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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

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

C Name of organization
CHILDRENS HOSPITAL INC

Doing Business As

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

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

D Employer identification number
72-0467503

E Telephone number
(504) 896-9581

G Gross receipts $ 417,627,377

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

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

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

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW CHNOLA ORG

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

L Year of formation 1949

M State of legal domicile LA

Part I Summary

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

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	23
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	20
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	1,796
6	Total number of volunteers (estimate if necessary)	**6**	738
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	16,250,006	44,938,668
9	Program service revenue (Part VIII, line 2g)	204,877,467	203,853,222
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	34,354,839	24,223,088
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	962,370	956,820
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	256,444,682	273,971,798
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	100,215	2,302,632
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)	111,500,629	112,904,776
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶1,418,835		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	114,875,993	136,906,489
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	226,476,837	252,113,897
19	Revenue less expenses Subtract line 18 from line 12	29,967,845	21,857,901

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	851,427,209	908,150,231
21	Total liabilities (Part X, line 26)	39,092,340	19,576,024
22	Net assets or fund balances Subtract line 21 from line 20	812,334,869	888,574,207

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2013-11-14

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 9,546,353 including grants of $ 0) (Revenue $ 3,803,743)

RESIDENT TEACHING & GRADUATE MEDICAL EDUCATION PROGRAMS Children's Hospital has become an increasingly important teaching center for both undergraduate and graduate education Approximately 80 trainees in Pediatrics and in the combined Internal Medicine/Pediatric programs obtain most of their training at the hospital In addition, residents in Anesthesiology, Emergency Medicine, General Surgery, Neurology, Neurosurgery, Orthopaedics, Ophthalmology, Otolaryngology, Pathology, Physical Medicine and Rehabilitation, Plastic Surgery, Psychiatry, Radiology and Urology also receive training at Children's Hospital In addition, fellows in Allergy/Immunology, Cardiology, Endocrinology, Gastroenterology, Hematology/ Oncology, Infectious Disease, Neonatal Intensive Care, Nephrology and Pathology also receive advanced subspecialty training at Children's Hospital The majority of medical students, residents and fellows rotating through Children's Hospital are from the LSU Health Sciences Center The pediatric residents participate in a variety of educational activities The chief residents conduct Morning Report, held four times a week where an interesting or unique case is presented and discussed, allowing residents and students to observe the thought processes that go into problem solving and clinical reasoning Noon conferences are held on weekdays with specialists from Ambulatory, Adolescent Medicine, Allergy/Immunology, Emergency Medicine, Forensic Medicine, Hospitalist Medicine, Nephrology, Psychiatry, Psychology, Infectious Disease, Radiology, Cardiology, Rheumatology, Neonatology, Hematology/Oncology, Critical Care, Pulmonology, Endocrine, Neonatology, Gastroenterology and several surgical specialties rotating presentations Pediatric Board Review is held once a month and covers all aspects of pediatrics for preparation of the American Board of Pediatrics Certifying Examination In addition all divisions conduct specialty conferences for students and residents rotating on those services The "Resident as Teachers" series is held once a month facilitated by the student clerkship director who instructs the residents on various teaching tools and methods to improve their supervision of junior residents and students The Evidenced-based Medicine Journal Club is conducted monthly by the upper level residents under the direction of a faculty member The presentations are case based and involve a clinical question The resident outlines their search method, the articles that were relevant and then critically review one article that answers the clinical question The Professionalism Forums are held quarterly where faculty members meet in small groups to discuss possible opportunities to improve upon professionalism in residents' careers The Clinical Reasoning Skills sessions are conducted quarterly with the first year residents to practice clinical reasoning in groups of 4-5 residents with faculty supervision Clinical Case Conferences are held once a week and attended by attending staff, residents and students Residents present interesting cases followed by a thorough review of the literature on this topic Faculty members present Grand Rounds at Children's Hospital every other Wednesday morning to formally present a topic related to their specialty The Accreditation Council for Graduate Medical Education (ACGME) is responsible for the Accreditation of post-MD medical training programs within the United States Children's Hospital is the primary training hospital for the LSUHSC Pediatric Residency training program This Program received full accreditation at the highest level of five years following the ACGME site visit in 2011 All other resident and fellow training programs are also site-visited at specified intervals and are fully accredited by the ACGME Medical Residents _ 297

4b (Code) (Expenses $ 29,288,095 including grants of $ 0) (Revenue $ 8,522,091)

Ambulatory & Primary Health Care In March of 1998, the Board of Trustees recognized that Children's Hospital, with its richness of talent and programs and its financial resources, was well positioned to identify and address obstacles to the welfare of children in the community Therefore, a standing committee of the Board of Trustees has been charged with developing and monitoring all services and benefits provided to the community The hospital also provides a large array of community-education programs, wellness programs, research activities and special programs for the handicapped and medically underserved These include, but are not limited to, the following Kids First provides children in medically underserved areas with convenient access to quality, cost-effective pediatric primary care Initiated in 1996, Kids First participates in the State of Louisiana KIDMED program for indigent children, which includes medical, vision, hearing and learning screening services In 2012 there were seven pediatric clinics that provided on-call, 24-hour care, seven days a week for children ranging from birth to 21 Of these seven, two were open only part-time but still had 24-hour on call Children's Hospital Outpatient Center of Baton Rouge was immediately established following Hurricane Katrina in order to reach out to patients who relocated to the Baton Rouge area Clinic space was purchased in order for Children's Hospital's pediatric specialists and pediatricians to see patients on a weekly basis The clinic is fully staffed to meet the needs of the growing pediatric population in Baton Rouge Children's Hospital Burdin Riehl Clinic was established in Lafayette in order to meet the needs of those patients who relocated to the area following Hurricane Katrina Both the Baton Rouge and Lafayette clinics provide care with the same guidelines as the hospital - no child is ever turned away Doctors at these locations continue to see a large number of patients whose families lost their incomes as a result of Hurricane Katrina The hospital loses approximately $38,000 per month on these clinics The Metairie Center is a satellite clinic for pediatric specialists who see patients in the Metairie area The Children's Healthcare Assistance Plan (CHAP) provides physician and hospital services at no cost to children whose family income is too high to qualify for Medicaid but whose lack of resources limit their access to quality healthcare Free care provided by the hospital, at established charges, was approximately $19,674,793 for the year-end December 31, 2012 Benefits to the indigent also include charges in excess of government payments for services provided to Medicaid beneficiaries of approximately $407,985,108 for the year-end December 31, 2012 In addition, Children's Hospital had to write-off approximately $5,996,535 of patient care charges that could not be collected from patients The Parenting Center is a community resource program providing support and education to parents The goals of the Center are to promote confidence and competence in parents, to encourage optimal child development, and to enhance the well being of the family as a whole The Parenting Center offers 1) parent training classes, 2) a free telephone advice line, 895-KIDS, 3) drop-in visits to the Center to offer time with other parents and staff while the children play, 4) community outreach programs, such as lunch bag seminars for working parents, and 5) weekly television segments featuring childrearing tips Services have been extended to suburban New Orleans with the opening of The Metairie Parenting Center, which also offers classes, support groups, individual counseling and a parent library SAFE KIDS Louisiana, Inc is a separate corporation that is partially supported by Children's Hospital as part of its benefits program As part of SAFE KIDS Worldwide, it is dedicated to reducing the number of unintentional childhood injuries - the number one killer of children ages 14 and under The Tooth Bus is a community service providing free dental care to children in need The bus is a mobile dental office that travels to various locations throughout the New Orleans area to provide routine dental exams and other standard procedures to children of all ages who meet eligibility requirements In 2012, 7,586 visits were made to The Tooth Bus from children throughout the New Orleans area The Audrey Hepburn Children At Risk Evaluation (CARE) Center provides comprehensive forensic medical evaluations and referrals to community resources for children who are victims of sexual abuse, physical abuse and neglect and their families In 2012, 1,098 patients were seen The CARE Center has clinics in New Orleans, Baton Rouge and St Tammany, but children are referred from parishes throughout Louisiana and the Gulf Coast The medical evaluation consists of a detailed forensic interview of the child and the caretaker, a complete physical examination, and preparation of a report to the referring agency In addition, the physicians are frequently called upon to testify in court in those cases of sexual and physical abuse that are prosecuted Both physicians have testified in and helped prepare numerous cases in the last year The CARE Center staff routinely presents lectures on child abuse and neglect to community action and professional medical and legal groups, pediatric nurses, nurse technicians, childcare technicians, dental hygiene students, high school students and child care workers They also serve as consultants to the State of Louisiana and outlying parishes and to Office of Community Services for Orleans, Jefferson, St Bernard and Plaquemines parishes Currently, the program consists of two full-time fellowship trained pediatricians and one fellow in training The center receives financial support from the Audrey Hepburn Foundation, which also provides financial assistance to centers similar to ours in Los Angeles, CA and Hackensack, N J The Greater New Orleans Immunization Network (GNOIN) is a model program focusing on increasing immunization rates of children through the age of 18 years GNOIN offers the combined elements of an immunization registry into the state's system, a mailer reminder system, parental education, and a mobile immunization unit that travels throughout the metropolitan New Orleans area to administer immunizations free of charge to eligible infants, children and adolescents through the age of 18 years In 2012, GNOIN had 11,860 visits to the immunization unit and administered 20,912 vaccines The School Kids Immunization Program (SKIP I) and (SKIP II) grew out of a need to increase the immunization rates for school-age children identified by GNOIN SKIP works with individual schools and reviews all the students' immunization records Students, not in the state's immunization registry, LA Immunization Network for Kids Statewide (LINKS), are enrolled into the data registry The parents of students who do not have up-to-date immunization records are notified as to which vaccine(s) their child requires They receive immunization information and a consent form that authorizes SKIP to administer the necessary vaccine(s) to their child free-of-charge In 2012, SKIP immunized 7,284 students and administered 12,017 vaccines The combined immunization programs, SKIP I, SKIP II & GNOIN, are the number one providers of immunizations in the state The programs immunized a total of 19,144 children and administered 32,929 vaccinations in 2012 The Clinical Dietitian Program provides and monitors the nutritional care of patients in conjunction with the Dietetic Services Department and hospital clinical staff The program is staffed during the workweek and as needed on weekends to be available to all inpatients and outpatients through the Community Care Program and Diabetes Grant Services and diagnoses include nutritional assessments and monitoring via physician consultation, nutritional education and counseling, establishment of nutritional care plans and interdisciplinary goals, participation in the establishment and revision of patient meal and formula policies and procedures and nutrition care standards and CQI activities, and conduct departmental and clinical staff and dietetic intern education services The Ventilator Assisted Care Program (VACP) provides case management for Medicaid eligible children living at home in the state of Louisiana and are ventilated assisted The program also provides nursing, social, educational and respiratory assessments, and facilitates medical intervention for this population The staff provides aid in the access of social and healthcare supports in the community In 2012, services were provided to an average of 92 patients per month **Total visits __112,574

4c (Code) (Expenses $ 164,064,720 including grants of $ 0) (Revenue $ 196,678,570)

Patient Care, General/Other In 2012 Children's Hospital provided care to children from all 64 parishes in Louisiana, from 37 other states and 6 foreign countries Patient visits totaled 157,875 Included in these visits were 84,698 physician clinic visits, 56,964 emergency room visits, 7,142 outpatient surgical visits, 3,063 medical visits and 6,008 inpatient admissions or 38,770 patient care days The Rehabilitation Center treated 46 Rehab patients, and the Acute Care Units treated a total of 4,947 patients The Pediatric Intensive Care Unit treated 706 patients, the CCU 81 patients, and the Neonatal Intensive Care Unit treated 228 infants The Psychiatric Unit treated 1,475 patients in 2012 The Neonatal Intensive Care Unit continues to be a major referral center for the neonate with complex problems, the majority of which were transferred from other neonatology units whose resources are more limited than those available at Children's Recognizing the needs of the community, Children's Hospital provides care to patients covered by governmental programs Sixty-seven percent of the hospital's patients are funded through Medicaid or the state's Children's Special Health Services (CSHS) and other charity programs Following are some highlights of the hospital's services and growth in 2012 The proceeds from the annual fund drive, in 2012, were dedicated to the purchase of an Emergency Transport Helicopter for the hospital The drive raised $1,070,843 The 26th annual CMN Telethon netted a total of $1,339,318 in revenue The broadcast took place on the first weekend in June Boo at the Zoo, an annual joint fundraiser with the zoo that provides a safe trick-or-treat environment for children up to age 12, was held at the Audubon Zoo on the evenings of October 19, 20, 26 and 27 The event was a sellout three of the four nights and netted $155,575 for each organization There were more than 15,000 attendees over the three-night event The 30th Annual Sugarplum Ball was held at the Garden District home of Gregor Fox on March 16 The event netted $182,869 to support the purchase of an Emergency Transport Helicopter for the hospital GRANTS Background In 1988, the Bureau of Maternal and Child Health awarded a grant to Children's Hospital in New Orleans to establish the program as one of the first Pediatric AIDS Demonstration Projects In twenty-three years, this program has grown from a single-site case management and HIV education demonstration project, to a multi-site, multi-service, comprehensive provider network with ten Network partners in four regions of the state serving a majority of adult female patients and youth The New Orleans and Baton Rouge networks are the largest in terms of its Part D services and include both HIV primary care (3 clinics in each city) and supportive services, primarily nurse case management HIV primary care services only are supported in the communities of Monroe and Lafayette The catchment area for the Network encompasses 35 parishes (counties) or 55% of the state During 2012 the total budget for FACES was approximately $2 1 million Target Population The target population is HIV-infected women, pregnant women, children, and youth in four distinct geographic areas in Louisiana As reflected by the epidemic in Louisiana, the majority of Part D funds and number of network partner sites are located in New Orleans and Baton Rouge (mostly urban and suburban and where 66% of persons living with HIV/AIDS reside), with the remaining support to providers in southwestern and northeastern Louisiana (largely rural areas) During 2012, a total of 2,057 HIV-infected clients were served by FACES' statewide Network of providers These patients were predominately African-American (88%) and live at 200% or below the federal poverty levels Challenges In its most recent report, the U S Centers for Disease Prevention and Control (CDC) 2010 HIV Surveillance Report (Vol 23), ranks Louisiana as having the 4th highest estimated AIDS case rates in the country (18 1 per 100,000) This same report ranks the New Orleans Metropolitan Statistical Area (MSA) 2nd among the top ten metropolitan areas leading the nation in AIDS case rates (43 0 per 100,000) Objectives The Louisiana Ryan White Part D Program is comprised of 10 network partner providers in four regions of the State The major objectives of the Network are to increase access to care by developing new points of entry, to provide HIV-infected women, pregnant women, youth, and HIV-infected and exposed children with HIV primary care, provide patients with mental health and substance abuse counseling, to provide supportive services, especially nurse medical case management to patients to assure their retention in primary care, to track and improve Part D patients' retention in care and improved health outcomes by conducting a Network-wide clinical quality management program utilizing the HIV/AIDS Bureau's Clinical Core Measures, and to include consumers in the planning, implementation, and evaluation of Part D services

