See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

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 07-01-2011 and ending 06-30-2012**

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

**C** Name of organization
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 15010

City or town, state or country, and ZIP + 4
KNOXVILLE, TN 379015010

**D Employer identification number**
62-6002604

**E Telephone number**
(865) 541-8154

**G** Gross receipts $ 206,211,807

**F** Name and address of principal officer
KEITH D GOODWIN
PO BOX 15010
KNOXVILLE,TN 379015010

**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:** ▶ HTTP //WWW ETCH COM/

**K** Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

**L** Year of formation 1937

**M** State of legal domicile TN

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
AT ETCH, CHILDREN ARE OUR ONLY CONCERN, PROVIDING THE BEST HEALTHCARE TO EVERY CHILD SERVED

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

| | | | |
|---|---|---|---|
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 17 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 13 |
| **5** | Total number of individuals employed in calendar year 2011 (Part V, line 2a) | **5** | 2,095 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 14,438 |
| **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 |
|---|---|---|---|
| Revenue | **8** Contributions and grants (Part VIII, line 1h) | 5,392,077 | 3,651,573 |
| | **9** Program service revenue (Part VIII, line 2g) | 151,244,277 | 196,699,405 |
| | **10** Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 1,377,105 | 2,138,641 |
| | **11** Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 2,182,965 | 2,040,951 |
| | **12** Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 160,196,424 | 204,530,570 |
| Expenses | **13** Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 25,320 | 89,170 |
| | **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) | 85,478,389 | 96,513,802 |
| | **16a** Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| | **b** Total fundraising expenses (Part IX, column (D), line 25) ▶711,931 | | |
| | **17** Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 55,215,636 | 76,042,898 |
| | **18** Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 140,719,345 | 172,645,870 |
| | **19** Revenue less expenses Subtract line 18 from line 12 | 19,477,079 | 31,884,700 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| Net Assets or Fund Balances | **20** Total assets (Part X, line 16) | 240,169,746 | 275,074,608 |
| | **21** Total liabilities (Part X, line 26) | 87,511,174 | 90,540,706 |
| | **22** Net assets or fund balances Subtract line 21 from line 20 | 152,658,572 | 184,533,902 |

## 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**

****** 2013-05-14
Signature of officer — Date

ZANE D GOODRICH CHIEF FINANCIAL OFFICER
Type or print name and title

**Paid Preparer's Use Only**

Preparer's signature: DEBORAH O ERNSBERGER | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00364912

Firm's name (or yours if self-employed), address, and ZIP + 4: PERSHING YOAKLEY & ASSOCIATES PC, ONE CHEROKEE MILLS 2220 SUTHERLAND, KNOXVILLE, TN 379192363

EIN ▶ 62-1517792

Phone no ▶ (865) 673-0844

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

AT EAST TENNESSEE CHILDREN'S HOSPITAL ("ETCH"), CHILDREN ARE OUR ONLY CONCERN, AND THAT DRIVES OUR MISSION TO IMPROVE THE HEALTH OF CHILDREN THROUGH EXCEPTIONAL, COMPREHENSIVE FAMILY-CENTERED CARE, WELLNESS AND EDUCATION IT IS A MISSION THAT CENTERS ON A PROFOUND AND UNCHANGING COMMITMENT TO THE PHYSICAL, EDUCATIONAL AND EMOTIONAL NEEDS OF EACH CHILD

**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 $ 151,191,538 including grants of $ 89,170 ) (Revenue $ 199,450,049 )

EAST TENNESSEE CHILDREN'S HOSPITAL ("ETCH") IS THE ONLY COMPREHENSIVE REGIONAL PEDIATRIC CENTER IN TENNESSEE SINCE 1937, ETCH HAS PROVIDED EXCELLENT PEDIATRIC HEALTH CARE FOR CHILDREN FROM BIRTH TO 21 YEARS OF AGE ETCH OFFERS MORE PEDIATRIC SUBSPECIALTIES THAN ANY OTHER HOSPITAL IN THE REGION, SERVING CHILDREN FROM EAST TENNESSEE, SOUTHWEST VIRGINIA, SOUTHEAST KENTUCKY AND WESTERN NORTH CAROLINA THE SUBSPECIALTIES AVAILABLE AT ETCH INCLUDE ADOLESCENT GYNECOLOGYADOLESCENT MEDICINENEONATOLOGYPEDIATRICSPEDIATRIC ALLERGY & IMMUNOLOGYPEDIATRIC ANESTHESIOLOGYPEDIATRIC CARDIOLOGY PEDIATRIC CRITICAL CAREPEDIATRIC DENTISTRY/PEDODONTICSPEDIATRIC DERMATOLOGYPEDIATRIC EMERGENCY MEDICINEPEDIATRIC ENDOCRINOLOGYPEDIATRIC GASTROENTEROLOGYPEDIATRIC HEMATOLOGY/ONCOLOGYPEDIATRIC INFECTIOUS DISEASESPEDIATRIC NEPHROLOGYPEDIATRIC NEUROLOGYPEDIATRIC NEUROSURGERYPEDIATRIC OPHTHALMOLOGYPEDIATRIC ORTHOPEDICSPEDIATRIC OTOLARYNGOLOGYPEDIATRIC PHYSIATRYPEDIATRIC PLASTIC/RECONSTRUCTIVE SURGERYPEDIATRIC PULMONOLOGYPEDIATRIC RADIOLOGYPEDIATRIC SURGERYPEDIATRIC UROLOGYPEDIATRIC PERINATOLOGYSLEEP MEDICINEIN ADDITION, ETCH PROVIDES THE FOLLOWING MEDICAL/SURGICAL SERVICES THE EMERGENCY DEPARTMENT IS STAFFED WITH LICENSED PHYSICIANS AND NURSING PERSONNEL TO PROVIDE TREATMENT FOR ALL TYPES OF EMERGENCIES 24 HOURS A DAY, SEVEN DAYS A WEEK THE DEPARTMENT PROVIDES EVALUATION AND TREATMENT FOR PATIENTS UP TO 21 YEARS OF AGE WITH VARYING LEVELS OF ILLNESS AND INJURY, FROM MINOR TO LIFE THREATENING THE HOSPITAL'S PEDIATRIC INTENSIVE CARE UNIT (PICU) PROVIDES SOPHISTICATED, 24-HOUR-A-DAY TREATMENT FOR CRITICALLY ILL AND INJURED CHILDREN THE PICU IS STAFFED WITH DOCTORS AND NURSES SPECIFICALLY TRAINED AND EXPERIENCED IN THE CARE OF CRITICALLY ILL CHILDREN PATIENTS IN THE PICU RECEIVE A HIGH LEVEL OF MONITORING AND/OR TREATMENT UNTIL THEY ARE WELL ENOUGH TO BE TRANSFERRED TO A REGULAR PATIENT ROOM OR DISCHARGED HOME IN THE NEONATAL INTENSIVE CARE UNIT (NICU), TINY AND FRAGILE INFANTS BORN PREMATURELY OR FACING LIFE-THREATENING ILLNESSES RECEIVE TREATMENT FROM A TEAM OF BOARD-CERTIFIED NEONATOLOGISTS, WITH VALUABLE ASSISTANCE FROM SPECIALLY TRAINED NURSES, RESPIRATORY THERAPISTS, LACTATION CONSULTANTS AND OTHER MEDICAL PROFESSIONALS THE NICU TREATS MORE THAN 600 NEWBORNS EACH YEAR, AND 97 PERCENT OF THE BABIES GO HOME AS A REGIONAL REFERRAL CENTER FOR EAST TENNESSEE, ETCH OFFERS NEONATAL AND PEDIATRIC TRANSPORT FROM OUTLYING HOSPITALS IN LIFELINE, A MOBILE INTENSIVE CARE UNIT SPECIALLY DESIGNED TO MAINTAIN THE SAME QUALITY OF CARE DURING TRANSPORT AS PATIENTS RECEIVE IN THE HOSPITAL'S CRITICAL CARE UNITS LIFELINE CARRIES ALMOST 1,000 SUPPLIES TO ADMINISTER CARE TO PATIENTS, FROM THE TINIEST PREMATURE INFANT TO AN ADULT-SIZE PEDIATRIC PATIENT, DURING TRANSPORT TO THE HOSPITAL IN ADDITION TO THE SPECIAL EQUIPMENT, THE LIFELINE MEDICAL TEAM MAY INCLUDE A NEONATOLOGIST, NEONATAL NURSE PRACTITIONER, PEDIATRIC/NEONATAL RN, RESPIRATORY THERAPIST AND AN EMT, DEPENDING ON THE CONDITION OF THE PATIENT THE HOSPITAL'S TWO LIFELINE VEHICLES TRAVEL TENS OF THOUSANDS OF MILES EACH YEAR TO DOZENS OF DIFFERENT HOSPITALS IN TENNESSEE AND SURROUNDING STATES, AND TRANSPORT HUNDREDS OF PEDIATRIC PATIENTS TO ETCH ETCH MEETS A WIDE RANGE OF PEDIATRIC SURGICAL NEEDS, FROM COMMON OUTPATIENT PROCEDURES SUCH AS TONSILLECTOMIES TO MORE COMPLICATED PROCEDURES, SUCH AS RECONSTRUCTIVE SURGERY OR NEUROSURGERY FIVE DEPARTMENTS COMPRISE ETCH'S SURGICAL SERVICES OUTPATIENT SURGERY, SURGERY, POST-ANESTHESIA (THE OPERATING ROOMS) CARE UNIT ("WAKE UP" OR RECOVERY ROOM), INPATIENT SURGERY AND ANESTHESIA THESE DEPARTMENTS WORK TOGETHER TO MAKE SURE EACH CHILD'S SURGERY AND RECOVERY IS AS QUICK AND PAINLESS AS POSSIBLE THE DOCTORS, NURSES, ANESTHESIOLOGISTS AND OTHER SURGICAL STAFF ARE TRAINED IN PEDIATRIC MEDICINE AT ANY GIVEN TIME AND FOR VARIOUS REASONS, A CHILD MAY NEED TO BE ADMITTED TO ETCH AS AN INPATIENT DOCTORS AND NURSES CONTINUOUSLY MONITOR AND TREAT INPATIENTS ACCORDING TO THEIR INDIVIDUAL NEEDS ALONG WITH PROVIDING COMPREHENSIVE MEDICAL AND NURSING CARE, ETCH IS DEDICATED TO MAKING A CHILD'S STAY IN THE HOSPITAL AS COMFORTABLE AS POSSIBLE EACH ROOM HAS A TV/DVD PLAYER WITH ACCESS TO MOVIE CHANNELS, AND PLAY ROOMS ARE LOCATED ON EACH FLOOR OTHER SERVICES SUCH AS CHILD LIFE, NUTRITION, PASTORAL CARE AND SOCIAL WORK PROVIDE FOR THE PHYSICAL AND EMOTIONAL NEEDS OF THE CHILD THE RESPIRATORY CARE DEPARTMENT AT ETCH IS STAFFED WITH LICENSED AND ACCREDITED RESPIRATORY THERAPISTS WHOSE ROLES INCLUDE TREATING PATIENTS WITH LUNG AND/OR HEART DISEASES SUCH AS ASTHMA, PNEUMONIA, PREMATURE LUNGS AND CYSTIC FIBROSIS TREATMENTS PROVIDED BY RESPIRATORY CARE PRACTITIONERS INCLUDE AEROSOL MEDICATIONS, DELIVERY OF OXYGEN AND OTHER MEDICAL GASES, VENTILATOR MANAGEMENT AND MANY OTHER PROCEDURES RESPIRATORY CARE PRACTITIONERS HELP PATIENTS THROUGHOUT THE HOSPITAL, FROM THE EMERGENCY DEPARTMENT TO THE NICU THEY ARE ALSO MEMBERS OF THE PEDIATRIC TRANSPORT TEAM THAT HELPS BRING SICK AND INJURED CHILDREN TO THE HOSPITAL FOR SPECIALIZED CARE EDUCATION IS ALSO A KEY ROLE OF RESPIRATORY CARE PRACTITIONERS, THEY TEACH PATIENTS AND THEIR FAMILIES HOW TO CARE FOR CERTAIN CONDITIONS AT HOME PATIENTS IN A VARIETY OF HOSPITAL DEPARTMENTS MAY BENEFIT FROM SEDATION DURING SOME PAINFUL TESTS AND PROCEDURES IN ADDITION, YOUNG CHILDREN MAY NEED SEDATION TO REMAIN STILL DURING LONG TESTS, SUCH AS AN MAGNETIC RESONANCE IMAGING (MRI) TO MEET THESE NEEDS, ETCH OFFERS PASS ON PAIN, PROVIDED BY PEDIATRIC ANALGESIA AND SEDATION SPECIALISTS (PASS) WHILE THE HOSPITAL CANNOT ELIMINATE PAIN FOR SOME CHILDREN, IT IS OUR GOAL TO KEEP PAINFUL OR UNCOMFORTABLE SITUATIONS TO A MINIMUM PASS ON PAIN IS A DEDICATED SERVICE THAT UTILIZES THE MOST CURRENT SEDATION TECHNIQUES TO HELP CHILDREN UNDERGOING LENGTHY OR PAINFUL PROCEDURES AT ETCH A MULTISPECIALTY TEAM SEES EACH CHILD, INCLUDING A PEDIATRIC SEDATION PHYSICIAN AND PEDIATRIC NURSES WHO ARE SPECIFICALLY PREPARED TO WORK WITH CHILDRENS' SEDATION DIAGNOSTIC SERVICES THE CLINICAL LAB IS RESPONSIBLE FOR ALL DIAGNOSTIC TESTING, WHICH INCLUDES THE FOLLOWING AREAS HEMATOLOGY, CHEMISTRY, MICROBIOLOGY, IMMUNOLOGY, SEROLOGY AND BLOOD BANK NEUROLOGY LAB/SLEEP LAB - THE NEUROLOGY LAB OFFERS A VARIETY OF DIAGNOSTIC TESTS FOR PATIENTS DEALING WITH SEIZURES, HEARING PROBLEMS, SLEEP DISORDERS AND OTHER CONDITIONS INVOLVING THE BRAIN THE MOST COMMON TESTS OFFERED IN THE NEUROLOGY LABORATORY ARE THE ELECTROENCEPHALOGRAM (EEG) FOR CHILDREN HAVING SEIZURES AND OTHER NEUROLOGICAL PROBLEMS, AND THE BRAINSTEM AUDITORY EVOKED RESPONSE (BAER) HEARING TEST, OFFERED MOST OFTEN TO INFANTS WHO FAIL NEWBORN HEARING SCREENINGS AND TODDLERS WHO ARE SPEECH DELAYED CHILDREN'S SLEEP MEDICINE CENTER - THE CHILDREN'S SLEEP MEDICINE CENTER OFFERS SLEEP STUDY TESTING FOR CHILDREN WHO ARE HAVING PROBLEMS WITH SLEEP THE SLEEP STUDIES TAKE PLACE OVERNIGHT, DURING THE CHILD'S REGULAR SLEEP CYCLE, TO FIND THE CAUSE OF SUCH PROBLEMS AS SLEEP TERRORS AND SLEEPWALKING THE PULMONARY FUNCTION LAB, A VITAL PART OF THE RESPIRATORY CARE DEPARTMENT, PERFORMS TESTS TO DIAGNOSE LUNG AND HEART DISEASES THE DEPARTMENT IS STAFFED BY SPECIALLY TRAINED RESPIRATORY CARE PRACTITIONERS SERVICES PROVIDED INCLUDE SPIROMETRY TESTING, METABOLIC STUDIES, CARDIAC STRESS TESTING, LUNG VOLUMES AND THE CYSTIC FIBROSIS CLINIC THE RADIOLOGY DEPARTMENT SERVES AS AN "IMAGING" CENTER FOR CHILDREN THESE IMAGES INCLUDE X-RAY, ULTRASOUND, CT SCAN, NUCLEAR MEDICINE, MRI, ECHOCARDIOGRAM AND FLUOROSCOPY OUTPATIENT SERVICES CHILDREN'S HOSPITAL HOME HEALTH CARE, WHICH IS A HOSPITAL-BASED HOME HEALTH AGENCY, SUPPORTS THE PHILOSOPHY, MISSION AND POLICIES OF ETCH AND IS DEDICATED TO MEETING THE NEEDS OF CHILDREN HOME HEALTH PROVIDES FOLLOW-UP SUPPORTIVE CARE TO PATIENTS NEWBORN TO 21 YEARS OF AGE WHO DO NOT REQUIRE HOSPITALIZATION OR CONSTANT SKILLED SUPERVISION HOME HEALTH IS LICENSED TO PROVIDE SERVICES IN 16 EAST TENNESSEE COUNTIES ALL PATIENTS ARE ACCEPTED ON THE BASIS OF PHYSICIAN REFERRAL, THE ABILITY OF HOME HEALTH TO MEET THE PATIENT'S SPECIFIC NEEDS, AND WHEN THE PHYSICIAN, CHILD'S FAMILY AND THE HOME HEALTH STAFF AGREE THAT IN-HOME CARE WOULD BE AN APPROPRIATE AND EFFECTIVE MEANS OF TREATMENT AVAILABLE SERVICES INCLUDE REGISTERED NURSING, RESPIRATORY THERAPY, HOME INFUSION, NUTRITIONAL SUPPORT, HOME MEDICAL EQUIPMENT, SUPPLIES, PHYSICAL THERAPY, SPEECH THERAPY AND OCCUPATIONAL THERAPY

