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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
CHILDRENS HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
200 Henry Clay Avenue

City or town, state or country, and ZIP + 4
New Orleans, LA 701185720

D Employer identification number
72-0467503

E Telephone number
(504) 896-9581

G Gross receipts $ 627,008,790

F Name and address of principal officer
Steve Worley
200 Henry Clay Avenue
New Orleans, LA 701185720

H(a) Is this a group return for affiliates? ☐ Yes ☑ 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 ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW CHNOLA ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1949 | **M** State of legal domicile LA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To provide comprehensive pediatric healthcare, which recognizes the special needs of children, through excellence and the continuous improvement of patient care, education, research, child advocacy, and management

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	24
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	20
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,787
6	Total number of volunteers (estimate if necessary)	**6**	740
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	13,002,450	16,250,006
9	Program service revenue (Part VIII, line 2g)	183,828,170	204,877,467
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	34,642,153	34,354,839
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	999,360	962,370
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	232,472,133	256,444,682
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	100,215
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)	99,659,301	111,500,629
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶1,375,935		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	129,300,816	114,875,993
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	228,960,117	226,476,837
19	Revenue less expenses Subtract line 18 from line 12	3,512,016	29,967,845

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	839,003,473	851,427,209
21	Total liabilities (Part X, line 26)	25,451,773	39,092,340
22	Net assets or fund balances Subtract line 21 from line 20	813,551,700	812,334,869

Net Assets or Fund Balances

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: 2012-11-19

Gregory Feirn Sr Vice President/CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶			EIN ▶
			Phone no ▶

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

To provide comprehensive pediatric healthcare, which recognizes the special needs of children, through excellence and the continuous improvement of patient care, education, research, child advocacy, and management

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 ☑ 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 ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured 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 $ 9,203,517 including grants of $ 0) (Revenue $ 3,991,470)

RESIDENT TEACHING & GRADUATE MEDICAL EDUCATION PROGRAMS Children's Hospital has become an increasingly important teaching center for both undergraduate and graduate education Approximately 70 trainees in Pediatrics and in the combined Internal Medicine/Pediatric programs obtain most of their training at the hospital Residents in Anesthesiology, Emergency Medicine, General Surgery, Neurology, Neurosurgery, Orthopaedics, Ophthalmology, Otolaryngology, Pathology, Physical Medicine and Rehabilitation, Plastic Surgery, Psychiatry, Radiology and Urology also receive training at Children's Hospital In addition, fellows in Allergy/Immunology, Cardiology, Endocrinology, Gastroenterology, Hematology/Oncology, Infectious Disease, Neonatal Intensive Care, Nephrology and Pathology also receive advanced subspecialty training at Children's Hospital The majority of medical students, residents and fellows rotating through Children's Hospital are from the LSU Health Sciences Center The pediatric residents participate in a variety of educational activities The chief residents conduct Morning Report, held four times a week where an interesting or unique case is presented and discussed, allowing residents and students to observe the thought processes that go into problem solving and clinical reasoning Noon conferences are held on weekdays with specialists from Ambulatory, Adolescent Medicine, Allergy/Immunology, Emergency Medicine, Forensic Medicine, Hospitalist Medicine, Nephrology, Psychiatry, Psychology, Infectious Disease, Radiology, Cardiology, Rheumatology, Neonatology, Hematology/Oncology, Critical Care, Pulmonology, Endocrine, Neonatology, Gastroenterology and several surgical specialties rotating presentations Pediatric Board Review is held once a month and covers all aspects of pediatrics for preparation of the American Board of Pediatrics Certifying Examination In addition all divisions conduct specialty conferences for students and residents rotating on those services The "Resident as Teachers" series is held once a month facilitated by the student clerkship director who instructs the residents on various teaching tools and methods to improve their supervision of junior residents and students The Evidenced-based Medicine Journal Club is conducted monthly by the upper level residents under the direction of a faculty member The presentations are case based and involve a clinical question The resident outlines their search method, the articles that were relevant and then critically review one article that answers the clinical question The Professionalism Forums are held quarterly where faculty members meet in small groups to discuss possible opportunities to improve upon professionalism in residents' careers The Clinical Reasoning Skills sessions are conducted quarterly with the first year residents to practice clinical reasoning in groups of 4-5 residents with faculty supervision Clinical Case Conferences are held once a week and attended by attending staff, residents and students Residents present interesting cases followed by a thorough review of the literature on this topic Faculty members present Grand Rounds at Children's Hospital every other Wednesday morning to formally present a topic related to their specialty The Accreditation Council for Graduate Medical Education (ACGME) is responsible for the Accreditation of post-MD medical training programs within the United States Children's Hospital is the primary training hospital for the LSUHSC Pediatric Residency training program This Program received full accreditation at the highest level of five years following the ACGME site visit in 2010 All other resident and fellow training programs are also site-visited at specified intervals and are fully accredited by the ACGME Medical Residents _ 282

4b (Code) (Expenses $ 21,588,423 including grants of $ 0) (Revenue $ 9,028,511)

Ambulatory & Primary Health Care In March of 1998, the Board of Trustees recognized that Children's Hospital, with its richness of talent and programs and its financial resources, was well positioned to identify and address obstacles to the welfare of children in the community Therefore, a standing committee of the Board of Trustees has been charged with developing and monitoring all services and benefits provided to the community The hospital also provides a large array of community-education programs, wellness programs, research activities and special programs for the handicapped and medically underserved These include, but are not limited to, the following Kids First provides children in medically underserved areas with convenient access to quality, cost-effective pediatric primary care Initiated in 1996, Kids First participates in the State of Louisiana KIDMED program for indigent children, which includes medical, vision, hearing and learning screening services In 2011 there were seven pediatric clinics that provided on-call, 24-hour care, seven days a week for children ranging from birth to 21 Of these seven, two were open only part-time but still had 24-hour on call Children's Hospital Outpatient Center of Baton Rouge was immediately established following Hurricane Katrina in order to reach out to patients who relocated to the Baton Rouge area Clinic space was purchased in order for Children's Hospital's pediatric specialists and pediatricians to see patients on a weekly basis The clinic is fully staffed to meet the needs of the growing pediatric population in Baton Rouge Children's Hospital Burdin Riehl Clinic was established in Lafayette in order to meet the needs of those patients who relocated to the area following Hurricane Katrina Both the Baton Rouge and Lafayette clinics provide care with the same guidelines as the hospital - no child is ever turned away Doctors at these locations continue to see a large number of patients whose families lost their incomes as a result of Hurricane Katrina The hospital loses approximately $37,000 per month on these clinics The Metairie Center is a satellite clinic for pediatric specialists who see patients in the Metairie area The Children's Healthcare Assistance Plan (CHAP) provides physician and hospital services at no cost to children whose family income is too high to qualify for Medicaid but whose lack of resources limit their access to quality healthcare Free care provided by the hospital, at established charges, was approximately $15,803,806 for the year-end December 31, 2011 Benefits to the indigent also include charges in excess of government payments for services provided to Medicaid beneficiaries of approximately $423,740,631 for the year-end December 31, 2011 In addition, Children's Hospital had to write-off approximately $4,032,862 of patient care charges that could not be collected from patients The Parenting Center is a community resource program providing support and education to parents The goals of the Center are to promote confidence and competence in parents, to encourage optimal child development, and to enhance the well being of the family as a whole The Parenting Center offers 1) parent training classes, 2) a free telephone advice line, 895-KIDS, 3) drop-in visits to the Center to offer time with other parents and staff while the children play, 4) community outreach programs, such as lunch bag seminars for working parents, and 5) weekly television segments featuring childrearing tips Services have been extended to suburban New Orleans with the opening of The Metairie Parenting Center, which also offers classes, support groups, individual counseling and a parent library SAFE KIDS Louisiana, Inc is a separate corporation that is partially supported by Children's Hospital as part of its benefits program As part of SAFE KIDS Worldwide, it is dedicated to reducing the number of unintentional childhood injuries - the number one killer of children ages 14 and under The Tooth Bus is a community service providing free dental care to children in need The bus is a mobile dental office that travels to various locations throughout the New Orleans area to provide routine dental exams and other standard procedures to children of all ages who meet eligibility requirements In 2011, 7,835 visits were made to The Tooth Bus from children throughout the New Orleans area The Audrey Hepburn Children At Risk Evaluation (CARE) Center provides comprehensive forensic medical evaluations and referrals to community resources for children who are victims of sexual abuse, physical abuse and neglect and their families In 2011, 1139 patients were seen The CARE Center has clinics in New Orleans, Baton Rouge and St Tammany, but children are referred from parishes throughout Louisiana and the Gulf Coast The medical evaluation consists of a detailed forensic interview of the child and the caretaker, a complete physical examination, and preparation of a report to the referring agency In addition, the physicians are frequently called upon to testify in court in those cases of sexual and physical abuse that are prosecuted Both physicians have testified in and helped prepare numerous cases in the last year The CARE Center staff routinely presents lectures on child abuse and neglect to community action and professional medical and legal groups, pediatric nurses, nurse technicians, childcare technicians, dental hygiene students, high school students and child care workers They also serve as consultants to the State of Louisiana and outlying parishes and to Office of Community Services for Orleans, Jefferson, St Bernard and Plaquemines parishes Currently, the program consists of two full-time fellowship trained pediatricians and one fellow in training The center receives financial support from the Audrey Hepburn Foundation, which also provides financial assistance to centers similar to ours in Los Angeles, CA and Hackensack, N J The Greater New Orleans Immunization Network (GNOIN) is a model program focusing on increasing immunization rates of children through the age of 18 years GNOIN offers the combined elements of an immunization registry into the state's system, a mailer reminder system, parental education, and a mobile immunization unit that travels throughout the metropolitan New Orleans area to administer immunizations free of charge to infants, children and adolescents through the age of 18 years In 2011, GNOIN had 12,433 visits to the immunization unit and administered 22,837 vaccines The School Kids Immunization Program (SKIP I) and (SKIP II) grew out of a need to increase the immunization rates for school-age children identified by GNOIN SKIP works with individual schools and reviews all the students' immunization records Students, not in the state's immunization registry, LA Immunization Network for Kids Statewide (LINKS), are enrolled into the data registry The parents of students who do not have up-to-date immunization records are notified as to which vaccine(s) their child requires They receive immunization information and a consent form that authorizes SKIP to administer the necessary vaccine(s) to their child free-of-charge In 2011, SKIP immunized 6,506 students and administered 11,945 vaccines The combined immunization programs, SKIP I, SKIP II & GNOIN, are the number one providers of immunizations in the state The programs immunized a total of 118,939 children and administered 34,782 vaccinations in 2011 The Clinical Dietitian Program provides and monitors the nutritional care of patients in conjunction with the Dietetic Services Department and hospital clinical staff The program is staffed during the workweek and as needed on weekends to be available to all inpatients and outpatients through the Community Care Program and Diabetes Grant Services and diagnoses include nutritional assessments and monitoring via physician consultation, nutritional education and counseling, establishment of nutritional care plans and interdisciplinary goals, participation in the establishment and revision of patient meal and formula policies and procedures and nutrition care standards and CQI activities, and conduct departmental and clinical staff and dietetic intern education services The Ventilator Assisted Care Program (VACP) provides case management for Medicaid eligible children living at home in the state of Louisiana and are ventilated assisted The program also provides nursing, social, educational and respiratory assessments, and facilitates medical intervention for this population The staff provides aid in the access of social and healthcare supports in the community In 2011, services were provided to an average of 90 patients per month **Total visits __106,699 __

4c (Code) (Expenses $ 163,879,039 including grants of $ 0) (Revenue $ 194,733,777)

Patient Care, General/Other In 2011 Children's Hospital provided care to children from all 64 parishes in Louisiana, from 44 other states and 2 foreign countries Patient visits totaled 152,501 Included in these visits were 83,207 physician clinic visits, 53,092 emergency room visits, 7,138 outpatient surgical visits, 1,875 medical visits and 7,189 inpatient admissions or 44,249 patient care days The Rehabilitation Center treated 50 Rehab patients, and the Acute Care Units treated a total of 6,113 patients The Pediatric Intensive Care Unit treated 738 patients, the CCU 53 patients, and the Neonatal Intensive Care Unit treated 235 infants The Psychiatric Unit treated 1,466 patients in 2011 The Neonatal Intensive Care Unit continues to be a major referral center for the neonate with complex problems, the majority of which were transferred from other neonatology units whose resources are more limited than those available at Children's Recognizing the needs of the community, Children's Hospital provides care to patients covered by governmental programs Seventy percent of the hospital's patients are funded through Medicaid or the state's Children's Special Health Services (CSHS) and other charity programs Following are some highlights of the hospital's services and growth in 2011 The proceeds from the annual fund drive, in 2011, were dedicated to the construction of two new surgery suites in our OR The drive raised $843,187 The 25th annual CMN Telethon netted a total of $1,156,607 in revenue The broadcast took place on the second weekend in June Boo at the Zoo, an annual joint fundraiser with the zoo that provides a safe trick-or-treat environment for children up to age 12, was held at the Audubon Zoo on the evenings of October 21, 22, 28, and 29 The event was a sellout three of the four nights and netted $109,291 for each organization There were more than 15,000 attendees over the three-night event The 29th Annual Sugarplum Ball was held at the New Orleans Fairgrounds Race Track on April 1 The event netted $170,097 to support the hospital's Cancer Program GRANTS Background In 1988, the Bureau of Maternal and Child Health awarded a grant to Children's Hospital in New Orleans to establish the program as one of the first Pediatric AIDS Demonstration Projects In twenty-three years, this program has grown from a single-site case management and HIV education demonstration project, to a multi-site, multi-service, comprehensive provider network with ten Network partners in four regions of the state serving a majority of adult female patients and youth The New Orleans and Baton Rouge networks are the largest in terms of its Part D services and include both HIV primary care (3 clinics in each city) and supportive services, primarily nurse case management HIV primary care services only are supported in the communities of Monroe and Lafayette The catchment area for the Network encompasses 35 parishes (counties) or 55% of the state During 2011 the total budget for FACES was approximately $2 2 million Target Population The target population is HIV-infected women, pregnant women, children, and youth in four distinct geographic areas in Louisiana As reflected by the epidemic in Louisiana, the majority of Part D funds and number of network partner sites are located in New Orleans and Baton Rouge (mostly urban and suburban and where 66% of persons living with HIV/AIDS reside), with the remaining support to providers in southwestern and northeastern Louisiana (largely rural areas) During 2011, a total of 1,880 HIV-infected clients were served by FACES with an additional 148 HIV-affected family members being served These patients were predominately African-American (88%) and live at 200% or below the federal poverty levels Challenges According to the U S Centers for Disease Control and Prevention's most recent Surveillance Report, among U S cities with >500,000 persons, Baton Rouge ranked 2nd and New Orleans ranked 9th in reported AIDS case rates Among states, Louisiana ranked 5th highest for AIDS case rates and 12th in the number of AIDS cases Louisiana ranks among the highest in rates of sexually transmitted diseases, poor health outcomes for children and families, poverty, and rates of uninsured adults Objectives The Louisiana Ryan White Part D Program is comprised of 10 network partner providers in four regions of the State The major objectives of the Network are to increase access to care by developing new points of entry, to provide HIV-infected women, pregnant women, youth, and HIV-infected and exposed children with HIV primary care, provide patients with mental health and substance abuse counseling, to provide supportive services, especially nurse medical case management to patients to assure their retention in primary care, to track and improve Part D patients' retention in care and improved health outcomes by conducting a Network-wide clinical quality management program utilizing the HIV/AIDS Bureau's Clinical Core Measures, and to include consumers in the planning, implementation, and evaluation of Part D services

(Code) (Expenses $ 7,386,228 including grants of $ 0) (Revenue $ 1,328,221)

The Research Institute for Children is in collaboration with Children's Hospital and Louisiana State University Health Sciences Center (LSUHSC) The institute also has a formal affiliation with the University of New Orleans (UNO) Researchers from Allergy/Immunology, Endocrinology, Oncology, Nephrology, gene therapies and microbiology comprise the majority of the group The total number of research personnel is 73 comprised of 20 administrative and support professionals, 4 research assistants, 4 postdoctoral researchers, 4 research supervisors, 17 LSUHSC faculty members, 2 LSUHSC staff members, 3 UNO faculty members, 1 UNO staff member, and 2 Helis foundation employees and 16 students Notes CTC, RA, RIS & Vivarium staff were included in the administrative & support professionals category Medical Researchers _73

4d Other program services (Describe in Schedule O)
(Expenses $ 7,386,228 including grants of $ 0) (Revenue $ 1,328,221)

4e **Total program service expenses** ▶ $ 202,057,207

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	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
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		No
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		No
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		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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		No
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		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
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		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
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		No
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		No
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		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
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		No
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		No
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	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
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 U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
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 U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
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		No
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	Yes	
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		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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**	Yes	
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**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 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**	Yes	
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 questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
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**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
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**		No
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**		No
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**		No
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**		No
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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
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 owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
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**		No
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**		No
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**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	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*	**35b**		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**		No
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**		No
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**	Yes	

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**	155		
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**	1,787		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	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**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
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 or securities account)?			**4a**		No
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**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
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**		No
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**	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
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**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
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?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**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	**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	**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? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate 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 aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 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 . . . . . ☑

