5 million and $3.9 million, respectively. Future payments under non-cancelable operating leases are as follows (in thousands):

Years Ending June 30	
2012	$ 4,739
2013	3,674
2014	2,702
2015	2,746
2016	528
Thereafter	1,500
Total	$ 15,889

Seismic Standards — The State of California requires compliance with certain seismic standards by 2013. On July 17, 2011, the Hospital opened a new patient tower which contains 317 inpatient beds to meet these standards. The total cost of the new tower, including the guaranteed maximum price (GMP), planning expenses, design costs, equipment, and information technology, is approximately $635 million.

Health Reform — On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act into law, and then, on March 30, 2010, President Obama signed into law the Health Care and Education Affordability Reconciliation Act of 2010 (collectively, "health insurance reform"). Management is evaluating the effect that health insurance reform may have on the consolidated financial statements.

11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2011 and 2010, are available for the following purposes (in thousands):

	2011	2010
Hospital programs	$ 69,910	$ 46,521
Capital projects	4,986	17,097
Pledges receivable for specific programs	76,569	47,770
Total temporarily restricted net assets	$ 151,465	$ 111,388

Permanently restricted net assets as of June 30, 2011 and 2010, are restricted to the following (in thousands):

	2011	2010
Hospital programs	$ 137,131	$ 136,772
Capital projects	8,641	6,274
Total permanently restricted net assets	$ 145,772	$ 143,046

The investment earnings from the permanently restricted net assets are restricted for Hospital clinical research and academic programs as well as capital projects, while the corpus may not be expended under the terms of the donor restrictions.

The Hospital's endowment consists of 587 individual funds established for various purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Hospital has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Hospital and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Hospital
- The investment policies of the Hospital

The endowment net assets composition by type of fund as of June 30, 2011 and 2010, is as follows (in thousands):

2011	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ (145)	$ 26,433	$ 145,772	$ 172,060
Board-designated endowment funds	370,128			370,128
Total funds	$ 369,983	$ 26,433	$ 145,772	$ 542,188
2010				
Donor-restricted endowment funds	$ (811)	$ 17,537	$ 143,046	$ 159,772
Board-designated endowment funds	335,320			335,320
Total funds	$ 334,509	$ 17,537	$ 143,046	$ 495,092

The changes in endowment net assets for the years ended June 30, 2011 and 2010, are as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets — July 1, 2009	$316,369	$14,551	$140,983	$471,903
Investment return:				
Investment income	18,652	5,866		24,518
Unrealized gain	16,828	3,691		20,519
Total investment return	35,480	9,557	-	45,037
Contributions		580	2,175	2,755
Transfer to Board-designated endowment funds	28,006			28,006
Amounts appropriated for expenditure	(45,346)	(7,151)		(52,497)
Other changes			(112)	(112)
Endowment net assets — June 30, 2010	334,509	17,537	143,046	495,092
Investment return:				
Investment income	13,854	4,278		18,132
Unrealized gain	33,699	11,415		45,114
Total investment return	47,553	15,693	-	63,246
Contributions		338	2,835	3,173
Transfer to Board-designated endowment funds	29,073			29,073
Amounts appropriated for expenditure	(41,152)	(7,135)		(48,287)
Other changes — net			(109)	(109)
Endowment net assets — June 30, 2011	$369,983	$26,433	$145,772	$542,188

The description of the amounts classified as restricted net assets as of June 30, 2011 and 2010, is as follows (in thousands):

	2011	2010
Permanently restricted net assets — the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA:		
With purpose restrictions — not related to capital acquisitions	$ 113,060	$ 112,701
With purpose restrictions — for capital acquisitions	8,641	6,274
Without purpose restrictions	24,071	24,071
Total endowment funds classified as permanently restricted net assets	$ 145,772	$ 143,046
Temporarily restricted net assets — the portion of perpetual endowment funds subject to a time restriction under SPMIFA — with purpose restrictions	$ 26,433	$ 17,537

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Hospital to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $145 thousand and $811 thousand as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board.