**4b** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

**4c** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

**4d** Other program services (Describe in Schedule O )
(Expenses $ including grants of $ ) (Revenue $ )

**4e** **Total program service expenses** ▶ $ 151,191,538

## 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 | Yes | |
| 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 | Yes | |
| 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 | Yes | |
| 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 | Yes | |
| 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** | Yes | |
| **b** | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | **24b** | | No |
| **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** | | No |
| **d** | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | **24d** | | No |
| **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** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | Yes | |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | Yes | |
| **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** | Yes | |
| **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** | 105 | | |
| **b** | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | **1b** | 5 | | |
| **c** | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | **1c** | Yes | |
| **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** | 2,095 | | | |
| **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 | 17 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b | 13 | | |
| 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 | | No |
| 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 | | No |
| 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 | | No |
| 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 | | No |
| 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 | Yes | |
| 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 | Yes | |

## Section C. Disclosure

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

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 ▶

ZANE D GOODRICH
PO BOX 15010
KNOXVILLE,TN 379015010
(865) 541-8154

## 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 | | | |
| (1) DENNIS B RAGSDALE CHAIRMAN | 2 00 | X | | | | | | 0 | 0 | 0 |
| (2) MICHAEL C CRABTREE SECRETARY/TREASURER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (3) STEVEN D HARB BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (4) LISE M CHRISTENSEN MD BOARD MEMBER, CHIEF OF STAFF | 15 00 | X | | | | | | 0 | 0 | 0 |
| (5) DEBBIE J CHRISTIANSEN MD BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (6) LEWIS W HARRIS MD BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (7) DEE HASLAM BOARD CHAIRMAN ELECT | 2 00 | X | | | | | | 0 | 0 | 0 |
| (8) A DAVID MARTIN BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (9) WILLIAM F TERRY MD VICE CHAIRMAN | 2 00 | X | | | | | | 0 | 0 | 0 |
| (10) CHRISTOPHER A MILLER MD BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (11) STEPHEN A SOUTH BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (12) KEITH D GOODWIN BOARD MEMBER/PRESIDENT & CEO | 40 00 | X | | X | | | | 579,584 | 0 | 83,944 |
| (13) LARRY B MARTIN BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (14) JOHN Q BUCHHEIT MD BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (15) RANDALL L GIBSON BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (16) R GALE HUNEYCUTT JR BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| (17) JOHN F LANSING BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (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 | | | |
| (18) RUDOLPH MCKINLEY<br>VP OPERATIONS | 40 00 | | | X | | | | 317,285 | 0 | 20,114 |
| (19) LAURA PRESTON BARNES<br>VP PATIENT SERVICES | 40 00 | | | X | | | | 237,716 | 0 | 23,962 |
| (20) ZANE D GOODRICH<br>VP FINANCE | 40 00 | | | X | | | | 255,729 | 0 | 22,203 |
| (21) BRYAN PABST<br>VP PTRS IN PEDIATRICS | 40 00 | | | X | | | | 235,821 | 0 | 17,130 |
| (22) BRUCE ANDERSON<br>VP LEGAL SERVICES | 40 00 | | | X | | | | 257,761 | 0 | 12,678 |
| (23) SUE WILBURN<br>VP HUMAN RESOURCES | 40 00 | | | X | | | | 218,298 | 0 | 15,458 |
| (24) JOE CHILDS<br>VP MEDICAL SERVICES | 40 00 | | | X | | | | 73,352 | 0 | 1,500 |
| (25) CARLTON LONG<br>VP DEVELOPMENT/COMMUNITY SRVCS | 40 00 | | | X | | | | 91,842 | 0 | 15,885 |
| (26) SUMEET SHARMA MD<br>PEDIATRIC CARDIOLOGIST | 40 00 | | | | | X | | 656,208 | 0 | 27,565 |
| (27) JEFFORY GLENN JENNINGS MD<br>PEDIATRIC CARDIOLOGIST | 40 00 | | | | | X | | 546,249 | 0 | 27,599 |
| (28) LASZLO HOPP MD<br>PEDIATRIC NEPHROLOGIST | 40 00 | | | | | X | | 241,277 | 0 | 16,360 |
| (29) JAMES R KERRIGAN MD<br>PEDIATRIC ENDOCRINOLOGIST | 40 00 | | | | | X | | 228,576 | 0 | 12,440 |
| (30) CARMEN TAPIADOR<br>PEDIATRIC ENDOCRINOLOGIST | 40 00 | | | | | X | | 220,414 | 0 | 15,138 |
| **1b Sub-Total** . . . . . ▶ | | | | | | | | | | |
| **c Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | | | | | | | | |
| **d Total (add lines 1b and 1c)** . . . . . ▶ | | | | | | | | 4,160,112 | 0 | 311,976 |

**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 ▶ 56

| | | | 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 |
|---|---|---|
| CHILDREN'S ANESTHESIOLOGISTS PC<br>2018 W CLINCH AVENUE<br>KNOXVILLE, TN 37916 | PHYSICIAN SERVICES | 8,168,589 |
| SOUTHEASTERN EMERGENCY PHYSICIANS<br>1900 NORTH WINSTON ROAD<br>KNOXVILLE, TN 37919 | PHYSICIAN SERVICES | 5,563,270 |
| OWENS & MINOR<br>3551 WORKMAN ROAD<br>KNOXVILLE, TN 37950 | HEALTHCARE SERVICES | 3,627,085 |
| CARDINAL HEALTH PHARMACY DIVISION<br>7000 CARDINAL PLACE<br>DUBLIN, OH 43017 | PHARMACY SERVICES | 3,521,501 |
| GI FOR KIDS PLLC<br>2100 CLINCH AVE SUITE 510<br>KNOXVILLE, TN 37916 | PHYSICIAN SERVICES | 2,830,383 |

**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 ▶ 117

## 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 | | | | |
| | b | Membership dues | 1b | | | | |
| | c | Fundraising events | 1c | 732,183 | | | |
| | d | Related organizations | 1d | | | | |
| | e | Government grants (contributions) | 1e | 6,000 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 2,913,390 | | | |
| | g | Noncash contributions included in lines 1a-1f $ 74,794 | | | | | |
| | h | **Total.** Add lines 1a-1f | | 3,651,573 | | | |
| | | | Business Code | | | | |
| Program Service Revenue | 2a | PATIENT CARE REVENUE | 623990 | 194,485,797 | 194,485,797 | | |
| | b | OTHER HEALTHCARE SRVCS | 621300 | 1,385,018 | 1,385,018 | | |
| | c | PASSTHROUGH REVENUE | 621110 | 828,590 | 828,590 | | |
| | d | | | | | | |
| | e | | | | | | |
| | f | All other program service revenue | | | | | |
| | g | **Total.** Add lines 2a–2f | | 196,699,405 | | | |
| | 3 | Investment income (including dividends, interest and other similar amounts) | | 1,552,600 | 1,552,600 | | |
| | 4 | Income from investment of tax-exempt bond proceeds | | | | | |
| | 5 | Royalties | | | | | |
| | | | (i) Real / (ii) Personal | | | | |
| | 6a | Gross rents | 612,003 / | | | | |
| | b | Less rental expenses | 0 / | | | | |
| | c | Rental income or (loss) | 612,003 / | | | | |
| | d | Net rental income or (loss) | | 612,003 | 612,003 | | |
| | | | (i) Securities / (ii) Other | | | | |
| | 7a | Gross amount from sales of assets other than inventory | / 586,041 | | | | |
| | b | Less cost or other basis and sales expenses | / 0 | | | | |
| | c | Gain or (loss) | / 586,041 | | | | |
| | d | Net gain or (loss) | | 586,041 | 586,041 | | |
| Other Revenue | 8a | Gross income from fundraising events (not including $ 732,183 of contributions reported on line 1c) See Part IV, line 18 a 822,698 | | | | | |
| | b | Less direct expenses b 1,012,248 | | | | | |
| | c | Net income or (loss) from fundraising events | | -189,550 | | | -189,550 |
| | 9a | Gross income from gaming activities See Part IV, line 19 a 31,520 | | | | | |
| | b | Less direct expenses b 6,860 | | | | | |
| | c | Net income or (loss) from gaming activities | | 24,660 | | | 24,660 |
| | 10a | Gross sales of inventory, less returns and allowances a 652,933 | | | | | |
| | b | Less cost of goods sold b 662,129 | | | | | |
| | c | Net income or (loss) from sales of inventory | | -9,196 | | | -9,196 |
| | | Miscellaneous Revenue | Business Code | | | | |
| | 11a | CAFETERIA SALES | 722210 | 1,153,814 | | | 1,153,814 |
| | b | MISCELLANEOUS | 900099 | 449,220 | | | 449,220 |
| | c | | | | | | |
| | d | All other revenue | | | | | |
| | e | **Total.** Add lines 11a–11d | | 1,603,034 | | | |
| | 12 | **Total revenue.** See Instructions | | 204,530,570 | 199,450,049 | 0 | 1,428,948 |

## 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 | 89,170 | 89,170 | | |
| 2 | Grants and other assistance to individuals in the United States See Part IV, line 22 | | | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 | Benefits paid to or for members | | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees . . . . | 2,619,921 | 2,243,718 | 376,203 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | | | | |
| 7 | Other salaries and wages | 72,680,479 | 61,659,253 | 10,428,700 | 592,526 |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . | 2,794,510 | 2,393,534 | 400,976 | |
| 9 | Other employee benefits . . . . . | 12,838,320 | 10,996,189 | 1,842,131 | |
| 10 | Payroll taxes . . . . . | 5,580,572 | 4,779,833 | 800,739 | |
| 11 | Fees for services (non-employees) | | | | |
| a | Management . . . . . | | | | |
| b | Legal . . . . . | 80,215 | | 80,215 | |
| c | Accounting . . . . . | 85,220 | | 85,220 | |
| d | Lobbying . . . . . | | | | |
| e | Professional fundraising *See Part IV, line 17* . . | | | | |
| f | Investment management fees . . . . . | | | | |
| g | Other . . . . . | 26,934,180 | 24,396,071 | 2,531,706 | 6,403 |
| 12 | Advertising and promotion . . . . | | | | |
| 13 | Office expenses . . . . . | | | | |
| 14 | Information technology . . . . . | | | | |
| 15 | Royalties . . | | | | |
| 16 | Occupancy . . . . . | 2,625,993 | 2,424,267 | 201,224 | 502 |
| 17 | Travel . . . . . | | | | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | | | | |
| 19 | Conferences, conventions, and meetings . . . . | 327,475 | 176,263 | 145,963 | 5,249 |
| 20 | Interest . . . . . | 2,254,635 | 2,254,635 | | |
| 21 | Payments to affiliates . . . . . | | | | |
| 22 | Depreciation, depletion, and amortization . . . . . | 7,175,489 | 5,822,672 | 1,351,085 | 1,732 |
| 23 | Insurance . . . . . | 1,155,598 | 8,545 | 1,147,053 | |
| 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 | SUPPLIES | 23,462,270 | 22,500,063 | 948,089 | 14,118 |
| b | EQUIPMENT RENTAL/MNT | 4,260,648 | 4,260,569 | 79 | |
| c | BAD DEBT | 4,110,085 | 4,110,085 | | |
| d | POSTAGE | 362,487 | 47,227 | 310,617 | 4,643 |
| e | | | | | |
| f | All other expenses | 3,208,603 | 3,029,444 | 92,401 | 86,758 |
| 25 | **Total functional expenses.** Add lines 1 through 24f | 172,645,870 | 151,191,538 | 20,742,401 | 711,931 |
| 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 | 23,426,717 | 1 | 29,402,170 |
| | 2 | Savings and temporary cash investments | | 2 | |
| | 3 | Pledges and grants receivable, net | | 3 | |
| | 4 | Accounts receivable, net | 30,493,532 | 4 | 30,297,334 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 5 | |
| | 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 | | 6 | |
| | 7 | Notes and loans receivable, net | 34,812,041 | 7 | 35,297,380 |
| | 8 | Inventories for sale or use | 2,486,643 | 8 | 2,864,513 |
| | 9 | Prepaid expenses and deferred charges | 1,580,248 | 9 | 1,488,920 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 152,081,737 | | | |
| | b | Less accumulated depreciation — 10b: 76,328,008 | 78,066,822 | 10c | 75,753,729 |
| | 11 | Investments—publicly traded securities | | 11 | |
| | 12 | Investments—other securities See Part IV, line 11 | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | 68,661,429 | 13 | 99,587,562 |
| | 14 | Intangible assets | 383,000 | 14 | 383,000 |
| | 15 | Other assets See Part IV, line 11 | 259,314 | 15 | 0 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | 240,169,746 | 16 | 275,074,608 |
| Liabilities | 17 | Accounts payable and accrued expenses | 18,446,032 | 17 | 20,727,602 |
| | 18 | Grants payable | | 18 | |
| | 19 | Deferred revenue | | 19 | |
| | 20 | Tax-exempt bond liabilities | 43,681,527 | 20 | 42,631,527 |
| | 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | 25,383,615 | 25 | 27,181,577 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | 87,511,174 | 26 | 90,540,706 |
| 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 | 131,710,287 | 27 | 161,397,098 |
| | 28 | Temporarily restricted net assets | 4,969,630 | 28 | 7,103,337 |
| | 29 | Permanently restricted net assets | 15,978,655 | 29 | 16,033,467 |
| | | **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 | 152,658,572 | 33 | 184,533,902 |
| | 34 | Total liabilities and net assets/fund balances | 240,169,746 | 34 | 275,074,608 |

## 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 | 204,530,570 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 172,645,870 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 31,884,700 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 152,658,572 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -9,370 |
| 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 | 184,533,902 |

## 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 | | No |
| 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 | | No |
| 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 | | |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

# 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
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

## 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**

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

**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**
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

## 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 | 15,978,655 | 14,016,380 | 13,809,173 | 13,587,048 | |
| b Contributions | 54,811 | 1,962,275 | 207,207 | 222,625 | |
| c Investment earnings or losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | 500 | |
| f Administrative expenses | | | | | |
| g End of year balance | 16,033,466 | 15,978,655 | 14,016,380 | 13,809,173 | |

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

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

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

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | 421,201 | 8,532,057 | | 8,953,258 |
| b Buildings | | 90,737,020 | 43,373,622 | 47,363,398 |
| c Leasehold improvements | | | | |
| d Equipment | | 52,391,459 | 32,954,386 | 19,437,073 |
| e Other | | | | |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 75,753,729 |

**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 |
|---|---|---|
| (1) TRADING SECURITIES | 92,479,190 | F |
| (2) TRUSTED BOND FUNDS | 5,566,661 | F |
| (3) DONOR RESTRICTED INVESTMENTS | 1,541,711 | F |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 13 )* ▶ | 99,587,562 | |

**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 | |
| INVESTMENT IN SUBSIDIARIES | 26,448,469 |
| DUE TO/FROM THIRD-PARTY PAYORS | 733,108 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 27,181,577 |

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

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

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

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

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

## Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, 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 |
|---|---|---|
| DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48 | PART X | THE HOSPITAL IS CLASSIFIED AS AN ORGANIZATION EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ACCORDINGLY, NO PROVISION FOR INCOME TAXES HAS BEEN INCLUDED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS RELATED TO THE 501(C)(3) ORGANIZATION PRIMARY CARE AND CIK ARE TAXABLE ENTITIES AND ACCOUNT FOR INCOME TAXES IN ACCORDANCE WITH FASB ASC 740, INCOME TAXES (NOTE M) THE HOSPITAL HAS NO UNCERTAIN TAX POSITIONS AT JUNE 30, 2012 OR 2011 |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