(Code) (Expenses $ 7,616,772 including grants of $ 0) (Revenue $ 1,488,273)

The Research Institute for Children is in collaboration with Children's Hospital and Louisiana State University Health Sciences Center (LSUHSC) The institute also has a formal affiliation with the University of New Orleans (UNO) Researchers from Allergy/Immunology, Endocrinology, Oncology, Nephrology, gene therapies and microbiology comprise the majority of the group The total number of research personnel is 60 comprised of 20 administrative and support professionals, 2 research assistants, 2 postdoctoral researchers, 3 research supervisors, 17 LSUHSC faculty members, 2 LSUHSC staff members, 3 UNO faculty members, 2 Helis foundation employees and 9 students Notes CTC, RA, RIS & Vivarium staff were included in the administrative & support professionals category Medical Researchers _60

4d Other program services (Describe in Schedule O)

(Expenses $ 7,616,772 including grants of $ 0) (Revenue $ 1,488,273)

4e **Total program service expenses** ▶ 210,515,940

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 for escrow or custodial account liability, 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, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	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 and XII 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, Parts I and IV*	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 United States? *If "Yes," complete Schedule F, Parts 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 United States? *If "Yes," complete Schedule F, Parts 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 (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization 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, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	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 lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *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 direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, 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**		
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 11b 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	187		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,796		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
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, securities account, or other financial 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 as charitable contributions? . . .	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.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			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** 23		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 20		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

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 during the tax year

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

▶Jessica Cahill Controller 200 Henry Clay Ave New Orleans, LA (504) 896-9581

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								6,058,904	826,560	995,669

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 ▶ 99

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
Pediatric Radiology Services 200 Henry Clay Avenue New Orleans LA 70118	Radiology Services	1,956,644
Siemens Medical Solutions 2801 Via Fortuna Suite 500 Austin TX 78746	System Support Service	2,758,027
Metro Aviation Inc PO Box 7008 Shreveport LA 71137	Helicopter Services	1,698,470
INO Therapeutics Inc PO Box 642509 Pittsburg PA 152642509	Respiratory Services	1,359,689
Kelly Services Inc PO Box 530437 Atlanta GA 303530437	Temp Help Service	943,758
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 ▶ 57		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 170,918				
	d	Related organizations	1d 32,252,633				
	e	Government grants (contributions)	1e 7,664,701				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 4,850,416				
	g	Noncash contributions included in lines 1a-1f $	0				
	h	**Total.** Add lines 1a-1f		44,938,668			
Program Service Revenue			Business Code				
	2a	Patient Care Services	622000	77,552,208	77,552,208	0	0
	b	Medicare/Medicaid payments	900099	110,604,271	110,604,271	0	0
	c	Ambulatory & Primary Health Care (Community Support)	621000	8,522,091	8,522,091	0	0
	d						
	e						
	f	All other program service revenue		7,174,652	7,174,652	0	0
	g	**Total.** Add lines 2a–2f		203,853,222			
	3	Investment income (including dividends, interest, and other similar amounts)		19,787,194	19,787,194	0	0
	4	Income from investment of tax-exempt bond proceeds		0	0	0	0
	5	Royalties		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross rents	1,170,621 / 0				
	b	Less rental expenses	225,752 / 0				
	c	Rental income or (loss)	944,869 / 0				
	d	Net rental income or (loss)		944,869	0	0	944,869
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	147,823,132 / 0				
	b	Less cost or other basis and sales expenses	143,346,021 / 41,217				
	c	Gain or (loss)	4,477,111 / -41,217				
	d	Net gain or (loss)		4,435,894	4,435,894	0	0
Other Revenue	8a	Gross income from fundraising events (not including $ 170,918 of contributions reported on line 1c) See Part IV, line 18	a 54,540				
	b	Less direct expenses	b 42,589				
	c	Net income or (loss) from fundraising events		11,951		0	11,951
	9a	Gross income from gaming activities See Part IV, line 19	a 0				
	b	Less direct expenses	b 0				
	c	Net income or (loss) from gaming activities		0	0	0	0
	10a	Gross sales of inventory, less returns and allowances	a 0				
	b	Less cost of goods sold	b 0				
	c	Net income or (loss) from sales of inventory		0	0	0	0
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue		0	0	0	0
	e	**Total.** Add lines 11a–11d		0			
	12	**Total revenue.** See Instructions		273,971,798	228,076,310	0	956,820

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)

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	2,302,632	2,302,632		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	2,569,999	738,799	1,831,200	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	86,116,354	75,122,669	10,203,680	790,005
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,126,159	4,627,829	450,137	48,193
9 Other employee benefits	13,082,359	10,482,322	2,490,876	109,161
10 Payroll taxes	6,009,905	5,210,720	743,336	55,849
11 Fees for services (non-employees)				
a Management	0	0	0	0
b Legal	1,219,048	0	1,219,048	0
c Accounting	83,363	0	83,363	0
d Lobbying	0	0	0	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	1,079,020	0	1,079,020	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	32,003,495	30,666,884	1,324,758	11,853
12 Advertising and promotion	118,077	80,886	21,070	16,121
13 Office expenses	8,916,983	6,871,537	1,836,249	209,197
14 Information technology	2,280,491	1,364,043	891,272	25,176
15 Royalties . .	0	0	0	0
16 Occupancy	3,807,607	3,489,642	297,205	20,760
17 Travel	472,082	381,658	62,746	27,678
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	71,810	53,358	18,452	0
20 Interest	0	0	0	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	12,929,435	11,795,192	1,036,394	97,849
23 Insurance	3,887,605	3,808,572	75,047	3,986
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Medical Supplies	48,807,345	48,807,184	0	161
b Contributions to Touro Infirmary	16,000,000	0	16,000,000	0
c Special Purpose Fund	4,225,666	4,225,666	0	0
d Dues, Subs, Books, Periodicals	680,789	367,987	310,503	2,299
e All other expenses	323,673	118,360	204,766	547
25 **Total functional expenses.** Add lines 1 through 24e	252,113,897	210,515,940	40,179,122	1,418,835
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		2,652,609	1	8,717,258
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		951,550	3	1,189,279
	4	Accounts receivable, net		27,309,919	4	34,612,676
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		6,407,426	8	6,932,348
	9	Prepaid expenses and deferred charges		9,687,858	9	8,979,851
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 266,598,485			
	b	Less accumulated depreciation	10b 166,561,670	103,742,392	10c	100,036,815
	11	Investments—publicly traded securities		660,991,340	11	702,391,202
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		39,684,115	15	45,290,802
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		851,427,209	16	908,150,231
Liabilities	17	Accounts payable and accrued expenses		39,092,340	17	19,576,024
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	0
	26	**Total liabilities.** Add lines 17 through 25		39,092,340	26	19,576,024
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		809,642,660	27	885,601,406
	28	Temporarily restricted net assets		2,506,196	28	2,786,788
	29	Permanently restricted net assets		186,013	29	186,013
		Organizations that do not follow SFAS 117 (ASC 958), 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		812,334,869	33	888,574,207
	34	Total liabilities and net assets/fund balances		851,427,209	34	908,150,231

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	273,971,798
2	Total expenses (must equal Part IX, column (A), line 25)	2	252,113,897
3	Revenue less expenses Subtract line 2 from line 1	3	21,857,901
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	812,334,869
5	Net unrealized gains (losses) on investments	5	51,368,944
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	3,012,493
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	888,574,207

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID: 12000197
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL 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 (list any hours for related organizations below dotted line)	(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			
A Whitfield Huguley IV Chairman	1	X						0	0	0
Mrs Julie Livaudais George Vice Chairman	1	X						0	0	0
William L Mimeles Treasurer	1	X						0	0	0
Mrs Katie Andry Crosby Secretary	1	X						0	0	0
Mrs George Villere Past-Chairman	1	X						0	0	0
Brian Barkemeyer MD Board Member	1	X						0	0	0
Kenneth H Beer Board Member	1	X						0	0	0
Allan Bissinger Board Member	1	X						0	0	0
Ralph O Brennan Board Member	1	X						0	0	0
Elwood F Cahill Jr Board Member	1	X						0	0	0
Philip deV Claverie Board Member	1	X						0	0	0
Kyle France Board Member	1	X						0	0	0
Stephen Hales MD Board Member	1	X						0	0	0
Mrs E Douglas Johnson Jr Board Member	1	X						0	0	0
Mrs Francis Lauricella Board Member	1	X						0	0	0
John Y Pearce Board Member	1	X						0	0	0
Anthony Recasner PhD Board Member	1	X						0	0	0
Elliot C Roberts Sr Board Member	1	X						0	0	0
Everett J Williams PhD Board Member	1	X						0	0	0
Armand LeGardeur Board Honorary Life Member	1	X						0	0	0
Steve Worley Board Member/President & CEO	32 23	X		X				628,376	418,917	380,035
Alan Robson Sr MD Board Member/Sr VP Med Dir	53 2	X		X				693,323	0	29,064
Joseph Nadell MD Board Member/Physician	54 1	X			X			229,476	0	30,672
Gregory Fehrn Sr VP & CFO	32 23			X				392,574	261,716	31,653
Ricardo Guevara VP Legal Affairs	33 22				X			218,891	145,927	64,314

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 (list any hours for related organizations below dotted line)	(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			
Tamela Reites VP Patient Financial Services	55 0				X			289,122	0	77,755
Cindy Nuesslein VP Hospital Operations	55 0				X			284,728	0	57,636
Brian Landry VP Marketing	55 0				X			265,741	0	60,758
Mary Perrin VP Hospital Operations	55 0				X			253,171	0	59,559
Diane Michel VP Nursing	55 0				X			250,098	0	54,235
Clarence S Greene MD Physician	55 0					X		604,084	0	32,091
Valerie P Evans MD Physician	55 0					X		534,573	0	25,030
Stephen D Heinrich MD Physician	55 0					X		521,283	0	31,934
Lori A McBride MD Physician	55 0					X		449,630	0	25,030
Dean Scott Edell MD Physician	55 0					X		443,834	0	35,903

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** 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—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** 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—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** 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—2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 XIII 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 XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	7,911,389	7,911,389	7,868,129	7,868,129	7,863,627
b	Contributions	-80,096	0	43,260	0	4,502
c	Net investment earnings, gains, and losses	0	0	0	0	0
d	Grants or scholarships	0	0	0	0	0
e	Other expenditures for facilities and programs	0	0	0	0	0
f	Administrative expenses	0	0	0	0	0
g	End of year balance	7,831,293	7,911,389	7,911,389	7,868,129	7,868,129

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 100 %
- c Temporarily restricted endowment ▶ 0 %

The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	13,489,753		13,489,753
b Buildings	0	105,991,553	63,828,981	42,162,572
c Leasehold improvements	0	0	0	0
d Equipment	0	138,933,097	98,420,303	40,512,794
e Other	0	8,184,082	4,312,386	3,871,696
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				100,036,815

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) must equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

1	Total revenue, gains, and other support per audited financial statements			1	326,317,739
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	51,368,944		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIII)	2d	18,486,652		
e	Add lines **2a** through **2d**			2e	69,855,596
3	Subtract line **2e** from line **1**			3	256,462,143
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,089,186		
b	Other (Describe in Part XIII)	4b	16,420,469		
c	Add lines **4a** and **4b**			4c	17,509,655
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	273,971,798