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a real rate of return of greater than 5.5% (net of fees and adjusted for inflation) as calculated based on rolling five-year periods. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation intended to achieve its long-term return objectives within prudent risk constraints.

The Hospital has a policy of appropriating for distribution each year 5.5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Hospital considered the long-term expected return on its endowment.

12. EMPLOYEE BENEFIT PLANS

The Hospital maintains a defined contribution plan for the benefit of its employees. All employees are eligible to defer a percentage of their salaries, up to the maximum amount allowed by the Internal Revenue Service. Employees who have satisfied minimum service requirements are eligible to receive an employer contribution from the Hospital. Through fiscal year 2009, the Hospital contributed 1% of an employee's pay for eligible employees and 100% of employee contributions up to the first 3% of employee pay for participating employees. Beginning in September 2009, the Hospital discontinued the 1% contribution to employees, though it continues to match up to 3% of pay for participating employees. The Hospital's contribution expense was $5.5 million and $5.1 million for the years ended June 30, 2011 and 2010, respectively.

13. REVENUES AND EXPENSES BY FUNCTION

Revenues and expenses by function for the years ended June 30, 2011 and 2010, are as follows:

	2011				
	Clinical	Research	Education	Foundation	Hospital
			(In thousands)		
Revenues	$ 628,375	$ 62,776	$ 41,164	$ 33,212	$ 765,527
Expenses	(567,571)	(59,357)	(40,445)	(15,942)	(683,315)
Subtotal	60,804	3,419	719	17,270	82,212
Overhead allocations	52,097	(30,180)	(21,544)	(373)	
Excess (deficiency) of revenues over expenses	$ 112,901	$ (26,761)	$ (20,825)	$ 16,897	$ 82,212

	2010				
	Clinical	Research	Education	Foundation	Hospital
			(In thousands)		
Revenues	$ 446,485	$ 62,479	$ 43,128	$ 32,006	$ 584,098
Expenses	(477,959)	(59,053)	(42,655)	(12,047)	(591,714)
Subtotal	(31,474)	3,426	473	19,959	(7,616)
Overhead allocations	51,666	(29,241)	(22,425)		
Excess (deficiency) of revenues over expenses	$ 20,192	$ (25,815)	$ (21,952)	$ 19,959	$ (7,616)

Unallocated overhead and general and administrative expenses are included within clinical expenses. The activities of Versant are included in education.

The Hospital recognizes patient service revenue on the basis of contractual rates for the services rendered for those patients who have third-party payor coverage. For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates (or on the basis of discounted rates, if negotiated or provided by policy). Patients covered by insurance, but required to pay deductibles or copayments are considered to be uninsured for those portions. Based on historical experience, the Hospital believes that a significant portion of its patient accounts will be uncollectible. Thus, it records a significant provision for bad debts related to patient accounts in the period the services are provided.

The Hospital's patient accounts receivable decreased significantly to $60.1 million at June 30, 2011 from $76.5 million at June 30, 2010. This was the result of a concerted effort by the Hospital to increase collections and an acceleration of payments by a government payor. Also as a result of this effort, the allowance for doubtful accounts decreased to $8.3 million at June 30, 2011, from $10.3 million at June 30, 2010. The provision for doubtful accounts increased to $10.2 million for fiscal year 2011 from $9.3 million for fiscal year 2010 due to an intensive effort to clear out uncollectible accounts. The Hospital has not changed its charity care or uninsured discount policies during fiscal years 2011 or 2010. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), included $575.1 million and $402.4 million from third-party payors and $5.4 million and $6.3 million from self-pay patients for the fiscal years ended June 30, 2011 and 2010, respectively.