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
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

**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 FANTASY OF TREES (event type) | (b) Event #2 CENTER STAGE (event type) | (c) Other Events 2 (total number) | (d) Total Events (Add col (a) through col (c)) |
|---|---|---|---|---|---|
| Revenue | 1 Gross receipts | 965,854 | 391,520 | 197,507 | 1,554,881 |
| | 2 Less Charitable contributions | 271,271 | 357,200 | 103,712 | 732,183 |
| | 3 Gross income (line 1 minus line 2) | 694,583 | 34,320 | 93,795 | 822,698 |
| Direct Expenses | 4 Cash prizes | | | | |
| | 5 Non-cash prizes | | | | |
| | 6 Rent/facility costs | 59,190 | 82,903 | 21,687 | 163,780 |
| | 7 Food and beverages | | | | |
| | 8 Entertainment | | | | |
| | 9 Other direct expenses | 520,778 | 242,150 | 85,540 | 848,468 |
| | 10 Direct expense summary Add lines 4 through 9 in column (d) ▶ | | | | ( 1,012,248 ) |
| | 11 Net income summary Combine lines 3 and 10 in column (d) ▶ | | | | -189,550 |

**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 | | | 31,520 | 31,520 |
| Direct Expenses | 2 Cash prizes | | | | |
| | 3 Non-cash prizes | | | 6,000 | 6,000 |
| | 4 Rent/facility costs | | | | |
| | 5 Other direct expenses | | | 860 | 860 |
| | 6 Volunteer labor | ☐ Yes ☐ No | ☐ Yes ☐ No | ☑ Yes 100 000 % ☐ No | |
| | 7 Direct expense summary Add lines 2 through 5 in column (d) ▶ | | | | ( 6,860 ) |
| | 8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶ | | | | 24,660 |

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

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** | 100 000 % |

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

Name ▶ ZANE GOODRICH

Address ▶ PO BOX 15010
KNOXVILLE,TN 379015010

**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 ▶ ELIZABETH THOMAS

Gaming manager compensation ▶ $

Description of services provided ▶ ELIZABETH THOMAS IS THE DIRECTOR OF VOLUNTEER SERVICES THE VOLUNTEER SERVICES DEPARTMENT IS RESPONSIBLE FOR THE FANTASY OF TREES THE RAFFLE TREE IS THE GAMING EVENT HELD WITHIN THE FANTASY OF TREES VOLUNTEER SERVICES FOSTERS THE RELATIONSHIP WITH RAFFLE SPONSORS AND DECIDES WHERE/ HOW THE AREA IS DESIGNED ON THE FLOOR VOLUNTEER SERVICES RECRUITS VOLUNTEERS TO SELL RAFFLE TICKETS, LOCK THE DRUM, AND ARRANGE THE TICKET DRAWING AND DELIVERY

☐ 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 ▶ $ 30,660

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

| Identifier | ReturnReference | Explanation |
|---|---|---|

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

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**
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

## 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<br>☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ 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<br>☐ 100% ☐ 150% ☑ 200% ☐ Other _____ % | 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<br>☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % | 3b | Yes | |
| 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 | Yes | |
| 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 | | No |
| 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 | Yes | |
| | 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) | | | 445,854 | | 445,854 | 0 260 % |
| b Medicaid (from Worksheet 3, column a) | | | 93,723,799 | 89,095,727 | 4,628,072 | 2 750 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Charity Care and Means-Tested Government Programs | | | 94,169,653 | 89,095,727 | 5,073,926 | 3 010 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | | 203,979 | 583,143 | 10,435 | 572,708 | 0 340 % |
| f Health professions education (from Worksheet 5) | | 7,123 | 723,625 | 1,963 | 721,662 | 0 430 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | 500 | 167,403 | 0 | 167,403 | 0 100 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | 124,155 | 312,354 | 0 | 312,354 | 0 190 % |
| j **Total** Other Benefits | | 335,757 | 1,786,525 | 12,398 | 1,774,127 | 1 060 % |
| k **Total.** Add lines 7d and 7j | | 335,757 | 95,956,178 | 89,108,125 | 6,848,053 | 4 070 % |

**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 | | 1,688 | 104,154 | 0 | 104,154 | 0 060 % |
| 10 **Total** | | 1,688 | 104,154 | | 104,154 | 0 060 % |

**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 | 1,619,374 | | |
| 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 | 18,225 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 39,393 |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -21,168 |
| 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 | 1 CHILDREN'S WEST SURGERY CENTER LLC | MEDICAL SURGERY CENTER | 50 000 % | | 50 000 % |
| 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 | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | EAST TENNESSEE CHILDREN'S HOSPITAL<br>PO BOX 15010<br>KNOXVILLE,TN 379015010 | | | 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)

EAST TENNESSEE 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 200 000000000000% | | | |
| 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 | Yes | |
| | If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000% | | | |
| | If "No," explain in Part VI the criteria the hospital facility used | | | |
| 11 | Explained the basis for calculating amounts charged to patients? | 11 | | No |
| | 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? _____