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

1	Total expenses and losses per audited financial statements			1	260,799,700
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIII)	2d	26,169,306		
e	Add lines **2a** through **2d**			2e	26,169,306
3	Subtract line **2e** from line **1**			3	234,630,394
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,089,186		
b	Other (Describe in Part XIII)	4b	16,394,317		
c	Add lines **4a** and **4b**			4c	17,483,503
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	252,113,897

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
SchD_P05_S00_L04	Schedule D, Part V, Line 4	1) In 1981 "The Beatrice and Harold Forgotston Philanthropic Fund of Children's Hospital" was established and donated to Children's Hospital The gift resolution states that the funds are to always be fully invested and only the income available for use as requested by the donor 2) As stated in the will of Leon S Mann, a sum of $5,000 was donated to Children's Hospital in memory of his sister and parents The sum to be deposited in a separate, interest bearing account, and the interest to be used on the twenty-first day of July of each year to purchase presents for the children in the hospital Investment earnings or losses are comingled with all other investments for Children's Hospital EIN 720467503 The remainder of funds is intended to be used for the exempt purposes of related filing organization of Touro Infirmary EIN 72-0423659
SchD_P11_S00_L02d	Schedule D, Part XI, Line 2d	Revenues related to Children's Hospital Medical Practice Corporation, as reported on Form 990, (72-1318421), Sch D, Part XII, Line 5 $15,069,660, Revenues related to Children's Hospital Anesthesia Corporation, as reported on Form 990 (06-1587311) Sch D, Part XII, Line 5 $3,416,926, Revenues related to Children's Hospital Health Plan Inc, as reported on Form 990 (45-2341500) Sch D, Part XII, Line 5 $66
SchD_P11_S00_L04b	Schedule D, Part XI, Line 4b	Revenues related to Community Support $13,618,593, Contributions reported on the 2012 990 but not released in 2012 as Revenue on Audited Financials $293,121, Provider Based Revenue $473,092, Rental Income Expense ($225,752), UPL Expense $2,302,632, Loss on sale of assets ($41,217)
SchD_P12_S00_L02d	Schedule D, Part XII, Line 2d	Expense related to Children's Hospital Anesthesia Corporation, as reported on Form 990 (06-1587311) $8,795,361, Expense related to Children's Hospital Medical Practice Corporation, as reported on Form 990, (72-1318421), Sch D, Part XII, Line 5 $17,096,809, Expense related to Children's Hospital Health Plan, as reported on Form 990, (45-2341500), Sch D, Part XII, Line 5 $10,167 Rental Income Expense $225,752 Loss on sale of assets $41,217
SchD_P12_S00_L04b	Schedule D, Part XII, Line 4b	Revenue related to Community Support $13,618,593, Provider Based Revenue $473,092, UPL donation to affiliate $2,302,632

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

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

a ☐ Mail solicitations
b ☐ Internet and email 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

(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 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 Sugar Plum Ball (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	225,458			225,458
	2 Less Contributions	170,918			170,918
	3 Gross income (line 1 minus line 2)	54,540			54,540
Direct Expenses	4 Cash prizes	0			0
	5 Noncash prizes	0			0
	6 Rent/facility costs	17,464			17,464
	7 Food and beverages	3,145		0	3,145
	8 Entertainment	4,000		0	4,000
	9 Other direct expenses	17,980			17,980
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(42,589)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				11,951

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

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

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

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	13a	
b	An outside facility	13b	

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)	1	12,556	5,521,989	0	5,521,989	2 19 %
b Medicaid (from Worksheet 3, column a)	0	0	128,287,614	106,422,540	21,865,074	8 67 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	0	0	0	0	0	0 %
d **Total** Financial Assistance and Means-Tested Government Programs	1	12,556	133,809,603	106,422,540	27,387,063	10 86 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	8	55,415	1,880,284	995,076	885,208	0 35 %
f Health professions education (from Worksheet 5)	1	0	11,085,303	1,659,654	9,425,649	3 73 %
g Subsidized health services (from Worksheet 6)	5	12,966	2,286,775	784,211	1,502,564	0 59 %
h Research (from Worksheet 7)	1	0	7,616,772	0	7,616,772	3 02 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	0	0	9,433,915	0	9,433,915	3 74 %
j **Total.** Other Benefits	15	68,381	32,303,049	3,438,941	28,864,108	11 43 %
k **Total.** Add lines 7d and 7j	16	80,937	166,112,652	109,861,481	56,251,171	22 29 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	1,438,434		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	1,327,941		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,327,941		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	0		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Children's Hospital 200 Henry Clay Avenue New Orleans, LA 701185720	X		X	X		X	X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Children's Hospital

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1		No
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 ___			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public?	5		
	If "Yes," indicate how the CHNA report 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 CHNA, indicate how (check all that apply to date)			
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide 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 its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $___			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 350% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☐ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 Check all of the following 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			
e ☑ Other similar actions (describe in Part VI)			
17 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?	**17**		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)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19 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?	**19**	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)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 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 its 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)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals 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?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?
3

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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

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

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

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

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

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

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
SchH_P01_S00_L03c	Schedule H, Part I, Line 3c	All patients seen in the facility are eligible for discounted care if they have no insurance (including Medicaid) and they do not qualify for CHAP (the charity program at Children's Hospital) because of income limits or because they chose not to apply for CHAP The discount offered is 62 5% of charges The cost of the charges on which a 62 5% discount is offered is not separately tracked by Children's Hospital During 2012, the 62 5% discount offered by Children's Hospital to its patients was $1,700,650
SchH_P01_S00_L06a	Schedule H, Part I, Line 6a	A report is prepared by Children's Hospital and presented to the board but is not made available to the public

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07	Schedule H, Part I, Line 7	The Hospital's community benefit expense includes activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self-supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Programs include Mobile Dental Program, Inpatient Behavioral Health Program, Parenting Center, Autism Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League Line 7a, b, g, & h direct costs are identified on the general ledger using separate accounts, indirect costs are allocated using Medicare cost reporting methodology Line 7b & f Medicare/Medicaid cost reporting methodology
SchH_P01_S00_L07b	Schedule H, Part I, Line 7b	Column (d) - As described in footnotes of Louisiana Children's Medical Center's (LCMC) audited financial statements, Children's Hospital has collaborated with the State of Louisiana and with other units of government in Louisiana to ensure access to quality healthcare services for low income and needy residents in the community Among other purposes, the Upper Payment Limit (UPL) program is helping to address historically low Medicaid hospital reimbursement, to stabilize hospitals that were affected by hurricane Katrina, and to offset reductions in Medicaid DSH resources In Tax Year 2012, Children's received $13,604,704 in UPL payments, which are included in direct offsetting revenue in Part I, Line 7b

Identifier	ReturnReference	Explanation
SchH_P01_S00_L07g	Schedule H, Part I, Line 7g	Column (c) - One Hundred Percent (100%) of the cost of three Otolaryngology physician contracts are included in the cost for the Cochlear Implant program - $267,515
SchH_P01_S00_L07i	Schedule H, Part I, Line 7i	Column (c) - As described in footnotes of Louisiana Children's Medical Center's (LCMC) audited financial statements, Touro and Children's formerly collaborated with other healthcare providers (the Hospitals) to ensure the availability of, and to more cost effectively provide, quality healthcare services to low income and needy residents in the community In order to best address the needs in the community, the collaborative Hospitals became members of four non-profit organizations, Louisiana Clinical Services, Inc (LCS), Southern Louisiana Clinical Services, Inc (SLCS), Eastern Louisiana Clinical Services, Inc (ELCS), and Natchitoches Clinical Services, Inc (NCS), (collectively, the Non-Profits) The Hospitals contributed funds to the Non-Profits, which were then used to support the provisions of the hospital and clinical physician services, physician in-training services, physician assistant/nurse practitioner services, specialty physician services and other healthcare services Children's officially withdrew from these collaborative agreements July 27, 2012 Effective November 1, 2011 through June 30, 2013, LCMC entered into a contract with Louisiana Health Sciences Center (LSUHSC) and effective July 1, 2012 LCMC entered into multiple contracts with LSUHSC, Tulane University School of Medicine, and Van Meter and Associates to cover costs of providing physician services to low income and needy patients at LSU Interim Hospital For the year ended December 31, 2012 Children's Hospital contributed $9,433,915 in support of these contracts which provided healthcare services to low income and needy residents in the community

Identifier	ReturnReference	Explanation
SchH_P03_S0A_L04	Schedule H, Part III, Section A, Line 4	The audited financial statements of Children's Hospital do not include a footnote describing bad debt For purposes of this form 990, the cost of bad debt was calculated by multiplying the ratio of patient care cost to charge ratio with the bad debt attributable to patient accounts of $5,842,877 Bad debt expense is not included in the amounts reported as community benefit in other sections of Schedule H
SchH_P03_S0B_L08	Schedule H, Part III, Section B, Line 8	The Medicare cost report was used to determine allowable cost

Identifier	ReturnReference	Explanation
SchH_P03_S0C_L09b	Schedule H, Part III, Section C, Line 9b	The collection departments do not take extraordinary collection actions against an individual without first making reasonable efforts to determine if the patients/families are eligible for assistance Financial assistance information is provided to families in the registration areas, on patient statements and on the Children's Hospital website The department of Social Services works with patients and families to help obtain insurance coverage where applicable Information about CHAP is provided in the registration areas Documented Physician Billing Operating Policies/Procedures include the following Follow-Up, Self Pay Discount (50641), Statement of Physician Billing follow-up/Collection Activity, Statement of Patient Accounts Follow-Up/Collection Activity, Accounts Receivable Follow-Up and Collection Activity, and Collection by Suit
SchH_P05_S0B_L12	Schedule H, Part V, Section B, Line 12	Hospital uses a uniform pricing for all services offered and for all patients This pricing is captured in a charge master file which is designed with consideration for optimizing insurance reimbursement opportunities and covering operating costs

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L14	Schedule H, Part V, Section B, Line 14	Refer to note for Schedule H, Part III, Section C, Line 9b
SchH_P05_S0B_L16	Schedule H, Part V, Section B, Line 16	None of a - d or anything similar, but if eligible for other funding, we ask the families to apply for such funding

Identifier	ReturnReference	Explanation
SchH_P05_S0B_L18	Schedule H, Part V, Section B, Line 18	Refer to note for Schedule H, Part III, Section C, Line 9b
SchH_P06_S00_L02	Schedule H, Part VI, Line 2	The CHAP Program provided financial assistance to 12,556 patients in 2012 for a total cost of $5 6 million compared to 15,564 patients in 2011 and a total cost of $4 2 million The inpatient psychiatric unit is the only adolescent and child mental health inpatient unit in the Greater New Orleans Metro Area The outpatient psychology program had 2,506 visits during 2012 The dental care program had 7586 visits during 2012 The cochlear implant program performed 26 surgeries during 2012 No formal needs assessment was performed in 2012 as this was not required, but the latest documented Community Needs Assessment of the Health Status of Children in the New Orleans Metropolitan area is as follows 1) Children Under 18 in Poverty in Orleans 63,264, Jefferson 24,278, Tammany 7,489 and St Bernard 1,775 2) Children Under 5 in Poverty in Orleans 18,719, Jefferson 6,756, St Tammany 1,909 and St Bernard 925 3) % Female Headed Families with Children Under 18 in Orleans 47 5, Jefferson 22 2, St Tammany 15 7 and St Bernard 18 7 4) % Births to Teens in Orleans 22 3, Jefferson 15 8, St Tammany 13 1 and St Bernard 15 6 5) % Low Birth Weight Infants (1995) in Orleans 12 1, Jefferson 8 8, St Tammany 6 9 and St Bernard 7 6 6) % Children Without UP-to-Date Immunizations (1996) in Orleans 23 0, Jefferson 33 0, St Tammany 16 0 and St Bernard 31 0 7) % Abused and Neglected Children in Orleans 1 5, Jefferson 1 1, St Tammany 1 2 and St Bernard 1 0 8) % Student Drop Outs, Grades 7-12 in Orleans 5 8, Jefferson 3 1, St Tammany 3 1 and St Bernard 2 9