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	24		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	20		
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			No
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			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
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			No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
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	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	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		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take 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 ▶

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Mirela Nicola Controller
200 Henry Clay Ave
New Orleans, LA 701185720
(504) 896-9581

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 . . . . . ☑

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, and **current** key employees 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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								5,865,162	1,217,381	1,030,588

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 104

		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		No
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	Yes	
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		No

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 Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
Pediatric Radiology Services 200 Henry Clay Avenue New Orleans, LA 70118	Radiology Services	2,072,700
Metro Aviation Inc PO Box 7008 Shreveport, LA 71137	Helicopter Services	1,632,028
INO Therapeutics Inc PO Box 642509 Pittsburg, PA 152642509	Respiratory Services	1,608,108
Gjerset & Lorenz LLP 2801 Via Fortuna Suite 500 Austin, TX 78746	Attorney	870,440
ARUP Laboratories PO Box 27964 Salt Lake City, UT 84127	National Reference Laboratories	787,830

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 60

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	1a	Federated campaigns	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 182,172				
	d	Related organizations	1d 4,231,167				
	e	Government grants (contributions)	1e 7,732,739				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 4,103,928				
	g	Noncash contributions included in lines 1a-1f $ 0					
	h	**Total.** Add lines 1a-1f		16,250,006			
Program Service Revenue			Business Code				
	2a	Medicare/Medicaid Payments	900099	128,831,473	128,831,473	0	0
	b	Patient Care Services	622000	56,873,793	56,873,793	0	0
	c	Ambulatory & Primary Healthcare	621000	9,028,511	9,028,511	0	0
	d						
	e						
	f	All other program service revenue		10,143,690	10,143,690	0	0
	g	**Total.** Add lines 2a–2f		204,877,467			
	3	Investment income (including dividends, interest and other similar amounts)		17,768,446	17,768,446	0	0
	4	Income from investment of tax-exempt bond proceeds		0	0	0	0
	5	Royalties		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross rents	1,177,062 / 0				
	b	Less rental expenses	202,617 / 0				
	c	Rental income or (loss)	974,445 / 0				
	d	Net rental income or (loss)		974,445	0	0	974,445
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	386,887,943 / 0				
	b	Less cost or other basis and sales expenses	370,188,231 / 113,319				
	c	Gain or (loss)	16,699,712 / -113,319				
	d	Net gain or (loss)		16,586,393	16,586,393	0	0
Other Revenue	8a	Gross income from fundraising events (not including $ 182,172 of contributions reported on line 1c) See Part IV, line 18	a 47,866				
	b	Less direct expenses	b 59,941				
	c	Net income or (loss) from fundraising events		-12,075		0	-12,075
	9a	Gross income from gaming activities See Part IV, line 19	a 0				
	b	Less direct expenses	b 0				
	c	Net income or (loss) from gaming activities		0	0	0	0
	10a	Gross sales of inventory, less returns and allowances	a 0				
	b	Less cost of goods sold	b 0				
	c	Net income or (loss) from sales of inventory		0	0	0	0
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		0			
	12	**Total revenue.** See Instructions		256,444,682	239,232,306	0	962,370

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)
Check if Schedule O contains a response to any question in this Part IX . . . . . ☑

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 United States See Part IV, line 21	100,215	100,215		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	2,544,086	823,205	1,720,881	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7	Other salaries and wages	84,339,960	74,278,397	9,303,777	757,786
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	7,137,266	6,690,389	379,370	67,507
9	Other employee benefits	11,661,241	9,598,026	1,966,370	96,845
10	Payroll taxes	5,818,076	5,103,335	661,368	53,373
11	Fees for services (non-employees)				
a	Management	0	0	0	0
b	Legal	226,441	0	226,441	0
c	Accounting	113,995	0	113,995	0
d	Lobbying	0	0	0	0
e	Professional fundraising *See Part IV, line 17* . .	0			0
f	Investment management fees	1,038,153	0	1,038,153	0
g	Other	37,680,446	34,437,785	3,238,698	3,963
12	Advertising and promotion	120,252	88,947	16,223	15,082
13	Office expenses	46,716,837	44,472,366	2,012,129	232,342
14	Information technology	1,424,695	941,244	476,103	7,348
15	Royalties . .	0	0	0	0
16	Occupancy	3,781,516	3,473,881	287,539	20,096
17	Travel	401,415	321,116	56,317	23,982
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	38,274	18,324	19,950	0
20	Interest	0	0	0	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	12,498,325	11,401,902	1,001,837	94,586
23	Insurance	1,866,507	1,862,373	3,923	211
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	Bad Debt	4,032,862	4,032,862	0	0
b	Dues, Subs,Books, Periodicals	641,216	317,533	321,269	2,414
c	Tuition Reimbursement	55,307	47,476	7,431	400
d	Special Purpose Program	3,996,139	3,996,139	0	0
e					
f	All other expenses	243,613	51,692	191,921	0
25	**Total functional expenses.** Add lines 1 through 24f	226,476,837	202,057,207	23,043,695	1,375,935
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		7,267,451	1	2,652,609
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		419,555	3	951,550
	4	Accounts receivable, net		22,164,887	4	27,309,919
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		5,956,610	8	6,407,426
	9	Prepaid expenses and deferred charges		7,019,464	9	9,687,858
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 259,677,825			
	b	Less accumulated depreciation	10b 155,935,433	105,504,058	10c	103,742,392
	11	Investments—publicly traded securities		656,765,072	11	660,991,340
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		33,906,376	15	39,684,115
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		839,003,473	16	851,427,209
Liabilities	17	Accounts payable and accrued expenses		25,451,773	17	39,092,340
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	
	26	**Total liabilities.** Add lines 17 through 25		25,451,773	26	39,092,340
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		811,572,377	27	809,642,660
	28	Temporarily restricted net assets		1,793,310	28	2,506,196
	29	Permanently restricted net assets		186,013	29	186,013
		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		813,551,700	33	812,334,869
	34	Total liabilities and net assets/fund balances		839,003,473	34	851,427,209

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	256,444,682
2	Total expenses (must equal Part IX, column (A), line 25)	2	226,476,837
3	Revenue less expenses Subtract line 2 from line 1	3	29,967,845
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	813,551,700
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-31,184,676
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	812,334,869

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 ☑ 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	Yes	
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
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 ☑ Consolidated basis ☐ Both consolidated and separated 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	Yes	
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	Yes	

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SCHEDULE A (Form 990 or 990EZ)

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

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

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 **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 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** If the organization did not check the 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

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 may 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 pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–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 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	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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 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, 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, 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 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 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	7,911,389	7,868,129	7,868,129	7,863,627	
b Contributions	0	43,260	0	4,502	
c Investment earnings or losses	0	0	0	0	
d Grants or scholarships	0	0	0	0	
e Other expenditures for facilities and programs	0	0	0	0	
f Administrative expenses	0	0	0	0	
g End of year balance	7,911,389	7,911,389	7,868,129	7,868,129	

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 1 00 %
- c Term endowment ▶ 0 %

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

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 property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	13,489,753		13,489,753
b Buildings	0	103,472,836	59,298,106	44,174,730
c Leasehold improvements	0	0	0	0
d Equipment	0	130,547,739	92,560,112	37,987,627
e Other	0	12,167,497	4,077,215	8,090,282
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				103,742,392

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		
Other		
Total. *(Column (b) should 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
Total. *(Column (b) should 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
Total. *(Column (b) should 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
Federal Income Taxes	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

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 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	256,444,682
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	226,476,837
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	29,967,845
4	Net unrealized gains (losses) on investments	4	-30,649,532
5	Donated services and use of facilities	5	0
6	Investment expenses	6	1,038,153
7	Prior period adjustments	7	0
8	Other (Describe in Part XIV)	8	0
9	Total adjustments (net) Add lines 4 - 8	9	-29,611,379
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	356,466

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	230,855,306
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-30,649,532		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIV)	2d	20,829,839		
e	Add lines **2a** through **2d**			2e	-9,819,693
3	Subtract line **2e** from line **1**			3	240,674,999
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	1,038,153		
b	Other (Describe in Part XIV)	4b	14,731,530		
c	Add lines **4a** and **4b**			4c	15,769,683
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	256,444,682

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

1	Total expenses and losses per audited financial statements			1	236,245,683
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIV)	2d	25,826,005		
e	Add lines **2a** through **2d**			2e	25,826,005
3	Subtract line **2e** from line **1**			3	210,419,678
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	1,038,153		
b	Other (Describe in Part XIV)	4b	15,019,006		
c	Add lines **4a** and **4b**			4c	16,057,159
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	226,476,837

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, 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

Identifier	Return Reference	Explanation
SchD_P05_S00_L04	Schedule D, Part V, Line 4	1) In 1981 "The Beatrice and Harold Forgotston Philanthropic Fund of Children's Hospital" was established and donated to Children's Hospital, amount of $175,000 The gift resolution states that the funds are to always be fully invested and only the income be available for use as requested by the donor 2) As stated in the will of Leon S Mann, a sum of $5,000 was donated to Children's Hospital in memory of his sister and parents The some to be deposited in a separate, interest bearing account, and the interest to be used on the twenty-first day of July of each year to purchase presents for the children in the hospital Investment earnings or losses are comingled with all other investments for Children's Hospital EIN 720467503 The remainder of funds is intended to be used for the exempt purposes of related filing organization of Touro Infirmary EIN 72-0423659
SchD_P12_S00_L02d	Schedule D, Part XII, Line 2d	Revenues related to Children's Hospital Medical Practice Corporation, as reported on Form 990, (72-1318421), Sch D, Part XII, Line 5 $17,170,622, Revenues related to Children's Hospital Anesthesia Corporation, as reported on Form 990 (06-1587311) Sch D, Part XII, Line 5 $3,656,518, Revenues related to Children's Hospital Health Plan Inc, as reported on Form 990 (45-2341500) Sch D, Part XII, Line 5 $2,699
SchD_P12_S00_L04b	Schedule D, Part XII, Line 4b	Revenues related to Community Support $14,355,429, Contributions reported on 2011 990 but not released in 2011 as Revenue on Audited Financials $28,845, Provider Based Revenue $563,362, Rental Income Expense ($202,617), Loss on sale of assets ($113,704), UPL Expense $100,215
SchD_P13_S00_L02d	Schedule D, Part XIII, Line 2d	Expense related to Children's Hospital Anesthesia Corporation, as reported on Form 990 (06-1587311) $8,426,516, Expense related to Children's Hospital Medical Practice Corporation, as reported on Form 990, (72-1318421), Sch D, Part XII, Line 5 $17,083,168, Rental Income Expense $202,617, Loss on sale of assets $113,704
SchD_P13_S00_L04b	Schedule D, Part XIII, Line 4b	Revenue related to Community Support $14,355,429, Provider Based Revenue $563,362, UPL Expense $100,215

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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

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

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

a ☐ Mail solicitations
b ☐ Internet and e-mail solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a 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? ☐ **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 Form 990-EZ filers are not required to complete this table

(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
Total . . . . . ▶						

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

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 Sugar Plum Ball (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	230,038			230,038
	2 Less Charitable contributions	182,172			182,172
	3 Gross income (line 1 minus line 2)	47,866			47,866
Direct Expenses	4 Cash prizes	0			0
	5 Non-cash prizes	0			0
	6 Rent/facility costs	14,519			14,519
	7 Food and beverages	12,634		0	12,634
	8 Entertainment	6,075		0	6,075
	9 Other direct expenses	26,713			26,713
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(59,941)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-12,075

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 Non-cash 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 lines 1 and 7 in column (d) ▶				

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 Provide 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

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 distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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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

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies 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? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other 3.5 %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other %	3b		No
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 uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
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 eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b		No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)	1	12,564	4,240,907	0	4,240,907	1 87 %
b Medicaid (from Worksheet 3, column a)	0	0	133,974,312	112,432,068	21,542,244	9 51 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	0	0	0	0	0	0 %
d **Total** Charity Care and Means-Tested Government Programs	1	12,564	138,215,219	112,432,068	25,783,151	11 38 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	7	53,224	2,780,180	1,024,202	1,755,978	0 78 %
f Health professions education (from Worksheet 5)	1	0	9,203,517	1,696,655	7,506,862	3 3 %
g Subsidized health services (from Worksheet 6)	5	13,581	3,504,727	2,930,531	574,196	0 25 %
h Research (from Worksheet 7)	1	0	7,567,957	3,150	7,564,807	3 34 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	1	0	100,215	4,231,167	-4,130,952	1 8 %
j **Total** Other Benefits	15	66,805	23,156,596	9,885,705	13,270,891	9 47 %
k **Total.** Add lines 7d and 7j	16	79,369	161,371,815	122,317,773	39,054,042	20 85 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(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						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	911,701		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
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	1,730,687		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,730,687		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	0		
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	Yes	
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	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

	(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 %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

	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 200 Henry Clay Avenue New Orleans, LA 701185720	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)

Children's Hospital

Name of Hospital Facility: _____

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 2011)			
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 question 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 those 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 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 ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in 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 CHNA			
g ☐ Prioritization of health needs in the 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 together with 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 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 350%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	11	Yes	
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	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted at all times on the hospital facility's web site			
b ☑ The policy was attached to all 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 upon admission to the hospital facility			
f ☐ The policy was available upon 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 (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☑ Other similar actions (describe in Part VI)			
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☑ Notified patients of the financial assistance policy upon 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 patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☑ Other (describe in Part VI)			

Part V Facility Information *(continued)*

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**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
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)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☑ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
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?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

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 from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 3

	Name and address	Type of Facility (Describe)
1	Metairie Center 3040 33rd Street Metairie, LA 70001	Outpatient Clinic
2	Baton Rouge Clinic 720 Connell Place Baton Rouge, LA 70809	Outpatient Clinic
3	Lafayette Clinic 1121 Coolidge Street Lafayette, LA 70505	Outpatient Clinic
4		
5		
6		
7		
8		
9		
10		

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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health 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

Identifier	ReturnReference	Explanation
SchH_P01_S00_L03c	Schedule H, Part I, Line 3c	All patients seen in the facility are eligible for discounted care if they have no insurance (including Medicaid) and they do not qualify for CHAP (the charity program at Children's Hospital) because of income limits or because they chose not to apply for CHAP The discount offered in 62 5% of charges The cost of the charges on which a 62 5% discount is offered is not separately tracked by Children's Hospital During 2011, the 62 5% discount offered by Children's Hospital to its patients was $1,472,379

Identifier	ReturnReference	Explanation
SchH_P01_S00_L06a	Schedule H, Part I, Line 6a	A report is prepared by Children's Hospital and presented to the board but is not made available to the public

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07	Schedule H, Part I, Line 7	Line 7a, b, g, & h direct costs are identified on the general ledger using separate accounts, indirect costs are allocated using Medicare cost reporting methodology Line 7b & f Medicare/Medicaid cost reporting methodology

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07g	Schedule H, Part I, Line 7g	One Hundred Percent (100%) of the cost of two Otolaryngology physician contracts are included in the cost for the Cochlear Implant program - $146,782

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07i	Schedule H, Part I, Line 7i	Column (c) Children's Hospital elected to donate to Touro approximately $100,000 during the year ended December 31, 2011 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings Column (d) Touro elected to donate to Children's Hospital approximately $4,131,000 during the year ended December 31, 2011 The donations relate to a sharing of Upper Payment Limit ("UPL") funds received by Touro, to assist Children's with its activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self-supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Additional programs include Mobile Dental Program, Inpatient Behavioral Health Program, the Parenting Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	The audited financial statements of Children's Hospital do not include a footnote describing bad debt For purposes of this form 990, the cost of bad debt was calculated by multiplying the ratio of patient care cost to charge ratio with the bad debt attributable to patient accounts of $3,702,691 Bad debt expense is not included in the amounts reported as community benefit in other sections of Schedule H

Identifier	ReturnReference	Explanation
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	The Medicare cost report was used to determine allowable cost

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	The collection departments do not take extraordinary collection actions against an individual without first making reasonable efforts to determine if the patients/families are eligible for assistance Financial assistance information is provided to families in the registration areas, on patient statements and on the Children's Hospital website The department of Social Services works with patients and families to help obtain insurance coverage where applicable Information about CHAP is provided in the registration areas Documented Physician Billing Operating Policies/Procedures include the following Follow-Up, Self Pay Discount (50641), Statement of Physician Billing follow-up/Collection Activity, Statement of Patient Accounts Follow-Up/Collection Activity, Accounts Receivable Follow-Up and Collection Activity, and Collection by Suit

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L11	Schedule H, Part V, Section B, Line 11	Hospital uses a uniform pricing for all services offered and for all patients This pricing is captured in a charge master file, which is designed with consideration for optimizing insurance reimbursement opportunities and covering operating costs

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L13	Schedule H, Part V, Section B, Line 13	Refer to note for Schedule H, Part III, Section C, Line 9b

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L15	Schedule H, Part V, Section B, Line 15	None of a - d or anything similar, but if eligible for other funding, we ask the families to apply for such funding

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L17	Schedule H, Part V, Section B, Line 17	Refer to note for Schedule H, Part III, Section C, Line 9b