| | Name and address | Type of Facility (Describe) |
|---|---|---|
| 1 | | |
| 2 | | |
| 3 | | |
| 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 |
|---|---|---|
| | | PART I, LINE 7 A COST-TO-CHARGE RATIO, DERIVED FROM THE SCHEDULE H APPLICABLE WORKSHEETS, INCLUDING WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGES, WAS USED TO DETERMINE CHARITY CARE ACTUAL EXPENSE DATA IS ACCUMULATED WITHIN THE ETCH GENERAL LEDGER WHICH ADDRESSES ALL PATIENT SEGMENTS INCLUDING INPATIENT, OUTPATIENT, EMERGENCY ROOM, COMMERCIAL INSURANCE, GOVERNMENT INSURANCE, UNINSURED AND SELF-PAY THE TOTAL OPERATING EXPENSE WAS DIVIDED BY PATIENT REVENUES TO CALCULATE AN OVERALL RATIO THAT WAS THEN APPLIED TO INDIGENT AND CHARITY CARE CHARGES TO ARRIVE AT COST THE STATE OF TENNESSEE'S COVERKIDS PROGRAM PROVIDES COVERAGE FOR THE VAST MAJORITY OF CHILDREN WHO REQUIRE MEDICAL CARE BUT ARE UNINSURED ETCH REPRESENTATIVES WORK EXTENSIVELY WITH PATIENTS' FAMILIES TO HELP THEM UNDERSTAND AVAILABILITY OF STATE AID AND TO ASSIST THEM IN BECOMING ENROLLED IN THE PROGRAM FOR THAT REASON, THE AMOUNT OF TRUE "CHARITY CARE" RENDERED BY ETCH IS CONSIDERABLY SMALLER THAN LEVELS EXPERIENCED BY COMMUNITY HOSPITALS OR OTHER FACILITIES SERVING THE ADULT POPULATION AN INCREASE IN MEDICAID REIMBURSEMENT RESULTED IN THE DECREASE IN NET COMMUNITY BENEFIT EXPENSE FOR MEDICAID (ON PART I, LINE 7C) FOR FISCAL YEAR 2012 COMPARED TO FISCAL YEAR 2011 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART I, L7 COL(F) BAD DEBT EXPENSE OF $4,110,085 IS INCLUDED IN TOTAL EXPENSES ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT EXCLUDED IN CALCULATING THE PERCENT OF TOTAL EXPENSES REPORTED IN COLUMN (F), ON PART I, LINE 7 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART II ETCH PROVIDES NUMEROUS BENEFITS TO THE PUBLIC TO PROMOTE THE HEALTH OF THE COMMUN ITY 1 AN OPEN-DOOR POLICY THIS IS OUR MOST IMPORTANT BENEFIT, AS STATED IN OUR STATEMENT OF PHILOSOPHY WE OFFER MEDICAL SERVICES TO ALL CHILDREN, REGARDLESS OF THEIR PARENTS' AB ILITY TO PAY NOT ONLY THAT, BUT OUR SCOTT M NISWONGER EMERGENCY DEPARTMENT IS OPEN 24 HO URS A DAY, MEANING THE DOOR IS ALWAYS OPEN!2 A DEDICATED PEDIATRIC FACILITY ETCH TREATS PATIENTS FROM BIRTH THROUGH AGE 21 WE OFFER 28 PEDIATRIC SUBSPECIALTIES AND A FULL COMPLE MENT OF PEDIATRIC MEDICAL AND SURGICAL SERVICES THIS MEANS FAMILIES SELDOM NEED TO TRAVEL TO NASHVILLE, ATLANTA OR EVEN FARTHER TO RECEIVE SPECIALIZED CARE FOR THEIR CHILDREN 3 H EALTHY KIDS COMMUNITY EDUCATION PROGRAM THE HEALTHY KIDS PROGRAM FEATURES PARENTING CLASS ES AND NEWSLETTERS ON A VARIETY OF TOPICS RANGING FROM SAFETY TO DEVELOPMENT TO HEALTH CL ASSES ARE PRIMARILY FOR PARENTS, GRANDPARENTS AND GUARDIANS, BUT SOME ARE ALSO DESIGNED FO R TEENS (SUCH AS THE SAFE SITTER BABYSITTING COURSE) AND CHILDREN MOST CLASSES ARE FREE, IF A FEE IS CHARGED, IT IS ONLY TO COVER THE COST OF PURCHASED MATERIALS HEALTHY KIDS NEW SLETTERS ARE PROVIDED FREE TO AREA SCHOOLS AND CHILD CARE CENTERS AS WELL AS TO PARENTS AN D CAREGIVERS 4 COMMUNITY INVOLVEMENT AS AN ADVOCATE FOR CHILDREN, ETCH PROVIDES STAFF, V OLUNTEERS, IN-KIND SERVICES (SUCH AS MEETING SPACE) AND/OR FINANCIAL SUPPORT TO MANY COMMU NITY ORGANIZATIONS WHOSE GOALS ARE TO IMPROVE THE LIVES OF CHILDREN, INCLUDING AMERICAN CA NCER SOCIETY, COVERKIDS, CUREFINDERS, CYSTIC FIBROSIS FOUNDATION, DOWN SYNDROME AWARENESS GROUP, DREAM CONNECTION, GIRLS ON THE RUN, JUVENILE DIABETES RESEARCH FOUNDATION, KNOX COU NTY HEALTH DEPARTMENT, KNOX COUNTY SCHOOLS' PARTNERS IN EDUCATION, KNOXVILLE AREA PREGNANC Y PREVENTION INITIATIVE, KNOXVILLE POLICE DEPARTMENT'S SAFETY CITY, KNOXVILLE POLICE DEPAR TMENT'S THINK FAST ALCOHOL AWARENESS PROGRAM, LEUKEMIA AND LYMPHOMA SOCIETY, MARCH OF DIME S, A SECRET SAFE PLACE FOR NEWBORNS OF TENNESSEE, INC , MONTGOMERY VILLAGE, SMOKE-FREE KNO XVILLE, TENNDER CARE COALITION AND UNITED WAY IN ADDITION, ETCH IS THE LEAD ORGANIZATION FOR SAFE KIDS OF THE GREATER KNOX AREA, A LOCAL CHAPTER OF THIS INTERNATIONAL NON-PROFIT D EDICATED TO PREVENTING UNINTENTIONAL INJURY IN CHILDREN AGES 14 AND UNDER ETCH IS ALSO A PARTICIPATING MEDICAL FACILITY THAT WILL ACCEPT SURRENDERS OF NEWBORNS UNDER THE SAFE HAVE N LAW, WHICH ALLOWS MOTHERS OF NEWBORNS TO SURRENDER UNHARMED BABIES TO DESIGNATED MEDICAL FACILITIES WITHIN 72 HOURS OF THE BABY'S BIRTH, WITHOUT FEAR OF PROSECUTION 5 PARTNERS IN EDUCATION ETCH PARTICIPATES IN THE KNOX COUNTY SCHOOL SYSTEM'S PARTNERS IN EDUCATION P ROGRAM OUR "ADOPTED" SCHOOLS ARE KARNS ELEMENTARY SCHOOL, CEDAR BLUFF INTERMEDIATE SCHOOL AND FORT SANDERS EDUCATIONAL DEVELOPMENT CENTER EACH SCHOOL YEAR, ETCH CONDUCTS PROGRAMS FOR THE STUDENTS AT EACH SCHOOL AND PROVIDES SPECIAL TREATS FOR THEIR TEACHERS WE ALSO P ROVIDE THE STUDENTS AN OPPORTUNITY TO CREATE ARTWORK TO HANG ON THE HOSPITAL'S WALLS OR AT OUR AFFILIATE SITES OR TO BE USED IN OUR PUBLICATIONS AND ON OUR WEB SITE 6 HELLO HOSPI TAL THE CHILD LIFE DEPARTMENT AT ETCH AND DOZENS OF VOLUNTEERS PROVIDE THIS FREE PROGRAM TO KINDERGARTEN CLASSES IN ALL KNOX COUNTY ELEMENTARY SCHOOLS "HELLO HOSPITAL" IS DESIGNE D TO TEACH YOUNG CHILDREN ABOUT WHAT IT IS LIKE TO VISIT A HOSPITAL AND EASE SOME OF THEIR FEARS ABOUT THE EXPERIENCE 7 THE ETCH WEB SITE THE ETCH WEB SITE PROVIDES FREE ACCESS T O A WIDE RANGE OF INFORMATION REGARDING KIDS AND THEIR HEALTH, INCLUDING THOUSANDS OF PEDI ATRIC HEALTH ARTICLES AND "VIRTUAL VISITS," WHICH HELP TO TEACH KIDS (AND THEIR PARENTS) A BOUT WHAT TO EXPECT WHEN THEY VISIT THE HOSPITAL FOR A TEST, ADMISSION OR SURGERY 8 PROFE SSIONAL EDUCATION ETCH SUPPORTS HEALTH CARE EDUCATION BY OFFERING STUDENT INTERNSHIPS, EX TERNSHIPS, NURSING SCHOLARSHIPS AND TRAINING PROGRAMS FOR STUDENT NURSES, PRE-MED STUDENTS , SOCIAL WORK STUDENTS, CHILD DEVELOPMENT SPECIALISTS AND OTHERS PURSUING HEALTH CARE AS A CAREER ALSO, ETCH WORKS JOINTLY WITH THE UNIVERSITY OF TENNESSEE MEDICAL CENTER AND UNIV ERSITY OF TENNESSEE MEDICAL SCHOOL TO PROVIDE MEDICAL SCHOOL ROTATIONS IN FAMILY PRACTICE AND OTHER SPECIALTIES AT OUR FACILITY ETCH ALSO IS THE PEDIATRIC CLINICAL TRAINING SITE F OR STUDENT NURSES, RESPIRATORY THERAPISTS, RADIOLOGY STUDENTS AND STUDENTS IN OTHER HEALTH CARE DISCIPLINES FURTHERMORE, ETCH IS AN ACCREDITED CONTINUING MEDICAL EDUCATION PROVIDE R IN TENNESSEE AS A CME PROVIDER, ETCH CONDUCTS AND SPONSORS RELEVANT CME PROGRAMS FOR PH YSICIANS AND NURSE PRACTITIONERS WHO TREAT CHILDREN IN FISCAL YEAR 2012, ETCH TRAINED 5,1 56 PHYSICIANS/ MEDICAL STUDENTS 9 COMMUNITY EVENTS ETCH TAKES PART IN A VARIETY OF HEALT H FAIRS AT LOCAL SCHOOLS AND COMMUNITY EVENTS TO PROVIDE HEALTH EDUCATION TO THE PUBLIC A T THESE EVENTS WE PROVIDE FREE BROCHURES AND INFORMATION SHEETS ON MANY HEALTH TOPICS 10 SUMMER CAMPS ETCH SPONSORS CAMPS FOR A NUMBER OF |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | OUR PATIENTS WITH SPECIAL MEDICAL NEEDS WHO MIGHT BE UNABLE TO ATTEND A TRADITIONAL CAMP THE CAMPS FOR OUR HEMATOLOGY/ONCOLOGY, DIABETES AND REHAB CENTER PATIENTS ARE STAFFED WITH HEALTH CARE PROFESSIONALS WHO PROVIDE SUPERVISION AND NEEDED MEDICAL CARE DURING THE CAMP ING EXPERIENCE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 4 A COST-TO-CHARGE RATIO WAS ALSO USED TO DETERMINE BAD DEBT COST THE TOTAL OPERATING EXPENSE WAS DIVIDED BY PATIENT REVENUES TO CALCULATE AN OVERALL RATIO THAT WAS THEN APPLIED TO THE BAD DEBT EXPENSE TO ARRIVE AT COST ETCH'S FINANCIAL STATEMENTS READ AS FOLLOWS "NET PATIENT SERVICE REVENUE IS REPORTED ON THE ACCRUAL BASIS IN THE PERIOD IN WHICH SERVICES ARE PROVIDED AT THE ESTIMATED NET REALIZABLE AMOUNTS, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSEMENT AGREEMENTS WITH CERTAIN THIRD-PARTY PAYORS RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN FUTURE PERIODS AS FINAL SETTLEMENTS ARE DETERMINED PATIENT ACCOUNTS RECEIVABLE ARE REPORTED NET OF BOTH AN ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS THE CONTRACTUAL ALLOWANCE REPRESENTS THE DIFFERENCE BETWEEN ESTABLISHED BILLING RATES AND ESTIMATED REIMBURSEMENT FROM MEDICAID, TENNCARE AND OTHER THIRD PARTY PAYMENT PROGRAMS CURRENT OPERATIONS ARE CHARGED WITH AN ESTIMATED PROVISION FOR BAD DEBTS BASED UPON HISTORICAL EXPERIENCE, AGING OF RECEIVABLES AND ANY UNUSUAL CIRCUMSTANCES WHICH AFFECT THE COLLECTABILITY OF RECEIVABLES THE HOSPITAL'S POLICY DOES NOT REQUIRE COLLATERAL OR OTHER SECURITY FOR PATIENT ACCOUNTS RECEIVABLE THE HOSPITAL ROUTINELY ACCEPTS ASSIGNMENT OF, OR IS OTHERWISE ENTITLED TO RECEIVE, PATIENT BENEFITS PAYABLE UNDER HEALTH INSURANCE PROGRAMS, PLANS OR POLICIES RECEIPTS FROM THE STATE OF TENNESSEE UNDER THE TENNCARE ESSENTIAL ACCESS, DISPROPORTIONATE SHARE AND TRAUMA CARE PROGRAMS ARE RECOGNIZED AS NET PATIENT SERVICE REVENUE WHEN SUCH AMOUNTS CAN BE REASONABLY ESTIMATED THE HOSPITAL PROVIDES HEALTH CARE SERVICES AND OTHER FINANCIAL SUPPORT THROUGH VARIOUS PROGRAMS THAT ARE DESIGNATED TO ENHANCE THE HEALTH OF CHILDREN IN THE COMMUNITY AND FOSTER MEDICAL EDUCATION AND RESEARCH THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY IS DESIGNED TO PROVIDE CARE TO PATIENTS REGARDLESS OF THEIR ABILITY TO PAY PATIENTS WHO MEET CERTAIN CRITERIA FOR CHARITY CARE ARE PROVIDED HEALTH CARE WITHOUT CHARGE BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, CHARGES AT ESTABLISHED RATES ARE NOT REPORTED AS REVENUE " |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 8 A COST-TO-CHARGE RATIO WAS USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS THE TOTAL OPERATING EXPENSE WAS DIVIDED BY PATIENT REVENUES TO CALCULATE AN OVERALL RATIO THAT WAS THEN APPLIED TO MEDICARE CHARGES TO ARRIVE AT COST THE SHORTFALL OF $21,169 AS REPORTED IN PART III, LINE 7, SHOULD BE TREATED AS A COMMUNITY BENEFIT BECAUSE ABSENT THE MEDICARE PROGRAM, IT IS LIKELY MANY OF THE INDIVIDUALS WOULD QUALIFY FOR CHARITY CARE OR OTHER NEEDS-BASED GOVERNMENT PROGRAMS BY ACCEPTING PAYMENT BELOW COST TO TREAT THESE INDIVIDUALS, THE BURDENS OF GOVERNMENT ARE RELIEVED WITH RESPECT TO THESE INDIVIDUALS IRS REVENUE RULING 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NONPROFIT HOSPITALS, STATES THAT IF A HOSPITAL SERVES PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, THEN THIS IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY ALSO, THERE IS A SIGNIFICANT POSSIBILITY THAT CONTINUED REDUCTION IN REIMBURSEMENT MAY ACTUALLY CREATE DIFFICULTIES IN ACCESS FOR THESE INDIVIDUALS, AND THE AMOUNT SPENT TO COVER THE MEDICARE SHORTFALL IS MONEY NOT AVAILABLE TO COVER CHARITY CARE AND OTHER COMMUNITY BENEFIT NEEDS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 9B UNDER ETCH'S POLICIES AND PROCEDURES, ETCH UNDERTAKES MEASURES TO COMMUNICATE WITH THE FAMILIES OF PATIENTS WITH SELF-PAY BALANCES IN MANY CASES, ETCH AND FAMILIES WORK TOGETHER TO OBTAIN COVERAGE THROUGH THE STATE OF TENNESSEE'S COVERKIDS PROGRAM IN CASES WHERE COVERKIDS COVERAGE IS NOT AVAILABLE, ETCH SEEKS TO OBTAIN INFORMATION NECESSARY TO DETERMINE THE PATIENT'S ELIGIBILITY FOR FINANCIAL ASSISTANCE UNDER ETCH'S CHARITY CARE PROGRAM ONCE A PATIENT'S ELIGIBILITY FOR FREE OR DISCOUNTED CARE HAS BEEN DETERMINED, THE BALANCE ON THE PATIENT'S ACCOUNT IS ADJUSTED ACCORDINGLY IN ADDITION, ETCH PERSONNEL WORK CLOSELY WITH FAMILIES TO DETERMINE THEIR ABILITY TO PAY THE ADJUSTED BALANCES, SUCH EFFORTS OFTEN RESULT IN PAYMENT PLANS INTENDED TO PERMIT THE GRADUAL PAYMENT OF AMOUNT DUE WITHOUT IMPOSING UNDUE FINANCIAL HARDSHIP ON FAMILIES ALREADY DEALING WITH THE CHALLENGES OF CHILDREN'S HEALTH ISSUES UNFORTUNATELY, THERE REMAIN CIRCUMSTANCES WHERE PATIENTS CANNOT BE DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE DUE TO THE INACCESSIBILITY OF THE FAMILY, OR THE FAMILY'S INABILITY OR REFUSAL TO PROVIDE THE REQUIRED INFORMATION IN SUCH CASES, ETCH FOLLOWS AN ESTABLISHED MULTI-STEP PROCESS CONSISTING OF MAILED NOTICES AND PHONE CALLS IN AN EFFORT TO REACH TO FAMILY AND PROVIDE THEM WITH INFORMATION ABOUT THE AVAILABILITY OF FINANCIAL ASSISTANCE UNDER THE PROGRAM ETCH'S COLLECTION PRACTICES APPLY TO ALL PATIENTS, CHARITY CARE AND NON-CHARITY CARE PATIENTS ACCOUNTS ARE SENT TO COLLECTIONS (ETCH CONTRACTS WITH AN ORGANIZATION WITH SUBSTANTIAL EXPERIENCE IN COLLECTION OF PATIENT ACCOUNTS) ONLY AFTER ALL ESTABLISHED STEPS HAVE BEEN UNDERTAKEN, WITHOUT SUCCESS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 2 THE ORGANIZATION HAS HISTORICALLY RELIED ON ASSESSMENT DATA GATHERED FROM THE STATE OF TENNESSEE, KNOX COUNTY AND OTHER RESOURCES TO ASSESS THE NEEDS OF THE COMMUNITY ETCH IS WORKING ON A MORE FORMAL COMMUNITY HEALTH NEEDS ASSESSMENT TO COMPLY WITH INTERNAL REVENUE CODE 501(R) REQUIREMENTS THE ETCH COMMUNITY HEALTH NEEDS ASSESSMENT WILL BE FINALIZED AND MADE WIDELY AVAILABLE TO THE PUBLIC BY JUNE 30, 2013 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 3 ETCH RECOGNIZES THAT UNEXPECTED MEDICAL PROBLEMS CAN CREATE UNEXPECTED FINANCIAL PROBLEMS ETCH IS AVAILABLE TO ASSIST PATIENTS' FAMILIES IN FINDING RESOURCES THAT HELP TO COVER MEDICAL EXPENSES AS INDICATED ABOVE, ETCH WORKS CLOSELY WITH PATIENTS' FAMILIES TO HELP THEM UNDERSTAND AND ENROLL IN MEDICAL ASSISTANCE PROGRAMS AVAILABLE THROUGH THE STATE OF TENNESSEE, AND WHERE APPROPRIATE, FEDERAL PROGRAMS WHERE SUCH PROGRAMS ARE NOT AVAILABLE, HOWEVER, PATIENTS MAY BE ELIGIBLE FOR FREE OR DISCOUNTED CARE UNDER ETCH'S ESTABLISHED POLICIES AND PROCEDURES THE AVAILABILITY OF FINANCIAL ASSISTANCE IS PUBLICIZED THROUGHOUT THE ETCH FACILITY AND THROUGH VARIOUS MEASURES, INCLUDING INFORMATION ON ETCH'S WEBSITE AND WRITTEN BROCHURES OR OTHER MATERIALS PROVIDED TO PATIENT'S FAMILIES INFORMATION (IN BOTH ENGLISH AND SPANISH) IS MADE AVAILABLE AT ALL POINTS OF REGISTRATION (INTAKE AND DISCHARGE) AS WELL AS ON THE ETCH WEBSITE THE MOST SIGNIFICANT EDUCATION, HOWEVER, OCCURS IN DIRECT DIALOGUE BETWEEN PATIENT FAMILIES AND ETCH'S TRAINED PATIENT ACCOUNT REPRESENTATIVES ETCH MAKES EXTENSIVE EFFORTS TO PERMIT FACE-TO-FACE DIALOGUE, AS WELL AS COMMUNICATION VIA TELEPHONE AND OTHER MEANS, AS NECESSARY TO ENSURE THAT FAMILIES ARE PROVIDED WITH SUFFICIENT INFORMATION REGARDING FREE OR DISCOUNTED CARE, AS WELL AS THE BILLING AND COLLECTION PROCESS ALL STAFF WITH PATIENT CONTACT ARE KNOWLEDGEABLE ABOUT THE CHARITY CARE POLICY (ADMITTING AND BILLING CLERKS, NURSING AND MEDICAL STAFF, SOCIAL WORKERS, ETC ) |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 4 ETCH IS CERTIFIED BY THE STATE OF TENNESSEE AS THE ONLY COMPREHENSIVE REGIONAL PEDIATRIC CENTER IN EAST TENNESSEE ETCH OFFERS MORE PEDIATRIC SUBSPECIALTIES THAN ANY OTHER HOSPITAL IN THE REGION, SERVING CHILDREN FROM EAST TENNESSEE, SOUTHWEST VIRGINIA, SOUTHEAST KENTUCKY AND WESTERN NORTH CAROLINA ETCH'S PRIMARY SERVICE AREA INCLUDES KNOX, BLOUNT, SEVIER, COCKE, JEFFERSON, HAMBLEN, GRAINGER, UNION, CLAIBORNE, ANDERSON, CAMPBELL, SCOTT, MORGAN, ROANE, LOUDON, AND MONROE COUNTIES FENTRESS, CUMBERLAND, RHEA, MEIGS, MCMINN, HANCOCK, HAWKINS, GREENE, WASHINGTON AND SULLIVAN COUNTIES COMPRISE ETCH'S SECONDARY SERVICE AREA ETCH IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS ETCH IS A MEMBER OF CHILDREN'S HOSPITAL ALLIANCE OF TENNESSEE, HOSPITAL ALLIANCE OF TENNESSEE, THE NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS & RELATED INSTITUTIONS, AND TENNESSEE HOSPITAL ASSOCIATION FOURTY-EIGHT PERCENT OF THE ETCH PATIENTS IN FISCAL YEAR 2012 RESIDED WITHIN KNOX COUNTY, TENNESSEE IN 2012 KNOX COUNTY HAD AN ESTIMATED POPULATION OF 441,311 CHILDREN UNDER THE AGE OF 18 MAKE UP 21 5% OF KNOX COUNTY'S POPULATION |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 5 ETCH'S PHILOSOPHY IS THAT BECAUSE CHILDREN ARE SPECIAL, THEY DESERVE THE BEST POSSIBLE HEALTH CARE GIVEN IN A POSITIVE, CHILD/FAMILY CENTERED ATMOSPHERE OF FRIENDLINESS AND COOPERATION REGARDLESS OF RACE, RELIGION, OR ABILITY TO PAY ETCH IS COMMITTED TO CARING FOR VULNERABLE POPULATIONS SUCH AS CHILDREN WITH SPECIAL MEDICAL NEEDS, ADVOCATING FOR THE HEALTH AND SAFETY OF CHILDREN AS PART OF THE COMMON GOOD AND EFFECTIVELY STEWARDING COMMUNITY RESOURCES ETCH OPERATES AN EMERGENCY ROOM OPEN TO ALL PERSONS, WITHOUT REGARD TO THE ABILITY TO PAY ETCH USES ANY SURPLUS FUNDS TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND, OR IMPROVE ITS FACILITIES, AND ADVANCE ITS MEDICAL TRAINING, EDUCATION AND RESEARCH PROGRAMS ETCH'S BOARD OF DIRECTORS CONSISTS PRIMARILY OF INDIVIDUALS REPRESENTING THE COMMUNITY ETCH MAINTAINS AN OPEN MEDICAL STAFF, WITH MEMBERSHIP AND PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS AND HEALTHCARE PROFESSIONALS IN THESE AND OTHER RESPECTS, ETCH IS ORGANIZED AND OPERATED IN A MANNER THAT PROMOTES THE HEALTH OF THE COMMUNITY AND THEREFORE FULFILLS CHARITABLE PURPOSES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501(C)(3) ADDITIONALLY, PLEASE REFER TO THE STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS AS PROVIDED IN SCHEDULE O FOR FURTHER DOCUMENTATION REGARDING ETCH'S COMMITMENT WITHIN ITS COMMUNITY |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 6 ETCH IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| REPORTS FILED WITH STATES | PART VI, LINE 7 | TN |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

**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
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

## 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) MARCH OF DIMES FOUNDATION322 NANCY LYNN LANE KNOXVILLE,TN 37919 | 13-1846366 | 501(C)(3) | 7,500 | | | | GENERAL SUPPORT |
| (2) KNOXVILLE NEWS SENTINEL CHARITIES 2332 NEWS SENTINEL DRIVE KNOXVILLE,TN 37921 | 51-0141541 | 501(C)(3) | 15,150 | | | | SPONSORSHIP |
| (3) VARIETY-THE CHILDREN'S CHARITY 7132 REGAL LANE KNOXVILLE,TN 37918 | 33-1025696 | 501(C)(3) | 10,000 | | | | GENERAL SUPPORT |
| (4) UNIVERSITY OF TENNESSEE GRADUATE SCHOOL OF MEDICINE 1924 ALCOA HIGHWAY KNOXVILLE,TN 37920 | | N/A | 7,000 | | | | SUPPORT UT CENTER FOR ADVANCED LEARNING |
| (5) RONALD MCDONALD HOUSE1705 WEST CLINCH AVENUE KNOXVILLE,TN 37916 | 58-1510276 | 501(C)(3) | 7,000 | | | | GOLF TOURNAMENT SPONSORSHIP |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 4

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

**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 |
|---|---|---|
| PROCEDURE FOR MONITORING GRANTS IN THE U S | PART I, LINE 2 | SCHEDULE I, PART I, LINE 2 THE ORGANIZATION HAS GUIDELINES IN PLACE THAT ARE TO BE USED IN REVIEWING THE ELIGIBILITY OF GRANTEES ALL GRANTS REQUIRE WRITTEN DOCUMENTATION AND APPROPRIATE LEVELS OF APPROVAL |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