14. VERSANT

On December 9, 2009, the Hospital's wholly owned subsidiary, Versant, sold substantially all of its assets and liabilities to Versant Holdings, Inc., a privately held third party, in exchange for cash, a note receivable, a portion of future income, and a 35% ownership stake in the acquiring organization. At that time, the Hospital recognized a gain on the sale of approximately $1.1 million. In August 2010, Versant Holdings, Inc. notified the Hospital of its intent to exercise the buy-out clause of the sales transaction and on September 30, 2010, repurchased the 35% ownership of its own stock. As of May 13, 2011, all of Versant's remaining assets had been distributed to the Hospital, and on August 25, 2011, Versant was legally dissolved.

15. RELATED-PARTY TRANSACTIONS

During the years ended June 30, 2011 and 2010, fees totaling $323 thousand and $395 thousand, respectively, were paid to investment managers that had employees on the Board of the Hospital. These investment managers managed 20% and 29% of investments at June 30, 2011 and 2010, respectively.

Pediatric Management Group (PMG) is a California limited liability company that manages the practice of Children's Hospital Los Angeles Medical Group (CHLAMG), based at the Hospital. The Hospital has recorded receivables from PMG and/or CHLAMG in the amounts of $3.0 million and $3.1 million at June 30, 2011 and 2010, respectively, which are included in other current assets in the accompanying consolidated balance sheets These receivables relate to expenses incurred by the Hospital on behalf of PMG and/or CHLAMG.

During the years ended June 30, 2011 and 2010, fees totaling $2.7 million and $1.7 million, respectively, were paid for security services to a corporation whose president is on the Board of the Hospital.

During the years ended June 30, 2011 and 2010, fees totaling $3.7 million and $3.4 million, respectively, were paid for parking services to a corporation that is owned by a member of the Board.

During the fiscal year ended June 30, 2006, the Hospital loaned $200 thousand to one of its physician leaders as part of a relocation package. The loan bears no interest and is payable to the Hospital at such time that this physician leaves his position at the Hospital or sells the house. During the fiscal year ended June 30, 2010, the Hospital loaned an additional $110 thousand to this physician. This new note is interest-bearing with one-fifth being forgiven at the end of each year that the physician remains in his current capacity. The total note receivable from this physician is $283 thousand and $310 thousand at June 30, 2011 and 2010, respectively.

During the fiscal year ended June 30, 2006, the Hospital loaned $200 thousand to one of its physician leaders. The note bears no interest, with one-tenth being forgiven at the end of each year that the physician remains in his current capacity. Additionally, the Hospital makes monthly housing assistance payments to the bank on the physician's behalf in the amount of approximately $8 thousand as a part of the relocation assistance to the physician. The debt forgiveness and relocation assistance are reported as income to the physician on an annual basis. The total note receivable from this physician leader is approximately $90 thousand and $360 thousand as of June 30, 2011 and 2010, respectively.

During the fiscal year ended June 30, 2010, the Hospital loaned $400 thousand to one of its executive leaders; $300 thousand of the note is to be repaid, interest free, in equal installments over a six-year period. The remaining $100 thousand is interest-bearing with one-fifth being forgiven at the end of each year that the executive remains in her current capacity. The total note receivable from this executive is $341 thousand and $400 thousand at June 30, 2011 and 2010, respectively.

Also during the fiscal year ended June 30, 2010, the Hospital assumed notes receivable balances from PMG for loans made to two physicians totaling $467 thousand. These notes are interest bearing and the physicians make monthly payments to the Hospital on the balances. The outstanding balances on these loans totaled $457 thousand and $464 thousand at June 30, 2011 and 2010, respectively.

16. FAIR VALUE MEASUREMENTS

Due to the short-term nature of cash and cash equivalents; restricted cash; payables under government and state programs; accounts payable and accrued expenses; and salaries, wages, and related liabilities, their carrying value approximates their fair value.

Pledges receivable are discounted at the current market interest rate at the time of receipt, which approximates their fair value. The fair values of liabilities under unitrust agreements are determined by utilizing discount rates commensurate with the corresponding investments at the time of receipt, which approximate their fair value.