Identifier	ReturnReference	Explanation
SchH_P06_S00_L03	Schedule H, Part VI, Line 3	The Children's Healthcare Assistance Plan (CHAP) is a comprehensive program funded by Children's Hospital to provide quality healthcare to underserved children in our region Determination of eligibility is conditioned upon the information provided in the application at the time of registration Based on proof of income provided by parents, patients will qualify for the program or be deemed ineligible if over-scaled relative to set program income guidelines If the information provided is not accurate, or should the circumstances supporting the determination of eligibility change, Children's Hospital may rescind determination of eligibility Furthermore, Children's Hospital reserves the unilateral right to change, modify, or terminate CHAP eligibility at any time Patients who fall into income categories that qualify them for Medicaid coverage will be provided a LACHIP application and instructions on submitting the completed form The LACHIP program will cover that day's emergency visit charges Patients who do not meet the Medicaid age requirements will not be required to apply for Medicaid Parents will also be given the opportunity to enroll all children in their household in CHAP for one year They will be given instructions on how to complete the CHAP application, along with a return envelope, and will be notified by return mail when their application has been reviewed and if they qualify for CHAP Patients who arrive to the Hospital for same-day surgery or a scheduled admission and have no funding will be provided CHAP information by the Admitting office If the parents are interested in applying, they will be asked to submit proof of income to the CHAP department A CHAP representative will review the documentation to determine eligibility and which program will best fulfill the patient's needs If requested, the Social Services department will prepare a financial work-up on patients who have no funding to determine if they qualify for any other available programs Parents having insurance coverage with a co-pay or will have out-of-pocket expenses will be given the opportunity to apply for coverage under CHAP in the course of the admitting process On occasion, a patient who does not qualify for the program may be considered a "hardship " These cases will be considered on an individual basis A complete and thorough explanation will be required to evaluate the reasons for hardship coverage and is subject to approval of the CHAP Director CHAP representatives engage in Outreach Programs throughout the community to help the community understand the provisions of the program and the rules governing eligibility Information about the CHAP program can be found in the Hospital lobbies and on the CHNOLA website
SchH_P06_S00_L04	Schedule H, Part VI, Line 4	Children's Hospital is a regional center for children and its mission is to provide comprehensive pediatric healthcare which recognizes the special needs of children through excellence and continuous improvement of patient care, education, research, child advocacy and management Children's Hospital is Louisiana's only full-service hospital exclusively for children, offering a full range of inpatient and outpatient care A not-for-profit facility, it is governed by an independent board of trustees made up of community volunteers The hospital has no stockholders and no dividends to pay Revenue generated is used to operate the hospital and to expand and advance services Critical care is provided in the hospital's 36-bed Neonatal Intensive Care Unit (NICU), and the 24-bed Pediatric Intensive Care Unit (PICU) Construction of a new 20-bed Cardiac Intensive Care Unit (CICU) and a new 18-bed PICU was completed in 2011 The hospital's Jack M Weiss Emergency Care Center, one of the area's busiest emergency rooms, is staffed around the clock by board-certified pediatricians, with the availability of a full range of pediatric specialists The Emergency Department has a total of 37 exam rooms and is supported by a nursing staff specially trained to handle pediatric emergencies Outpatient appointments with pediatric specialists are offered Monday through Friday at the Ambulatory Care Center on the hospital campus and at the hospital's satellite locations The Metairie Center, Children's Hospital Outpatient Center of Baton Rouge and Children's Hospital Burdin Riehl Clinic in Lafayette, La

Identifier	ReturnReference	Explanation
SchH_P06_S00_L05	Schedule H, Part VI, Line 5	In March of 1998, the Board of Trustees recognized that Children's Hospital, with its richness of talent and programs and its financial resources, was well positioned to identify and address obstacles to the welfare of the community's children An ad hoc committee of the Board, later established as a standing committee, was charged with developing and monitoring all components of the plan To that end, the following represents the Community Benefit Plan of Children's Hospital The mission of the Community Benefit Plan's programs is to eliminate barriers to the health and well-being of infants, children, and adolescents in the community, particularly the unserved or underserved, by evaluating, developing, implementing, and/or partnering on initiatives in the areas of health care, health education, health research and child and family health advocacy The goals of Children's Hospital's Community Benefit Plan are to provide children with access to primary, secondary, and tertiary health care services needed to achieve optimal health status, foster healthy parent/child relationships through health education and child health advocacy, and educate families to enhance child safety and encourage injury-prevention to improve the health and well-being of children The Plan provides for establishment of advocacy programs to support the needs of at-risk children and support pediatric research in order to expand medical knowledge and treatment options It periodically assesses available community programs and determines gaps in service for potential new program development Children's Hospital defines community broadly as it serves a large geographic region Particular emphasis is placed on services for the New Orleans Metropolitan statistical area A large percentage of the patients who utilize hospital services reside in this area and are the most likely beneficiaries of programs established Any program that significantly and measurably contributes to the physical and psychological well-being of infants, children, adolescents, and their families is considered a benefit This implies a relationship between organizations that is characterized by mutual cooperation and responsibility for the achievement of the specified goals wherein Children's Hospital maintains the authority for overall program direction and fiscal management By this definition, Children's Hospital will not act as a granting agency In addition, only not-for-profit organizations will be considered for partnering Any exception will require the full approval of the committee and Board See also Program Service Accomplishments in Sch 0, Statements 3 and 4
SchH_P06_S00_L06	Schedule H, Part VI, Line 6	Louisiana Children's Medical Center ("LCMC") was organized in the State of Louisiana as a non-stock, non-profit corporation, in connection with a proposed affiliation (the "Transaction") between Children's Hospital ("Children's") EIN 72-0467503 and Touro Infirmary ("Touro") EIN 72-0423659, both Louisiana non-profit, tax-exempt, publicly supported corporations, and their respective subsidiaries and affiliates (together with Children's and Touro, the "System Entities", and together with LCMC, the "System" LCMC is a support organization which will spend 100% of its time performing specific functions of, and carrying out the purposes of the System Entities, including increasing the management and operational efficiency of the System Entities All of these organizations are located in the greater New Orleans area and provide health care related services, primarily hospital based, to a regional population

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Touro Infirmary 1401 Foucher Street New Orleans, LA 70115	72-0423659		2,302,632	0		0	Children's Hospital elected to donate to Touro approximately $2,000,000 during the year ended December 31, 2012 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings

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

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated 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, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
SchI_P01_S00_L02	Schedule I, Part I, Line 2	Children's Hospital elected to donate to Touro approximately $2,000,000 during the year ended December 31, 2012 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I Questions Regarding Compensation

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

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title	**(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 as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

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

Additional Data

Return to Form

Software ID: 12000197
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Steve Worley	(I)	451,479	138,450	38,446	190,462	40,533	859,370	0
	(II)	300,986	92,300	25,631	126,975	27,022	572,914	0
Alan Robson Sr MD	(I)	491,326	162,497	39,500	21,250	9,344	723,917	0
	(II)	0	0	0	0	0	0	0
Gregory Feirn	(I)	237,130	128,485	26,959	12,600	7,310	412,484	0
	(II)	158,087	85,656	17,973	8,400	4,873	274,989	0
Joseph Nadell MD	(I)	206,976	0	22,500	19,331	12,341	261,148	0
	(II)	0	0	0	0	0	0	0
Ricardo Guevara	(I)	147,455	42,851	28,585	30,584	8,773	258,248	0
	(II)	98,303	28,567	19,057	20,389	5,848	172,164	0
Tamela Reites	(I)	182,132	65,350	41,640	62,321	16,444	367,887	0
	(II)	0	0	0	0	0	0	0
Cindy Nuesslein	(I)	209,873	26,950	47,905	50,570	8,179	343,477	0
	(II)	0	0	0	0	0	0	0
Brian Landry	(I)	199,480	26,950	39,311	49,944	11,889	327,574	0
	(II)	0	0	0	0	0	0	0
Mary Perrin	(I)	182,902	26,950	43,318	48,875	12,085	314,130	0
	(II)	0	0	0	0	0	0	0
Diane Michel	(I)	181,807	26,950	41,340	49,818	5,392	305,307	0
	(II)	0	0	0	0	0	0	0
Clarence S Greene MD	(I)	564,584	0	39,500	21,250	12,659	637,993	0
	(II)	0	0	0	0	0	0	0
Valerie P Evans MD	(I)	500,573	0	34,000	21,000	5,295	560,868	0
	(II)	0	0	0	0	0	0	0
Stephen D Heinrich MD	(I)	498,783	0	22,500	21,250	11,684	554,217	0
	(II)	0	0	0	0	0	0	0
Lori A McBride MD	(I)	432,630	0	17,000	21,000	5,437	476,067	0
	(II)	0	0	0	0	0	0	0
Dean Scott Edell MD	(I)	421,334	0	22,500	21,250	17,005	482,089	0
	(II)	0	0	0	0	0	0	0

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

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

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

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

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

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

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

Identifier	Return Reference	Explanation
F990_P08_S00_L01d	Form 990, Part VIII, Line 1d	Touro elected to donate to Children's Hospital $32,252,632 during the year ended December 31, 2012 The donations relate to a sharing of Upper Payment Limit ("UPL") funds received by Touro, to assist Children's with its activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self-supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Additional programs include Mobile Dental Program, Inpatient Behavioral Health Program, the Parenting Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League

Identifier	Return Reference	Explanation
F990_P09_S00_L01	Form 990, Part IX, Line 1	Children's Hospital elected to donate to Touro $2,302,632 during the year ended December 31, 2012 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings In addition, Children's Hospital elected to donate $16,000,000 in capital assistance as part of a 5 year agreement between the two entities

Identifier	Return Reference	Explanation
F990_P11_S00_L09	Form 990, Part XI, Line 9	Change in contributions reported on 990 but not released in 2012 as revenue $12,493, and transfer of $3,000,000 cash back to Children's Hospital due to liquidation of Children's Hospital Health Plan EIN 45-2341500

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

(a) Name, address, and EIN (if applicable) 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" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Childrens Hospital Medical Practice Corporation 298 Henry Clay Avenue New Orleans, LA 701185720 72-1318421	Pediatric Primary Care Physician Services	LA	501Â©(3)	Line 9	Children's Hospital EIN 72-046-7503		
(2) Childrens Hospital Anesthesia Corporation 200 Henry Clay Avenue New Orleans, LA 701185720 06-1587311	Provides, in conjunction with Childrens Hospital, cost-effective, comprehensive anesthesia services	LA	501Â©(3)	Line 9	Children's Hospital EIN 72-046-7503		
(3) Louisiana Childrens Medical Center 200 Henry Clay Avenue New Orleans, LA 701185720 94-3480131	Provide support for the affiliates of LCMC	LA	501Â©(3)	Line 11d	N/A		
(4) Touro Infirmary 1401 Foucher St New Orleans, LA 70115 72-0423659	Community based, not-for-profit, faith-based hospital	LA	501(c)(3)	3	N/A		No
(5) Children's Hospital Health Plan 200 Henry Clay Avenue New Orleans, LA 70118 45-2341500	Objective was to serve as a Health Maintenance Organization	LA	501(c)(3)	9	Children's Hospital EIN 72-0467503		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) Childrens Healthcare Network 935 Calhoun Street New Orleans, LA 70118 72-1337515	Negotiate contractual agreements with Managed Care companies on behalf of physicians	LA	N/A	C			0 %		

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
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 or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s	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-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 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	

Software ID: 12000197
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
SchR_P05_S00_L01b	Schedule R, Part V, Line 1b	Children's Hospital elected to donate to Touro $2,302,632 during the year ended December 31, 2012 The donation relates to a sharing of Upper Payment Limit ("UPL") funds received by Children's, to assist Touro with its activities and programs to support the metropolitan community including, but not limited to, financial assistance and discounted care to uninsured and underinsured low income patients and providing a multitude of community outreach programs and health screenings In addition, Children's Hospital elected to donate $16,000,000 in capital assistance as part of a 5 year agreement between the two entities
SchR_P05_S00_L01c	Schedule R, Part V, Line 1c	Touro elected to donate to Children's Hospital $32,252,632 during the year ended December 31, 2012 The donations relate to a sharing of Upper Payment Limit ("UPL") funds received by Touro, to assist Children's with its activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self-supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Additional programs include Mobile Dental Program, Inpatient Behavioral Health Program, the Parenting Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Childrens Hospital Medical Practice Corporation	o	11,151,163	Total Salaries, Part IX, Lines 5-10, Children's Hospital Medical Practice Corporation EIN 72-1318421
Childrens Hospital Medical Practice Corporation	q	10,593,276	
Childrens Hospital Anesthesia Corporation	o	8,274,657	Total Salaries, Part IX, Lines 5-10, Children's Hospital Anesthesia Corporation EIN 06-1587311
Childrens Hospital Anesthesia Corporation	n	0	See Schedule O
Childrens Hospital Anesthesia Corporation	q	3,766,794	Sum of all cash transfer entries from Children's Hospital Anesthesia Corporation EIN 06-1587311 to Children's Hospital for the fiscal year 2012 as documented in the general ledger and on the balance sheet
Childrens Healthcare Network	l	2,850	Membership Dues
Childrens Healthcare Network	q	152,757	Total Transfers for the year to CH (G/L acct 15234090)
Children's Hospital Health Plan	s	3,000,000	Closure transfer of startup cash from Children's Hospital Health Plan EIN 45-2341500 back to Children's Hospital
Touro Infirmary	b	18,302,632	See explanation in Schedule R Supplemental Information Part V, Line 1b
Touro Infirmary	c	32,252,632	See explanation in Schedule R Supplemental Information Part V, Line 1c

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493319025393

TY 2012 Reasonable Cause Explanation

Name: CHILDRENS HOSPITAL INC

EIN: 72-0467503

Software ID: 12000197

Software Version: v1.00

Explanation: Request for automatic 3 month extension was approved and granted by the IRS. Additional 3 month extension until November 15, 2013 was also granted by the IRS.