**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**
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

## 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** | Yes | |
| **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** | Yes | |
| **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) KEITH D GOODWIN | (i) | 472,566 | 104,755 | 2,263 | 77,938 | 6,006 | 663,528 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) RUDOLPH MCKINLEY | (i) | 258,296 | 57,125 | 1,864 | 18,483 | 1,631 | 337,399 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) LAURA PRESTON BARNES | (i) | 194,014 | 42,214 | 1,488 | 22,042 | 1,920 | 261,678 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) ZANE D GOODRICH | (i) | 209,610 | 45,357 | 762 | 18,532 | 3,671 | 277,932 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (5) BRYAN PABST | (i) | 224,837 | 10,450 | 534 | 9,795 | 7,335 | 252,951 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (6) BRUCE ANDERSON | (i) | 208,240 | 46,020 | 3,501 | 11,238 | 1,440 | 270,439 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) SUE WILBURN | (i) | 177,882 | 39,810 | 606 | 11,872 | 3,586 | 233,756 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) SUMEET SHARMA MD | (i) | 316,123 | 339,632 | 453 | 23,680 | 3,885 | 683,773 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) JEFFORY GLENN JENNINGS MD | (i) | 297,878 | 245,279 | 3,092 | 25,479 | 2,120 | 573,848 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (10) LASZLO HOPP MD | (i) | 202,974 | 36,958 | 1,345 | 9,317 | 7,043 | 257,637 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (11) JAMES R KERRIGAN MD | (i) | 179,306 | 48,130 | 1,140 | 9,226 | 3,214 | 241,016 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (12) CARMEN TAPIADOR | (i) | 180,135 | 40,008 | 271 | 11,204 | 3,934 | 235,552 | 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 |
|---|---|---|
| | PART I, LINE 4B | SUPPLEMENTAL NONQUALIFIED EXECUTIVE RETIREMENT PLAN THE SUPPLEMENTAL EXECUTIVE 457(F) RETIREMENT PLAN IS INTENDED TO SUPPORT RETENTION OF KEY EXECUTIVES AND TO OFFER A COMPETITIVE TOTAL RETIREMENT BENEFIT THESE BENEFITS ARE PART OF A RETIREMENT PROGRAM THAT PROVIDES RETIREMENT INCOME FOR THE EXECUTIVE'S TOTAL YEARS OF SERVICE WITH THE ORGANIZATION PURSUANT TO A WRITTEN PLAN AGREEMENT AS APPROVED BY INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS THESE BENEFITS ARE AT RISK AND WILL NOT BE PAID UNLESS THE EXECUTIVE PROVIDES SUBSTANTIAL FUTURE SERVICES TO THE ORGANIZATION IN ACCORDANCE WITH A VESTING SCHEDULE NO PAYMENTS OF BENEFITS OCCURRED DURING THE CURRENT YEAR AN ESTIMATE OF THE ANNUAL INCREASE IN ACTUARIAL VALUE IS REPORTED AS DEFERRED COMPENSATION IN PART VII AND IN SCHEDULE J, COLUMN (C) FOR THE APPLICABLE EXECUTIVES KEITH GOODWIN $ 68,138 RUDOLPH MCKINLEY 1,264 BRUCE ANDERSON 3,134 ZANE GOODRICH 3,014 LAURA PRESTON BARNES 7,753 SUE WILBURN 3,021 SUMEET SHARMA 14,718 JEFFORY JENNINGS 19,508 BRUCE PABST 9,795 CARLTON LONG 14,297 |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

## Part I Bond Issues

| | (a) Issuer Name | (b) Issuer EIN | (c) CUSIP # | (d) Date Issued | (e) Issue Price | (f) Description of Purpose | (g) Defeased | | (h) On Behalf of Issuer | | (i) Pool financing | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Yes | No | Yes | No | Yes | No |
| A | THE HEALTH EDUCATIONAL AND HOUSING FACILITY BOARD OF KNOX COUNTY TENNESSEE | 62-1220275 | 499523UD8 | 02-15-2003 | 50,000,000 | DEBT SERVICE AND FUTURE CAPITAL PROJECTS | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | | | | |
| 2 | Amount of bonds defeased | | | | |
| 3 | Total proceeds of issue | 49,754,946 | | | |
| 4 | Gross proceeds in reserve funds | 3,301,550 | | | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrow | 6,489,075 | | | |
| 7 | Issuance costs from proceeds | 1,965,576 | | | |
| 8 | Credit enhancement from proceeds | | | | |
| 9 | Working capital expenditures from proceeds | 2,727,895 | | | |
| 10 | Capital expenditures from proceeds | 35,270,850 | | | |
| 11 | Other spent proceeds | | | | |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2006 | | | |

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

## Part III Private Business Use

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

## Part III Private Business Use *(Continued)*

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use? | | X | | | | | | |
| b | If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? | | | | | | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | | X | | | | | | |
| d | If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? | | | | | | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶ | 1 000 % | | | | | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶ | 0 % | | | | | | | |
| 6 | Total of lines 4 and 5 | 1 000 % | | | | | | | |
| 7 | Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? | X | | | | | | | |

## Part IV Arbitrage

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

## Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

## Part VI Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

**Schedule L** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

**Name of the organization**
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

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

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

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

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

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

## Part II Loans to and/or From Interested Persons.

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

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

## Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| (1) CHILD NEUROLOGY SERVICES PC | PROVIDER OF MEDICAL SERVICES TO ETCH | 411,055 | CHRISTOPHER A MILLER, M D , MEMBER OF THE ETCH BOARD OF DIRECTORS, IS A SHAREHOLDER IN CHILD NEUROLOGY SERVICES, P C | | No |
| (2) MARTIN & COMPANY INC | PROVIDER OF FINANCIAL SERVICES TO ETCH | 329,642 | A DAVID MARTIN, MEMBER OF THE ETCH BOARD OF DIRECTORS, IS THE CHAIRMAN & FOUNDER OF MARTIN & COMPANY, INC | | No |
| (3) NEUROSURGICAL ASSOCIATES PC | PROVIDER OF MEDICAL SERVICES TO ETCH | 329,442 | LEWIS W HARRIS, M D , MEMBER OF THE ETCH BOARD OF DIRECTORS, IS A SHAREHOLDER IN NEUROSURGICAL ASSOCIATES, P C | | No |
| | | | | | |
| | | | | | |
| | | | | | |

**Part V Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|---|---|---|

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

# NonCash Contributions

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

Employer identification number
62-6002604

## Part I Types of Property

| | | (a) Check if applicable | (b) Number of Contributions or items contributed | (c) Contribution amounts reported on Form 990, Part VIII, line 1g | (d) Method of determining contribution amounts |
|---|---|---|---|---|---|
| 1 | Art—Works of art | X | 1 | 300 | MARKET VALUE |
| 2 | Art—Historical treasures | | | | |
| 3 | Art—Fractional interests | | | | |
| 4 | Books and publications | | | | |
| 5 | Clothing and household goods | | | | |
| 6 | Cars and other vehicles | | | | |
| 7 | Boats and planes | | | | |
| 8 | Intellectual property | | | | |
| 9 | Securities—Publicly traded | | | | |
| 10 | Securities—Closely held stock | | | | |
| 11 | Securities—Partnership, LLC, or trust interests | | | | |
| 12 | Securities—Miscellaneous | | | | |
| 13 | Qualified conservation contribution—Historic structures | | | | |
| 14 | Qualified conservation contribution—Other | | | | |
| 15 | Real estate—Residential | | | | |
| 16 | Real estate—Commercial | | | | |
| 17 | Real estate—Other | | | | |
| 18 | Collectibles | | | | |
| 19 | Food inventory | X | 19 | 10,021 | MARKET VALUE |
| 20 | Drugs and medical supplies | | | | |
| 21 | Taxidermy | | | | |
| 22 | Historical artifacts | | | | |
| 23 | Scientific specimens | | | | |
| 24 | Archeological artifacts | | | | |
| 25 | Other ▸ ( AUCTION ITEMS ) | X | 55 | 21,266 | MARKET VALUE |
| 26 | Other ▸ ( MISC SUPPLIES ) | X | 35 | 43,207 | MARKET VALUE |
| 27 | Other ▸ ( ) | | | | |
| 28 | Other ▸ ( ) | | | | |

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

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

## Part II

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

| Identifier | Return Reference | Explanation |
|---|---|---|

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

**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
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

| Identifier | Return Reference | Explanation |
|---|---|---|
| CONTINUATION OF PROGRAM SERVICE ACCOMPLISHMENTS | FORM 990, PART III, LINE 4A, | THE CHILDREN'S HOSPITAL REHABILITATION CENTER WAS ESTABLISHED IN 1947 BY A GROUP OF PARENTS WHOSE CHILDREN HAD CEREBRAL PALSY, AND IT HAS BEEN AN ETCH DEPARTMENT SINCE 1995 THE CENTER PROVIDES REHAB EVALUATION AND TREATMENT SERVICES TO INPATIENTS AT ETCH AND THE CENTER, AS WELL AS HOME HEALTH REHAB THROUGH CHILDREN'S HOSPITAL HOME HEALTH CARE PATIENTS RANGE FROM THOSE WITH MILD DEVELOPMENTAL DELAYS TO MULTIPLE HANDICAPPING CONDITIONS ALL SERVICES ARE DESIGNED TO HELP CHILDREN REACH THEIR GREATEST INDEPENDENT FUNCTION AND DEVELOPMENTAL POTENTIAL IN ADDITION TO OUTPATIENT PHYSICAL AND OCCUPATIONAL THERAPY AND SPEECH PATHOLOGY AT THE CENTER, OUTPATIENT SERVICES ALSO INCLUDE THE CHILDREN'S CORNER MEDICAL DAY TREATMENT PROGRAM, NUTRITION, PSYCHOLOGY, SUMMER DAY CAMP, TRANSPORTATION, PARENT TRAINING AND OUTPATIENT CLINICS AT ETCH THE CENTER ALSO PROVIDES HIGH-RISK FOLLOW-UP AND SEATING CLINICS THE CHILDREN'S HOSPITAL REHABILITATION CENTER IS A UNITED WAY AGENCY ETCH ALSO PROVIDES COMPREHENSIVE CONSULTATION, EVALUATION, DIAGNOSTIC SERVICES AND TREATMENT FOR PEDIATRIC PATIENTS WITH ACUTE, CHRONIC AND/OR COMPLEX CONDITIONS THROUGH THE JAMES S BUSH OUTPATIENT CARE CENTER SEVERAL CLINICS FOR SPECIFIC CONDITIONS ARE OFFERED INCLUDING CRANIOFACIAL, CYSTIC FIBROSIS, DERMATOLOGY, DIABETES, GYNECOLOGY, HEMATOLOGY/ONCOLOGY, HIGH RISK, INFECTIOUS DISEASES, METABOLIC DISEASES, MULTISPECIALITY, RHEUMATOLOGY, SPECIAL ATTENTION AND SPASTICITY A CLINIC VISIT MAY INCLUDE TREATMENT AND CONSULTATION WITH PHYSICIANS, NURSES AND STAFF FROM NUTRITION, SOCIAL WORK, CHILD LIFE, REHABILITATION OR RESPIRATORY CARE ADDITIONAL SERVICES THE SOCIAL WORK DEPARTMENT AT ETCH HELPS PATIENTS AND THEIR FAMILIES DEAL WITH EMOTIONAL STRESS CAUSED BY ILLNESS, INJURY OR THE HOSPITALIZATION ITSELF SOCIAL WORK SERVICES INCLUDE INFORMATION AND REFERRAL, SHORT-TERM SUPPORTIVE COUNSELING FOR PATIENTS AND PARENTS, CRISIS INTERVENTION ASSISTANCE, DISCHARGE PLANNING, FINANCIAL ASSISTANCE, INFORMATION ON SUPPORT AND ADVOCACY GROUPS, AND ASSISTANCE WITH CONCRETE NEEDS, INCLUDING RONALD MCDONALD HOUSE REFERRALS THE DEPARTMENT ALSO COORDINATES TRANSLATION OF MUCH OF THE HOSPITAL'S PRINTED MATERIAL INTO SPANISH TO GIVE THE HISPANIC POPULATION COMMUNICATION ACCESS WHEN MEDICAL SERVICES ARE PROVIDED SOCIAL WORK ALSO PROVIDES SEVERAL INTERPRETATION SERVICES FOR ETCH OPTIMAL PHONE INTERPRETERS IS A TELEPHONE SERVICE THAT PROVIDES INTERPRETERS IN MORE THAN 204 LANGUAGES AND DIALECTS INTERPRETERS CAN BE ARRANGED FOR FACE-TO-FACE INTERACTIONS BETWEEN SPANISH-SPEAKING PATIENTS AND PARENTS AND THE PHYSICIAN AND/OR OTHER HOSPITAL STAFF MEMBER SIGN LANGUAGE INTERPRETERS ARE ALSO AVAILABLE FOR HEARING IMPAIRED PATIENTS AND FAMILIES HOSPITALIZATION, MEDICAL PROCEDURES, ILLNESS AND PAIN ARE OFTEN FEARFUL TIMES FOR PEOPLE OF ALL AGES THE CHILD LIFE DEPARTMENT AT ETCH IS RESPONSIBLE FOR HELPING CHILDREN COPE WITH THEIR HOSPITALIZATION THROUGH EDUCATION, MEDICAL PLAY AND ACTIVITIES THE CHILD LIFE STAFF ASSESSES THE CHILD'S FEARS AND NEEDS, EXPLAIN PROCEDURES IN LANGUAGE CHILDREN CAN UNDERSTAND AND USE DISTRACTIONS TO MAKE PROCEDURES, SUCH AS THE PLACEMENT OF AN IV LINE, LESS INTIMIDATING THE CHILD LIFE STAFF MEMBERS HOLD DEGREES IN EDUCATION, CHILD DEVELOPMENT OR THERAPEUTIC RECREATION THEY HAVE EXPERTISE IN DEALING WITH A CHILD'S CONCERNS AND REACTIONS TO THE HOSPITAL AND HIS OR HER ILLNESS IN ADDITION TO ITS WORK WITHIN THE HOSPITAL, THE CHILD LIFE DEPARTMENT ALSO COORDINATES SEVERAL ACTIVITIES FOR CHILDREN IN THE COMMUNITY PASTORAL CARE - CHAPLAINS ARE AVAILABLE 24 HOURS A DAY TO PROVIDE SPIRITUAL AND EMOTIONAL SUPPORT TO PATIENTS, FAMILIES AND STAFF AT ETCH CHAPLAINS ALSO PROVIDE CONSULTATION CONCERNING ETHICAL ISSUES RELATED TO PATIENT CARE FOOD AND NUTRITION SERVICES - ETCH'S CAFETERIA IS OPEN DAILY VENDING MACHINES ON THE GROUND FLOOR NEAR THE DINING ROOM AND IN THE SCOTT M NISWONGER EMERGENCY DEPARTMENT WAITING AREA PROVIDE SANDWICHES, SNACKS AND BEVERAGES 24 HOURS A DAY FOR PATIENTS WITH NO DIETARY RESTRICTIONS, FOOD AND NUTRITION SERVICES OFFERS A SELECTIVE MENU OF IN-ROOM MEALS ALSO, REGISTERED DIETITIANS PROVIDE CLINICAL NUTRITION SERVICES, AND MEDICAL NUTRITION THERAPY IS AVAILABLE TO INPATIENTS AND OUTPATIENTS WHO ATTEND SPECIALTY CLINICS OR WHO HAVE INDIVIDUAL APPOINTMENTS THESE SERVICES INCLUDE NUTRITION ASSESSMENT, FEEDING RECOMMENDATIONS, INTAKE EVALUATION AND NUTRITION COUNSELING ETCH'S HEALTHY KIDS PROGRAM IS A COMMUNITY EDUCATION INITIATIVE OF THE COMMUNITY RELATIONS DEPARTMENT THE PROGRAM SERVES AS AN EDUCATION RESOURCE FOR PARENTS, GRANDPARENTS AND OTHER CARETAKERS BY OFFERING CLASSES, LITERATURE, A QUARTERLY NEWSLETTER AND OTHER OPPORTUNITIES FOR LEARNING HOW TO IMPROVE THE HEALTH AND WELL-BEING OF CHILDREN ETCH IS THE LEAD ORGANIZATION FOR AN IMPORTANT AREA COALITION SAFE KIDS OF THE GREATER KNOX AREA THE MISSION OF THE LOCAL SAFE KIDS COALITION IS TO REDUCE UNINTENTIONAL INJURIES IN CHILDREN UP TO AGE 14 IN THE EAST TENNESSEE REGION BY PROMOTING AWARENESS AND IMPLEMENTING PREVENTION INITIATIVES THE LOCAL SAFE KIDS IS PART OF SAFE KIDS WORLDWIDE, A NETWORK OF COALITIONS WHOSE PRIMARY PURPOSE IS TO PREVENT UNINTENTIONAL INJURIES IN CHILDREN BY PROVIDING CHILDREN AND ADULTS CARING FOR THEM WITH INFORMATION ABOUT HOW TO STAY SAFE HOPP IS HEMATOLOGY/ONCOLOGY PATIENTS AND PARENTS, AN OFFICIAL SUPPORT GROUP OF ETCH THAT PROVIDES SUPPORT FOR FAMILIES DEALING WITH A CHILD WITH CANCER FOR THE YEAR ENDED JUNE 30, 2012 ETCH HAD 40,299 TOTAL INPATIENT DAYS, 168,517 TOTAL OUTPATIENT VISITS AND 66,145 EMERGENCY DEPARTMENT VISITS |
| | FORM 990, PART VI, SECTION B, LINE 11 | THE FORM 990 AND RELATED SCHEDULES ARE PREPARED BY AN UNRELATED, INDEPENDENT ACCOUNTING FIRM AND THEN SUBMITTED TO THE ETCH VP OF FINANCE FOR INTERNAL REVIEW A DRAFT FORM IS ALSO PROVIDED TO THE ALL ETCH BOARD OF DIRECTORS MEMBERS PRIOR TO FILING |
| | FORM 990, PART VI, SECTION B, LINE 12C | EACH MEMBER OF THE BOARD OF DIRECTORS IS ASKED TO REVIEW THE CONFLICT OF INTEREST POLICY AND PROVIDE DISCLOSURE OF ANY ACTIVITIES WHICH COULD CONSTITUTE A CONFLICT OF INTEREST OR POTENTIAL CONFLICT OF INTEREST ANNUALLY THESE CONFLICT OF INTEREST DISCLOSURES ARE REVIEWED BY ETCH'S GENERAL COUNSEL TO ASSURE COMPLIANCE ADDITIONALLY, BOARD MEMBERS ARE ASKED TO RECUSE THEMSELVES ON ANY MATTERS OF INTEREST BEFORE THE BOARD IN WHICH A CONFLICT OF INTEREST MAY EXIST ANY SUCH RECUSAL IS DOCUMENTED WITHIN THE MINUTES OF THE BOARD OR COMMITTEE |
| | FORM 990, PART VI, SECTION B, LINE 15 | THE EXECUTIVE COMMITTEE OF THE ETCH BOARD OF DIRECTORS UTILIZES THE SERVICES OF INDEPENDENT, OUTSIDE COMPENSATION CONSULTANTS TO PROVIDE THE COMMITTEE WITH RELEVANT MARKET DATA FROM STATE AND NATIONAL SALARY SURVEYS FOR COMPARABLE MARKETS WITH THIS DATA AND THE ADVICE OF OUTSIDE CONSULTANTS, THE ETCH BOARD OF DIRECTORS EXECUTIVE COMMITTEE MAKES RECOMMENDATIONS ON PAY AND BENEFITS FOR THE ETCH PRESIDENT/CEO |
| | FORM 990, PART VI, SECTION C, LINE 19 | ALL ETCH GOVERNING DOCUMENTS, THE CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST ADDITIONALLY, FINANCIAL STATEMENTS ARE PROVIDED TO BONDHOLDERS, LOCAL HOSPITALS AND DONORS THE CONFLICT OF INTEREST POLICY IS POSTED ON ETCH'S INTRANET |
| WHISTLEBLOWER POLICY | FORM 990, PART VI, SECTION B, LINE 13, | THE ORGANIZATION DOES NOT PRESENTLY HAVE A FORMAL WRITTEN WHISTLEBLOWER POLICY, HOWEVER, ETCH DOES HAVE A NON-RETALIATION POLICY THE ORGANIZATION IS CURRENTLY WORKING TO FORMALIZE A WHISTLEBLOWER POLICY |
| COMPENSATION | FORM 990, PART VII, SECTION A, | KEITH D GOODWIN, MEMBER OF ETCH'S BOARD OF DIRECTORS, RECEIVED REPORTABLE COMPENSATION AS AN EMPLOYEE OF ETCH HE DID NOT RECEIVE ANY COMPENSATION FOR SERVING ON THE BOARD OF DIRECTORS BRYAN PABST IS EMPLOYED AND RECEIVES A FORM W-2 FROM ETCH HOWEVER, COMPENSATION FOR THESE INDIVIDUALS IS REIMBURSED BY ANOTHER ORGANIZATION |
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED GAINS ON INVESTMENTS 234,652 EQUITY IN EARNINGS OF SUBSIDIARY -1,054,280 BOOK/TAX DIFFERENCE FOR PASSTHROUGH INVESTMENT -29,480 TEMPORARILY RESTRICTED INVESTMENT INCOME 839,738 TOTAL TO FORM 990, PART XI, LINE 5 -9,370 |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134037903