Identifier	ReturnReference	Explanation
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	The CHAP Program provided financial assistance to 12,564 patients in 2011 for a total cost of $4 2 million compared to 11,895 patients in 2010 and a total cost of $4 8 million The inpatient psychiatric unit is the only adolescent and child mental health inpatient unit in the Greater New Orleans Metro Area The outpatient psychology program had 2,200 visits during 2011 The dental care program had 8544 visits during 2011 The cochlear implant program performed 21 surgeries during 2011 No formal needs assessment was performed in 2011 as this was not required, but the latest documented Community Needs Assessment of the Health Status of Children in the New Orleans Metropolitan area is as follows 1) Children Under 18 in Poverty in Orleans 63,264, Jefferson 24,278, Tammany 7,489 and St Bernard 1,775 2) Children Under 5 in Poverty in Orleans 18,719, Jefferson 6,756, St Tammany 1,909 and St Bernard 925 3) % Female Headed Families with Children Under 18 in Orleans 47 5, Jefferson 22 2, St Tammany 15 7 and St Bernard 18 7 4) % Births to Teens in Orleans 22 3, Jefferson 15 8, St Tammany 13 1 and St Bernard 15 6 5) % Low Birth Weight Infants (1995) in Orleans 12 1, Jefferson 8 8, St Tammany 6 9 and St Bernard 7 6 6) % Children Without UP-to-Date Immunizations (1996) in Orleans 23 0, Jefferson 33 0, St Tammany 16 0 and St Bernard 31 0 7) % Abused and Neglected Children in Orleans 1 5, Jefferson 1 1, St Tammany 1 2 and St Bernard 1 0 8) % Student Drop Outs, Grades 7-12 in Orleans 5 8, Jefferson 3 1, St Tammany 3 1 and St Bernard 2 9

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	The Children's Healthcare Assistance Plan (CHAP) is a comprehensive program funded by Children's Hospital to provide quality healthcare to underserved children in our region Determination of eligibility is conditioned upon the information provided in the application at the time of registration Based on proof of income provided by parents, patients will qualify for the program or be deemed ineligible if over-scaled relative to set program income guidelines If the information provided is not accurate, or should the circumstances supporting the determination of eligibility change, Children's Hospital may rescind determination of eligibility Furthermore, Children's Hospital reserves the unilateral right to change, modify, or terminate CHAP eligibility at any time Patients who fall into income categories that qualify them for Medicaid coverage will be provided a LACHIP application and instructions on submitting the completed form The LACHIP program will cover that day's emergency visit charges Patients who do not meet the Medicaid age requirements will not be required to apply for Medicaid Parents will also be given the opportunity to enroll all children in their household in CHAP for one year They will be given instructions on how to complete the CHAP application, along with a return envelope, and will be notified by return mail when their application has been reviewed and if they qualify for CHAP Patients who arrive to the Hospital for same-day surgery or a scheduled admission and have no funding will be provided CHAP information by the Admitting office If the parents are interested in applying, they will be asked to submit proof of income to the CHAP department A CHAP representative will review the documentation to determine eligibility and which program will best fulfill the patient's needs If requested, the Social Services department will prepare a financial work-up on patients who have no funding to determine if they qualify for any other available programs Parents having insurance coverage with a co-pay or will have out-of-pocket expenses will be given the opportunity to apply for coverage under CHAP in the course of the admitting process On occasion, a patient who does not qualify for the program may be considered a "hardship " These cases will be considered on an individual basis A complete and thorough explanation will be required to evaluate the reasons for hardship coverage and is subject to approval of the CHAP Director CHAP representatives engage in Outreach Programs throughout the community to help the community understand the provisions of the program and the rules governing eligibility Information about the CHAP program can be found in the Hospital lobbies and on the CHNOLA website

Identifier	ReturnReference	Explanation
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Children's Hospital is a regional center for children and its mission is to provide comprehensive pediatric healthcare which recognizes the special needs of children through excellence and continuous improvement of patient care, education, research, child advocacy and management Children's Hospital is Louisiana's only full-service hospital exclusively for children, offering a full range of inpatient and outpatient care A not-for-profit facility, it is governed by an independent board of trustees made up of community volunteers The hospital has no stockholders and no dividends to pay Revenue generated is used to operate the hospital and to expand and advance services Critical care is provided in the hospital's 36-bed Neonatal Intensive Care Unit (NICU), and the 24-bed Pediatric Intensive Care Unit (PICU) Construction of a new 20-bed Cardiac Intensive Care Unit (CICU) and a new 18-bed PICU was completed in 2011 The hospital's Jack M Weiss Emergency Care Center, one of the area's busiest emergency rooms, is staffed around the clock by board-certified pediatricians, with the availability of a full range of pediatric specialists The Emergency Department has a total of 37 exam rooms and is supported by a nursing staff specially trained to handle pediatric emergencies Outpatient appointments with pediatric specialists are offered Monday through Friday at the Ambulatory Care Center on the hospital campus and at the hospital's satellite locations The Metairie Center, Children's Hospital Outpatient Center of Baton Rouge and Children's Hospital Burdin Riehl Clinic in Lafayette, La

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	In March of 1998, the Board of Trustees recognized that Children's Hospital, with its richness of talent and programs and its financial resources, was well positioned to identify and address obstacles to the welfare of the community's children An ad hoc committee of the Board, later established as a standing committee, was charged with developing and monitoring all components of the plan To that end, the following represents the Community Benefit Plan of Children's Hospital The mission of the Community Benefit Plan's programs is to eliminate barriers to the health and well-being of infants, children, and adolescents in the community, particularly the unserved or underserved, by evaluating, developing, implementing, and/or partnering on initiatives in the areas of health care, health education, health research and child and family health advocacy The goals of Children's Hospital's Community Benefit Plan are to provide children with access to primary, secondary, and tertiary health care services needed to achieve optimal health status, foster healthy parent/child relationships through health education and child health advocacy, and educate families to enhance child safety and encourage injury-prevention to improve the health and well-being of children The Plan provides for establishment of advocacy programs to support the needs of at-risk children and support pediatric research in order to expand medical knowledge and treatment options It periodically assesses available community programs and determines gaps in service for potential new program development Children's Hospital defines community broadly as it serves a large geographic region Particular emphasis is placed on services for the New Orleans Metropolitan statistical area A large percentage of the patients who utilize hospital services reside in this area and are the most likely beneficiaries of programs established Any program that significantly and measurably contributes to the physical and psychological well-being of infants, children, adolescents, and their families is considered a benefit This implies a relationship between organizations that is characterized by mutual cooperation and responsibility for the achievement of the specified goals wherein Children's Hospital maintains the authority for overall program direction and fiscal management By this definition, Children's Hospital will not act as a granting agency In addition, only not-for-profit organizations will be considered for partnering Any exception will require the full approval of the committee and Board See also Program Service Accomplishments in Sch 0, Statements 3 and 4

Identifier	ReturnReference	Explanation
SchH_P06_S00_L06	Schedule H, Part VI, Line 6	Louisiana Children's Medical Center ("LCMC") was organized in the State of Louisiana as a non-stock, non-profit corporation, in connection with a proposed affiliation (the "Transaction") between Children's Hospital ("Children's") EIN 72-0467503 and Touro Infirmary ("Touro") EIN 72-0423659, both Louisiana non-profit, tax-exempt, publicly supported corporations, and their respective subsidiaries and affiliates (together with Children's and Touro, the "System Entities", and together with LCMC, the "System" LCMC is a support organization which will spend 100% of its time performing specific functions of, and carrying out the purposes of the System Entities, including increasing the management and operational efficiency of the System Entities All of these organizations are located in the greater New Orleans area and provide health care related services, primarily hospital based, to a regional population

Identifier	ReturnReference	Explanation
SchH_P06_S00_L07	Schedule H, Part VI, Line 7	No community benefit reports are mailed to any states by this organization or any related organizations

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Touro Infirmary1401 Foucher Street New Orleans,LA 70115	72-0423659		100,215	0			Children's Hospital elected to donate to Touro approximately $100,000 during the year ended December 31, 2011 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 1

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
SchI_P01_S00_L02	Schedule I, Part I, Line 2	Children's Hospital elected to donate to Touro approximately $100,000 during the year ended December 31, 2011 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings

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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, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate 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 ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
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**		
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 ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ 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?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only 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**		No
b	Any related organization?	**5b**		No
	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**		No
b	Any related organization?	**6b**		No
	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**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
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 Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC 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
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Steve Worley	(i)	410,046	129,722	36,549	176,446	37,511	790,274	0
	(ii)	273,364	86,481	24,366	117,630	25,008	526,849	0
(2) Alan Robson Sr MD	(i)	479,664	79,717	38,500	28,175	9,188	635,244	0
	(ii)	0	0	0	0	0	0	0
(3) John F Heaton MD	(i)	0	0	0	0	0	0	0
	(ii)	365,764	43,087	38,500	28,175	16,371	491,897	0
(4) Joseph Nadell MD	(i)	381,735	18,400	22,000	28,175	12,054	462,364	0
	(ii)	0	0	0	0	0	0	0
(5) Gregory Feirn	(i)	227,843	112,387	25,799	16,710	8,293	391,032	0
	(ii)	151,896	74,924	17,200	11,140	5,528	260,688	0
(6) Ricardo Guevara	(i)	144,304	40,185	28,208	32,873	6,481	252,051	0
	(ii)	96,202	26,790	18,805	21,916	4,321	168,034	0
(7) Cindy Nuesslein	(i)	203,451	17,500	42,600	53,120	9,140	325,811	0
	(ii)	0	0	0	0	0	0	0
(8) Brian Landry	(i)	194,660	17,500	38,500	52,294	11,709	314,663	0
	(ii)	0	0	0	0	0	0	0
(9) Tamela Reites	(i)	166,699	125,500	40,005	22,938	13,744	368,886	0
	(ii)	0	0	0	0	0	0	0
(10) Mary Perrin	(i)	178,287	17,500	42,225	50,882	11,417	300,311	0
	(ii)	0	0	0	0	0	0	0
(11) Diane Michel	(i)	177,195	17,500	39,936	51,608	5,144	291,383	0
	(ii)	0	0	0	0	0	0	0
(12) Clarence S Greene MD	(i)	549,416	0	38,500	28,175	13,329	629,420	0
	(ii)	0	0	0	0	0	0	0
(13) Stephen D Heinrich MD	(i)	463,114	0	22,000	28,175	12,152	525,441	0
	(ii)	0	0	0	0	0	0	0
(14) Lori A McBride MD	(i)	433,151	0	16,500	27,850	5,289	482,790	0
	(ii)	0	0	0	0	0	0	0
(15) Dean Scott Edell MD	(i)	412,202	0	21,277	28,175	15,346	477,000	0
	(ii)	0	0	0	0	0	0	0
(16) Stephen David Levine MD	(i)	392,886	0	22,000	28,175	12,144	455,205	0
	(ii)	0	0	0	0	0	0	0

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

Identifier	Return Reference	Explanation
SchJ_P01_S00_L03	Schedule J, Part I, Line 3	Base compensation, incentive compensation and all other reportable and non-reportable compensation is reviewed annually by the Executive Committee of the Board of Trustees The Executive Committee is a 10 voting-member subset of the Board of Trustees Decision made by the Executive committee are documented and reported in summary to the full Board of Trustees In addition to board review, third-party consultants periodically review compensation and incentive amounts to ensure market reasonableness and competitiveness Third-party prepared compensation and incentive review is presented to the Executive Committee Incentive bonuses are based on 25% Revenue Growth, 30% Operating Income, and 45% Board discretion based on overall performance, quality initiatives, and accreditation, etc VPs are based on 1/3 Quality scores, and 1/3 CEO Discretionary

Additional Data

Return to Form

Software ID: 11000129
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Steve Worley	(I)	410,046	129,722	36,549	176,446	37,511	790,274	0
	(II)	273,364	86,481	24,366	117,630	25,008	526,849	0
Alan Robson Sr MD	(I)	479,664	79,717	38,500	28,175	9,188	635,244	0
	(II)	0	0	0	0	0	0	0
John F Heaton MD	(I)	0	0	0	0	0	0	0
	(II)	365,764	43,087	38,500	28,175	16,371	491,897	0
Joseph Nadell MD	(I)	381,735	18,400	22,000	28,175	12,054	462,364	0
	(II)	0	0	0	0	0	0	0
Gregory Feirn	(I)	227,843	112,387	25,799	16,710	8,293	391,032	0
	(II)	151,896	74,924	17,200	11,140	5,528	260,688	0
Ricardo Guevara	(I)	144,304	40,185	28,208	32,873	6,481	252,051	0
	(II)	96,202	26,790	18,805	21,916	4,321	168,034	0
Cindy Nuesslein	(I)	203,451	17,500	42,600	53,120	9,140	325,811	0
	(II)	0	0	0	0	0	0	0
Brian Landry	(I)	194,660	17,500	38,500	52,294	11,709	314,663	0
	(II)	0	0	0	0	0	0	0
Tamela Reites	(I)	166,699	125,500	40,005	22,938	13,744	368,886	0
	(II)	0	0	0	0	0	0	0
Mary Perrin	(I)	178,287	17,500	42,225	50,882	11,417	300,311	0
	(II)	0	0	0	0	0	0	0
Diane Michel	(I)	177,195	17,500	39,936	51,608	5,144	291,383	0
	(II)	0	0	0	0	0	0	0
Clarence S Greene MD	(I)	549,416	0	38,500	28,175	13,329	629,420	0
	(II)	0	0	0	0	0	0	0
Stephen D Heinrich MD	(I)	463,114	0	22,000	28,175	12,152	525,441	0
	(II)	0	0	0	0	0	0	0
Lori A McBride MD	(I)	433,151	0	16,500	27,850	5,289	482,790	0
	(II)	0	0	0	0	0	0	0
Dean Scott Edell MD	(I)	412,202	0	21,277	28,175	15,346	477,000	0
	(II)	0	0	0	0	0	0	0
Stephen David Levine MD	(I)	392,886	0	22,000	28,175	12,144	455,205	0
	(II)	0	0	0	0	0	0	0

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

Identifier	Return Reference	Explanation
F990_P06_S0A_L06	Form 990, Part VI, Section A, Line 6	The organization is a non-stock not-for-profit corporation

Identifier	Return Reference	Explanation
F990_P06_S0A_L07a	Form 990, Part VI, Section A, Line 7a	The board elects the CEO who then becomes the President of the Board The CEO appoints the Medical Director who then becomes a Member of the Board

Identifier	Return Reference	Explanation
F990_P06_S0A_L07b	Form 990, Part VI, Section A, Line 7b	On July 13, 2009, as part of the acqusition of Touro Infirmary, Louisiana Children's Medical Center (LCMC), a 501(c)3 corporation, became the sole member of Children's Hospital, Inc and Touro Infirmary, Inc LCMC, through various reserve powers, has the ability to approve, disapprove and ratify decisions made by the Board of Trustee's of both Children's Hospital and Touro Infirmary The Board of Trustee's of LCMC, through a majority vote approves the annual operating budgets and capital expenditures of the two organizations LCMC also approves the appointment of new members of the Board of Trustee's of both organizations

Identifier	Return Reference	Explanation
F990_P06_S0B_L11b	Form 990, Part VI, Section B, Line 11b	The form 990s are prepared and reviewed in detail by the organization's Controller and the respective accounting staff The CFO and Senior Vice President reviews the 990 in final draft format, including supporting work papers and reconciliations The CFO then reviews the completed 990 with the organization's CEO, Chairperson of the Board of Trustees and chairperson of the finance/Audit committee of the Board of Trustees The 990s are then distributed to the full board for review and comment

Identifier	Return Reference	Explanation
F990_P06_S0B_L12c	Form 990, Part VI, Section B, Line 12c	An annual survey is sent to the Board Members, and it requires them to disclose conflicts of interest If conflicts exist, they are resolved by the governing body, and the resolution could include removal of the board member

Identifier	Return Reference	Explanation
F990_P06_S0B_L15	Form 990, Part VI, Section B, Line 15	Base compensation, incentive compensation and all other reportable and non-reportable compensation is reviewed annually by the Executive Committee of the Board of Trustees The Executive Committee is a 10 voting-member subset of the Board of Trustees Decisions made by the Executive committee are documented and reported in summary to the full board of Trustees In addition to board review, third-party consultants periodically review compensation and incentive amounts to ensure market reasonableness and competitiveness Third-party prepared compensation and incentive review is presented to the Executive Committee Incentive bonuses are based on 25% Revenue Growth, 30% Operating Income, and 45% Board discretion based on overall peformance, quality initiatives, and accreditation, etc VPs are based on 1/3 Operating Income, 1/3 Quality scores, and 1/3 CEO Discretionary

Identifier	Return Reference	Explanation
F990_P06_S0C_L19	Form 990, Part VI, Section C, Line 19	Documents are made available upon request

Identifier	Return Reference	Explanation
F990_P07_S0A_L01a	Form 990, Part VII, Section A, Line 1a	Column (B) Average hours per week for related organizations Steve Worley, President and CEO of Children's Hospital (EIN 72-0467503) and of LCMC (EIN 94-3480131) also works 21 hours for the related filing organization LCMC (EIN 94-3480131), 1 hour for services as Board Member of related filing organization, Touro Infirmary (EIN 72-0423659), and 1 hour of services as Board Member of the related filing organization Touro Infirmary Foundation (EIN 72-1169939), and both Gregory Feirn and Ricardo Guevaro also work 22 hours for related filing organization of LCMC (EIN 94-3480131)