LOUISIANA CHILDREN'S MEDICAL CENTER

Consolidated Financial Statements

December 31, 2012 and 2011

LAPORTE

Contents

Contents (Continued)

LAPORTE

LaPorte, APAC
111 Veterans Blvd Suite 600
Metairie, LA 70005
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LaPorte.com

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Louisiana Children's Medical Center (LCMC) (the System) which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the financial statements

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility
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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LCMC as of December 31, 2012 and 2011, and the results of operations, changes in net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America

As described in Note 1 to the consolidated financial statements, in 2012, LCMC changed its method of presentation and disclosure of patient service revenue, provision for doubtful accounts, and the allowance for doubtful accounts in accordance with Accounting Standards Update 2011-07

A Professional Accounting Corporation

March 25, 2013

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Balance Sheets
December 31, 2012 and 2011 (in Thousands)

	2012	2011
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 47,101**	$ 9,828
Assets Limited as to Use	**2,219**	2,356
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $17,238 and $13,483, in 2012 and 2011, Respectively	**66,478**	53,282
Other Receivables	**12,408**	6,751
Inventories	**12,255**	10,627
Prepaid Expenses and Other Assets	**5,299**	4,995
Total Current Assets	**145,760**	87,839
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**746,936**	696,166
Restricted by Bond Indenture, Debt Service Reserve	**10,113**	14,042
Donor-Restricted Long-Term Investments	**13,466**	12,100
Restricted Other	**627**	623
Less Amount Required for Current Obligations	**(2,219)**	(2,356)
	768,923	720,575
Property, Plant and Equipment, Net	**237,662**	235,642
Other Assets	**3,511**	3,071
Total Assets	**$ 1,155,856**	$ 1,047,127

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Balance Sheets (Continued)
December 31, 2012 and 2011 (in Thousands)

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 27,778**	$ 26,407
Accrued Salaries and Wages	**20,792**	19,738
Current Maturities of Bonds Payable	**1,985**	1,815
Capital Lease Obligations	**-**	1,138
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**4,608**	4,103
Current Portion of Estimated Professional Liabilities Claims	**3,725**	3,070
Estimated Third-Party Payor Settlements, Net	**17,585**	11,993
Other	**12,189**	9,475
Total Current Liabilities	**88,662**	77,739
Bonds Payable, Net of Current Portion	**72,608**	74,637
Estimated Workers' Compensation Claims, Net of Current Portion	**1,880**	1,657
Estimated Professional Liability Claims, Net of Current Portion	**5,828**	6,422
Employee Benefits	**20,397**	17,929
Total Liabilities	**189,375**	178,384
Noncontrolling Interest	**761**	623
Net Assets		
Unrestricted	**949,703**	853,332
Temporarily Restricted	**8,180**	6,871
Permanently Restricted	**7,837**	7,917
Total Net Assets	**965,720**	868,120
Total Liabilities and Net Assets	**$ 1,155,856**	$ 1,047,127

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Operations
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 512,063**	$ 450,181
Provision for Doubtful Accounts	**16,122**	14,472
Net Patient Service Revenues less Provisions for Doubtful Accounts	**495,941**	435,709
Other Operating Revenues	**28,092**	28,012
Total Operating Revenues	**524,033**	463,721
Operating Expenses		
Employee Compensation and Benefits	**243,636**	231,683
Purchased Services	**83,245**	84,520
Professional Fees	**21,033**	24,747
Supplies and Other Expenses	**97,631**	84,636
Depreciation and Amortization	**27,864**	27,142
Impairment Losses	**42**	44
Interest	**2,237**	3,920
Total Operating Expenses	**475,688**	456,692
Income from Operations	**48,345**	7,029
Investment Income	**82,501**	5,596
Other Nonoperating Income	**710**	543
Community Support, Net	**(36,108)**	(16,532)
Increase (Decrease) in Unrestricted Net Assets	**95,448**	(3,364)
Noncontrolling Interests in (Loss) Income of Consolidating Subsidiaries	**(261)**	21
Increase (Decrease) in Unrestricted Net Assets Before Other Changes	**95,187**	(3,343)
Adjustment to Pension Liability	**1,184**	(5,621)
Increase (Decrease) in Unrestricted Net Assets	**$ 96,371**	$ (8,964)

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Unrestricted Net Assets		
Increase (Decrease) in Unrestricted Net Assets	**$ 96,371**	$ (8,964)
Temporarily Restricted Net Assets		
Contributions	**5,505**	5,058
Investment Income	**1,199**	62
Net Assets Released from Restrictions	**(5,395)**	(5,485)
Increase (Decrease) in Temporarily Restricted Net Assets	**1,309**	(365)
Decrease in Permanently Restricted Net Assets	**(80)**	-
Increase (Decrease) in Net Assets	**97,600**	(9,329)
Net Assets, Beginning of Year	**868,120**	877,449
Net Assets, End of Year	**$ 965,720**	$ 868,120

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	**$ 97,600**	$ (9,329)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	**(1,184)**	5,621
Noncontrolling Interest in Income (Loss) of Consolidated Subsidiaries	**261**	(21)
Depreciation and Amortization	**29,509**	28,880
Net (Loss) Gain on Disposal/Sale of Assets	**(1,043)**	294
Impairment Losses	**42**	44
Provision for Doubtful Accounts	**16,122**	14,472
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(29,318)**	(21,095)
Increase in Other Receivables	**(26,613)**	(2,192)
Increase in Inventory	**(1,629)**	(505)
(Increase) Decrease in Other Current Assets	**(304)**	834
(Increase) Decrease in Investments Limited as to Use	**(48,210)**	11,126
(Increase) Decrease in Other Assets	**(502)**	234
Increase in Trade Accounts Payable	**1,370**	950
Increase in Accrued Salaries and Wages	**1,054**	1,380
Increase in Third-Party Payor Settlements	**5,592**	10,430
Increase (Decrease) in Other Liabilities	**28,112**	(1,682)
Net Cash Provided by Operating Activities	**70,859**	39,441
Cash Flows from Investing Activities		
Capital Expenditures	**(31,062)**	(33,409)
Proceeds from Sale of Assets	**642**	329
Net Cash Used in Investing Activities	**(30,420)**	(33,080)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligations	**(1,139)**	(1,407)
Repayments of Bonds Payable	**(1,905)**	(10,690)
Distributions Paid to Noncontrolling Interests	**(122)**	(116)
Net Cash Used in Financing Activities	**(3,166)**	(12,213)
Net Increase (Decrease) in Cash and Cash Equivalents	**37,273**	(5,852)
Cash and Cash Equivalents, Beginning of Year	**9,828**	15,680
Cash and Cash Equivalents, End of Year	**$ 47,101**	$ 9,828
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ 4,494**	$ 5,082
Property, Plant and Equipment Purchases in Accounts Payable	**$ 1,753**	$ 1,957

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

Note 1. Summary of Significant Accounting Policies

Organization

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

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

Children's is located in New Orleans, Louisiana and includes a 247-bed medical center providing care for infants, children and adolescents from birth to 21 years of age It provides inpatient services in all pediatric, medical, surgical, and psychiatric subspecialties with a staff of more than 440 physicians Outpatient services are provided in 58 subspecialties Children's provides a large array of community benefit programs, wellness programs, research activities, and special programs for the handicapped and medically underserved CHMPC was incorporated on February 6, 1996, to manage pediatric physician practices in a high-quality, cost-effective manner A division of CHMPC, Kids First, emphasizes providing pediatric care in medically underserved geographical areas Children's Hospital Anesthesia Corporation was incorporated on June 30, 2000, to provide high-quality, hospital, comprehensive anesthesia services Children's and its affiliates are hereinafter collectively referred to as the Children's Group

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Organization (Continued)

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

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

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

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

Contributions and Donor-Restricted Gifts

The System records contributions receivable in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Accounting for Contributions Received and Contributions Made*, which requires the System to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the condition is met or the gift is received Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When an externally-imposed restriction expires or unrestricted contributions are realized, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions Temporarily restricted gifts greater than $100,000 used to purchase a depreciable asset are reclassified as unrestricted net assets over the same period of time that the related asset is being depreciated In accordance with the Louisiana Uniform Prudent Management of Institutional Funds Act (UPMIFA), permanently restricted gifts are reclassified as either unrestricted or temporarily restricted if (i) the value of the gift does not exceed $100,000, (ii) twenty or more years have elapsed since the gift was received, and (iii) the purpose of the restriction is unlawful, impracticable, impossible, or wasteful

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

Assets Whose Use is Limited or Restricted

Assets whose use is limited primarily include assets held by trustees under indenture agreements, investments restricted by donors, and designated assets set aside by the Board of Trustees (the Board) for future capital improvements and commitments, over which the Board retains control and may, at its discretion, subsequently use for other purposes

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

Note 1. Summary of Significant Accounting Policies (Continued)

Assets Whose Use is Limited or Restricted (Continued)

Restricted other assets consist of certificates of deposit held by the Workers' Compensation Fund as collateral against the self-insured portion of claims and cash held in trust for residents at Woldenberg

Inventories

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

Property, Plant and Equipment

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

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

Impairment of Long-Lived Assets

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenues and Related Receivables

Net patient service revenues and receivables are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors The System provides care to patients even if they lack adequate insurance coverage or are covered by contractual payment arrangements that do not pay full charges The payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations are based on per diem rates or discounts from established charges

Patients Accounts Receivable

Children's:

Patient accounts receivables are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, Children's analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, Children's analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which includes patients without insurance who are not covered by Children's charity care programs and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted are charged off against the allowance for doubtful accounts

Children's total provision for bad debts increased from $4,313,000 for the year ended December 31, 2011 to $6,415,000 for the year ended December 31, 2012, with the increase being attributed to an increase in self pay patient volumes

Note 1. Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenues and Related Receivables (Continued)

Patients Accounts Receivable (Continued)

Touro:
Patients accounts receivables are reduced by an allowance for doubtful accounts In establishing its estimate of collectability of accounts receivable, the Hospital analyzed its past history and collection patterns of its major payor sources of revenue

For receivables associated with services provided to patients who have third-party coverage, the Hospital estimates, based upon experience, an allowance on the overall value of the receivables at any given point in time adjusting the accounting to reflect these new estimates each month These estimates are adjusted monthly for volume and service mix and annually for rate increases

For receivables associated with self-pay patients (which includes both patients without insurance who are not covered by the Hospital's Charity Care Program and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts The Hospital has created a collection model of the patterns of collectability that is based upon the theory of an inverse relationship between age of the debt and its collectability To estimate the appropriate allowance for doubtful accounts and provision for bad debts, a mathematical algorithm based on account type (pure self pay versus self pay after insurance) and age is applied to all accounts

Touro's total provision for bad debts decreased from $10,159,000 for the year ended December 31, 2011 to $9,707,000 for the year ended December 31, 2012

Deferred Financing Costs
Deferred financing costs, which are included in other assets, are amortized over the period the obligation is outstanding, using a method that approximates the interest method Deferred financing costs total approximately $2,500,000 at December 31, 2012 and 2011, respectively, and are presented net of accumulated amortization of approximately $1,225,000 and $1,173,000, at December 31, 2012 and 2011, respectively

Advertising Expenses
The System expenses advertising costs as incurred Advertising expense was approximately $855,000 and $1,398,000 for the years ended December 31, 2012 and 2011, respectively

Note 1. Summary of Significant Accounting Policies (Continued)

Grants and Contributions

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

Community Benefit

In the furtherance of its charitable purpose, Touro provides a wide variety of benefits to the community which it serves Such benefits include health screenings, in-home caregiver services, and seminars on a variety of health topics that are relevant to the health needs of the community, such as healthy eating, diabetes management, healthy aging and cancer support and survivorship programs Touro offers counseling for patients and families, a variety of cancer support groups and supportive cancer care services, pastoral care, the donation of space for use by community groups, health enhancement and wellness programs, classes on specific medical conditions, and telephone information services Touro staff support area nonprofits and community groups to offer health information and health screenings at community events The Hospital partners with other healthcare nonprofits to provide healthcare information and education resources to the community The Hospital provides clinical training to students annually in a variety of training programs and specialties, including medical student and post graduate medical training in various specialties The Hospital is also a clinical training site for allied health programs for various metropolitan colleges and provides rehabilitation therapy training to students from colleges across the country Touro also provides a broad range of clinical services to economically disadvantaged patients, both inpatient and outpatient, through outpatient clinics In addition, Touro's Governing Board and management work closely with local civic leaders to address the health care needs of the community

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Community Benefit (Continued)

During the years ended December 31, 2012 and 2011, estimated costs associated with charity care services provided by Touro were approximately $4,452,000 and $5,067,000, respectively Estimated costs of charity care services provided are determined based on Touro's average cost to charge ratio and total charges for provided services determined to qualify as charity care

During the years ended December 31, 2012 and 2011, estimated costs associated with charity care services provided by Children's were approximately $6,445,000 and $5,266,000, respectively Charity care costs are determined by assigning direct costs to charity care programs and by complementing the direct costs with estimates determined based off of Medicaid and Medicare cost report methodologies

Derivatives and Financial Instruments

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

New Accounting Pronouncements

Effective January 1, 2012, the System adopted the provisions of Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities* ASU 2011-07 requires the presentation of the provision for doubtful accounts related to patient service revenue as a deduction from patient service revenue and enhancing the disclosures of the System's policies related to uncollectible accounts This adoption was applied retrospectively to the 2011 financial statements The effect to the 2011 statements is a reduction of net patient service revenue by $14,472,000 of that year's provision for doubtful accounts Total operating expenses for 2011 then decreased by the same $14,472,000 The change had no effect on the 2011 change in net assets The provision for doubtful accounts for the subsidiaries are included within the total allowance for doubtful accounts