# 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**
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**Employer identification number**
62-6002604

**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 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

**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)** CHILDREN'S PRIMARY CARE CENTER<br>PO BOX 15010<br>KNOXVILLE, TN 37901<br>62-1573297 | PEDIATRIC CLINIC HOLDING COMPANY | TN | EAST TENNESEE CHILDREN'S HOSPITAL ASSOCIATION INC | C | 24,259,276 | 5,922,518 | 100 000 % |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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

| | | Yes | No |
|---|---|---|---|
| **Note.** Complete line 1 if any entity is listed in Parts II, III or IV | | | |
| **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 | | No |
| **c** Gift, grant, or capital contribution from related organization(s) | 1c | | No |
| **d** Loans or loan guarantees to or for related organization(s) | 1d | Yes | |
| **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 | | No |
| **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 | | No |
| **n** Sharing of paid employees with related organization(s) | 1n | | No |
| **o** Reimbursement paid to related organization(s) for expenses | 1o | | No |
| **p** Reimbursement paid by related organization(s) for expenses | 1p | | No |
| **q** Other transfer of cash or property to related organization(s) | 1q | | No |
| **r** Other transfer of cash or property from related organization(s) | 1r | Yes | |

**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)** CHILDREN'S PRIMARY CARE CENTER | D | 532,874 | COST |
| **(2)** CHILDREN'S PRIMARY CARE CENTER | R | 8,668,237 | |
| **(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 | |
|---|---|---|---|

[redacted]

# EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC. AND SUBSIDAIRIES

## Audited Consolidated Financial Statements

**Years Ended June 30, 2012 and 2011**

PYA

*Certified Public Accountants*

**EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC.**
**AND SUBSIDIARIES**

***Audited Consolidated Financial Statements***

***Years Ended June 30, 2012 and 2011***

PYA
Certified Public Accountants

PERSHING YOAKLEY & ASSOCIATES, P.C.
One Cherokee Mills, 2220 Sutherland Avenue
Knoxville, TN 37919
p: (865) 673-0844 | f: (865) 673-0173
www.pyapc.com

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of East Tennessee
Children's Hospital Association, Inc.:

We have audited the accompanying consolidated balance sheets of East Tennessee Children's Hospital Association, Inc. and subsidiaries (the Hospital) as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of the Hospital. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of East Tennessee Children's Hospital Association, Inc. and subsidiaries as of June 30, 2012 and 2011, 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.

Pershing Yoakley & Associates PC

Knoxville, Tennessee
September 14, 2012

**EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC.**
**AND SUBSIDIARIES**

***Consolidated Balance Sheets***

| | *June 30,* | |
|---|---|---|
| | ***2012*** | ***2011*** |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | **$ 32,228,925** | $ 26,846,969 |
| Assets limited as to use | **2,204,600** | 2,222,752 |
| Patient accounts receivable, less estimated allowances for doubtful accounts and contractual adjustments of $31,634,000 in 2012 and $30,473,000 in 2011 | **31,411,628** | 32,022,838 |
| Estimated receivable from third-party payors, net | **-** | 259,314 |
| Other receivables, net | **261,376** | 109,237 |
| Inventories and prepaid expenses | **3,464,373** | 3,117,641 |
| TOTAL CURRENT ASSETS | **69,570,902** | 64,578,751 |
| ASSETS LIMITED AS TO USE, under bond indenture agreements - held by trustee, less current portion | **3,362,061** | 3,305,788 |
| TRADING SECURITIES | **73,980,783** | 44,695,781 |
| PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation | **76,748,774** | 78,749,033 |
| OTHER ASSETS | | |
| Cash, investments and other assets restricted by donors for long-term purposes | **20,040,118** | 18,437,108 |
| Notes receivable and other | **2,239,009** | 2,270,911 |
| Land held for expansion | **421,201** | 421,201 |
| Deferred financing costs, net | **1,161,469** | 1,214,666 |
| Intangible asset | **383,000** | 383,000 |
| Investment in joint venture | **962,235** | 972,808 |
| TOTAL OTHER ASSETS | **25,207,032** | 23,699,694 |
| TOTAL ASSETS | **$ 248,869,552** | $ 215,029,047 |

| | June 30, 2012 | June 30, 2011 |
|---|---|---|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current portion of long-term debt | **$ 1,100,000** | $ 1,050,000 |
| Accounts payable and accrued expenses | **11,178,658** | 9,660,817 |
| Accrued compensation, benefits and payroll taxes | **9,382,357** | 8,619,511 |
| Estimated payable to third-party payors, net | **733,108** | - |
| CURRENT LIABILITIES | **22,394,123** | 19,330,328 |
| OTHER LIABILITIES | | |
| Other long-term and estimated professional liabilities | **410,000** | 410,000 |
| Long-term debt, net of current portion | **41,531,527** | 42,631,527 |
| TOTAL LIABILITIES | **64,335,650** | 62,371,855 |
| COMMITMENTS AND CONTINGENCIES - Note K | | |
| NET ASSETS | | |
| Unrestricted | **161,397,098** | 131,708,907 |
| Temporarily restricted | **7,103,337** | 4,969,630 |
| Permanently restricted | **16,033,467** | 15,978,655 |
| TOTAL NET ASSETS | **184,533,902** | 152,657,192 |
| TOTAL LIABILITIES AND NET ASSETS | **$ 248,869,552** | $ 215,029,047 |

*See notes to consolidated financial statements.*

**EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC.**
**AND SUBSIDIARIES**

***Consolidated Statements of Operations and Changes in Net Assets***

| | *Year Ended June 30,* | |
|---|---|---|
| | ***2012*** | ***2011*** |
| CHANGES IN UNRESTRICTED NET ASSETS: | | |
| Unrestricted revenue, gains, and support: | | |
| Net patient service revenue | **$ 203,541,686** | $ 177,571,255 |
| Other revenue: | | |
| Other operating revenue, net | **3,600,050** | 3,474,883 |
| Unrestricted donations | **305,940** | 251,272 |
| Net assets released from restrictions used for operations | **1,987,005** | 2,254,003 |
| TOTAL REVENUE, GAINS AND SUPPORT | **209,434,681** | 183,551,413 |
| EXPENSES: | | |
| Salaries and wages | **81,913,854** | 74,202,433 |
| Employee benefits | **23,268,185** | 21,320,860 |
| Supplies | **28,602,160** | 25,617,720 |
| Professional fees and services | **22,088,874** | 23,279,854 |
| Depreciation and amortization | **7,332,047** | 6,819,432 |
| Estimated provision for bad debts | **4,110,085** | 3,927,045 |
| Interest | **2,254,635** | 2,275,668 |
| Other | **14,203,923** | 14,250,145 |
| TOTAL EXPENSES | **183,773,763** | 171,693,157 |
| OPERATING INCOME | **25,660,918** | 11,858,256 |
| Other gains (losses): | | |
| Net investment gain | **1,819,655** | 4,877,270 |
| Net gain (loss) on disposal of assets | **586,041** | (11,311) |
| Equity in earnings of joint venture | **799,110** | 826,160 |
| EXCESS OF REVENUE, GAINS AND SUPPORT OVER EXPENSES AND LOSSES | **28,865,724** | 17,550,375 |
| Net assets released from restrictions used for the purchase of property, plant and equipment or principal payments on long-term debt | **822,467** | 1,745,825 |
| INCREASE IN UNRESTRICTED NET ASSETS | **29,688,191** | 19,296,200 |
| Unrestricted net assets, beginning of year | **131,708,907** | 112,412,707 |
| Unrestricted net assets, end of year | **$ 161,397,098** | $ 131,708,907 |

| | Year Ended June 30, 2012 | 2011 |
|---|---|---|
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS: | | |
| Temporarily restricted contributions | **$ 4,135,848** | $ 4,050,951 |
| Net investment income | **807,331** | 1,310,182 |
| Net assets released from restrictions | **(2,809,472)** | (3,999,828) |
| INCREASE IN TEMPORARILY RESTRICTED NET ASSETS | **2,133,707** | 1,361,305 |
| Temporarily restricted net assets, beginning of year | **4,969,630** | 3,608,325 |
| Temporarily restricted net assets, end of year | **$ 7,103,337** | $ 4,969,630 |
| CHANGES IN PERMANENTLY RESTRICTED NET ASSETS: | | |
| Permanently restricted contributions | **$ 54,812** | $ 1,962,275 |
| Permanently restricted net assets, beginning of year | **15,978,655** | 14,016,380 |
| Permanently restricted net assets, end of year | **$ 16,033,467** | $ 15,978,655 |
| Increase in net assets | **$ 31,876,710** | $ 22,619,780 |
| Net assets, beginning of year | **152,657,192** | 130,037,412 |
| Net assets, end of year | **$ 184,533,902** | $ 152,657,192 |

*See notes to consolidated financial statements.*

**EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC.**
**AND SUBSIDIARIES**

***Consolidated Statements of Cash Flows***

| | *Year Ended June 30,* | |
|---|---|---|
| | ***2012*** | ***2011*** |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | **$ 31,876,710** | $ 22,619,780 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | **7,332,047** | 6,819,432 |
| (Gain) loss on disposal of assets | **(586,041)** | 11,311 |
| Equity in earnings of joint venture | **(799,110)** | (826,160) |
| Restricted contributions | **(4,016,196)** | (6,101,764) |
| Amortization of bond discount | **-** | 12,268 |
| Increase (decrease) in cash due to changes in: | | |
| Patient accounts receivable, net | **914,732** | (1,697,561) |
| Other receivables | **(152,139)** | (48,551) |
| Inventories and prepaid expenses | **(346,732)** | 480,526 |
| Other assets | **(383,849)** | (169,984) |
| Trading securities | **(29,922,118)** | (12,934,610) |
| Accounts payable and accrued expenses | **1,517,841** | 599,335 |
| Accrued compensation, benefits and payroll taxes | **762,846** | 231,644 |
| Estimated payable to third-party payors, net | **992,422** | 2,783 |
| Total adjustments | **(24,686,297)** | (13,621,331) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | **7,190,413** | 8,998,449 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures, net | **(5,513,092)** | (8,023,117) |
| Proceeds from disposal of property, plant and equipment | **868,775** | - |
| Increase in assets limited as to use | **(38,121)** | (57,727) |
| Payments received on notes receivable | **235,979** | 270,380 |
| Increase in notes receivable | **(7,155)** | (146,586) |
| Cash paid for acquisition of physician practices and related assets | **(339,292)** | (443,447) |
| Distributions from joint venture | **809,683** | 857,849 |
| NET CASH USED IN INVESTING ACTIVITIES | **(3,983,223)** | (7,542,648) |

| | Year Ended June 30, 2012 | 2011 |
|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on long-term debt | **(1,050,000)** | (1,005,000) |
| Restricted contributions | **4,016,196** | 6,101,764 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | **2,966,196** | 5,096,764 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | **6,173,386** | 6,552,565 |
| CASH AND CASH EQUIVALENTS, beginning of year | **27,332,449** | 20,779,884 |
| CASH AND CASH EQUIVALENTS, end of year | **$ 33,505,835** | $ 27,332,449 |
| Reconciliation of cash and cash equivalents on Consolidated Statements of Cash Flows to the Consolidated Balance Sheets: | | |
| Cash and cash equivalents - unrestricted | **$ 32,228,925** | $ 26,846,969 |
| Cash restricted by donors for long-term purposes | **1,276,910** | 485,480 |
| | **$ 33,505,835** | $ 27,332,449 |
| SUPPLEMENTAL INFORMATION: | | |
| Cash paid for interest | **$ 2,249,175** | $ 2,280,412 |
| Restricted contribution accrual | **$ 264,801** | $ 90,337 |

During 2012 and 2011, the Hospital acquired the assets of certain physician practices. The physician practices are consolidated within the accompanying consolidated financial statements as of the respective acquisition dates. The consolidated cash flows include the practices' cash flows since the acquisition dates.