The fair values of the Hospital's long-term debt, including the 2010, 2009, and 2007 Bonds and the 1999 and 1993 Certificates, are based on current trading values at or near the last business day of the fiscal year. At June 30, 2011, the fair value was $452 million, compared to the carrying value of $494 million. At June 30, 2010, the fair value was $468 million, compared to the carrying value of $502 million.

The Hospital reports fair value measurements in accordance with ASC 820, which defines fair value, establishes a framework for measuring fair value in accordance with existing GAAP, and provides expanded disclosures about fair value measurements. Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value and the level of market price observability.

Investments measured and reported at fair value using level inputs, as defined by ASC 820, are classified and disclosed in one of the following categories:

Level 1 — Quoted prices in active markets for identical investments available in active markets for identical investments as of the reporting date.

Level 2 — Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 — Pricing inputs are based upon the net asset value (NAV) per share (or its equivalent) of the underlying investment fund as provided by the investment manager. Investments included in this category include private investment funds for which the Hospital does not have the ability to redeem in the near term.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following is a description of valuation inputs and techniques that the Hospital utilizes to fair value each major category of assets and liabilities in accordance with ASC 820:

Mutual Funds — Registered with the Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940. To the extent valuation adjustments are not applied, mutual funds are categorized as Level 1.

Equity Securities (United States and Foreign) — Equity securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange, and to the extent valuation adjustments are not applied to these securities, that are categorized as Level 1. Equity securities traded on inactive markets and are valued using other observable inputs are categorized as Level 2.

Debt Securities (Asset-Backed Securities) — Asset-backed securities are valued using dealer quotations or price quotes from pricing vendors. To the extent that these inputs are observable and timely, the values of asset-backed securities are categorized as Level 2.

Debt Securities (Corporate Bonds) — Investment grade bonds are valued using inputs and techniques, which include third-party pricing vendors, dealer quotations, and recently executed transactions in securities of the issuer or comparable issuers. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. Values for high-yield bonds are based primarily on pricing vendors and dealer quotations from relevant market makers. The dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit-quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds, and sector-specific trends. To the extent that these inputs are observable and timely, the values of corporate bonds are categorized as Level 2.

Debt Securities (Government Bonds) — Government bonds are valued using inputs and techniques, which include identification of similar issues and bond market activity. Prices are determined taking into account the bond's terms and conditions, including any features specific to that issue which may influence risk, and thus marketability. To the extent that these inputs are observable and timely, the values of government bonds are categorized as Level 2.

Debt Securities (U.S Treasury Notes and Trustee-held funds) — U.S. Treasury notes are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that the values are actively quoted, they are categorized as Level 1.

Investment Funds (Private Investment funds and Commingled funds) — Investment funds are valued based upon the NAV per share (or its equivalent) of the underlying fund as provided by the investment manager. To the extent that the Hospital has the ability to redeem its investment with the investment fund in the near term (i.e., 90 days or less) at NAV per share as of June 30, 2011, the values may be categorized as Level 2. To the extent that the Hospital does not have the ability to redeem its investment with the investment fund in the near term at NAV per share, the values are categorized as Level 3.

Derivative Instruments — The fair values of interest rate swaps are estimated using various inputs, including quotations from various dealers and counterparties, and pricing models that use certain observable inputs, such as the creditworthiness of the counterparties, default probabilities, yield curves, and credit curves. The pricing models utilized generally do not entail material subjectivity because the methodologies employed do not necessitate significant judgments. If the pricing inputs are observed from actively quoted markets, the derivative values are categorized as Level 2. Interest rate swaps are valued in accordance with the terms of each contract based on current interest rate spreads. Market standard pricing models are used for valuing interest rate swaps.