Identifier	Return Reference	Explanation
F990_P08_S00_L01d	Form 990, Part VIII, Line 1d	Touro elected to donate to Children's Hospital $4,231,167 during the year ended December 31, 2011 The donations relate to a sharing of Upper Payment Limit ("UPL") funds received by Touro, to assist Children's with its activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self-supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Additional programs include Mobile Dental Program, Inpatient Behavioral Health Program, the Parenting Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League

Identifier	Return Reference	Explanation
F990_P09_S00_L01	Form 990, Part IX, Line 1	Children's Hospital elected to donate to Touro $100,215 during the year ended December 31, 2011 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings

Identifier	Return Reference	Explanation
F990_P11_S00_L05	Form 990, Part XI, Line 5	Unrealized (Loss) on Investments ($30,649,532), Capital to related CHHP EIN 45-2341500 ($3,040,500), UPL revenue was restated in 2010 after 990s were submitted $1,703,435, Correction for prior year errors (2009-2010 PSACG - balances should have been transferred from MPC to CH in the past, but were not handled correctly Overall net assets were properly stated, but not assigned to appropriate corporation) $812,321, Misc ($10,401)

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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

2011

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL

Employer identification number
72-0467503

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on 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

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on 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 organization	
						Yes	No
(1) Childrens Hospital Medical Practice Corporation 298 Henry Clay Avenue New Orleans, LA 701185720 72-1318421	Pediatric Primary Care Physician Services	LA	501Â©(3)	Line 9	Children's Hospital EIN 72-046-7503		
(2) Childrens Hospital Anesthesia Corporation 200 Henry Clay Avenue New Orleans, LA 701185720 06-1587311	Provides, in conjunction with Childrens Hospital, cost-effective, comprehensive anesthesia services	LA	501Â©(3)	Line 9	Children's Hospital EIN 72-046-7503		
(3) Louisiana Childrens Medical Center 200 Henry Clay Avenue New Orleans, LA 701185720 94-3480131	Provide support for the affiliates of LCMC	LA	501Â©(3)	Line 11d	N/A		
(4) Touro Infirmary 1401 Foucher St New Orleans, LA 70115 72-0423659	Community based, not-for-profit, faith-based hospital	LA	501(c)(3)	3	N/A		No
(5) Children's Hospital Health Plan 200 Henry Clay Avenue New Orleans, LA 70118 45-2341500	Objective was to serve as a Health Maintenance Organization	LA	501(c)(3)	9	Children's Hospital EIN 72-0467503		No

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on 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" on 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
(1) Childrens Healthcare Network 935 Calhoun Street New Orleans, LA 70118 72-1337515	Negotiate contractual agreements with Managed Care companies on behalf of physicians	LA	N/A	C	0	0	0 %

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on 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

		Yes	No
1 During the tax year, did the orgranization 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 **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q	Yes	
r Other transfer of cash or property from related organization(s)	1r		No

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) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on 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) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
SchR_P05_S00_L01b	Schedule R, Part V, Line 1b	$100,215 given to Touro - Children's Hospital elected to donate to Touro approximately $100,000 during the year ended December 31, 2011 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings
SchR_P05_S00_L01c	Schedule R, Part V, Line 1c	$4,231,167 received from Touro - Touro elected to donate to Children's Hospital approximately $4,131,000 during the year ended December 31, 2011 The donations relate to a sharing of Upper Payment Limit ("UPL") funds received by Touro, to assist Children's with its activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self-supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Additional programs include Mobile Dental Program, Inpatient Behavioral Health Program, the Parenting Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League

Additional Data

Return to Form

Software ID: 11000129
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Childrens Hospital Medical Practice Corporation	n	10,421,795	Total Salaries, Part IX, Lines 5-10, Children's Hospital Medical Practice Corporation EIN 72-1318421
(2)	Childrens Hospital Medical Practice Corporation	p	13,556,160	Sum of all cash transfer entries from Children's Hospital Medical Practice EIN 72-1318421 to Children's Hospital for the fiscal year 2011 as documented in the general ledger and on the balance sheet
(3)	Childrens Hospital Anesthesia Corporation	n	7,722,722	Total Salaries, Part IX, Lines 5-10, Children's Hospital Anesthesia Corporation EIN 06-1587311
(4)	Childrens Hospital Anesthesia Corporation	m	0	
(5)	Childrens Hospital Anesthesia Corporation	o	3,580,000	Sum of all cash transfer entries from Children's Hospital Anesthesia Corporation EIN 06-1587311 to Children's Hospital for the fiscal year 2011 as documented in the general ledger and on the balance sheet
(6)	Childrens Healthcare Network	k	69,088	
(7)	Childrens Healthcare Network	p	137,797	
(8)	Children's Hospital Health Plan	b	3,040,000	Start up transfer
(9)	Louisiana Childrens Medical Center	m	0	
(10)	Touro Infirmary	b	100,215	See explanation in Schedule R Supplemental Information part V, Line 1b
(11)	Touro Infirmary	c	4,231,167	See explanation in Schedule R Supplemental Information Part V, Line 1c

LOUISIANA CHILDREN'S MEDICAL CENTER

Consolidated Financial Statements

December 31, 2011 and 2010

Contents

Contents (Continued)

LAPORTE

LaPorte, APAC
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Independent Auditor's Report

To the Governing Board of Trustees
Louisiana Children's Medical Center

We have audited the accompanying consolidated balance sheets of Louisiana Children's Medical Center (LCMC) (the System) as of December 31, 2011 and 2010 and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of LCMC's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements An audit also includes 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LCMC as of December 31, 2011 and 2010, and the results of their operations, changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America

As described in Note 21 to the consolidated financial statements, LCMC changed its method of accounting for payments received from the federal Medicaid Upper Payment Limits program in 2011

Also, as described in Note 21 to the consolidated financial statements, certain errors resulting in the understatement of previously reported accounts payable and the overstatement of previously reported unrestricted net assets as of December 31, 2010, were discovered by management during the current year Accordingly, an adjustment has been made to unrestricted net assets as of December 31, 2010, to correct the error

LaPorte

A Professional Accounting Corporation

March 26, 2012

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Balance Sheets
December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 9,851**	$ 15,680
Assets Limited as to Use	**2,334**	2,108
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $13,483 and $15,080, in 2011 and 2010, Respectively	**53,282**	46,570
Other Receivables	**6,751**	6,496
Inventories	**10,627**	10,124
Prepaid Expenses and Other Assets	**4,995**	5,858
Total Current Assets	**87,840**	86,836
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**696,166**	705,856
Restricted by Bond Indenture, Debt Service Reserve	**14,042**	15,163
Donor-Restricted Long-Term Investments	**12,100**	12,438
Restricted Other	**600**	600
Less Amount Required for Current Obligations	**(2,334)**	(2,108)
	720,574	731,949
Property, Plant and Equipment, Net	**235,642**	231,863
Other Assets	**3,071**	3,398
Total Assets	**$ 1,047,127**	$ 1,054,046

The accompanying notes are an integral part of these consolidated financial statements

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Balance Sheets (Continued)
December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 26,862**	$ 25,482
Accrued Salaries and Wages	**19,738**	18,358
Current Maturities of Bonds Payable	**1,815**	950
Current Portion of Capital Lease Obligations	**1,138**	1,407
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**4,103**	3,957
Current Portion of Estimated Professional Liabilities Claims	**3,070**	3,428
Estimated Third-Party Payor Settlements, Net	**11,993**	1,563
Other	**9,020**	11,823
Total Current Liabilities	**77,739**	66,968
Bonds Payable, Net of Current Portion	**74,637**	86,115
Capital Lease Obligations, Net of Current Portion	**-**	1,139
Estimated Workers' Compensation Claims, Net of Current Portion	**1,657**	2,085
Estimated Professional Liability Claims, Net of Current Portion	**6,422**	7,190
Employee Benefits	**17,929**	12,340
Total Liabilities	**178,384**	175,837
Minority Interest	**623**	760
Net Assets		
Unrestricted	**853,332**	862,296
Temporarily Restricted	**6,871**	7,236
Permanently Restricted	**7,917**	7,917
Total Net Assets	**868,120**	877,449
Total Liabilities and Net Assets	**$ 1,047,127**	$ 1,054,046

The accompanying notes are an integral part of these consolidated financial statements

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Operations
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 450,181**	$ 438,935
Other Operating Revenues	**28,012**	20,075
Total Operating Revenues	**478,193**	459,010
Operating Expenses		
Employee Compensation and Benefits	**231,683**	222,324
Purchased Services	**84,520**	77,845
Professional Fees	**24,747**	25,536
Supplies and Other Expenses	**84,636**	86,444
Provision for Doubtful Accounts	**14,472**	12,412
Depreciation and Amortization	**27,142**	26,575
Impairment Losses	**44**	214
Interest	**3,920**	4,825
Total Operating Expenses	**471,164**	456,175
Income from Operations	**7,029**	2,835
Investment Income	**5,596**	85,884
Other Nonoperating Income (Loss)	**543**	2,551
Community Support, Net	**(16,532)**	(14,824)
(Decrease) Increase in Unrestricted Net Assets	**(3,364)**	76,446
Noncontrolling Interests in Income of Consolidating Subsidiaries	**21**	22
(Decrease) Increase in Unrestricted Net Assets Before Other Changes	**(3,343)**	76,468
Adjustment to Pension Liability	**(5,621)**	660
(Decrease) Increase in Unrestricted Net Assets	**$ (8,964)**	$ 77,128

The accompanying notes are an integral part of these consolidated financial statements

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Unrestricted Net Assets		
(Decrease) Increase in Unrestricted Net Assets	**$ (8,964)**	$ 77,128
Temporarily Restricted Net Assets		
Contributions	**5,058**	5,526
Investment Income	**62**	1,264
Net Assets Released from Restrictions	**(5,485)**	(6,884)
Decrease in Temporarily Restricted Net Assets	**(365)**	(94)
Increase in Permanently Restricted Net Assets	**-**	43
(Decrease) Increase in Net Assets	**(9,329)**	77,077
Net Assets, Beginning of Year, as Previously Reported	**877,449**	801,188
Prior Period Adjustment - Correction of Error	**-**	(816)
Net Assets, Beginning of Year, as Restated	**877,449**	800,372
Net Assets, End of Year	**$ 868,120**	$ 877,449

The accompanying notes are an integral part of these consolidated financial statements

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Cash Flows from Operating Activities		
(Decrease) Increase in Net Assets	**$ (9,329)**	$ 77,077
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	**5,621**	(660)
Noncontrolling Interest in Income of Consolidated Subsidiaries	**(21)**	(22)
Depreciation and Amortization	**28,880**	28,347
Net Loss on Disposal/Sale of Assets	**294**	8
Impairment Losses	**44**	214
Gain on Release of Asset Retirement	**-**	(1,421)
Provision for Doubtful Accounts	**14,472**	12,412
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(21,095)**	(11,777)
Increase in Other Receivables	**(2,192)**	(1,456)
Increase in Inventory	**(505)**	(821)
Decrease in Other Current Assets	**834**	1,039
Decrease (Increase) in Investments Limited as to Use	**11,149**	(68,183)
Decrease in Other Assets	**234**	342
Increase in Trade Accounts Payable	**1,405**	1,424
Increase in Accrued Salaries and Wages	**1,380**	1,117
Increase (Decrease) in Third-Party Payor Settlements	**10,430**	(2,482)
(Decrease) Increase in Other Liabilities	**(2,137)**	5,014
Net Cash Provided by Operating Activities	**39,464**	40,172
Cash Flows from Investing Activities		
Capital Expenditures	**(33,409)**	(33,232)
Proceeds from Sale of Assets	**329**	70
Net Cash Used in Investing Activities	**(33,080)**	(33,162)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligations	**(1,407)**	(1,455)
Repayments of Bonds Payable	**(10,690)**	(4,115)
Distributions Paid to Noncontrolling Interests	**(116)**	(151)
Net Cash Used in Financing Activities	**(12,213)**	(5,721)
Net (Decrease) Increase in Cash and Cash Equivalents	**(5,829)**	1,289
Cash and Cash Equivalents, Beginning of Year	**15,680**	14,391
Cash and Cash Equivalents, End of Year	**$ 9,851**	$ 15,680
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ 5,082**	$ 5,558
Property, Plant and Equipment Purchases in Accounts Payable	**$ 1,957**	$ 3,785

The accompanying notes are an integral part of these consolidated financial statements

Note 1. Summary of Significant Accounting Policies

Organization

Louisiana Children's Medical Center (LCMC) (the System) is a Louisiana non-stock, not-for-profit corporation that was incorporated in 2009 Through a Health Care System Agreement (System Agreement) between LCMC, Children's Hospital, a Louisiana not-for-profit corporation (Children's) and Touro Infirmary, a Louisiana not-for-profit corporation (Touro), these parties have determined that together they can provide a two-hospital not-for-profit community-based hospital system that will provide a continuum of care to the families of the Gulf South region

Children's is Louisiana's only community-based, not-for-profit, full-service hospital operated exclusively for children Children's is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (Code) LCMC is the sole member of Children's Children's has two affiliates, the Children's Hospital Medical Practice Corporation (CHMPC) and the Children's Hospital Anesthesia Corporation

Children's is located in New Orleans, Louisiana and includes a 247-bed medical center providing care for infants, children and adolescents from birth to 21 years of age It provides inpatient services in all pediatric, medical, surgical, and psychiatric subspecialties with a staff of more than 400 physicians Outpatient services are provided in more than 50 subspecialties Children's provides a large array of community benefit programs, wellness programs, research activities, and special programs for the handicapped and medically underserved CHMPC was incorporated on February 6, 1996, to manage pediatric physician practices in a high-quality, cost-effective manner A division of CHMPC, Kids First, emphasizes providing pediatric care in medically underserved geographical areas Children's Hospital Anesthesia Corporation was incorporated on June 30, 2000, to provide high-quality, hospital, comprehensive anesthesia services Children's and its affiliates are hereinafter collectively referred to as the Children's Group

Touro is a community-based, not-for-profit, faith based hospital located in New Orleans, Louisiana Touro is exempt from taxation under the Code

Touro is the sole member of Woldenberg Village, Inc (Woldenberg), and Touro Infirmary Foundation, both of which are non-stock, not-for-profit and tax exempt corporations In addition, Touro is the sole stockholder of Crescent City Physicians, Inc , a for-profit corporation, and holds a 17 5% direct interest and 48 5% indirect interest (through Woldenberg) in TIJV, LLC, a for-profit limited liability company Metrolab, Inc , a wholly owned for-profit subsidiary that was consolidated in 2010, was dissolved in 2011 and, therefore, was not included within the consolidation of the 2011 financial statements The effect of this transaction is immaterial to the financial statements as a whole and is included within other nonoperating losses within the consolidated statement of operations

Note 1. Summary of Significant Accounting Policies (Continued)

Organization (Continued)

Touro Infirmary Foundation performs the fundraising function for Touro Woldenberg operates a 120-bed nursing home, a 60-unit assisted living facility, and a 60-unit independent living facility Crescent City Physicians, Inc operates physician medical practices Touro also owns a majority of the Buckman Medical Office Building and Delachaise Street Garage (Buckman Complex), condominium units and a parking garage in the Touro Medical Office Building, and the building formerly known as St Charles General Hospital and parking garage, with a majority ownership of suites in the adjacent medical office building

Each of the foregoing collectively with Touro are hereinafter referred to as the Touro Group

Within this system, LCMC functions as the System Parent and sole member of Children's and the sole member of Touro, and any entity within the Touro Group of which Touro is the sole member, with reserve powers to be exercised to promote the best interests of the system and its affiliates LCMC, the Touro Group and the Children's Group are hereinafter collectively referred to as the System

The System became operational on July 14, 2009, and as a result, LCMC became the sole corporate member of both the Touro Group and Children's, as mentioned above The Touro Group will remain a Jewish faith-based organization, retain its name and community reputation, and continue as a major medical center and "hub" for tertiary and quaternary care Similarly, the Children's Group will continue to maintain excellence in providing cutting-edge pediatric care and be the leading pediatric academic medical center in the Gulf South region

The consolidated financial statements of LCMC include the activities of LCMC, the Children's Group and the Touro Group All significant intercompany transactions have been eliminated in consolidation

All corporate powers of the Touro Group and the Children's Group are vested in the Board of Trustees of LCMC

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with a remaining maturity of three months or less when purchased, excluding assets whose use is limited

Contributions and Donor-Restricted Gifts

The System records contributions receivable in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Accounting for Contributions Received and Contributions Made*, which requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions Unconditional promises to give cash and other assets 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 condition is met or the gift is received 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 an externally-imposed restriction expires or unrestricted contributions are realized, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions Temporarily restricted gifts greater than $100,000 used to purchase a depreciable asset are reclassified as unrestricted net assets over the same period of time that the related asset is being depreciated