NOTE A--THE ENTITY

*Operations:* East Tennessee Children's Hospital Association, Inc. (the Hospital) is a 152-bed, not-for-profit acute care pediatric hospital located in Knox County, Tennessee. The Hospital is the sole shareholder or sole member of the following subsidiaries:

*East Tennessee Children's Hospital Primary Care Center, Inc.* (Primary Care), a taxable not-for-profit entity established in 1995 as a holding company for Children's Primary Care Center, the Pediatric Clinic, Boys and Girls Pediatrics, Maryville Pediatric Group, Oak Ridge Pediatric Clinic, Greene Mountain Pediatrics, Greeneville Pediatrics and Children's Faith Pediatrics. Other than Children's Primary Care Center, all pediatric clinics are practices acquired by the Hospital. The clinics are located throughout Knox, Blount, Anderson, Loudon, Campbell, Greene and Sevier Counties in Tennessee.

*Collector's, Inc. of Knoxville* (CIK), a for-profit collection agency. During 2005, the operations of CIK were absorbed into and became a department of the Hospital. Management does not intend to permanently dissolve CIK.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

*Principles of Consolidation:* The consolidated financial statements include the accounts of the Hospital and its subsidiaries after elimination of all significant intercompany accounts and transactions. For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other gains or losses.

*Use of Estimates:* The preparation of the consolidated 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 as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates subject to change in the near term include estimated contractual adjustments and the estimated allowance for uncollectible accounts.

*Cash and Cash Equivalents:* Cash and cash equivalents include non-designated investments with original terms to maturity of approximately three months or less when purchased. Cash and cash equivalents designated as assets limited as to use, restricted by donors for long-term purposes or uninvested amounts included in investment portfolios are not included in the Consolidated Balance Sheets as cash and cash equivalents.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

*Inventories:* Inventories are carried at the lower of cost or market utilizing the first-in, first-out method.

*Trading Securities and Investment Income:* Trading securities are reported at fair value based on quoted market prices of identical or similar securities. Realized gains and losses on trading securities are computed using the specific identification method for cost determination. Investment income (including unrealized and realized gains and losses) on unrestricted funds are reported as a part of other gains (losses). Estimated earnings (including unrealized and realized gains and losses) on temporarily restricted net assets are allocated to that net asset classification (Note C). Investment income is reported net of related investment fees.

Losses on the investments of endowment funds reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss reduces unrestricted net assets. Gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net assets (Note C).

*Assets Limited as to Use*: Investments held by a trustee under the terms of bond indentures are reported as assets limited as to use. Assets limited as to use that are required for obligations classified as current liabilities or amounts to be paid during the subsequent year are reported as current assets. These funds are invested in cash equivalents.

*Property, Plant and Equipment*: Property, plant and equipment is stated at cost or, if donated, at the fair market value at the date of the gift. Depreciation is computed by the straight-line method over the estimated useful lives of the buildings and improvements (5 to 40 years) and equipment (3 to 25 years). Renewals and betterments are capitalized and depreciated over their estimated useful lives, whereas repair and maintenance expenditures are expensed as incurred. The Hospital reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. The Hospital did not recognize any impairment losses in 2012 or 2011.

*Deferred Financing Costs*: Deferred financing costs are amortized over the term of the respective debt issue utilizing the straight-line method. Deferred financing costs are net of accumulated amortization of $487,640 and $434,443 at June 30, 2012 and 2011, respectively.

*Intangible Asset:* The intangible asset relates to patient relationships acquired in the purchase of a physician practice.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

*Investment in Joint Venture*: The investment in joint venture is recorded on the equity method of accounting (Note J).

*Temporarily and Permanently Restricted Net Assets:* Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

*Excess of Revenue, Gains and Support Over Expenses and Losses:* The Statements of Operations and Changes in Net Assets includes the caption Excess of Revenue, Gains and Support Over Expenses and Losses (the Measurement). Contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets) are excluded from the Measurement.

*Net Patient Service Revenue/Receivables*: Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with certain third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicaid, TennCare and other third-party payment programs. Current operations are charged with an estimated provision for bad debts based upon historical experience, aging of receivables and any unusual circumstances which affect the collectibility of receivables. The Hospital's policy does not require collateral or other security for patient accounts receivable. The Hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Receipts from the State of Tennessee under the TennCare Essential Access, Disproportionate Share and Trauma Care Programs are recognized as net patient service revenue when such amounts can be reasonably estimated.

*Charity Care*: The Hospital provides healthcare services and other financial support through various programs that are designed to enhance the health of children in the community and foster medical education and research. The Hospital's financial assistance policy is designed to provide care to patients regardless of their ability to pay. Patients who meet certain criteria for charity care

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

are provided healthcare without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, charges at established rates are not reported as revenue. Charges foregone, based on established rates, totaled approximately $1,132,000 and $948,000 in 2012 and 2011, respectively. The estimated direct and indirect cost of providing these services totaled approximately $446,000 and $376,000 in 2012 and 2011, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated under a reasonable and systematic approach.

*Donor Restricted Gifts:* Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Resources restricted by donors for specific operating purposes are held as temporarily restricted net assets until expended for the intended purpose, at which time they are reported as "net assets released from restrictions used for operations." Resources restricted by donors for additions to property, plant and equipment (or payments on debt incurred for property additions) are held as temporarily restricted net assets until expended, at which time they are reported as "net assets released from restrictions used for the purchase of property and equipment or principal payments on long-term debt."

Gifts, grants and bequests not restricted by donors are reported as unrestricted donations. The majority of unconditional promises to give and other support receivables are expected to be received within twelve months.

*Endowments:* The Hospital's endowment consists of fifteen individual funds established by donors for a variety of purposes. The Board of Directors of the Hospital has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are expended in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Hospital considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds, such as the duration and preservation of the fund, the purposes of the Hospital and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the organization and the investment policies of the Hospital.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

*Federal Income Taxes*: The Hospital is classified as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements related to the 501(c)(3) organization. Primary Care and CIK are taxable entities and account for income taxes in accordance with FASB ASC 740, *Income Taxes* (Note M). The Hospital has no uncertain tax positions at June 30, 2012 or 2011.

*Fair Value of Financial Instruments*: The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except for long-term debt. At June 30, 2012 and 2011, the estimated fair value of long-term debt was approximately $43,367,000 and $40,590,000, respectively, based on quoted market prices for the same or similar issues.

*Subsequent Events:* The Hospital evaluated all events or transactions that occurred after June 30, 2012, through September 14, 2012, the date the consolidated financial statements were available to be issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2012 consolidated financial statements.

*New Accounting Pronouncements:* In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-07, *Healthcare Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Healthcare Entities*, which will require certain healthcare entities to reclassify the provision for bad debts associated with providing patient care from an operating expense to a deduction from net patient service revenue in the Consolidated Statement of Operations and Changes in Net Assets. Additionally, ASU 2011-07 requires enhanced disclosures about an entity's policies for recognizing revenue and assessing bad debts and qualitative and quantitative information about changes in the allowance for doubtful accounts. The Hospital intends to adopt ASU 2011-07 in fiscal year 2013. Management does not expect the adoption of ASU 2011-07 to have a material impact on the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities – Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24). The amendments in ASU 2010-24 clarify that a healthcare entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. The Hospital adopted ASU 2010-24 prospectively during 2012. The adoption of ASU 2010-24 did not have a material impact on the consolidated financial statements.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

In August 2010, the FASB issued ASU 2010-23, *Health Care Entities – Measuring Charity Care for Disclosure.* ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU 2010-23 requires that cost, identified as the direct and indirect costs of providing the charity care, be used as the measurement basis for disclosure purposes. ASU 2010-23 also requires disclosure of the method used to identify or determine such costs. The Hospital adopted ASU 2010-23 in 2012. The adoption of ASU 2010-23 did not have a material impact on the consolidated financial statements.

*Reclassifications:* Certain 2011 amounts have been reclassified to conform with the 2012 presentation in the accompanying consolidated financial statements.

NOTE C--TRADING SECURITIES AND ASSETS LIMITED AS TO USE

Assets limited as to use under bond indenture agreements and assets required to be used for debt service are summarized by type as follows as of June 30:

| | *2012* | *2011* |
|---|---|---|
| Cash equivalents | $ 5,566,661 | $ 5,528,540 |
| Less: amount required to meet current liabilities | (2,204,600) | (2,222,752) |
| Non-current assets limited as to use | $ 3,362,061 | $ 3,305,788 |

Trading securities, at fair value, are summarized by type as follows as of June 30:

| | *2012* | *2011* |
|---|---|---|
| Marketable equity securities | $ 36,224,741 | $ 26,195,870 |
| U.S. government securities | 3,730,652 | 1,881,370 |
| U.S. agency securities | 15,895,794 | 10,754,640 |
| Corporate debt securities | 29,669,503 | 20,841,387 |
| Municipal bond securities | 4,466,904 | 2,425,901 |
| Cash equivalents | 2,491,596 | 457,904 |
| | 92,479,190 | 62,557,072 |
| Less: securities classified as restricted by donors for long-term purposes | (18,498,407) | (17,861,291) |
| Trading securities | $ 73,980,783 | $ 44,695,781 |

NOTE C--TRADING SECURITIES AND ASSETS LIMITED AS TO USE - Continued

Income on trading securities and assets limited as to use is comprised of the following for the years ending June 30:

| | *2012* | *2011* |
|---|---|---|
| Interest and dividend income, net of fees | $ 1,204,232 | $ 586,119 |
| Net realized gains on the sale of securities | 348,368 | 816,797 |
| Change in net unrealized gain on securities | 267,055 | 3,474,354 |
| | $ 1,819,655 | $ 4,877,270 |

Management allocates certain investment earnings to temporarily restricted net assets. The allocated income is comprised of the following for the years ending June 30:

| | *2012* | *2011* |
|---|---|---|
| Interest and dividend income, net of fees | $ 839,734 | $ 715,737 |
| Change in net unrealized gain on securities | (32,403) | 594,445 |
| | $ 807,331 | $ 1,310,182 |

Prior to 2011, realized and unrealized investment losses reduced assets restricted by donors below the level required by donor stipulations and were recognized as reductions of unrestricted net assets. During 2011, gains of approximately $1,339,000 restored the fair value of the securities restricted by donors to the required level and were classified as increases in unrestricted net assets during the year then ended.

The trading portfolio, (including securities restricted by donors for long-term purposes) had a net unrealized gain of approximately $4,104,000 at June 30, 2012 and a net unrealized gain of approximately $3,869,000 at June 30, 2011.

NOTE D--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30 is summarized as follows:

NOTE D--PROPERTY, PLANT AND EQUIPMENT - Continued

| | *2012* | *2011* |
|---|---|---|
| Land | $ 8,532,057 | $ 8,532,057 |
| Building and improvements | 92,123,849 | 92,051,538 |
| Equipment | 54,453,880 | 52,488,267 |
| Construction in progress (Note K) | 386,496 | 3,355,986 |
| | 155,496,282 | 156,427,848 |
| Less: Accumulated depreciation | (78,747,508) | (77,678,815) |
| | $ 76,748,774 | $ 78,749,033 |

Depreciation expense for the years ended June 30, 2012 and 2011 was approximately $7,266,000 and $6,754,000, respectively.

NOTE E--LONG-TERM DEBT

During 2003, the Hospital issued $50,000,000 of Hospital Revenue Refunding and Improvement Bonds (the 2003 Bonds). The 2003 Bonds consist of $25,060,000 of Series A (insured) term bonds (the Series A bonds); $18,755,000 of Series B term bonds (the Series B term bonds) and $6,185,000 of Series B serial bonds (the Series B serial bonds). Certain proceeds from the issuance of the 2003 Bonds, net of issuance costs and discounts, were deposited into trust accounts for future capital projects and construction period interest payments. Certain other amounts were deposited into a debt service reserve fund, as required by the Master Trust Indenture dated February 15, 2003, as additional security for bond holders. Further, approximately $6,490,000 was deposited into a trust account under an Escrow Deposit Agreement for the purpose of paying principal, interest and applicable call premiums on previously issued debt.

The following is a summary of long-term debt as of June 30:

| | *2012* | *2011* |
|---|---|---|
| Revenue Bonds, 2003, Series A, issued through the Health, Educational and Housing Facility Board of Knox County, Tennessee; consisting of term bonds totaling $25,060,000, bearing interest of 5% with required annual sinking fund payments ranging from $1,405,000 to $2,555,000, beginning in 2018 through 2030. | $ 25,060,000 | $ 25,060,000 |

NOTE E--LONG-TERM DEBT - Continued

| | *2012* | *2011* |
|---|---|---|
| Revenue Bonds, 2003, Series B, issued through the Health, Educational and Housing Facility Board of Knox County, Tennessee; consisting of remaining serial bonds of $1,150,000, bearing interest of 4.75% maturing in 2014; and term bonds totaling $16,700,000 bearing interest at rates ranging from 4.50% to 5.75% with required sinking fund payments ranging from $1,100,000 to $3,205,000 through 2034. | 17,850,000 | 18,900,000 |
| | 42,910,000 | 43,960,000 |
| Less: unamortized discount | (278,473) | (278,473) |
| Less: current portion | (1,100,000) | (1,050,000) |
| | $ 41,531,527 | $ 42,631,527 |

The maturities of the outstanding debt at June 30, 2012 are as follows for the years ending June 30:

| | |
|---|---|
| 2013 | $ 1,100,000 |
| 2014 | 1,150,000 |
| 2015 | 1,205,000 |
| 2016 | 1,270,000 |
| 2017 | 1,335,000 |
| Thereafter | 36,850,000 |
| | $ 42,910,000 |

Under the terms of the bond indenture, the Hospital is required to maintain certain deposits with a trustee which are included as part of assets limited as to use. The Hospital is also subject to certain affirmative and negative covenants, including maintenance of specific debt service coverage ratios. The Hospital believes it is in compliance with these covenants at June 30, 2012.

NOTE F--TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

| | *2012* | *2011* |
|---|---|---|
| Healthcare services: | | |
| Purchases of equipment and debt service | $ 4,006,652 | $ 2,458,453 |
| Research and education | 1,501,466 | 1,248,017 |

NOTE F--TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS - Continued

| | *2012* | *2011* |
|---|---|---|
| Indigent care and other | 1,595,219 | 1,263,160 |
| | $ 7,103,337 | $ 4,969,630 |

During 2012 and 2011, approximately $822,000 and $1,219,000, respectively, of temporarily restricted net assets were released from restrictions for the purchase of property and equipment. As discussed in Note E, the Hospital issued the 2003 Bonds in part for the purposes of funding significant renovations to the Hospital facility. The Hospital also solicited donations to supplement the funding of this project. During 2011, approximately $527,000 was released from these temporarily restricted donations for the purpose of funding principal payments on the 2003 Bonds; no such amounts were released in 2012.

At June 30, 2012 and 2011, permanently restricted net assets of $16,033,467 and $15,978,655, respectively, are held as endowments. The principal of the endowments will be held to perpetuity consistent with donor restrictions. Income from the endowments is expendable to support healthcare services or to purchase equipment for the operation of the Hospital.

The Hospital has adopted investment policies for endowment assets which attempt to preserve capital, maximize the return within reasonable and prudent levels of risk, and provide a return to the restricted funds. Endowment assets are invested in a manner that is intended to produce results that exceed the initial recorded value of the investment and yield a targeted long-term rate while assuming a moderate level of investment risk.