The following tables present information about the Hospital's assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010, and indicate the fair value hierarchy of the valuation techniques utilized by management to determine such fair value:

	2011			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets				
Investments:				
Cash and cash equivalents	$ 54,019	$ -	$ -	$ 54,019
Mutual funds:				
Global equity funds	24,593			24,593
Fixed-income funds	76,710			76,710
Equity securities:				
U.S. equity securities	72,269	263		72,532
Foreign equity securities	16,911			16,911
Debt securities:				
Asset-backed securities		7,564		7,564
Corporate bonds		51,997		51,997
Government bonds		2,992		2,992
Treasury notes	14,487			14,487
Private investment funds:				
Hedge funds — alternative investments		38,681	35,930	74,611
Private equity funds			11,269	11,269
Venture capital funds			2,822	2,822
Commingled funds:				
U.S. equity securities		92,871		92,871
Foreign equity securities		22,068		22,068
Fixed-income securities		54,296		54,296
Trustee-held funds	13,540			13,540
Total investments	$ 272,529	$ 270,732	$ 50,021	$ 593,282
Liabilities				
Interest rate swap liability	$ -	$ (6,847)	$ -	$ (6,847)

	2010			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets				
Investments:				
Cash and cash equivalents	$ 81,543	$ -	$ -	$ 81,543
Mutual funds:				
Global equity funds	17,303			17,303
Fixed-income funds	68,798			68,798
Equity securities:				
U.S. equity securities	61,276			61,276
Foreign equity securities	6,559			6,559
Debt securities:				
Asset-backed securities		1,747		1,747
Domestic debt securities		755		755
Private investment funds:				
Hedge funds — alternative investments			20,880	20,880
Private equity funds			8,829	8,829
Venture capital funds			2,911	2,911
Commingled funds:				
U.S. equity securities		86,650		86,650
Foreign equity securities		24,605		24,605
Fixed-income securities		75,240		75,240
Trustee-held funds	21,828			21,828
Total investments	$257,307	$188,997	$32,620	$478,924
Liabilities				
Interest rate swap liability	$ -	$ (8,901)	$ -	$ (8,901)

Subsequent to the issuance of the June 30, 2010 consolidated financial statements, the Hospital identified certain errors in the fair value hierarchy disclosures. As a result, the 2010 Level 1 investments were reduced by $40.0 million, Level 2 investments were increased by $156.9 million, and Level 3 investments were reduced by 116.8 million from the amounts previously presented. Additionally, certain investments were reclassified to conform to the level of detail included in the June 30, 2011 disclosures. This resulted in a corresponding change to the rollforward of Level 3 investments to conform to the current presentation. The rollforward shows an increase in transfers from Level 3 of $116.8 million as a result of the adoption of ASU 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The change had no effect on total consolidated investments, total consolidated investment earnings or total consolidated cash flows from investing activities.

The changes in the balances of Level 3 financial assets for the years ended June 30, 2011, and 2010, are as follows (in thousands):

	Private Investment Funds
Beginning balance — July 1, 2009	$ 111,689
Total gains and losses:	
Realized net (loss) gain	14,172
Unrealized net gain (loss)	(1,214)
Purchases, sales, issuances, and settlements	26,214
Transfers from Level 3	(118,241)
Ending balance — June 30, 2010	32,620
Total gains and losses:	
Realized net (loss) gain	61
Unrealized net gain	2,158
Purchases, sales, issuances, and settlements	19,368
Transfers from Level 3	(4,186)
Ending balance — June 30, 2011	$ 50,021

Transfers in or out are recognized based on the beginning fair value of the fiscal year in which they occurred. There were no significant transfers on investments between Level 1 and Level 2 during the year ended June 30, 2011. Transfers from Level 3 investments during the year ended June 30, 2011 are a result of the lapse of the redemption lockout period.