Contributions for which the restrictions are met in the same period in which the unconditional promise to give is received are recorded as unrestricted revenue in the accompanying consolidated financial statements

Assets Whose Use is Limited or Restricted

Assets whose use is limited primarily include assets held by trustees under indenture agreements, investments restricted by donors, and designated assets set aside by the Board of Trustees (the Board) for future capital improvements and commitments, over which the Board retains control and may, at its discretion, subsequently use for other purposes Amounts required to meet current liabilities of the System have been reclassified in the consolidated balance sheets at December 31, 2011 and 2010

Assets whose use is limited are invested in mutual funds, debt securities and marketable equity securities, interest rate futures, options contracts, and money market accounts These securities are classified as trading and are stated at fair value in the consolidated balance sheet, based on quoted market prices Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenues, gains, and other support in unrestricted net assets unless the income or loss is restricted by donor or law See Note 3 for further details

Restricted other assets consist of certificates of deposit held by the Workers' Compensation Fund as collateral against the self-insured portion of claims

Note 1. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are stated at the lower of first-in, first-out cost or market at the balance sheet date Children's states its inventories at market value at the date of the balance sheet

Property, Plant and Equipment

Property, plant, and equipment are stated at cost, except for assets donated to the System Donated assets are recorded at their estimated fair value at the date of donation Depreciation and amortization, which includes amortization of assets under capital lease, are computed on the straight-line basis over the estimated useful lives, or shorter of useful life or lease term for capital leases, as follows

Land Improvements	10 - 20 Years
Buildings	15 - 40 Years
Fixed Equipment	10 - 20 Years
Major Moveable Equipment	3 -10 Years

Impairment of Long-Lived Assets

The System reviews its long-lived assets, including property and equipment and other intangibles, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable

The System determines recoverability of the assets by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or estimated fair values in the case of nonrevenue generating assets The impairment loss recognized is the amount by which the carrying amount exceeds the fair market value of the asset See Note 16 for discussion of impairment losses on Woldenberg Village

Estimated Workers' Compensation, Professional Liability, and Employee Health Claims

The System records the provisions for estimated medical, professional and general liability and workers' compensation claims based upon actual claims reported, combined with an estimate of claims incurred but not reported based upon past experience Claims expense is reduced by amounts recoverable through stop-loss insurance purchased by the System Estimates recorded for these self-insured liabilities incorporate the System's past experience, as well as other considerations including the nature of claims, industry data, relevant trends and/or the use of actuarial information

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity

Note 1. Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenues and Related Receivables

Net patient service revenues and receivables are 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 The System provides care to patients even if they lack adequate insurance coverage or are covered by contractual payment arrangements that do not pay full charges The payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations are based on per diem rates or discounts from established charges

Deferred Financing Costs

Deferred financing costs, which are included in other assets, are amortized over the period the obligation is outstanding, using a method that approximates the interest method Deferred financing costs total approximately $2,500,000 and $2,300,000 at December 31, 2011 and 2010, respectively, and are presented net of accumulated amortization of approximately $1,173,000 and $1,057,000, at December 31, 2011 and 2010, respectively

Advertising Expenses

The System expenses advertising costs as incurred Advertising expense was approximately $1,398,000 and $1,110,000 for the years ended December 31, 2011 and 2010, respectively

Grants and Contributions

From time to time, the System receives grants and contributions from individuals or private and public hospitals Revenues from grants and contributions (including contributions of capital assets) are recognized when all of the eligibility requirements, including time requirements, are met, and when there is reasonable assurance that the grants or contributions will be received Grants and contributions may be restricted for either specific operating purposes or for capital purposes Amounts are recorded as either operating revenue or nonoperating revenue dependent upon how the transaction is classified on the consolidated statement of cash flows Cash flows that do not meet the reporting criteria for investing, capital financing or non capital financing would be reported as operating activities, with their associated revenue reported as operating revenue within the consolidated statement of operations

Community Benefit

In the furtherance of its charitable purpose, Touro provides a wide variety of benefits to the community which it serves Such benefits include health screenings, in-home caregiver services, and seminars on a variety of health topics that are relevant to the health needs of the community, such as healthy eating, diabetes management, healthy aging and cancer support and survivorship programs

Note 1. Summary of Significant Accounting Policies (Continued)

Community Benefit (Continued)

Touro offers counseling for patients and families, a variety of cancer support groups and supportive cancer care services, pastoral care, the donation of space for use by community groups, health enhancement and wellness programs, classes on specific medical conditions, and telephone information services Touro staff support area nonprofits and community groups to offer health information and health screenings at community events The Hospital partners with other healthcare nonprofits to provide healthcare information and education resources to the community Touro also provides a broad range of clinical services to economically disadvantaged patients, both inpatient and outpatient, through outpatient clinics In addition, Touro's Governing Board and management work closely with local civic leaders to address the health care needs of the community

Touro also provides medical care without charge or at reduced costs to residents of its community through the provision of charity care

Children's also renders a significant amount of care to patients from whom no collections are expected through its Children's Healthcare Assistance Plan ("CHAP") The CHAP associated costs are not included in the System's operating income, but rather as community support on the consolidated statements of operations, see Note 18

During the years ended December 31, 2011 and 2010, estimated costs associated with charity care services provided by Touro were approximately $5,179,000 and $3,892,000, respectively Estimated costs of charity care services provided are determined based on Touro's average cost to charge ratio and total charges for provided services determined to qualify as charity care

During the years ended December 31, 2011 and 2010, estimated costs associated with charity care services provided by Children's were approximately $5,266,000 and $5,796,000, respectively Charity care costs are determined by assigning direct costs to charity care programs and by complementing the direct costs with estimates determined based off of Medicaid and Medicare cost report methodologies

Derivatives and Financial Instruments

The System uses interest rate swap and basis swap agreements to manage interest costs and the risk associated with changing interest rates While the System's primary objective for the use of these instruments is to manage its cash flow requirements, unrealized gains and losses in the fair value of such instruments are reflected in investment income or loss in the consolidated statement of operations in accordance with the *Accounting for Derivative Instruments and Hedging Activities* Topic of the FASB ASC

Note 1. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements

Note 2. Net Patient Service Revenues

The System has arrangements with third-party payors that provide for payments to the System at amounts different from its established rates A summary of the payment arrangements with major third-party payors follows

Medicare and Medicaid

Children's:

Children's participates primarily in the Medicaid program as a provider of medical services to program beneficiaries Approximately 68% of Children's gross patient service revenues were derived from program beneficiaries for the years ended December 31, 2011 and 2010 Inpatient services rendered to Medicaid patients are paid based on a prospective per diem system A change in the reimbursement methodology for inpatient services became effective September 1, 2009, and according to this methodology, inpatient services are settled based on cost and subject to certain limitations

Outpatient services rendered to Medicaid patients are reimbursed under a cost reimbursement methodology subject to certain limitations Children's is reimbursed for outpatient services at a tentative rate with final settlement determined after submission of annual cost reports by Children's and audits thereof performed by the Medicaid fiscal intermediary

Since July 1, 1988, Children's has qualified as a disproportionate share provider in accordance with the State of Louisiana's Medicaid regulations and, as such, is entitled to additional payments

The Medicaid disproportionate share regulations are established by the Louisiana Department of Health and Hospitals and are subject to review and approval by the Centers for Medicare and Medicaid Services Children's has included approximately $995,000 and $891,000 for Medicaid disproportionate share revenues in net patient service revenues, for the years ended December 31, 2011 and 2010, respectively

The Medicaid cost reports for the years 2002 and 2004 through 2011 have not been final audited by the Medicaid fiscal intermediary

Note 2. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

Children's (Continued):

Management regularly evaluates the adequacy of the recorded settlements and does not anticipate significant adverse adjustments to the recorded settlements for these cost report years Any changes in the estimated settlements are reported as adjustments to net patient service revenues in the year the final settlements are determined No such significant changes in estimates were recorded in 2011 or 2010

Touro:

Touro is reimbursed under the Medicare Prospective Payment System (PPS) for acute care inpatient services provided to Medicare beneficiaries and is paid a predetermined amount for these services based, for the most part, on the Diagnosis Related Group (DRG) assigned to the patient In addition, Touro is paid prospectively for Medicare inpatient capital costs based on the federal specific rate

Touro qualifies as a disproportionate share provider and a teaching hospital under the Medicare regulations As such, Touro receives an additional payment for Medicare inpatients served Except for Medicare disproportionate share and medical education reimbursement and Medicare bad debts, there is no retroactive settlement for inpatient costs under the Medicare inpatient prospective payment methodology

Touro is paid a prospective per diem rate for Medicaid inpatients The per diem rate is based on a peer grouping methodology, which assigns a per diem rate to each hospital in the peer group Medicaid outpatient services such as laboratory, outpatient surgery, and rehabilitation are reimbursed based on fee schedules, while other outpatient services are reimbursed based on cost

Medicare inpatient rehabilitation services are paid through the Inpatient Rehabilitation Facility Prospective Payment System Home health services rendered to Medicare program beneficiaries are reimbursed under a per-episode prospective payment system Outpatient services rendered to Medicare program beneficiaries are reimbursed by the Outpatient Prospective Payment System (OPPS), which establishes a number of Ambulatory Payment Classifications (APC) for outpatient procedures in which Touro is paid a predetermined amount for these procedures Medicare and Medicaid outpatient clinical lab, physical rehab services, and Medicaid ambulatory surgery services are reimbursed based upon the respective fee schedules

Note 2. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

The System (Continued):

As a result of the above, the System is eligible to receive supplemental payments for Medicaid services rendered During the years ended December 31, 2011 and 2010, the System recognized as income and received these supplemental payments of approximately $-0- and $16,646,000, respectively

Managed Care

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations Inpatient and outpatient services rendered to managed care subscribers are reimbursed at prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates

Note 3. Assets Limited as to Use and Investments

Assets limited as to use are investments that are accounted for in pooled asset and separately invested portfolios Pooled assets represent funds that are invested in a commingled portfolio of assets, as opposed to the separately invested assets which have segregated investments

At December 31, 2011 and 2010, assets limited as to use consist of the following (in thousands)

	2011	2010
Pooled Asset Portfolio		
Cash	**$ 5,112**	$ -
U S Government Securities	**152**	177
Marketable Equity Securities	**376,436**	428,532
Corporate Bonds	**-**	-
Other Fixed Income Securities	**237,900**	230,071
Mortgage-Backed Securities	**4,724**	11,601
Alternative Investments	**-**	2,330
Money Market Funds	**34,404**	6,095
Other	**46,463**	36,158
Total Pooled Asset Portfolio	**705,191**	714,964
Separately Invested Portfolio		
Marketable Equity Securities	**1,815**	2,048
U S Treasury Notes, Bonds, and Bills	**1,734**	1,508
State of Israel Bonds	**500**	500
Mortgage-Backed Securities	**731**	696
Money Market Funds, Certificates of Deposit, and Commercial Paper	**12,937**	14,341
Total Separately Invested Portfolio	**17,717**	19,093
Total	**$ 722,908**	$ 734,057

Note 3. Assets Limited as to Use and Investments (Continued)

At December 31, 2011 and 2010, the System maintained $600,000 of certificates of deposit held by the Workers' Compensation Fund as collateral against its self-insured portion of workers' compensation claims

Fair value estimates are made at a specific point in time, based on market conditions and information about the investments These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision Changes in assumptions could significantly affect the estimates

The investments in marketable alternative investments are valued by management at their equity in the net assets of the investment, which approximates fair value, utilizing the net asset valuation provided by the underlying investment companies, unless management determines some other valuation is more appropriate Such fair value estimates do not reflect early redemption penalties or redemption restrictions as the System does not intend to sell such investments before the expiration of the early redemption periods

The System has no future commitments to current or additional marketable alternative (hedge fund) managers Some marketable alternative managers have withdrawal restrictions established upon entering their funds which limit an investor's ability to withdraw amounts as a protection for their investments There also may be fees associated with early withdrawal that generally lapse over defined time periods These restrictions generally allow for quarterly withdrawals, however, in no case does the withdrawal limitation extend beyond one year

Investment income at December 31, 2011 and 2010, comprises the following (in thousands)

	2011	2010
Interest and Dividend Income	**$ 17,560**	$ 19,268
Net Gains (Losses)		
Realized Gains on Securities	**18,293**	17,589
Unrealized (Losses) Gains on Securities	**(30,195)**	50,291
	$ 5,658	$ 87,148

Investment income is reported net of investment fees Investment fees were approximately $1,127,000 and $1,020,000, for the years ended December 31, 2011 and 2010, respectively

Note 4. Derivative Instruments

At December 31, 2011, derivative instruments consist of the following interest rate and basis swap agreements entered into by Touro

Trade Date	Maturity	Notional Amount	Hedged Rate	Derivative Rate
August 15, 2005 (and amended September 29, 2011)	January 1, 2015	$ 30,845,000	6 125%	Variable rate based on SIFMA Index
September 29, 2011	January 1, 2015	$ 20,200,000	5 625%	Variable rate based on SIFMA Index
September 30, 2011	January 1, 2015	$ 20,200,000	82% of LIBOR	0 692%
September 30, 2011	January 1, 2015	$ 29,645,000	82% of LIBOR	0 625%

In relation to the swap agreements, the System's investment income included a net unrealized gain of approximately $3,514,000 and $143,000 in 2011 and 2010, respectively Interest expense associated with the debt instruments was reduced by the gains and interest earnings from the swaps' effectiveness by approximately $1,264,000 and $702,000 in 2011 and 2010, respectively At December 31, 2011 and 2010, these agreements had a carrying value (which approximates fair value) of approximately $3,077,000 and $6,591,000, respectively, and are recorded in other current liabilities

The System purchases and sells interest rate options to enhance the overall return on its investment portfolio Interest rate options grant the purchaser, for a premium payment, the right to either purchase or sell to the writer a specified financial instrument under agreed-upon terms The premium compensates the seller for bearing the risk of unfavorable interest rate changes The System's options on Eurodollar futures, U S Treasury bond futures and U S Treasury notes settle in cash and generally expire within one year of inception

Futures contracts are sold or purchased to provide incremental value and to hedge or reduce market price risks Interest rate futures contracts are commitments to either purchase or sell designated financial instruments at a future date for a specified price and may either be settled in cash or through delivery Futures contracts have little credit risk due to daily cash settlement of the net change of open contracts

Futures on U S Treasury notes, U S Treasury bonds, and Eurodollar deposits are used due to their liquidity and credit risk advantages Investments held by the System in the amount of $1,000,000 are pledged as collateral to secure the initial margins on futures contracts purchased

Note 4. Derivative Instruments (Continued)

With respect to the derivative instruments held at December 31, 2011 and 2010, the System's exposure to credit-related losses in the event of nonperformance by counterparties is minimized because investment managers for the System deal almost exclusively in exchange-traded futures and options These securities are extremely liquid, are subject to rigorous exchange and government regulation, involve limited counterparty risk, have no hidden embedded risks, and have daily available public prices

All derivative instruments are subject to market risk, which is the risk that future changes in market conditions may make an instrument less valuable or more onerous Exposure to market risk is managed in accordance with risk limits set by the finance committee of the LCMC Board of Trustees and by monitoring performance by investment managers in accordance with specified investment guidelines

Note 5. Property, Plant and Equipment

At December 31st, property, plant and equipment consisted of the following (in thousands)

	2011	2010
Land and Land Improvements	**$ 37,478**	$ 37,391
Leasehold Improvements	**98**	85
Buildings	**294,483**	281,186
Fixed Equipment	**140,048**	137,425
Major Moveable Equipment	**214,991**	210,768
	687,098	666,855
Less Accumulated Depreciation	**(460,782)**	(442,073)
Construction in Progress	**9,326**	7,081
Property, Plant and Equipment, Net	**$ 235,642**	$ 231,863

The net book value of assets under capital lease arrangements was approximately $3,688,000 and $5,059,000 at December 31, 2011 and 2010, respectively Depreciation expense related to these assets was approximately $736,000 and $1,181,000 for the years ended December 31, 2011 and 2010, respectively

Note 6. Long-Term Obligations

At December 31st, bonds payable consist of the following tax-exempt revenue and refunding bonds issued by the Louisiana Public Facilities Authority on behalf of Touro (in thousands)

	2011	2010
Series 1993, Issued September 1993, due in Sinking Fund Installments through 2023, Annual Interest Rates Ranging from 5 3% to 6 125%	**$ 30,845**	$ 30,845
Series 1999, Issued May 1999, due Serially 2001 - 2010, and in Sinking Fund Installments 2011 - 2029, Annual Interest Rates Ranging from 4 15% to 5 625%	**46,300**	56,990
Less Current Maturities	**(1,815)**	(950)
Less Unamortized Original Issue Discount	**(693)**	(770)
Non-Current Portion of Bonds Payable	**$ 74,637**	$ 86,115

The Series 1993 bonds were issued in order to advance refund and redeem previously issued bonds, and to finance capital expenditures of Touro

The Series 1999 bonds were issued in order to provide funds to finance the cost of the construction, furnishing, and equipping of a 120-bed nursing home and a 60-bed assisted living facility at Woldenberg, the addition of a private-room floor at Touro, and for the funding of routine capital improvements and equipment