Effective January 1, 2012, the Hospital adopted ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability The adoption of ASU 2010-24 did not have a material impact on the 2012 and 2011 consolidated financial statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

Effective January 1, 2012, the Hospital adopted ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which result in common fair value measurement and disclosure requirements in U S GAAP and IFRSs The adoption of ASU 2011-04 did not have a material impact on the 2012 and 2011 consolidated financial statements

Effective January 1, 2011, the Hospital adopted ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*, which requires that costs be used as the measurement basis of charity care disclosures and that cost be identified as the direct and indirect cost of providing the charity care The adoption of ASU 2010-23 resulted in additional disclosures included in Note 1

Effective January 1, 2011, the Hospital adopted ASU 2010-06, which amends Fair Values (Topic 954), to add new disclosure requirements about recurring and non-recurring fair value measurements including significant transfers into and out of Level 1 and Level 2 fair value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair value measurements It also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value The adoption of ASU 2010-06 did not have a material impact on the 2012 and 2011 consolidated financial statements

Reclassifications

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

Note 2. Net Patient Service Revenues

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

Medicare and Medicaid

Children's:

Children's participates primarily in the Medicaid program as a provider of medical services to program beneficiaries Approximately 66% and 68% of Children's gross patient service revenues were derived from program beneficiaries for the years ended December 31, 2012 and 2011, respectively Inpatient services rendered to Medicaid patients are paid based on a prospective per diem system

Note 2. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

Children's (Continued):

A change in the reimbursement methodology for inpatient services became effective September 1, 2009, and according to this methodology, inpatient services are settled based on cost and subject to certain limitations

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

In the context of healthcare reform, effective February 1, 2012, Louisiana Medicaid introduced Bayou Health, a state-wide managed care Medicaid initiative In Bayou Health, Medicaid recipients enroll in one of five available plans - Amerigroup, Community Health Solutions, LaCare, Louisiana Healthcare Connections or United Healthcare Community Plan (collectively, Bayou Health Plans) These plans are all accountable to the Department of Health and Hospitals and to the State of Louisiana (State) There are differences between these plans, including their provider networks, referral policies, health management programs, services and incentives offered to participants Medicaid recipients can choose which Bayou Health Plan to enroll into

Children's reimbursements from Bayou Health Plans follow the same methodology as Medicaid, with the exception of Louisiana Healthcare Connections, whose contractual arrangements included prospective reimbursements for the year ended December 2012

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

The Medicaid disproportionate share regulations are established by the Louisiana Department of Health and Hospitals and are subject to review and approval by the Centers for Medicare and Medicaid Services Children's has included approximately $232,000 and $995,000 for Medicaid disproportionate share revenues in net patient service revenues, for the years ended December 31, 2012 and 2011, respectively

The Medicaid cost reports for the years 2004 through 2012 have not been final audited by the Medicaid fiscal intermediary

Management regularly evaluates the adequacy of the recorded settlements and does not anticipate significant adverse adjustments to the recorded settlements for these cost report years Any changes in the estimated settlements are reported as adjustments to net patient service revenues in the year the final settlements are determined No such significant changes in estimates were recorded in 2012 or 2011

Note 2. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

Touro:

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

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

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

In the context of healthcare reform, effective February 1, 2012, Louisiana Medicaid introduced Bayou Health, a state-wide managed care Medicaid initiative Medicaid recipients enroll in one of five available Bayou Health plans The plans are all accountable to the Department of Health and Hospitals and to the State There are differences between these plans, including their provider networks, referral policies, health management programs, services and incentives offered to participants Medicaid recipients can choose which Bayou Health plan to enroll into

Touro's reimbursements from the Bayou Health plans follow the same methodology as Medicaid, that is, DHH's objective is to continue collecting all Medicaid hospital program services and costs through the annual cost report uniformly, whether the service is covered by traditional Medicaid fee for service, a Sharing Savings Plan, or a Prepaid Plan for the year ended December 2012

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

Note 2. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

Touro (Continued):

Retroactive cost settlements based upon annual cost reports are estimated for those programs subject to retroactive settlement and recorded in the consolidated financial statements Final determination of retroactive cost settlements to be received under the Medicare and Medicaid regulations is subject to review by program representatives The difference between a final settlement and an estimated settlement in any year is reported as an adjustment to net patient service revenue in the year the final settlement is made Touro's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2009 Touro's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2006

Net revenues from government health care programs included in net patient service revenues approximated $142,100,000 and $96,000,000 for the years ended December 31, 2012 and 2011, respectively

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is a possibility that recorded estimates will change by a material amount in the near term Net patient service revenue increased in 2012 and 2011 by approximately $3,383,000 and $4,565,000, respectively, due to changes in estimates resulting from the removal of allowances previously estimated that are no longer necessary as a result of final settlements, years that are no longer subject to audits, reviews, or investigations, revision of allowance estimates recorded in prior years relating to expected retroactive adjustments, and revisions based on updated information from the fiscal intermediary

During 2012 and 2011, Touro received approximately $431,000 and $399,000, respectively, from the State of Louisiana in the form of a Graduate Medical Education Supplement Payment

The System:

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

Note 3. Assets Limited as to Use and Investments

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

At December 31, 2012 and 2011, assets limited as to use consist of the following (in thousands)

	2012	2011
Pooled Asset Portfolio		
Cash	**$ 75**	$ 5,112
U S Government Securities	**116**	153
Marketable Equity Securities	**435,512**	376,436
Other Fixed Income Securities	**291,600**	284,362
Mortgage-Backed Securities	**2,334**	4,724
Money Market Funds	**26,983**	34,404
Total Pooled Asset Portfolio	**756,620**	705,191
Separately Invested Portfolio		
Marketable Equity Securities	**1,961**	1,815
U S Treasury Notes, Bonds, and Bills	**1,593**	1,734
State of Israel Bonds	**500**	500
Mortgage-Backed Securities	**685**	731
Money Market Funds, Certificates of Deposit, and Commercial Paper	**9,783**	12,960
Total Separately Invested Portfolio	**14,522**	17,740
Total	**$ 771,142**	$ 722,931

At December 31, 2012 and 2011, the System maintained $1,100,000 and $600,000, respectively, of certificates of deposit held by the Workers' Compensation Fund as collateral against its self-insured portion of workers' compensation claims At December 31, 2012 and 2011, the System maintained funds in trust for residents of Woldenberg of approximately $27,000 and $23,000, respectively

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

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

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

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

Investment income at December 31, 2012 and 2011, including both unrestricted and restricted activity, comprises the following (in thousands)

	2012	2011
Interest and Dividend Income	**$ 20,216**	$ 17,560
Net Gains (Losses)		
Realized Gains on Securities	**4,835**	18,293
Unrealized (Losses) Gains on Securities	**58,649**	(30,195)
	$ 83,700	$ 5,658

Investment income is reported net of investment fees Investment fees were approximately $1,175,000 and $1,127,000, for the years ended December 31, 2012 and 2011, respectively

Note 4. Derivative Instruments

At December 31, 2012, derivative instruments consist of the following interest rate and basis swap agreements entered into by Touro

Trade Date	Maturity	Notional Amount	Hedged Rate	Derivative Rate
August 15, 2005 (and amended September 29, 2011)	January 1, 2015	$ 29,945,000	6 125%	Variable rate based on SIFMA Index
September 29, 2011	January 1, 2015	$ 20,200,000	5 625%	Variable rate based on SIFMA Index
September 30, 2011	January 1, 2015	$ 20,200,000	82% of LIBOR	0 692%
September 30, 2011	January 1, 2015	$ 29,645,000	82% of LIBOR	0 625%

Note 4. Derivative Instruments (Continued)

In relation to the swap agreements, the System's investment income included an unrealized gain of approximately $3,306,000 and $3,514,000 in 2012 and 2011, respectively Interest expense associated with the debt instruments was reduced by the gains and interest earnings from the swaps' effectiveness by approximately $2,240,000 and $1,264,000 in 2012 and 2011, respectively At December 31, 2012, these agreements had a carrying value (which approximates fair value) of $229,000 and were recorded in other receivables At December 31, 2011, these agreements had a carrying value of approximately $3,077,000 and were recorded in other current liabilities

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

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

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

With respect to the derivative instruments held at December 31, 2012 and 2011, the System's exposure to credit-related losses in the event of nonperformance by counterparties is minimized because investment managers for the System deal almost exclusively in exchange-traded futures and options These securities are extremely liquid, are subject to rigorous exchange and government regulation, involve limited counterparty risk, have no hidden embedded risks, and have daily available public prices

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

Note 5. Property, Plant and Equipment

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

	2012	2011
Land and Land Improvements	$ 37,609	$ 37,478
Leasehold Improvements	144	98
Buildings	307,327	294,483
Fixed Equipment	143,508	140,048
Major Moveable Equipment	230,911	214,991
	719,499	687,098
Less Accumulated Depreciation	(486,843)	(460,782)
Construction in Progress	5,006	9,326
Property, Plant and Equipment, Net	$ 237,662	$ 235,642

Depreciation expense on depreciable assets was $29,442,000 and $28,748,000 for the years ended December 31, 2012 and 2011

The net book value of assets under capital lease arrangements was approximately $2,634,000 and $3,688,000 at December 31, 2012 and 2011, respectively Depreciation expense related to these assets was approximately $1,054,000 and $1,181,000 for the years ended December 31, 2012 and 2011, respectively

Note 6. Long-Term Obligations

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

	2012	2011
Series 1993, Issued September 1993, due in Sinking Fund Installments through 2023, Annual Interest Rates Ranging from 5 3% to 6 125%	$ 29,945	$ 30,845
Series 1999, Issued May 1999, due in Sinking Fund Installments through 2029, Annual Interest Rates Ranging from 4 15% to 5 625%	45,295	46,300
Less Current Maturities	(1,985)	(1,815)
Less Unamortized Original Issue Discount	(647)	(693)
Non-Current Portion of Bonds Payable	$ 72,608	$ 74,637

Note 6. Long-Term Obligations (Continued)

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

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

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

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

Terms of the interest rate and basis swap agreements obligate Touro to put aside collateral in favor of Merrill Lynch based on a predetermined formula As of December 31, 2012 and 2011, the collateral account totaled approximately $543,000 and $4,331,000, respectively, and such amounts are included in assets limited as to use-restricted by bond indenture on the consolidated balance sheets

At December 31, 2012, scheduled repayments of principal and sinking fund installments to retire the bonds are as follows (in thousands)

2013	$	1,985
2014		2,110
2015		2,240
2016		2,375
2017		2,520
Thereafter		64,010
Total	$	75,240

Note 6. Long-Term Obligations (Continued)

The Series 1993 and 1999 bonds are general obligations of Touro, and future revenues are pledged to repayment of the bonds Additionally, as mentioned above, under the terms of the indenture agreement, Touro is required to maintain certain deposits with a trustee The related debt agreements also place limits on the incurrence of additional borrowings and require that Touro satisfy certain measures of financial performance as long as the bonds are outstanding In 2012, Touro met all measures of financial performance as defined in the loan agreements

Rent expense for the System, which relates primarily to operating leases for medical and office equipment, was approximately $5,372,000 and $5,837,000 in 2012 and 2011, respectively The future minimum rentals under these leases for the next five years range from approximately $2,820,000 to $4,560,000 per year

Gross rental income earned in the System's operation of medical office buildings in 2012 and 2011, was approximately $5,627,000 and $5,300,000, respectively The future minimum rental payments to be received by the System on noncancelable operating lease agreements for the next five years range from approximately $240,000 to $4,465,000 per year

Note 7. Employee Retirement Plans

Defined Contribution Plans

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

In addition, Children's may elect to make an additional 3% discretionary contribution No such discretionary contribution was made in 2012 Contributions by Children's to this plan during the years ended December 31, 2012 and 2011, were approximately $6,408,000 and $8,484,000, respectively To comply with tax law changes, effective January 1, 2002, an employee becomes 100% vested in matching contributions after three full years of continuous service Non-matching contributions and matching contributions made prior to January 1, 2002, will continue to vest after five full years of service

Note 7. Employee Retirement Plans (Continued)

Defined Contribution Plans (Continued)

Touro and Woldenberg each sponsor a Section 403(b) defined contribution employee benefit plan Employees who are at least 21 years of age and have completed 1,000 hours of service during a 12-month period are eligible to participate

Employees of Touro who participate may make tax-deferred contributions of up to 4% of eligible earnings, as defined Touro will make qualified matching contributions of 50% of employee contributions up to 4% of the employees eligible earnings An employee of Touro wishing to contribute more may do so up to applicable Internal Revenue Service (IRS) limitations, however, Touro does not match any portion of these additional contributions Participants fully vest in Touro's matched contributions after one year of service During December 31, 2012 and 2011, matching contributions approximated $639,000 and $610,000, respectively

Employees of Woldenberg who participate may make tax-deferred contributions up to the applicable IRS limitations Woldenberg does not match any portion of their participants contributions, therefore, there was no expense recorded for either 2012 or 2011