Net realized gains (losses) on investments sold during the fiscal years ended June 30, 2011 and 2010, and included in the changes in unrestricted net assets were $918 thousand and $9.6 million, respectively. Net unrealized losses on investments that are still held as of June 30, 2011 and 2010, and included within the net realized and unrealized gain (loss) on investments held for trading in the consolidated statements of activities, were $3.5 million and $827 thousand, respectively. Net realized gains (losses) on investments sold during the fiscal years ended June 30, 2011 and 2010, included in the change in temporarily restricted net assets, of $380 thousand and $4.5 million, respectively, are included within the net realized gain (loss) on sale of restricted investments in the consolidated statements of changes in net assets. The unrealized net losses on investments still held as of June 30, 2011 and 2010, of $1.6 million and $387 thousand, respectively, and included in the change in temporarily restricted net assets are included within the net unrealized loss on restricted investments in the consolidated statements of changes in net assets.

Included within the assets are investments in certain entities that report fair value using a calculated NAV or its equivalent. The nature and risk of such investments as of June 30, 2011, are as follows (in thousands):

	Fair Value 2010	Fair Value 2011	Unfunded Commitments 2011	Redemption Frequency	Redemption Notice Period
Commingled funds (1)	$ 186,495	$ 169,235	$ -	Daily, semi-monthly, monthly	5–60 days
Hedge funds (2)	23,791	77,433		Quarterly, annually	45–60 days
Private equity funds (3)	8,829	11,269	3,400	NA	NA
Total	$219,115	$257,937	$3,400		

(1) This category includes investments in commingled funds that pursue diversification of both domestic and foreign fixed-income and equity securities through multiple investment strategies. The primary objective for these funds is to seek attractive long-term risk-adjusted absolute returns.
(2) This category includes investments in hedge funds that pursue diversification of both domestic and foreign fixed-income and equity securities through multiple investment strategies. The primary objective for these funds is to seek attractive long-term risk-adjusted absolute returns.
(3) This category includes investments in funds that make opportunistic investments that are primarily private in nature. These investments cannot be redeemed by the Hospital, rather the Hospital has committed an amount to invest in the private funds over the respective commitment periods. After the commitment period has ended, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets of the private fund.

17. HOSPITAL FEE PROGRAM

In January 2010, the State of California enacted legislation that provides for supplemental Medi-Cal payments to certain hospitals funded by a quality assurance fee paid by participating hospitals as well as matching federal funds (the "Hospital Fee Program"). In September 2010, this legislation was amended at the request of CMS. In October 2010, CMS substantially approved the program and the State of California began its implementation. The supplemental payments encompass fee-for-service payments directly from the California Department of Health Care Services as well as payments routed through managed care plans. Supplemental payments and fees related to the Hospital Fee Program in the amounts of $152.2 million and $28.2 million, respectively, for the period from April 1, 2009 through December 31, 2010, were recorded in Patient service revenue — net of contractual allowances and discounts, and Expenses — Hospital Fee Program, in the consolidated statement of activities in the fiscal year ended June 30, 2011.

The California Hospital Association created a private program, the California Health Foundation and Trust (CHFT), established for several purposes, one of which is aggregating and distributing financial resources to support charitable activities at various hospitals and health systems in California. A pledge agreement was executed on March 1, 2010, between the Hospital and CHFT whereby the Hospital paid $9.6 million in the fiscal year ended June 30, 2011, included in Expenses — Hospital Fee Program in the consolidated statement of activities, into a grant fund established by CHFT.

The payments and fees under the Hospital Fee Program are retroactive to April 1, 2009, and are expected to continue through December 31, 2011, or longer if further legislation is passed. As of June 30, 2011, the Hospital had received $53.8 million and paid $12.6 million in supplemental payments and fees, respectively, related to the Hospital Fee Program, for the period January 1, 2011 through June 30, 2011, which includes $3.0 million to be paid by the Hospital into a grant fund established by CHFT. As of June 30, 2011, supplemental payments received of $53.8 million and supplemental fees paid of $12.6 million are included in deferred revenues — Hospital Fee Program and other current assets, respectively, in the consolidated balance sheets, pending final approval from CMS of this part of the program, which the Hospital expects to occur before the end of calendar year 2011.

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