In July 2005, Touro distributed, to bondholders, notices of intent to engage in a Tender Offer and Redemption of $35,245,000 of Series 1993 bonds, which was the long-term portion of the $44,785,000 Series 1993 bonds outstanding As interest rates declined significantly since the issuance of the bonds, this transaction was structured to reduce the borrowing cost of the existing fixed rate of approximately 6 1% On August 15, 2005, there was a call for full redemption of the bonds (at 100%) remaining outstanding that were not tendered to Touro by August 1 (at 101%) This call for redemption resulted in $1,190,000 of the bonds being redeemed with the balance of $34,055,000 being tendered The tendered bonds were concurrently placed with Merrill Lynch in exchange for an interest rate swap agreement, maturing January 1, 2015 (see Note 4 for further details on the swap)

On September 28, 2011, Touro engaged in a tender offer of $56,040,000 of Series 1999 bonds which resulted in $3,385,000 of the bonds being tendered (at 100%) As discussed in Note 4, $20,200,000 of the remaining Series 1999 bonds were placed with Merrill Lynch in exchange for various interest rate and basis swap agreements, maturing January 1, 2015 On November 5, 2011, Touro called and repurchased $6,355,000 of these outstanding Series 1999 bonds

Note 6. Long-Term Obligations (Continued)

Terms of the interest rate and basis swap agreements obligate Touro to put aside collateral in favor of Merrill Lynch based on a predetermined formula As of December 31, 2011 and 2010, the collateral account totaled approximately $4,331,000 and $5,678,000, respectively, and such amounts are included in assets limited as to use-restricted by bond indenture on the consolidated balance sheets

At December 31, 2011, scheduled repayments of principal and sinking fund installments to retire the bonds are as follows (in thousands)

2012	$	1,815
2013		1,925
2014		2,045
2015		2,170
2016		2,305
Thereafter		66,885
Total	$	77,145

The Series 1993 and 1999 bonds are general obligations of Touro, and future revenues are pledged to repayment of the bonds Additionally, as mentioned above, under the terms of the indenture agreement, Touro is required to maintain certain deposits with a trustee The related debt agreements also place limits on the incurrence of additional borrowings and require that Touro satisfy certain measures of financial performance as long as the bonds are outstanding In 2011, Touro met all measures of financial performance as defined in the loan agreements

The System has entered into various capital leases for medical equipment and computer software, with terms ranging from two to five years with renewal options Capital lease obligations of approximately $1,139,000 as of December 31, 2011 are due within one year and include maintenance fees and imputed interest of approximately $36,000 and $214,000, respectively

Rent expense for the System, which relates primarily to operating leases for medical and office equipment, was approximately $5,837,000 and $5,994,000 in 2011 and 2010, respectively The future minimum rentals under these leases for the next five years range from approximately $2,770,000 to $5,036,000 per year

Gross rental income earned in the System's operation of medical office buildings in 2011 and 2010, was approximately $5,300,000 and $4,750,000, respectively The future minimum rental payments to be received by the System on noncancelable operating lease agreements for the next five years range from approximately $1,398,000 to $4,466,000 per year

Note 7. Employee Retirement Plans

Defined Contribution Plans

Children's sponsors a Section 403(b) defined contribution employee benefit plan, which covers substantially all employees who meet age and length of service requirements The plan allows for participating employees to make contributions ranging up to 7% of their before-tax annual compensation and provides for retirement and death benefits Children's makes matching contributions equal to 50 cents per dollar for the participating employee's annual contribution up to 7% of the before-tax employee contribution In addition, Children's makes a core contribution equal to 5% of the participant's annual compensation Employees of CHMPC participate in the plan and are eligible to receive a core contribution of 1 5% made by Children's The match for the CHMPC participating employees equals 50 cents per dollar of employee's annual contributions up to 7% of the before tax employee contribution

In addition, Children's elected to make an additional 3% discretionary contribution in 2011 Contributions by Children's to this plan during the years ended December 31, 2011 and 2010, were approximately $8,484,000 and $5,473,000, respectively To comply with tax law changes, effective January 1, 2002, an employee becomes 100% vested in matching contributions after three full years of continuous service Non-matching contributions and matching contributions made prior to January 1, 2002, will continue to vest after five full years of service

Certain members of the Touro Group entities sponsor a Section 403(b) defined contribution employee benefit plan For those entities, employees who are at least 21 years of age and have completed 1,000 hours of service during a 12-month period are eligible to participate Participants may make matched tax-deferred contributions of up to 1% of eligible earnings, as defined These contributions are then matched 1% by the employer up to $1,000 Participants may also make unmatched tax-deferred contributions up to applicable Internal Revenue Service limitations Participants fully vest in the employers' matched contributions after one year of service During December 31, 2011 and 2010, matching contributions approximated $610,000 and $582,000, respectively

Defined Benefit Pension Plan

Touro sponsors a defined benefit pension plan that covers substantially all full-time employees The plan is noncontributory and provides benefits that are based on the participants' years of service and level of compensation Each participant is entitled to an account balance that grows each year with pay, transition, employer match, and interest credits Touro's funding policy is based on the minimum contributions required under the Employee Retirement Income Security Act of 1974 as determined by its consulting actuaries Touro contributed approximately $2,370,000 and $2,636,000, to the plan in 2011 and 2010, respectively

Note 7. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

The following table sets forth the plan's components of net periodic pension cost, change in projected benefit obligation, change in plan assets, funded status, and pension expense recognized by Touro as of and for the years ended December 31, 2011 and 2010, using the projected unit credit method with salary progression (in thousands)

	2011	2010
Change in Benefit Obligation		
Benefit Obligation at Beginning of Year	$ 32,605	$ 31,041
Service Cost	2,297	2,117
Interest Cost	1,707	1,763
Actuarial Loss (Gain)	4,377	(166)
Benefits Paid	(1,835)	(2,150)
Benefit Obligation at End of Year	39,151	32,605
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	26,838	24,616
Actual Return on Plan Assets	331	1,735
Benefits Paid	(1,835)	(2,150)
Employer Contributions	2,370	2,636
Fair Value of Plan Assets at End of Year	27,704	26,837
Funded Status (Underfunded)	$ (11,447)	$ (5,768)
Net Periodic Pension Cost		
Service Cost	$ 2,297	$ 2,117
Interest Cost	1,707	1,763
Actuarial Gain on Plan Assets	(331)	(1,736)
Net Amortization	(1,189)	449
Net Periodic Cost	$ 2,484	$ 2,593

Included in net assets at December 31st, are the following amounts that have not yet been recognized in net periodic postretirement benefit cost (in thousands)

	2011	2010
Unrecognized Net Actuarial Loss	$ 14,130	$ 8,715
Unrecognized Prior Service Cost	(523)	(674)
Total Accrued Benefit Cost	$ 13,607	$ 8,041

Note 7. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

Amounts included in net assets at December 31, 2011, that are expected to be amortized into net periodic postretirement cost during 2011 are provided below (in thousands)

	2011
Unrecognized Net Actuarial Loss	$ (5,414)
Unrecognized Prior Service Cost	(151)
Total	$ (5,565)

Weighted-average assumptions used to determine projected benefit obligations at December 31[s,t] were as follows

	2011	2010
Discount Rate, Obligation	**4.30%**	5 40%
Discount Rate, Periodic Cost	**5.40%**	5 90%
Expected Return on Plan Assets	**7.00%**	7 00%
Rate of Compensation Increase	**3.00%**	3 00%
Cash Balance Interest Credit Rate	**4.00%**	4 00%

The defined benefit pension plan asset allocation as of the measurement date (January 1) and the target asset allocation, presented as a percentage of total plan assets, were as follows

	2011	2010	Target Allocation
Equity Securities	**41%**	53%	50% - 60%
Debt Securities	**51%**	43%	35% - 50%
Cash and Cash Equivalents	**8%**	4%	0% - 5%

The plan invests in a diversified mix of traditional asset classes, including equities, government and corporate fixed income debt securities, and cash and cash equivalents The plan's overall allocation is based on mean variance optimization modeling using certain assumptions regarding expected return, risk, and correlations among various asset classes

Asset allocation analysis considers various potential outcomes and probabilities of returns given current capital markets assumptions In general, equity securities (both value and growth and active and passive) are utilized to provide expected returns above those of fixed income securities Fixed income securities are utilized to provide a more stable and less volatile series of returns

The fixed income portfolio contains only securities considered investment grade by maintaining a rating of at least BAA/BBB by Moody's or Standard and Poor's rating agencies

Note 7. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

Professional money managers are delegated the day-to-day responsibility of managing individual portfolios within the context of certain diversification guidelines and to certain performance benchmark standards

The plan's investment consultant provides quarterly performance reports to evaluate the achievement of overall return expectations of total investments as well as each manager's contribution, both on the basis of absolute and relative performance standards

The plan's overall asset allocation is reviewed periodically to conform to current market conditions and expectations with regard to overall capital markets assumptions Historical return patterns and correlations, expected return risk premium, and other multifactor considerations are utilized in the development of overall capital markets assumptions for the purpose of the plan's asset allocation determinations

Touro expects to make contributions of approximately $3,500,000 to the defined benefit pension plan in 2012

For December 31, 2011 and 2010, Touro's plan had accumulated benefit obligations of approximately $36,280,000 and $30,470,000, respectively

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of December 31, 2011, are as follows

2012	$ 1,090,000
2013	1,120,000
2014	1,150,000
2015	1,230,000
2016	1,350,000
2017 - 2021	8,650,000

Supplemental Executive Retirement Plan

Touro has a supplemental executive retirement plan with a former Chief Executive Officer (CEO) in which an annual payment is made over ten years and investment return is credited to the base amount due each year In addition, Touro has a deferred compensation plan with this former CEO under an employment contract Amounts payable under these plans totaled approximately $2,269,000 and $2,814,000, at December 31, 2011 and 2010, respectively An additional deferred compensation trust exists, which has been recorded with an offsetting asset and liability in the amount of approximately $1,164,000 and $1,566,000, as of December 31, 2011 and 2010, respectively

Note 7. Employee Retirement Plans (Continued)

Executive Benefit Plan

Children's sponsors an Executive Benefit Plan benefiting members of senior management This plan includes a flexible benefit allowance account and an executive employment retention plan These plans define specific vesting dates and provide the executive with tax deferral opportunities Total expenses related to the Executive Benefit Plan during the years ended December 31, 2011 and 2010, were approximately $839,000 and $782,000, respectively In addition, in 2002, Children's established a 457(b) investment account that can be utilized by senior management As of December 31, 2011 and 2010, the Hospital's total liability for these plans is $1,849,000 and $1,584,000, respectively, and is included in accrued compensation on the consolidated balance sheet Related assets of $1,849,000 and $1,584,000, at December 31, 2011 and 2010, respectively, are recorded to fully settle these plan liabilities

Note 8. Insurance Programs

Medical Professional Liability

The state of Louisiana enacted legislation that created a statutory limit of $500,000 for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers

The System participates in the State Insurance Fund, which provides up to $400,000 coverage for settlement amounts in excess of $100,000 per claim excluding litigation fees and expenses The System is self-insured with respect to the first $100,000

Workers' Compensation

Children's is self-insured for workers' compensation claims up to $500,000 in effect for fiscal periods beginning January 1, 2005 through January 1, 2010 The loss limit for workers' compensation claims was $300,000 for fiscal periods starting January 1, 2000 through January 1, 2002, and $350,000 for fiscal periods starting January 1, 2003 through January 1, 2004 In addition, Children's maintains excess workers' compensation coverage on an occurrence basis up to a specific limit of $25,000,000 through an insurance carrier

Touro is self-insured for workers' compensation claims up to $750,000 in effect for periods beginning February 1, 2009 through January 31, 2012 The self-insured retention or loss limit for workers' compensation claims was $250,000 for fiscal periods starting January 1, 2002 through December 31, 2002 and $500,000 for periods starting January 1, 2003 through January 31, 2009 Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to a specific limit of $25,000,000 per occurrence Touro accrues for self-insured claims, claims administration costs, and legal fees based on an actuarial study The estimated liability for workers' compensation claims in the consolidated balance sheet, which was discounted at 6% was approximately $2,009,000 and $2,046,000 at December 31, 2011, and 2010, respectively

Note 8. Insurance Programs (Continued)

Health Insurance

Touro offers subsidized health insurance to its employees through an employer-sponsored health plan The self-insured plan obligates Touro to pay the first $250,000 per claim Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to $1,000,000 per occurrence The health insurance reserves were approximately $1,754,000 and $1,884,000 at December 31, 2011 and 2010, respectively The estimated reserve for employee health care claims is based on actual claims history and includes estimates for administrative costs

In General

Children's has purchased additional umbrella coverage on a claims-made basis of $10,000,000 from an insurance carrier through July 31, 2010 Effective August 1, 2010, there is a claims-made policy for the System with a $20,000,000 annual aggregate limit from an insurance carrier Hospital management believes all asserted claims are covered and will be settled within the limits of the Hospital's coverage The recorded liability, based upon an actuarial study and an additional internal assessment, totaled $3,817,000 and $5,168,000, discounted at 6%, at December 31, 2011 and 2010, respectively, for known claims and possible losses attributable to any workers' compensation, general, or professional liability incidents that may have occurred but that have not been identified under Children's incident reporting system This amount is recorded in accounts payable on the consolidated balance sheets

Touro has excess insurance coverage with an annual aggregate limit of $30,000,000 that covers any settlement amounts that are in excess of $1,000,000 through July 31, 2010 and a System claims-made policy with a $20,000,000 annual aggregate limit from an insurance carrier effective August 1, 2010 Touro's management believes that all asserted claims are covered and will be settled within the limits of the Touro's coverage Touro accrues for self-insured claims, claims administration costs, and legal fess based on an actuarial study and an additional internal assessment The estimated liability for professional liability claims in the consolidated balance sheets, which was discounted at 6%, was approximately $6,517,000 and $6,367,000, at December 31, 2011 and 2010, respectively

The System has reflected its estimate of the ultimate liability for known and incurred but not reported claims in the accompanying consolidated financial statements

Note 9. Concentrations of Credit Risk

Patient accounts receivable are stated at estimated net realizable value The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements

Note 9. Concentrations of Credit Risk (Continued)

The mix of receivables from patients and third-party payors at December 31st, was as follows

	2011		2010	
Medicare	8	%	8	%
Medicaid	33		33	
Managed Care	50		50	
Patients	8		8	
Workers' Compensation	1		1	
Total	100	%	100	%

Receivables from government-related programs (i e , Medicare and Medicaid) represent the only concentrated group of credit risk for the System, and management does not believe that there are any credit risks associated with these government programs Commercial and managed care receivables consist of receivables from various payors involved in diverse activities and subject to differing economic conditions and do not represent any concentrated credit risks to the System

The System maintains allowances for uncollectible accounts for estimated losses resulting from a payor's inability to make payments on accounts The System uses a balance sheet approach to value the allowance account based on historical write-offs and the aging of the accounts Accounts are written off when collection efforts have been exhausted Management continually monitors and adjusts its allowances associated with its receivables

The System periodically maintains cash in bank accounts in excess of insured limits The System has not experienced any losses and does not believe that significant credit risk exists as a result of this practice

Note 10. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31st, are available for the following purposes (in thousands)

	2011	2010
Specific Purpose Funds		
Research, Education and Other	**$ 4,930**	$ 5,095
Patient Care (Including Elder Care)	**960**	948
Lectures	**296**	310
Plant Funds		
Miscellaneous Renovation Projects	**685**	883
Total	**$ 6,871**	$ 7,236

Note 11. Permanently Restricted Net Assets (Endowment Funds)

The State of Louisiana enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective August 15, 2010, the provisions of which apply to endowment funds existing on or established after that date The Board has determined that the majority of the System's permanently restricted net assets meet the definition of endowment funds under UPMIFA

The System holds donor-restricted endowment funds established primarily to fund specified activities for and within the System and the medical community as a whole As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

The Board has interpreted the State of Louisiana's UPMIFA as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of the interpretation, the System 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 System in a manner consistent with the standard of prudence prescribed in UPMIFA

Note 11. Permanently Restricted Net Assets (Endowment Funds) (Continued)

In accordance with UPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (1) the duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the System, and (7) the System's investment policies

Endowment Investment and Spending Policies - The System has adopted investment and spending policies for endowment assets to achieve a disciplined, consistent management philosophy that accommodates reasonable and probable events Preservation of capital and return on investment are of primary importance The primary investment objective is to preserve financial assets generated through donor gifts, so that the proceeds may be distributed for the purposes intended by the donors and to the benefit of the System, at a level of risk deemed acceptable by the LCMC Board of Trustees To satisfy its long-term rate-of-return objectives, the System relies on a strategy outlined by its investment managers and includes purchases of bonds, stocks, and cash and cash equivalents The System will consider adjusting the amounts of funds that each manager has to manage on an ongoing basis

The System's Endowment Net Asset Composition by fund type as of December 31, 2011, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 7,917	$ 7,917
Undesignated Funds	-	-	-	-
Total	$ -	$ -	$ 7,917	$ 7,917

Note 11. Permanently Restricted Net Assets (Endowment Funds) (Continued)