CCPI sponsors a Section 401(k) defined contribution employee benefit plan Employees who have completed thirty days of service are eligible to join the plan Employees of CCPI may contribute to the plan through salary deferrals up to applicable IRS limitations During 2011, CCPI made matching contributions of 50% of salary deferral contributions up to a total match of $1,500 Beginning in 2012, CCPI is making qualified matching contributions of 100% of salary deferral contributions up to 3% of pay, plus 50% of salary deferral contributions in excess of 3% of pay up to 5% of pay CCPI recognized expense of approximately $430,000 in 2012 and $89,000 in 2011

Defined Benefit Pension Plan

Touro sponsors a defined benefit pension plan that covers substantially all full-time employees The plan is noncontributory and provides benefits that are based on the participants' years of service and level of compensation Each participant is entitled to an account balance that grows each year with pay, transition, employer match, and interest credits Touro's funding policy is based on the minimum contributions required under the Employee Retirement Income Security Act of 1974 as determined by its consulting actuaries Touro contributed approximately $1,000,000 and $2,370,000, to the plan in 2012 and 2011, respectively

Note 7. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

The following table sets forth the plan's components of net periodic pension cost, change in projected benefit obligation, change in plan assets, funded status, and pension expense recognized by Touro as of and for the years ended December 31, 2012 and 2011, using the projected unit credit method with salary progression (in thousands)

	2012	2011
Change in Benefit Obligation		
Benefit Obligation at Beginning of Year	**$ 39,152**	$ 32,605
Service Cost	**2,877**	2,297
Interest Cost	**1,623**	1,707
Actuarial Loss	**465**	4,377
Benefits Paid	**(2,600)**	(1,835)
Benefit Obligation at End of Year	**41,517**	39,151
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	**27,705**	26,838
Actual Return on Plan Assets	**2,752**	331
Benefits Paid	**(2,600)**	(1,835)
Employer Contributions	**1,000**	2,370
Fair Value of Plan Assets at End of Year	**28,857**	27,704
Funded Status (Underfunded)	**$ (12,660)**	$ (11,447)
Net Periodic Pension Cost		
Service Cost	**$ 2,877**	$ 2,297
Interest Cost	**1,623**	1,707
Actuarial Gain on Plan Assets	**(2,752)**	(331)
Net Amortization	**1,649**	(1,189)
Net Periodic Cost	**$ 3,397**	$ 2,484

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

	2012	2011
Unrecognized Net Actuarial Loss	**$ 12,794**	$ 14,130
Unrecognized Prior Service Cost	**(371)**	(523)
Total Accrued Benefit Cost	**$ 12,423**	$ 13,607

Note 7. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

Amounts included in net assets at December 31, 2012, that are expected to be amortized into net periodic postretirement cost during 2012 are provided below (in thousands)

	2012
Unrecognized Net Actuarial Loss	$ 1,335
Unrecognized Prior Service Cost	(151)
Total	$ 1,184

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

	2012	2011
Discount Rate, Obligation	**3.90%**	4 30%
Discount Rate, Periodic Cost	**4.30%**	5 40%
Expected Return on Plan Assets	**7.00%**	7 00%
Rate of Compensation Increase	**3.00%**	3 00%
Cash Balance Interest Credit Rate	**4.00%**	4 00%

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

	2012	2011	Target Allocation
Equity Securities	**45%**	41%	50% - 60%
Debt Securities	**52%**	51%	35% - 50%
Cash and Cash Equivalents	**3%**	8%	0% - 5%

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

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

Note 7. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

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

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

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

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

Touro expects to make contributions of approximately $1,870,000 to the defined benefit pension plan in 2013

For December 31, 2012 and 2011, Touro's plan had accumulated benefit obligations of approximately $39,248,000 and $36,280,000, respectively

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of December 31, 2012, are as follows

2013	$ 1,110,000
2014	1,130,000
2015	1,180,000
2016	1,300,000
2017	1,360,000
2018 - 2022	8,450,000

Supplemental Executive Retirement Plan

Touro has a supplemental executive retirement plan with a former Chief Executive Officer (CEO) in which an annual payment is made over ten years and investment return is credited to the base amount due each year In addition, Touro has a deferred compensation plan with this former CEO under an employment contract Amounts payable under these plans totaled approximately $1,643,000 and $2,269,000, at December 31, 2012 and 2011, respectively An additional deferred compensation trust exists, which has been recorded with an offsetting asset and liability in the amount of approximately $1,664,000 and $1,164,000, as of December 31, 2012 and 2011, respectively

Note 7. Employee Retirement Plans (Continued)

Executive Benefit Plan

Children's sponsors an Executive Benefit Plan benefiting members of senior management This plan includes a flexible benefit allowance account and an executive employment retention plan These plans define specific vesting dates and provide the executive with tax deferral opportunities Total expenses related to the Executive Benefit Plan during the years ended December 31, 2012 and 2011, were approximately $1,218,000 and $839,000, respectively In addition, in 2002, Children's established a 457(b) investment account that can be utilized by senior management As of December 31, 2012 and 2011, the Hospital's total liability for these plans is $2,459,000 and $1,849,000, respectively, and is included in accrued compensation on the consolidated balance sheet Related assets of $2,459,000 and $1,849,000, at December 31, 2012 and 2011, respectively, are recorded to fully settle these plan liabilities

Note 8. Insurance Programs

Medical Professional Liability

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

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

Workers' Compensation

Children's is self-insured for workers' compensation claims up to $600,000 in effect for fiscal periods beginning January 1, 2012 The loss limit for workers' compensation claims was $300,000 for fiscal periods starting January 1, 2000 through January 1, 2002, $350,000 for fiscal periods starting January 1, 2003 through January 1, 2004, and $500,000 for fiscal periods beginning January 1, 2005 through January 1, 2012 In addition, Children's maintains excess workers' compensation coverage on an occurrence basis up to a specific limit of $25,000,000 through an insurance carrier

Touro is self-insured for workers' compensation claims up to $750,000 in effect for periods beginning February 1, 2009 through December 31, 2012 The self-insured retention or loss limit for workers' compensation claims was $250,000 for fiscal periods starting January 1, 2002 through December 31, 2002 and $500,000 for periods starting January 1, 2003 through January 31, 2009 Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to a specific limit of $25,000,000 per occurrence Touro accrues for self-insured claims, claims administration costs, and legal fees based on an actuarial study The estimated liability for workers' compensation claims in the consolidated balance sheet, which was discounted at 6% was approximately $1,918,000 and $2,009,000 at December 31, 2012, and 2011, respectively

Note 8. Insurance Programs (Continued)

Health Insurance

Touro offers subsidized health insurance to its employees through an employer-sponsored health plan The self-insured plan obligates Touro to pay the first $250,000 per claim Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to $1,000,000 per occurrence The health insurance reserves were approximately $2,258,000 and $1,754,000 at December 31, 2012 and 2011, respectively The estimated reserve for employee health care claims is based on actual claims history and includes estimates for administrative costs

In General

Children's has purchased additional umbrella coverage on a claims-made basis of $10,000,000 from an insurance carrier through July 31, 2010 Effective August 1, 2010, there is a claims-made policy for the System with a $20,000,000 annual aggregate limit from an insurance carrier Hospital management believes all asserted claims are covered and will be settled within the limits of the Hospital's coverage The recorded liability, based upon an actuarial study, totaled $3,342,000 and $3,817,000, discounted at 6%, at December 31, 2012 and 2011, respectively, for known claims and possible losses attributable to any workers' compensation, general, or professional liability incidents that may have occurred but that have not been identified under Children's incident reporting system

Touro has excess insurance coverage with an annual aggregate limit of $30,000,000 that covers any settlement amounts that are in excess of $1,000,000 through July 31, 2010 and a System claims-made policy with a $20,000,000 annual aggregate limit from an insurance carrier effective August 1, 2010 Touro's management believes that all asserted claims are covered and will be settled within the limits of the Touro's coverage Touro accrues for self-insured claims, claims administration costs, and legal fess based on an actuarial study and an additional internal assessment The estimated liability for professional liability claims in the consolidated balance sheets, which was discounted at 6%, was approximately $7,272,000 and $6,517,000, at December 31, 2012 and 2011, respectively

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

Note 9. Concentrations of Credit Risk

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

Note 9. Concentrations of Credit Risk (Continued)

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

	2012		2011	
Medicare	**8**	%	8	%
Medicaid	**33**		33	
Managed Care	**50**		50	
Patients	**8**		8	
Workers' Compensation	**1**		1	
Total	**100**	%	100	%

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

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

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

Note 10. Temporarily Restricted Net Assets

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

	2012		2011	
Specific Purpose Funds				
Research, Education and Other	**$**	**5,892**	$	4,930
Patient Care (Including Elder Care)		**1,319**		960
Lectures		**348**		296
Plant Funds				
Miscellaneous Renovation Projects		**621**		685
Total	**$**	**8,180**	$	6,871

Note 11. Permanently Restricted Net Assets (Endowment Funds)

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

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

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

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

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

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

The System's Endowment Net Asset Composition by fund type as of December 31, 2012, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 7,651	$ 7,651
Undesignated Funds	-	109	-	109
Total	$ -	$ 109	$ 7,651	$ 7,760

A summary of the changes in the System's Endowment Net Assets for the year ended December 31, 2012, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, Beginning of Year	$ -	$ -	$ 7,731	$ 7,731
Investment Return				
Investment Income	-	181	-	181
Net Appreciation (Realized and Unrealized)	-	644	-	644
Total Investment Return	-	825	-	825
Change in Donor Intent	-	-	(80)	(80)
Appropriation of Endowment Net Assets for Expenditure	-	(716)	-	(716)
Net Assets, End of Year	$ -	$ 109	$ 7,651	$ 7,760

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 7,731	$ 7,731
Undesignated Funds	-	-	-	-
Total	$ -	$ -	$ 7,731	$ 7,731

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, Beginning of Year	$ -	$ 197	$ 7,731	$ 7,928
Investment Return				
Investment Income (Loss)	-	356	-	356
Net Appreciation (Realized and Unrealized)	-	(272)	-	(272)
Total Investment Return	-	84	-	84
Contributions	-	-	-	-
Appropriation of Endowment Net Assets for Expenditure	-	(281)	-	(281)
Net Assets, End of Year	$ -	$ -	$ 7,731	$ 7,731

Note 12. Assets Held in Trust

Children's has been named the income beneficiary of a separate trust Because the assets of the trust are not controlled by Children's and Children's does not have an irrevocable right to receive the income earned on the trust's assets, they are not included in Children's financial statements The assets had a market value of approximately $4,223,000 and $4,063,000 at December 31, 2012 and 2011, respectively Distributions of income are made at the discretion of the trustee In 2012 and 2011, Children's recorded contribution income of approximately $101,000 and $133,000, respectively, received from the trust

Note 13. Functional Expenses

The System provides general health care services, both inpatient and outpatient, to patients in the Gulf South region For the year ended December 31, 2012 and 2011, expenses related to providing these services are as follows (in thousands)

	2012	2011
Health Care Services	**$ 359,146**	$ 371,130
Fiscal and Administrative Services	**116,542**	85,562
Total	**$ 475,688**	$ 456,692

Note 14. Fair Value of Financial Instruments

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

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

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

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

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

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

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

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

Note 14. Fair Value of Financial Instruments (Continued)

Assets and liabilities measured at fair value on a recurring basis at December 31, 2012, are summarized below (in thousands)

Assets	Level 1	Level 2	Level 3	Total Fair Value
Cash	$ 75	$ -	$ -	$ 75
U S Government Securities	1,592	117	-	1,709
Marketable Equity Securities	307,227	108,334	21,912	437,473
Other Fixed Income Securities	45,835	245,618	147	291,600
Mortgage-Backed Securities	-	3,019	-	3,019
Money Market Funds	20,715	16,051	-	36,766
Other	-	500	-	500
Interest Rate and Basis Swaps	-	229	-	229
Total	$ 375,444	$ 373,868	$ 22,059	$ 771,371

Liabilities	Level 1	Level 2	Level 3	Total Fair Value
None	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -

The changes in investments measured at fair value for which the System has used Level 3 inputs to determine fair value for 2012, are as follows (in thousands)

	Level 3 Beginning Balance January 1, 2012	Realized and Unrealized Gains (Losses)	Purchases, Sales and Settlements	Net Transfers In and/or (Out) of Level 3	Level 3 Ending Balance December 31, 2012
Marketable Equity Securities	$ 19,902	$ 1,745	$ (3,573)	$ 3,838	$ 21,912
Other Fixed Income Securities	3,716	3	2	(3,574)	147
Total	$ 23,618	$ 1,748	$ (3,571)	$ 264	$ 22,059

Note 14. Fair Value of Financial Instruments (Continued)

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

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

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

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

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

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

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

Note 14. Fair Value of Financial Instruments (Continued)

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

Note 15. Net Assets Released from Restrictions

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

	2012	2011
Purpose Restrictions Accomplished		
Capital Additions, Research and Education	**$ 4,967**	$ 4,909
Elder Care	**25**	203
Other	**176**	156
Funding of Nursing Educators	**142**	70
Rehabilitation	**24**	66
Pastoral Care	**10**	40
Charity Care	**13**	21
Surgery	**10**	18
OBGYN	**25**	-
Cardiology	**3**	2
Total Restrictions Released	**$ 5,395**	$ 5,485

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

Note 16. Woldenberg Village, Inc.