Changes in endowment net assets for the years ended June 30, 2012 and 2011 are as follows:

| | *Temporarily Restricted* | *Permanently Restricted* | *Total* |
|---|---|---|---|
| Endowment net assets, July 1, 2010 | $ 388,474 | $ 14,016,380 | $ 14,404,854 |
| Investment earnings: | | | |
| Interest and dividend income, net of fees | 286,990 | - | 286,990 |
| Net realized/unrealized gains on investments | 887,041 | - | 887,041 |
| Total investment earnings | 1,174,031 | - | 1,174,031 |
| Contributions | 108,485 | 1,962,275 | 2,070,760 |
| Appropriation of endowment assets for expenditure | (64,839) | - | (64,839) |
| Endowment net assets, June 30, 2011 | 1,606,151 | 15,978,655 | 17,584,806 |

NOTE F--TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS - Continued

| | *Temporarily Restricted* | *Permanently Restricted* | *Total* |
|---|---|---|---|
| Investment earnings: | | | |
| Interest and dividend income, net of fees | 401,561 | - | 401,561 |
| Net realized/unrealized gains on investments | 284,387 | - | 284,387 |
| Total investment earnings | 685,948 | - | 685,948 |
| Contributions | 76,585 | 54,812 | 131,397 |
| Appropriation of endowment assets for expenditure | (89,024) | - | (89,024) |
| Endowment net assets, June 30, 2012 | $ 2,279,660 | $ 16,033,467 | $ 18,313,127 |

NOTE G--NET PATIENT SERVICE REVENUE

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the accompanying Consolidated Statements of Operations and Changes in Net Assets is as follows for the years ended June 30:

| | *2012* | *2011* |
|---|---|---|
| Inpatient service charges | $ 216,304,313 | $ 178,495,809 |
| Outpatient service charges | 212,546,199 | 210,134,740 |
| Gross patient service charges | 428,850,512 | 388,630,549 |
| Less: | | |
| Estimated contractual adjustments | 224,177,217 | 210,111,294 |
| Charity care | 1,131,609 | 948,000 |
| | 225,308,826 | 211,059,294 |
| Net patient service revenue | $ 203,541,686 | $ 177,571,255 |

During the years ended June 30, 2012 and 2011, net patient service revenue of approximately $15,203,000 and $13,747,000, respectively, net of related physician fees of approximately $17,966,000 and $18,358,000, respectively, is included in Professional Fees and Services in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

NOTE H--THIRD-PARTY REIMBURSEMENT

The Hospital has agreements with various third-party payors that provide for payments to the Hospital at amounts different from established rates. The difference between the Hospital's rates and

NOTE H--THIRD-PARTY REIMBURSEMENT - Continued

the estimated payments from third-party payors is recorded as a contractual allowance. Net patient service revenue and the related accounts receivable have been adjusted to the estimated amounts that will be received under third-party payor arrangements.

Amounts earned under certain of these contractual arrangements are subject to review and final determination by various program intermediaries and appropriate governmental authorities or their agents. Management believes that adequate provision has been made for any adjustments which may result from such reviews.

A summary of the payment arrangements with major third-party payors is as follows:

*TennCare*: Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations. TennCare reimbursement for inpatient and outpatient services is based upon diagnosis related group assignments, a negotiated per diem or a fee schedule basis. The Hospital also receives additional distributions from the State of Tennessee under the TennCare Essential Access program and other programs designed to provide supplemental funding for services provided to TennCare patients. Future distributions under these programs are not guaranteed. The amount recognized totaled approximately $2,131,000 and $3,720,000, respectively, in 2012 and 2011. In addition, the Estimated Payable to Third-Party Payors, net in the accompanying 2012 Consolidated Balance Sheet includes approximately $1,096,000 related to supplemental funding which is subject to audit by the State of Tennessee and will be recognized when the Hospital's eligibility to receive such funding is confirmed.

Effective, July 1, 2010, hospital providers in the State of Tennessee are subject to an annual assessment based upon a percentage of net patient revenue. The provider payments are matched with available federal funds and used to make payments back to providers. In fiscal years 2012 and 2011, assessments paid by the Hospital of approximately $5,801,000 and $4,520,000, respectively, were completely offset by payments received from the State of Tennessee. As such, no net amounts related to these assessments have been recognized in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

*Other*: The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

NOTE I--RETIREMENT PLAN

The Hospital sponsors a 403(b) plan (the 403(b) Plan) which is funded solely by employees' contributions. The Hospital does not make any discretionary or matching contributions into the 403(b) Plan. In addition, the Hospital has a defined contribution plan (the Plan) under which the Hospital contributes from 2% to 4% of each eligible employee's salary, based on the employee's length of service. The contribution is limited to the first $245,000 of salary in each plan year. The Hospital also contributes to the Plan one-half of each employee's contributions to the 403(b) Plan, limited to two percent of eligible employee's salary each plan year. Employees are eligible to participate in the Plan after completion of one year of service in which the employee is credited with 1,000 hours of service and the employee has attained age 21. Contributions related to the Plan totaled approximately $2,843,000 and $2,690,000 in 2012 and 2011, respectively. The Hospital also sponsors a 457(f) plan for certain key executives and physician employees.

Notes Receivable and Other in the Consolidated Balance Sheets at June 30, 2012 and 2011 includes approximately $1,305,000 related to the Hospital's portion of benefits recoverable upon the death of individuals participating in a previous secured executive benefit program. The Hospital did not make any contributions into this program during 2011 or 2012 and the Hospital is not required to make any future contributions into this program.

NOTE J--RELATED PARTY TRANSACTIONS

The Hospital has entered into transactions with entities affiliated with certain members of the Board of Directors including transactions to renovate Hospital facilities and provide professional services, including investment management. Professional and other fees associated with Board members totaled approximately $1,381,000 and $2,118,000 in 2012 and 2011, respectively. Board members refrain from discussion and abstain from voting on transactions with entities with which they are related.

*Children's West Surgery Center (the Center):* During 2000, the Hospital entered into a joint venture with a group of physicians to develop and operate a pediatric outpatient surgery center. Ownership is shared equally among the Hospital and physicians. Unaudited, condensed financial information of the Center is as follows as of June 30, 2012 and for the six-month period then ended:

| | |
|---|---|
| Assets | $ 1,971,617 |
| Equity | $ 1,776,640 |
| Net gain | $ 795,283 |

NOTE K--COMMITMENTS AND CONTINGENCIES

*Insurance*: The Hospital maintains general and professional liability insurance through a commercial insurance company. The general and professional liability insurance policies have $1,000,000 per claim coverage with an aggregate maximum coverage of $3,000,000 per annum, after a deductible of $100,000 per claim and an aggregate annual deductible of $700,000. In addition, the Hospital maintains an umbrella liability policy in the amount of $20,000,000. The policy coverages are on a claims-made basis. As part of the insurance plan, the Hospital is required to hold a $300,000 letter of credit for the benefit of the insurance company. This letter of credit was unused as of June 30, 2012.

At June 30, 2012, the Hospital is involved in litigation relating to medical malpractice arising in the ordinary course of business. There are also known incidents occurring through June 30, 2012 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. Hospital management has estimated and accrued for the cost of asserted claims based on historical data and legal counsel advice. No accrual for claims incurred but not reported is recorded in the accompanying consolidated financial statements as management is not able to estimate such amounts.

The Hospital also maintains worker's compensation insurance through a commercial carrier. The policy has a $250,000 per occurrence and a $1,080,000 aggregate annual deductible. The Hospital is required to hold a $450,000 letter of credit for the benefit of the insurance company. This letter of credit was unused as of June 30, 2012. Hospital management has estimated and accrued for the cost of asserted claims based on historical data. No accrual for claims incurred but not reported is recorded in the accompanying consolidated financial statements as management is not able to estimate such amounts.

*Employee Benefits:* The Hospital is self-insured for health claims under a health insurance program and has purchased reinsurance for individual claims exceeding $150,000. Claims payable, as well as management's estimate for claims incurred but not reported is included as part of accounts payable and accrued expenses. At June 30, 2012 and 2011, no amounts were recoverable from the reinsurance carrier.

*Physician Agreements:* The Hospital enters into contractual relationships with physician practices to provide services to the community. Under the contracts, the Hospital has committed to provide advances to certain practices in various amounts. Certain of the contracts contain provisions that payments of the advances will be forgiven if the physicians continue to practice pediatric medicine in the community for specified terms. Further, upon termination of the contract for specified reasons, certain of the agreements require the Hospital to purchase professional liability tail coverage for the

NOTE K--COMMITMENTS AND CONTINGENCIES - Continued

physician. Management estimates that the Hospital's liability related to purchasing the professional liability tail coverage is not significant as of June 30, 2012.

*Compliance:* The ever increasing compliance requirements placed on hospitals in general and the current implementation of the new Stark regulations in particular have far-reaching consequences. This has resulted in new initiatives by the Hospital to review and strengthen compliance requirements. The Board of Directors has a standing compliance committee which has been actively involved with management in reviewing all physician related contracts. In addition, the Hospital employs, as part of the management team, a Vice President for Legal Services and General Counsel. This individual is responsible for several areas, including compliance, contract coordination, and risk management. In addition to these compliance initiatives, management and the Board have adopted a vision, *Leading the Way to Healthy Children*, and have adopted a strategic plan that will guide the efforts of the Hospital over the next five years.

Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

In March 2010, Congress adopted comprehensive healthcare insurance legislation, *Patient Care Protection and Affordable Care Act* and *Health Care and Education Reconciliation Act.* The legislation, among other matters, is designated to expand access to coverage to substantively all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing TennCare and Medicaid coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required for these legislative acts, which are to be adopted over a period of years and, accordingly, the specific impact of any future regulations is not determinable.

*Construction in Progress:* Construction in progress at June 30, 2012 relates primarily to information system software and equipment in the process of installation. Total costs to complete this project is estimated to be approximately $1,557,000.

NOTE L--CONCENTRATION OF CREDIT RISK

The Hospital is located in Knoxville, Tennessee and the Hospital grants credit without collateral to its patients, most of who are local residents insured under third-party payor agreements. Admitting physicians are primarily practitioners in the local area. Approximately 89% and 87% of the

NOTE L--CONCENTRATION OF CREDIT RISK - Continued

consolidated entity's net patient service revenue related to the operations of the acute care hospital in 2012 and 2011, respectively.

A significant portion of the Hospital's support is related to contributions and other support from the local community. As such, the Hospital has a concentration of risk related to these contributions.

The mix of gross receivables from patients and third-party payors are as follows as of June 30:

| | *2012* | *2011* |
|---|---|---|
| TennCare | 46% | 50% |
| Medicaid | 3% | 3% |
| Commercial and other | 29% | 27% |
| Patients | 22% | 20% |
| | 100% | 100% |

The Hospital routinely invests its surplus operating funds in investment vehicles as listed in Note C. Investments in marketable equity securities, corporate debt, municipal bonds and money market funds are not insured or guaranteed by the U.S. government; however, management believes that credit risk related to these investments is minimal.

NOTE M--INCOME TAXES

Primary Care and CIK account for income taxes under the provisions of ASC 740, *Income Taxes.* As of June 30, 2012, Primary Care has net operating loss carryforwards for federal and state income tax purposes of approximately $29,400,000 related to operating losses generated in the current and prior years which expire in years 2013 through 2031. The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The components of Primary Care's deferred taxes at June 30, 2012 and 2011 consist of deferred tax assets of approximately $4,418,000 and $4,260,000, respectively, related to net operating loss carryforwards. Primary Care has established a valuation allowance which completely offsets all recorded deferred tax assets at June 30, 2012 and 2011. The valuation allowance of Primary Care increased by approximately $158,000 in 2012, due primarily to the 2012 net operating loss. The

NOTE M--INCOME TAXES - Continued

Hospital did not recognize any income tax expense or benefit related to Primary Care in the years ending June 30, 2012 and 2011.

NOTE N--FUNCTIONAL EXPENSES

The Hospital provides general healthcare services to children in East Tennessee. Expenses of the Hospital, on a functional basis, are as follows for the years ending June 30:

| | *2012* | *2011* |
|---|---|---|
| Healthcare services | $ 129,554,806 | $ 122,060,382 |
| Administrative and general | 43,241,101 | 40,551,244 |
| Other expenses | 10,977,856 | 9,081,531 |
| | $ 183,773,763 | $ 171,693,157 |

Net assets released from restrictions related to fundraising activities were approximately $1,181,000 and $950,000, respectively, for the years ended June 30, 2012 and 2011.

NOTE O--FAIR VALUE MEASUREMENT

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.

- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

NOTE O--FAIR VALUE MEASUREMENT - Continued

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Hospital's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

| | *June 30, 2012* | *Level 1* | *Level 2* | *Level 3* |
|---|---|---|---|---|
| Marketable equity securities | $ 36,224,741 | $ 36,224,741 | $ - | $ - |
| U.S. government securities | 3,730,652 | 3,730,652 | - | - |
| U.S. agency securities | 15,895,794 | - | 15,895,794 | - |
| Corporate debt securities | 29,669,503 | - | 29,669,503 | - |
| Municipal bond securities | 4,466,904 | - | 4,466,904 | - |
| Cash equivalents | 8,058,257 | 8,058,257 | - | - |
| Total assets | $ 98,045,851 | $ 48,013,650 | $ 50,032,201 | $ - |

| | *June 30, 2011* | *Level 1* | *Level 2* | *Level 3* |
|---|---|---|---|---|
| Marketable equity securities | $ 26,195,870 | $ 26,195,870 | $ - | $ - |
| U.S. government securities | 1,881,370 | 1,881,370 | - | - |
| U.S. agency securities | 10,754,640 | - | 10,754,640 | - |
| Corporate debt securities | 20,841,387 | - | 20,841,387 | - |
| Municipal bond securities | 2,425,901 | - | 2,425,901 | - |
| Cash equivalents | 5,986,444 | 5,986,444 | - | - |
| Total assets | $ 68,085,612 | $ 34,063,684 | $ 34,021,928 | $ - |

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 62-6002604

**Name:** EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION INC

**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 | | | |
| DENNIS B RAGSDALE<br>CHAIRMAN | 2 00 | X | | | | | | 0 | 0 | 0 |
| MICHAEL C CRABTREE<br>SECRETARY/TREASURER | 2 00 | X | | | | | | 0 | 0 | 0 |
| STEVEN D HARB<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| LISE M CHRISTENSEN MD<br>BOARD MEMBER, CHIEF OF STAFF | 15 00 | X | | | | | | 0 | 0 | 0 |
| DEBBIE J CHRISTIANSEN MD<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| LEWIS W HARRIS MD<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| DEE HASLAM<br>BOARD CHAIRMAN ELECT | 2 00 | X | | | | | | 0 | 0 | 0 |
| A DAVID MARTIN<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| WILLIAM F TERRY MD<br>VICE CHAIRMAN | 2 00 | X | | | | | | 0 | 0 | 0 |
| CHRISTOPHER A MILLER MD<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| STEPHEN A SOUTH<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| KEITH D GOODWIN<br>BOARD MEMBER/PRESIDENT & CEO | 40 00 | X | | X | | | | 579,584 | 0 | 83,944 |
| LARRY B MARTIN<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| JOHN Q BUCHHEIT MD<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| RANDALL L GIBSON<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| R GALE HUNEYCUTT JR<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| JOHN F LANSING<br>BOARD MEMBER | 2 00 | X | | | | | | 0 | 0 | 0 |
| RUDOLPH MCKINLEY<br>VP OPERATIONS | 40 00 | | | X | | | | 317,285 | 0 | 20,114 |
| LAURA PRESTON BARNES<br>VP PATIENT SERVICES | 40 00 | | | X | | | | 237,716 | 0 | 23,962 |
| ZANE D GOODRICH<br>VP FINANCE | 40 00 | | | X | | | | 255,729 | 0 | 22,203 |
| BRYAN PABST<br>VP PTRS IN PEDIATRICS | 40 00 | | | X | | | | 235,821 | 0 | 17,130 |
| BRUCE ANDERSON<br>VP LEGAL SERVICES | 40 00 | | | X | | | | 257,761 | 0 | 12,678 |
| SUE WILBURN<br>VP HUMAN RESOURCES | 40 00 | | | X | | | | 218,298 | 0 | 15,458 |
| JOE CHILDS<br>VP MEDICAL SERVICES | 40 00 | | | X | | | | 73,352 | 0 | 1,500 |
| CARLTON LONG<br>VP DEVELOPMENT/COMMUNITY SRVCS | 40 00 | | | X | | | | 91,842 | 0 | 15,885 |

**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 | | | |
| SUMEET SHARMA MD<br>PEDIATRIC CARDIOLOGIST | 40 00 | | | | | X | | 656,208 | 0 | 27,565 |
| JEFFORY GLENN JENNINGS MD<br>PEDIATRIC CARDIOLOGIST | 40 00 | | | | | X | | 546,249 | 0 | 27,599 |
| LASZLO HOPP MD<br>PEDIATRIC NEPHROLOGIST | 40 00 | | | | | X | | 241,277 | 0 | 16,360 |
| JAMES R KERRIGAN MD<br>PEDIATRIC ENDOCRINOLOGIST | 40 00 | | | | | X | | 228,576 | 0 | 12,440 |
| CARMEN TAPIADOR<br>PEDIATRIC ENDOCRINOLOGIST | 40 00 | | | | | X | | 220,414 | 0 | 15,138 |