A summary of the changes in the System's Endowment Net Assets for the year ended December 31, 2011, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, Beginning of Year	$ -	$ 197	$ 7,917	$ 8,114
Investment Return				
Investment Income	-	356	-	356
Net Appreciation (Realized and Unrealized)	-	(272)	-	(272)
Total Investment Return	-	84	-	84
Contributions	-	-	-	-
Appropriation of Endowment Net Assets for Expenditure	-	(281)	-	(281)
Net Assets, End of Year	$ -	$ -	$ 7,917	$ 7,917

The System's Endowment Net Asset Composition by fund type as of December 31, 2010, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 7,917	$ 7,917
Undesignated Funds	-	197	-	197
Total	$ -	$ 197	$ 7,917	$ 8,114

A summary of the changes in the System's Endowment Net Assets for the year ended December 31, 2010, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, Beginning of Year	$ -	$ 91	$ 7,874	$ 7,965
Investment Return				
Investment Income (Loss)	-	182	-	182
Net Appreciation (Realized and Unrealized)	-	661	-	661
Total Investment Return	-	843	-	843
Contributions	-	-	43	43
Appropriation of Endowment Net Assets for Expenditure	-	(737)	-	(737)
Net Assets, End of Year	$ -	$ 197	$ 7,917	$ 8,114

Note 12. Assets Held in Trust

Children's has been named the income beneficiary of a separate trust Because the assets of the trust are not controlled by Children's and Children's does not have an irrevocable right to receive the income earned on the trust's assets, they are not included in Children's financial statements The assets had a market value of approximately $4,063,000 and $4,096,000 at December 31, 2011 and 2010, respectively Distributions of income are made at the discretion of the trustee In 2011 and 2010, Children's recorded contribution income of approximately $133,000 and $129,000, respectively, received from the trust

Note 13. Functional Expenses

The System provides general health care services, both inpatient and outpatient, to patients in the Gulf South region For the year ended December 31, 2011 and 2010, expenses related to providing these services are as follows (in thousands)

	2011	2010
Health Care Services	$ 385,602	$ 380,412
Fiscal and Administrative Services	85,562	75,763
Total	$ 471,164	$ 456,175

Note 14. Fair Value of Financial Instruments

The carrying values of the System's financial instruments are primarily at or near fair value The fair value of the System's long-term debt is estimated using discounted cash flow analyses, based on the System's incremental borrowing rate for similar types of borrowing arrangements The basis for the fair value of its investments and interest rate and basis swap agreements is discussed further in this footnote

The System has adopted the provisions of the Fair Value Measurements Topic of the FASB ASC Under the Fair Value Measurements Topic of the FASB ASC, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances

Note 14. Fair Value of Financial Instruments (Continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment The inputs into the determination of fair value require significant management judgment or estimation

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy In such instances, 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

Assets and liabilities measured at fair value on a recurring basis at December 31, 2011, are summarized below (in thousands)

Assets	Level 1	Level 2	Level 3	Total Fair Value
Cash	$ 5,112	$ -	$ -	$ 5,112
U S Government Securities	1,734	152	-	1,886
Marketable Equity Securities	233,532	124,817	19,902	378,251
Corporate Bonds	-	-	-	-
Other Fixed Income Securities	53,976	180,208	3,716	237,900
Mortgage-Backed Securities	-	5,455	-	5,455
Alternative Investments	-	-	-	-
Money Market Funds	24,668	22,673	-	47,341
Other	-	46,963	-	46,963
Total	$ 319,022	$ 380,268	$ 23,618	$ 722,908

Liabilities	Level 1	Level 2	Level 3	Total Fair Value
Interest Rate and Basis Swaps	$ -	$ 3,077	$ -	$ 3,077
Total	$ -	$ 3,077	$ -	$ 3,077

Note 14. Fair Value of Financial Instruments (Continued)

The changes in investments measured at fair value for which the System has used Level 3 inputs to determine fair value for 2011, are as follows (in thousands)

	Level 3 Beginning Balance January 1, 2011	Realized and Unrealized Gains (Losses)	Purchases, Sales and Settlements	Net Transfers In and/or (Out) of Level 3	Level 3 Ending Balance December 31, 2011
Marketable Equity Securities	$ 22,015	$ (4,313)	$ -	$ 2,200	$ 19,902
Other Fixed Income Securities	887	3,611	(7,669)	6,887	3,716
Alternative Investments	2,330	-	(2,330)	-	-
Total	$ 25,232	$ (702)	$ (9,999)	$ 9,087	$ 23,618

Assets and liabilities measured at fair value on a recurring basis at December 31, 2010, are summarized below (in thousands)

Assets	Level 1	Level 2	Level 3	Total Fair Value
U S Government Securities	$ 1,508	$ 177	$ -	$ 1,685
Marketable Equity Securities	290,507	118,058	22,015	430,580
Corporate Bonds	-	-	-	-
Other Fixed Income Securities	3,330	225,854	887	230,071
Mortgage-Backed Securities	-	12,297	-	12,297
Alternative Investments	-	-	2,330	2,330
Money Market Funds	19,849	587	-	20,436
Other	-	36,658	-	36,658
Total	$ 315,194	$ 393,631	$ 25,232	$ 734,057

Liabilities	Level 1	Level 2	Level 3	Total Fair Value
Interest Rate and Basis Swaps	$ -	$ 6,591	$ -	$ 6,591
Total	$ -	$ 6,591	$ -	$ 6,591

Note 14. Fair Value of Financial Instruments (Continued)

The changes in investments measured at fair value for which the System has used Level 3 inputs to determine fair value for 2010, are as follows (in thousands)

	Level 3 Beginning Balance January 1, 2010	Realized and Unrealized Gains (Losses)	Purchases, Sales and Settlements	Net Transfers In and/or (Out) of Level 3	Level 3 Ending Balance December 31, 2010
Marketable Equity Securities	$ 18,459	$ 1,356	$ -	$ 2,200	$ 22,015
Other Fixed Income Securities	137,268	12,986	24,674	(174,041)	887
Alternative Investments	11,936	1,129	2,040	(12,775)	2,330
Total	$ 167,663	$ 15,471	$ 26,714	$ (184,616)	$ 25,232

The System's measurements of fair value are made on a recurring basis and their valuation techniques for assets and liabilities recorded at fair value are as follows

Investments - The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment

Interest Rate and Basis Swap Agreements - The fair values of these agreements represent the estimated amount the System would pay to terminate these agreements at the reporting date, taking into account current interest rates and credit worthiness of the counterparty and the System

Note 15. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors (in thousands)

	2011	2010
Purpose Restrictions Accomplished		
Capital Additions, Research and Education	**$ 4,909**	$ 6,760
Elder Care	**203**	29
Other	**156**	44
Funding of Nursing Educators	**70**	-
Rehabilitation	**66**	3
Pastoral Care	**40**	-
Charity Care	**21**	-
Surgery	**18**	14
Cardiology	**2**	-
Nursing Recruitment and Retention	**-**	34
Total Restrictions Released	**$ 5,485**	$ 6,884

Net assets released from restrictions are included as other operating revenue or other nonoperating income, depending upon the nature of the restriction, within unrestricted revenue on the consolidated statements of operations

Note 16. Woldenberg Village, Inc.

In 1999, Touro became the sole member of Woldenberg, a Louisiana nonprofit corporation, which owned and operated a 120-bed nursing home On the same day, Woldenberg purchased from the Jewish Federation of Greater New Orleans (Federation), the Woldenberg Villas, a 60-unit independent living facility, at a cost of approximately $2 million In turn, the Federation donated two parcels of land adjacent to the nursing home and villas, with a fair value of $374,000

As a condition of becoming the sole member of Woldenberg Village, Inc , and receiving the donation of land from the Federation, Touro agreed, among other things, that it would cause Woldenberg to construct a new nursing home on the donated land, so as to replace the existing nursing home

Approximately $27 million of the 1999 bond proceeds, as described in Note 6, were used to finance a portion of the costs of constructing, furnishing, and equipping the new nursing home This construction was completed in 2001

Note 16. Woldenberg Village, Inc. (Continued)

The transfer of the net assets of Woldenberg to Touro was based in part on Touro's pledge to continue the mission of providing nursing home services to the greater New Orleans Jewish community

The Federation retains certain options with respect to the Woldenberg development in the event Touro should choose at a later date to cease providing such services or, should there be a change in control at Touro due to merger, consolidation or similar event In the event that Touro were to cease providing such services or accept a change in their control, Touro would be obligated to pay the Federation approximately $4 million

During the years ended December 31, 2011 and 2010, Touro recorded impairment charges totaling approximately $44,000 and $214,000, respectively, related to Woldenberg An impairment assessment was performed, and the fair value of the entity was estimated using the present value of future cash flows These charges relate to the write-down of long-lived assets as future cash flows which are not projected to recover the outstanding book investment cost of one of three business units of Woldenberg Village These charges, combined with the impairment charges recognized in previous years, represent a complete write-down of the undepreciated assets of the Willowwood business unit (a skilled nursing facility)

Note 17. Commitments and Contingencies

The System has certain pending and threatened litigation and claims incurred in the ordinary course of business, however, management believes that the probable resolution of such contingencies will not exceed the System's recorded reserves or insurance coverage, and will not materially affect the consolidated financial position, results of operations, changes in net assets, or cash flows of the System

The health care industry is subject to numerous laws and regulations of federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, and reimbursement for patient services Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed Management believes that the System is in compliance with fraud and abuse, as well as other applicable government, laws and regulations Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time

Note 18. Community Support

The System supports and participates in numerous activities and programs that benefit the community These activities are sponsored with the knowledge that they will not be self-supporting or financially viable

Children's:

CHAP is designed to assist families with income too high to qualify for Medicaid, but whose lack of resources limit their access to quality health care Through CHAP, Children's provides health care services without charge to patients whose family income is between 200% (Medicaid Limit) and 350% of the Federal Poverty Income Guidelines In addition to CHAP, the CHMPC increases the accessibility of health care to the indigent and underinsured through its Kids First pediatric primary care physician practices

Children's continues to focus significant efforts on supporting the advancement of medical knowledge through research The Children's Hospital Research for Children, opened since 1997, has completed its fifteenth year of operation in 2011

Additionally, Children's supports the following programs Mobile Dental Program, Children At Risk Evaluation ("CARE") Center, Inpatient Behavioral Health Program, Limited Intervention Program, the Parenting Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services, and the Miracle League

The revenues and expenses associated with these programs for the year ended December 31, 2011, are detailed as follows (in thousands)

	2011						
	Research Institute	CHAP	Mobile Dental	CARE Center	Behavioral Health	Other	Total
Patient Revenues	$ -	$ 14,341	$ 1,909	$ 951	$ 26,750	$ 13,078	$ 57,029
Revenue Deductions	-	(14,341)	(1,350)	(712)	(19,726)	(9,553)	(45,682)
Other Revenues	1,328		64	85	-	1,530	3,007
Total Revenues	1,328	-	623	324	7,024	5,055	14,354
Total Expenses	7,567	4,241	1,517	1,211	7,672	7,822	30,030
Community Support, Net	$ (6,239)	$ (4,241)	$ (894)	$ (887)	$ (648)	$ (2,767)	$ (15,676)

Note 18. Community Support (Continued)

Children's (Continued):

The revenues and expenses associated with these programs for the year ended December 31, 2010, are detailed as follows (in thousands)

	2010						
	Research Institute	CHAP	Mobile Dental	CARE Center	Behavioral Health	Other	Total
Patient Revenues	$ -	$ 16,715	$ 1,880	$ 633	$ 22,143	$ 10,734	$ 52,105
Revenue Deductions	-	(16,715)	(1,279)	(467)	(16,900)	(7,923)	(43,284)
Other Revenues	1,760	-	216	157	234	1,946	4,313
Total Revenues	1,760	-	817	323	5,477	4,757	13,134
Total Expenses	(8,148)	(4,801)	(1,553)	(1,067)	(6,446)	(5,943)	(27,958)
Community Support, Net	$ (6,388)	$ (4,801)	$ (736)	$ (744)	$ (969)	$ (1,186)	$ (14,824)

In 2011 and 2010, expenses of the community support programs include direct expenses and an allocation of indirect expenses as follows (in thousands)

	2011	2010
Direct Expenses	**$ 19,201**	$ 17,528
Indirect Expenses	**10,829**	10,430
Total Expenses	**$ 30,030**	$ 27,958

Indirect expenses represent estimates of patient care cost and allocated overhead using Medicare cost reporting methodologies

These net revenues and expenses are included within the community support line item on the consolidated statements of operations

In addition to the above community support activities, Children's provides additional benefits to Medicaid patients in the form of uncompensated patient care costs Children's also emphasizes the importance of higher education and funds the teaching of students and health professionals through a comprehensive graduate medical education program See Note 1 for further information on charity care costs

The System:

Touro and Children's have collaborated with other healthcare providers (the Hospitals) to ensure the availability of, and to more cost effectively provide, quality healthcare services to low income and needy residents in the community In order to best address the needs in the community, the collaborative Hospitals became members of four non-profit organizations, Louisiana Clinical Services, Inc (LCS), Southern Louisiana Clinical Services, Inc (SLCS), Eastern Louisiana Clinical Services, Inc (ELCS), and Natchitoches Clinical Services, Inc (NCS), collectively, the Non-Profits

Note 18. Community Support (Continued)

The System (Continued):
The Hospitals contribute funds to the Non-Profits, which are then used to support the provisions of the hospital and clinical physician services, specialty physician services and other healthcare services For the years ended December 31, 2011 and 2010, the System contributed approximately $1,710,000 and $-0-, respectively, to these non-profit organizations These expenses are included within the community support line item on the consolidated statements of operations

Note 19. Accounting for Uncertainty in Taxes

For the year ended December 31, 2009, the System adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC The System recognizes a threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition The System's tax filings are subject to audit by various taxing authorities The System's open audit periods are 2008 through 2011 There are currently no returns under examination Management evaluated the System's tax positions and considered that the System had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance

Note 20. Upper Payment Limit Program

Children's, Touro and other health care providers have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population The provision for this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program up to federal Medicaid Upper Payment Limits (UPL) Each State's UPL methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS) Federal matching funds are not available for Medicaid payments that exceed UPLs As of December 31, 2011 and 2010, the System has received UPL payments of approximately $8,662,000 and $3,407,000, respectively, which are recognized in net patient service revenue on the consolidated statements of operations

Note 21. Prior Period Adjustments

As of January 1, 2011, the System elected to adopt a different accounting policy for the recognition of payments received from the Upper Payment Limit program detailed in Note 20 Under the new policy, payments are recognized in net patient service revenue in the period received rather than deferred and amortized over the life of the program contract Management believes that the recognition of payments when received provides reliable and more relevant information because it more accurately reflects the nature of the transaction The effect of adopting the new policy was to increase net patient service revenue and decrease other current liabilities by approximately $3,407,000 in 2010 The 2010 consolidated financial statements have been restated to reflect this change

The accompanying consolidated financial statements for 2010 have been restated to correct an error made in prior years related to penalties assessed from hiring an employee that was listed as an excluded individual by the Officer of Inspector General The effect of the restatement was to increase accounts payable by approximately $564,000 at December 31, 2010, increase operating expense by approximately $69,000 for the year ended December 31, 2010, and decrease the 2010 beginning unrestricted net assets by approximately $495,000

The accompanying supplementary financial statements for Touro and Children's have been restated to correct an error made in the prior year related to a donation that Touro elected to make to Children's Management believes that the recognition of this donation in the year ended December 31, 2010 more accurately reflects the nature and purpose of this donation The effect of the restatement to Touro's financial statements was to increase 2010 operating expense and other current liabilities, at December 31, 2010, by approximately $1,703,000 The effect of the restatement to Children's financial statements was to increase 2010 other operating income and other receivables, at December 31, 2010, by approximately $1,703,000 There is no effect of this transaction on the consolidated financial statements for 2010

In addition, the accompanying consolidated financial statements for 2010 have been restated to correct and error made in prior years related to the improper recordation and remittance of sales taxes at Touro The effect of the restatement was to increase accounts payable at December 31, 2010 by approximately $584,000, increase 2010 operating expense by approximately $264,000, and decrease 2010 beginning unrestricted net assets by approximately $320,000

Note 22. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 26, 2012, and determined that the no events occurred that required disclosure No subsequent events occurring after this date have been evaluated for inclusion in these financial statements

SUPPLEMENTARY INFORMATION

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Independent Auditor's Report on Supplementary Information

To the Governing Board of Trustees
Louisiana Children's Medical Center

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole The supplemental balance sheets, statements of operations, changes in net assets and cash flows as of and for the years ended December 31, 2011 and 2010 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements Such information is the responsibility of LCMC's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

LaPorte

A Professional Accounting Corporation

March 26, 2012

CHILDREN'S HOSPITAL
Balance Sheets
As of December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 7,428**	$ 8,201
Assets Limited as to Use	**-**	-
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $4,411 and $3,989 in 2011 and 2010, Respectively	**28,599**	23,477
Other Receivables	**7,915**	5,869
Inventories	**6,407**	5,957
Prepaid Expenses and Other Assets	**2,779**	3,267
Estimated Third Party Settlements	**-**	1,493
Total Current Assets	**53,128**	48,264
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**658,300**	654,086
Restricted by Bond Indenture, Debt Service Reserve	**-**	-
Donor-Restricted Long-Term Investments	**2,692**	2,679
Restricted Other	**-**	-
Less Amount Required for Current Obligations	**-**	-
	660,992	656,765
Property, Plant and Equipment, Net	**104,438**	106,302
Other Assets	**-**	-
Total Assets	**$ 818,558**	$ 811,331

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Balance Sheets (Continued)
As of December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 11,377**	$ 10,285
Accrued Salaries and Wages	**11,020**	9,624
Current Maturities of Bonds Payable	**-**	-
Current Portion of Capital Lease Obligations	**-**	-
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**1,502**	1,586
Current Portion of Estimated Professional Liabilities Claims	**957**	649
Estimated Third Party Payor Settlements, Net	**9,190**	-
Other	**2,255**	582
Total Current Liabilities	**36,301**	22,726
Bonds Payable, Net of Current Portion	**-**	-
Capital Lease Obligations, Net of Current Portion	**-**	-
Estimated Workers' Compensation Claims, Net of Current Portion	**495**	526
Estimated Professional Liability Claims, Net of Current Portion	**2,017**	3,603
Employee Benefits	**3,289**	2,644
Total Liabilities	**42,102**	29,499
Minority Interest	**-**	-
Net Assets		
Unrestricted	**773,764**	779,153
Temporarily Restricted	**2,506**	2,493
Permanently Restricted	**186**	186
Total Net Assets	**776,456**	781,832
Total Liabilities and Net Assets	**$ 818,558**	$ 811,331

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Statements of Operations
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 206,606**	$ 191,445
Other Operating Revenues	**20,565**	13,659
Total Operating Revenues	**227,171**	205,104
Operating Expenses		
Employee Compensation and Benefits	**113,480**	104,875
Purchased Services	**19,843**	16,349
Professional Fees	**26,009**	26,466
Supplies and Other Expenses	**45,947**	45,964
Provision for Doubtful Accounts	**4,313**	3,721
Depreciation and Amortization	**10,976**	11,134
Impairment Losses	**-**	-
Interest	**-**	-
Total Operating Expenses	**220,568**	208,509
Income (Loss) from Operations	**6,603**	(3,405)
Investment Income	**2,783**	80,925
Other Nonoperating Income (Loss)	**902**	(14,540)
Community Support, Net	**(15,677)**	(14,824)
(Decrease) Increase in Unrestricted Net Assets	**(5,389)**	48,156
Noncontrolling Interests in Income of Consolidating Subsidiaries	**-**	-
(Decrease) Increase in Unrestricted Net Assets Before Other Changes	**(5,389)**	48,156
Adjustment to Pension Liability	**-**	-
(Decrease) Increase in Unrestricted Net Assets	**$ (5,389)**	$ 48,156

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Statements of Changes in Net Assets
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Unrestricted Net Assets		
(Decrease) Increase in Unrestricted Net Assets	**$ (5,389)**	$ 48,156
Temporarily Restricted Net Assets		
Contributions	**4,715**	5,021
Investment Income	**-**	-
Net Assets Released from Restrictions	**(4,702)**	(6,588)
Increase (Decrease) in Temporarily Restricted Net Assets	**13**	(1,567)
Change in Permanently Restricted Net Assets	**-**	-
(Decrease) Increase in Net Assets	**(5,376)**	46,589
Net Assets, Beginning of Year	**781,832**	735,243
Net Assets, End of Year	**$ 776,456**	$ 781,832

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Cash Flows from Operating Activities		
(Decrease) Increase in Net Assets	**$ (5,376)**	$ 46,589
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	**-**	-
Noncontrolling Interest in Income of Consolidated Subsidiaries	**-**	-
Depreciation and Amortization	**12,714**	12,906
Net Loss on Disposal/Sale of Assets	**113**	78
Impairment Losses	**-**	-
Gain on Release of Asset Retirement	**-**	-
Provision for Doubtful Accounts	**4,313**	3,721
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(9,435)**	(2,479)
Increase in Other Receivables	**(2,046)**	(2,269)
Increase in Inventory	**(450)**	(490)
Decrease in Other Current Assets	**488**	278
Increase in Investments Limited as to Use	**(4,227)**	(50,315)
Increase in Trade Accounts Payable	**1,092**	448
Increase in Accrued Salaries and Wages	**1,396**	327
Increase (Decrease) in Third-Party Payor Settlements	**10,683**	(479)
Increase in Other Liabilities	**925**	2,780
Net Cash Provided by Operating Activities	**10,190**	11,095
Cash Flows from Investing Activities		
Capital Expenditures	**(10,963)**	(12,467)
Proceeds from Sale of Assets	**-**	-
Net Cash Used in Investing Activities	**(10,963)**	(12,467)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	**-**	-
Repayments of Bonds Payable	**-**	-
Distributions Paid to Noncontrolling Interests	**-**	-
Net Cash Used in Financing Activities	**-**	-
Net Decrease in Cash and Cash Equivalents	**(773)**	(1,372)
Cash and Cash Equivalents, Beginning of Year	**8,201**	9,573
Cash and Cash Equivalents, End of Year	**$ 7,428**	$ 8,201
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ -**	$ -
Property, Plant and Equipment Purchases in Accounts Payable	**$ -**	$ -

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Balance Sheets
As of December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 2,423**	$ 7,479
Assets Limited as to Use	**2,334**	2,108
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $9,364 and $9,494 in 2011 and 2010, Respectively	**24,683**	23,093
Other Receivables	**2,477**	2,330
Inventories	**4,220**	4,167
Prepaid Expenses and Other Assets	**2,216**	2,591
Total Current Assets	**38,353**	41,768
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**37,866**	51,770
Restricted by Bond Indenture, Debt Service Reserve	**14,042**	15,163
Donor-Restricted Long-Term Investments	**9,408**	9,759
Restricted Other	**600**	600
Less Amount Required for Current Obligations	**(2,334)**	(2,108)
	59,582	75,184
Property, Plant and Equipment, Net	**131,204**	125,561
Other Assets	**3,071**	3,398
Total Assets	**$ 232,210**	$ 245,911

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
As of December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 15,485**	$ 15,197
Accrued Salaries and Wages	**8,718**	8,734
Current Maturities of Bonds Payable	**1,815**	950
Current Portion of Capital Lease Obligations	**1,138**	1,407
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**2,601**	2,371
Current Portion of Estimated Professional Liabilities Claims	**2,113**	2,779
Estimated Third Party Payor Settlements, Net	**2,803**	3,056
Other	**10,406**	12,944
Total Current Liabilities	**45,079**	47,438
Bonds Payable, Net of Current Portion	**74,637**	86,115
Capital Lease Obligations, Net of Current Portion	**-**	1,139
Estimated Workers' Compensation Claims, Net of Current Portion	**1,162**	1,559
Estimated Professional Liability Claims, Net of Current Portion	**4,405**	3,587
Employee Benefits	**14,640**	9,696
Total Liabilities	**139,923**	149,534
Minority Interest	**623**	760
Net Assets		
Unrestricted	**79,568**	83,143
Temporarily Restricted	**4,365**	4,743
Permanently Restricted	**7,731**	7,731
Total Net Assets	**91,664**	95,617
Total Liabilities and Net Assets	**$ 232,210**	$ 245,911

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Operations
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 247,255**	$ 249,186
Other Operating Revenues	**11,248**	8,119
Net Assets Released from Restrictions, Operating	**330**	-
Total Operating Revenues	**258,833**	257,305
Operating Expenses		
Employee Compensation and Benefits	**120,488**	118,264
Purchased Services	**64,812**	61,496
Professional Fees	**-**	-
Supplies and Other Expenses	**42,818**	42,134
Provision for Doubtful Accounts	**10,159**	8,691
Depreciation and Amortization	**16,166**	15,441
Impairment Losses	**44**	214
Interest	**3,920**	4,825
Total Operating Expenses	**258,407**	251,065
Income from Operations	**426**	6,240
Investment Income	**2,813**	4,959
Other Nonoperating (Loss) Income	**(812)**	16,795
Community Support, Net	**(855)**	-
Net Assets Released from Restrictions, Nonoperating	**453**	296
Increase in Unrestricted Net Assets	**2,025**	28,290
Noncontrolling Interests in Income of Consolidating Subsidiaries	**21**	22
Increase in Unrestricted Net Assets Before Other Changes	**2,046**	28,312
Adjustment to Pension Liability	**(5,621)**	660
(Decrease) Increase in Unrestricted Net Assets	**$ (3,575)**	$ 28,972

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Unrestricted Net Assets		
(Decrease) Increase in Unrestricted Net Assets	**$ (3,575)**	$ 28,972
Temporarily Restricted Net Assets		
Contributions	**343**	505
Investment Income	**62**	1,264
Net Assets Released from Restrictions	**(783)**	(296)
(Decrease) Increase in Temporarily Restricted Net Assets	**(378)**	1,473
Change in Permanently Restricted Net Assets	**-**	43
(Decrease) Increase in Net Assets	**(3,953)**	30,488
Net Assets, Beginning of Year, as Previously Reported	**95,617**	65,945
Prior Period Adjustment - Correction of Error	**-**	(816)
Net Assets, Beginning of Year, as Restated	**95,617**	65,129
Net Assets, End of Year	**$ 91,664**	$ 95,617

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010 (in Thousands)

	2011	2010 (As Restated)
Cash Flows from Operating Activities		
(Decrease) Increase in Net Assets	**$ (3,953)**	$ 30,488
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	**5,621**	(660)
Noncontrolling Interest in Income of Consolidated Subsidiaries	**(21)**	(22)
Depreciation and Amortization	**16,166**	15,441
Net Loss (Gain) on Disposal/Sale of Assets	**181**	(70)
Impairment Losses	**44**	214
Gain on Release of Asset Retirement	**-**	(1,421)
Provision for Doubtful Accounts	**10,159**	8,691
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(11,660)**	(9,298)
(Increase) Decrease in Other Receivables	**(146)**	813
Increase in Inventory	**(55)**	(331)
Decrease in Other Current Assets	**346**	761
Decrease (Increase) in Investments Limited as to Use	**15,376**	(17,868)
Decrease in Other Assets	**234**	342
Increase in Trade Accounts Payable	**313**	976
(Decrease) Increase in Accrued Salaries and Wages	**(16)**	790
Decrease in Third-Party Payor Settlements	**(253)**	(2,003)
(Decrease) Increase in Other Liabilities	**(3,062)**	2,234
Net Cash Provided by Operating Activities	**29,274**	29,077
Cash Flows from Investing Activities		
Capital Expenditures	**(22,446)**	(20,765)
Proceeds from Sale of Assets	**329**	70
Net Cash Used in Investing Activities	**(22,117)**	(20,695)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	**(1,407)**	(1,455)
Repayments of Bonds Payable	**(10,690)**	(4,115)
Distributions Paid to Noncontrolling Interests	**(116)**	(151)
Net Cash Used in Financing Activities	**(12,213)**	(5,721)
Net (Decrease) Increase in Cash and Cash Equivalents	**(5,056)**	2,661
Cash and Cash Equivalents, Beginning of Year	**7,479**	4,818
Cash and Cash Equivalents, End of Year	**$ 2,423**	$ 7,479
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ 5,082**	$ 5,558
Property, Plant and Equipment Purchases in Accounts Payable	**$ 1,957**	$ 3,573

See independent auditor's report on supplementary information

LAPORTE

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Children's Hospital
New Orleans, Louisiana

We have audited the financial statements of Children's Hospital (the Hospital), as of and for the year ended December 31, 2011, and have issued our report thereon dated March 26, 2012 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information of the Board of Trustees, management, the Legislative Auditor of the State, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties Under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document

A Professional Accounting Corporation

March 26, 2012

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Children's Hospital
New Orleans, Louisiana

Compliance

We have audited Children's Hospital's (the Hospital) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2011 The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Hospital's management Our responsibility is to express an opinion on the Hospital's compliance based on our audit

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances We believe that our audit provides a reasonable basis for our opinion Our audit does not provide a legal determination of the Hospital's compliance with those requirements

In our opinion, the Hospital complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011

Internal Control Over Compliance

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs

In planning and performing our audit, we considered the Hospital's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Hospital, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 26, 2012, which contained an unqualified opinion on those financial statements Our audit was performed for the purpose of forming an opinion on the basic financial statements The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole

This report is intended solely for the information and use of the Board of Trustees, management, the Legislative Auditor of the State, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties Under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document

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March 26, 2012

Part II - Schedule of Financial Statement Findings Section

No findings were noted

Part III - Federal Awards Findings and Questioned Costs Section

No findings were noted

CHILDREN'S HOSPITAL

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2011

None

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Governing Board of Trustees
Touro Infirmary and Subsidiaries

We have audited the consolidated financial statements of Touro Infirmary and subsidiaries (Touro) as of and for the year ended December 31, 2011, and have issued our report thereon dated March 26, 2012 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Touro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Touro's internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of Touro's internal control over financial reporting

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Touro's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

We noted certain matters that we reported to management of Touro in a separate letter dated March 26, 2012

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor of the State and is not intended to be, and should not be, used by anyone other than these specified parties Under Louisiana Revised Statute 24 513, this report is distributed by the Legislative Auditor as a public document

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A Professional Accounting Corporation

March 26, 2012

TOURO INFIRMARY

Schedule of Findings and Responses
For the Year Ended December 31, 2011

Part I - Summary of Auditor's Results

Financial Statement Section

Type of Auditor's Report Issued	Unqualified
Internal Control over Financial Reporting	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weaknesses?	No
Noncompliance Material to Financial Statements Noted?	No

Federal Awards Section - Not applicable

Part II - Financial Statement Findings Section

No findings were noted

TOURO INFIRMARY

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2011

None

Additional Data

Software ID: 11000129
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 7,386,228 including grants of $ 0) (Revenue $ 1,328,221)

The Research Institute for Children is in collaboration with Children's Hospital and Louisiana State University Health Sciences Center (LSUHSC) The institute also has a formal affiliation with the University of New Orleans (UNO) Researchers from Allergy/Immunology, Endocrinology, Oncology, Nephrology, gene therapies and microbiology comprise the majority of the group The total number of research personnel is 73 comprised of 20 administrative and support professionals, 4 research assistants, 4 postdoctoral researchers, 4 research supervisors, 17 LSUHSC faculty members, 2 LSUHSC staff members, 3 UNO faculty members, 1 UNO staff member, and 2 Helis foundation employees and 16 students Notes CTC, RA, RIS & Vivarium staff were included in the administrative & support professionals category Medical Researchers _73

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Mrs George Villere Chairman	1	X						0	0	0
A Whitfield Huguley IV Vice Chairman	1	X						0	0	0
William L Mimeles Treasurer	1	X						0	0	0
Mrs Julie Livaudais George Secretary	1	X						0	0	0
Mrs Norman Sullivan Jr Past-Chairman	1	X						0	0	0
Kenneth H Beer Board Member	1	X						0	0	0
Allan Bissinger Board Member	1	X						0	0	0
Ralph O Brennan Board Member	1	X						0	0	0
Elwood F Cahill Jr Board Member	1	X						0	0	0
Philip deV Claverie Board Member	1	X						0	0	0
Katie Andry Crosby Board Member	1	X						0	0	0
Kyle France Board Member	1	X						0	0	0
Stephen Hales MD Board Member	1	X						0	0	0
Mrs E Douglas Johnson Jr Board Member	1	X						0	0	0
Mrs Francis Lauricella Board Member	1	X						0	0	0
John Y Pearce Board Member	1	X						0	0	0
Anthony Recasner PhD Board Member	1	X						0	0	0
Elliot C Roberts Sr Board Member	1	X						0	0	0
Mrs Robbie Rubenstein Board Member	1	X						0	0	0
Everett J Williams PhD Board Member	1	X						0	0	0
Armand LeGardeur Board Honorary Life Member	1	X						0	0	0
Henry N Stall Board Honorary Life Member	1	X						0	0	0
Steve Worley Board Member/President & CEO	32	X		X				576,317	384,212	351,638
Alan Robson Sr MD Board Member/Sr VP Med Dir	55	X		X				597,881	0	35,833
John F Heaton MD Board Member/President Medical Staff	55	X			X			0	447,351	42,466

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(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
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Joseph Nadell MD Board Member/Physician	55	X			X			422,135	0	39,229
Gregory Feirn Sr VP & CFO	33			X				366,029	244,020	40,141
Ricardo Guevara VP Legal Affairs	33				X			212,696	141,798	64,343
Cindy Nuesslein VP Hospital Operations	55				X			263,551	0	61,174
Brian Landry VP Marketing	55				X			250,660	0	62,952
Tamela Reites VP Patient Financial Services	55				X			332,204	0	25,779
Mary Perrin VP Hospital Operations	55				X			238,012	0	60,946
Diane Michel VP Nursing	55				X			234,631	0	55,801
Clarence S Greene MD Physician	55					X		587,916	0	39,729
Stephen D Heinrich MD Physician	55					X		485,114	0	39,327
Lori A McBride MD Physician	55					X		449,651	0	31,752
Dean Scott Edell MD Physician	55					X		433,479	0	41,239
Stephen David Levine MD Physician	55					X		414,886	0	38,239