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

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

Note 16. Woldenberg Village, Inc.(Continued)

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

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

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

During the years ended December 31, 2012 and 2011, Touro recorded impairment charges totaling approximately $42,000 and $44,000, respectively, related to Woldenberg An impairment assessment was performed, and the fair value of the entity was estimated using the present value of future cash flows These charges relate to the write-down of long-lived assets as future cash flows which are not projected to recover the outstanding book investment cost of one of three business units of Woldenberg These charges, combined with the impairment charges recognized in previous years, represent a complete write-down of the undepreciated assets of the Willowwood business unit (a skilled nursing facility)

Note 17. Commitments and Contingencies

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

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

Note 17. Commitments and Contingencies (Continued)

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a so-called Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs on a permanent and nationwide basis The programs use RACs and MICs to search for potentially improper Medicare and Medicaid payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago Once a RAC or MIC identifies a claim it believes to be improper, it notifies the Hospital to formally begin an assessment process Upon completion of the assessment and appeal process, it makes a deduction from the provider's Medicare and Medicaid reimbursement in an amount estimated to equal the overpayment

The Hospital will deduct from revenue amounts assessed under the RAC and MIC audits after the assessment and appeals process is complete until such time that estimates of net amounts due can be reasonably estimated RAC and MIC assessments against the Hospital are anticipated, however, the outcome of such assessments are unknown and cannot be reasonably estimated Management has determined RAC and MIC assessments to be insignificant to date

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law The PPACA is creating sweeping changes across the healthcare industry, including how care is provided and paid for A primary goal of this comprehensive reform legislation is to extend health coverage to uninsured legal U S residents through a combination of public program expansion and private sector health insurance reforms To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs Management of the System is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other consultants to optimize available reimbursement

Settlement of Certain Claims by the Government Related to Dr. Palazzo
In April of 2008, Touro signed an agreement with the United States Department of Justice acting on behalf of the Office of Inspector General (OIG) of the Health and Human Services (HHS) agreeing to settle certain false claims related to charges submitted to the government by Dr Carmen Palazzo

The terms of the settlement included a payment to the government of $1,750,000 in addition to reopening several prior year cost reports to ensure that all unallowed costs have been removed At the same time, Touro also entered into a five-year Corporate Integrity Agreement (CIA) with the HHS OIG This agreement obligates Touro to strengthen the current compliance program, and implement certain management practices and initiatives to ensure greater oversight of Touro's operations

Note 17. Commitments and Contingencies (Continued)

Settlement of Certain Claims by the Government Related to Dr. Palazzo (Continued)

Additional terms of this agreement include engaging an independent third party to act as an Independent Review Organization, enhancing the contract management policies and procedures, and expanding employee education Touro has also implemented further internal controls with respect to Medicare and Medicaid billing, reporting, and claims submission processes

A breach of the CIA could subject Touro to substantial monetary penalties and exclusion from participation in the Medicare and Medicaid programs Management believes that Touro is in compliance with the terms and provisions of the CIA

At this time, management believes that the costs related to the settlement and reopening of prior years' cost reports are adequately provided for by reserves established in prior years and the ultimate resolution of these issues will not have a material effect on the System's financial condition, results of operations, or cash flows

Electronic Health Records (EHR) Incentive Payments

The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that adopt and meaningfully use certified EHR technology These incentive payments are determined based on a formula, including inputs such as charity charges and total discharges The revenue associated with EHR incentive payments is recognized by the System when management can provide reasonable assurance that the System will be able to demonstrate compliance with the meaningful use objectives for that reporting period and that the incentive payments will be received by the System Because these incentive payments are based on management's best estimate, the amounts recognized are subject to change Any changes resulting from a change in estimate would be recognized within operations in the period in which they occur In addition, these payments and the related attestation of compliance with meaningful use objectives are subject to audit by the federal government or its designee

For the year ended December 31, 2012, the System recognized approximately $2,319,000 and $701,000 of revenue related to Medicare and Medicaid incentive payments for EHR, respectively For the year ended December 31, 2011, the System recognized $6,348,000 of revenue related to Medicaid incentive payments for EHR These amounts were recognized in full at the date of attestation and are included within other operating revenues on the consolidated statements of operations

Note 18. Community Support

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

Note 18. Community Support (Continued)

Children's:

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

Children's continues to focus significant efforts on supporting the advancement of medical knowledge through research Children's Hospital's Research Institute for Children, opened since 1997, has completed its sixteenth year of operation in 2012

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

The revenues and expenses associated with these programs for the year ended December 31, 2012, are detailed as follows (in thousands)

	2012						
	Research Institute	CHAP	Mobile Dental	CARE Center	Behavioral Health	Other	Total
Patient Revenues	$ -	$ 18,273	$ 2,092	$ 948	$ 28,883	$ 13,815	$ 64,011
Revenue Deductions	-	(18,273)	(1,825)	(703)	(22,307)	(10,449)	(53,557)
Other Revenues	1,488	-	-	285	-	1,275	3,048
Total Revenues	1,488	-	267	530	6,576	4,641	13,503
Total Expenses	7,617	5,557	1,570	1,240	6,864	17,329	40,177
Community Support, Net	$ (6,128)	$ (5,557)	$ (1,303)	$ (710)	$ (288)	$ (12,688)	$ (26,674)

Note 18. Community Support (Continued)

Children's (Continued):

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

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

In 2012 and 2011, expenses of the community support programs include direct expenses and an allocation of indirect expenses as follows (in thousands)

	2012	2011
Direct Expenses	**$ 28,011**	$ 19,201
Indirect Expenses	**12,165**	10,829
Total Expenses	**$ 40,177**	$ 30,030

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

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

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

Note 18. Community Support (Continued)

The System:

Touro and Children's formerly collaborated with other healthcare providers (the Hospitals) to ensure the availability of, and to more cost effectively provide, quality healthcare services to low income and needy residents in the community In order to best address the needs in the community, the collaborative Hospitals became members of four non-profit organizations, Louisiana Clinical Services, Inc (LCS), Southern Louisiana Clinical Services, Inc (SLCS), Eastern Louisiana Clinical Services, Inc (ELCS), and Natchitoches Clinical Services, Inc (NCS), (collectively, the Non-Profits) The Hospitals contributed funds to the Non-Profits, which were then used to support the provisions of the hospital and clinical physician services, physician in-training services, physician assistant/nurse practitioner services, specialty physician services and other healthcare services The System officially withdrew from these collaborative agreements July 27, 2012

Effective November 1, 2011, the System entered into a contract with Louisiana Health Sciences Center (LSUHSC) to cover costs of providing physician services to low income and needy patients at the LSU Interim Hospital in New Orleans (LSU-IH) This contract terminated June 30, 2012

Effective July 1, 2012, the System entered into multiple contracts with LSUHSC, Tulane University School of Medicine, and Van Meter and Associates to cover costs of providing physician services to low income and needy patients at LSU-IH

For the years ended December 31, 2012 and 2011, the System contributed approximately $18,868,000 and $1,710,000, respectively, to provide healthcare services to low income and needy residents in the community These expenses are included within the community support line item on the consolidated statements of operations

Note 19. Accounting for Uncertainty in Taxes

The System follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC The System recognizes a threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition The System's tax filings are subject to audit by various taxing authorities The System's open audit periods are 2009 through 2012 There are currently no returns under examination Management evaluated the System's tax positions and considered that the System had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance

Note 20. Upper Payment Limit Program

Children's, Touro and other health care providers have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population The provision for this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program up to federal Medicaid Upper Payment Limits (UPL) Each State's UPL methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS) Federal matching funds are not available for Medicaid payments that exceed UPLs As of December 31, 2012 and 2011, the System has received UPL payments of approximately $66,126,000 and $8,662,000, respectively, which are recognized in net patient service revenue on the consolidated statements of operations

Note 21. Subsequent Events

Memorandum of Understanding

During 2012, the Louisiana Department of Health and Hospitals (DHH) and Louisiana State University (LSU) began a process of restructuring the operation of state run medical facilities in Louisiana As part of this restructuring, DHH and LSU began seeking sustainable partnerships with other healthcare providers to optimize the medical training resources available in the state and to ensure that sufficient numbers of qualified healthcare professionals exist to address the current and future healthcare needs of Louisiana This healthcare reform effort has refocused on ways to remodel the delivery of care through partnerships and cooperative efforts between the public and private sectors

In December 2012, the System was named in a Memorandum of Understanding (Memorandum) with five other entities with respect to a transaction whereby the System would become the sole member of University Medical Center Management Corporation, a Louisiana nonprofit corporation This transaction would be evidenced by a Cooperative Endeavor Agreement (CEA) for a private/public collaboration whereby UMCMC would assume the responsibility for the management and operation of the Interim Louisiana Hospital, currently owned and operated by LSU, and, upon its completion, the new University Medical Center that is currently under construction in New Orleans If agreements are reached by the parties named in the Memorandum and the CEA, and those agreements become effective, then it is anticipated that the System would make advance lease payments to the State of Louisiana, however, the payment amount is not known as of the date of this report

Property Lease/Purchase

In February 2013, the System executed a lease/purchase agreement with the State of Louisiana for property For the lease to become effective, the System made a payment of $4,000,000 and is committed to funding an escrow account in the amount of $25,000,000 to fund the full purchase The System may terminate the lease up to June 20, 2013, with five days notice provided

Note 21. Subsequent Events (Continued)

Property Lease/Purchase (Continued)

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 25, 2013, and determined that there were no other events occurred that required disclosure, in addition to the items mentioned above No subsequent events occurring after this date have been evaluated for inclusion in these financial statements

SUPPLEMENTARY INFORMATION

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Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of Louisiana Children's Medical Center (LCMC) (the System) as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon which contains an unmodified opinion on those consolidated financial statements See page 2 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplemental balance sheets, statements of operations, changes in net assets and cash flows as of and for the years ended December 31, 2012 and 2011 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements Such information is the responsibility of LCMC's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

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A Professional Accounting Corporation

March 25, 2013

CHILDREN'S HOSPITAL
Balance Sheets
As of December 31, 2012 and 2011 (in Thousands)

	2012	2011
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 9,069**	$ 7,428
Assets Limited as to Use	**-**	-
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $7,671 and $4,411 in 2012 and 2011, Respectively	**35,709**	28,599
Other Receivables	**34,054**	7,915
Inventories	**6,932**	6,407
Prepaid Expenses and Other Assets	**3,149**	2,779
Estimated Third Party Settlements	**-**	-
Total Current Assets	**88,913**	53,128
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**699,418**	658,300
Restricted by Bond Indenture, Debt Service Reserve	**-**	-
Donor-Restricted Long-Term Investments	**2,973**	2,692
Restricted Other	**-**	-
Less Amount Required for Current Obligations	**-**	-
	702,391	660,992
Property, Plant and Equipment, Net	**100,630**	104,438
Other Assets	**-**	-
Total Assets	**$ 891,934**	$ 818,558

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Balance Sheets (Continued)
As of December 31, 2012 and 2011 (in Thousands)

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 13,564**	$ 11,377
Accrued Salaries and Wages	**11,335**	11,020
Current Maturities of Bonds Payable	**-**	-
Capital Lease Obligations	**-**	-
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**1,660**	1,502
Current Portion of Estimated Professional Liabilities Claims	**855**	957
Estimated Third Party Payor Settlements, Net	**13,287**	9,190
Other	**2,428**	2,255
Total Current Liabilities	**43,129**	36,301
Bonds Payable, Net of Current Portion	**-**	-
Estimated Workers' Compensation Claims, Net of Current Portion	**651**	495
Estimated Professional Liability Claims, Net of Current Portion	**1,427**	2,017
Employee Benefits	**4,473**	3,289
Total Liabilities	**49,680**	42,102
Minority Interest	**-**	-
Net Assets		
Unrestricted	**839,281**	773,764
Temporarily Restricted	**2,787**	2,506
Permanently Restricted	**186**	186
Total Net Assets	**842,254**	776,456
Total Liabilities and Net Assets	**$ 891,934**	$ 818,558

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Statements of Operations
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 213,934**	$ 206,606
Provision for Doubtful Accounts	**6,415**	4,313
Net Patient Service Revenues less Provision for Doubtful Accounts	**207,519**	202,293
Other Operating Revenues	**44,255**	20,565
Total Operating Revenues	**251,774**	222,858
Operating Expenses		
Employee Compensation and Benefits	**115,159**	113,480
Purchased Services	**21,264**	19,843
Professional Fees	**21,033**	26,009
Supplies and Other Expenses	**49,185**	45,947
Depreciation and Amortization	**11,485**	10,976
Impairment Losses	**-**	-
Interest	**-**	-
Total Operating Expenses	**218,126**	216,255
Income from Operations	**33,648**	6,603
Investment Income	**74,543**	2,783
Other Nonoperating (Loss) Income	**(16,000)**	902
Community Support, Net	**(26,674)**	(15,677)
Increase (Decrease) in Unrestricted Net Assets	**65,517**	(5,389)
Noncontrolling Interests in Income of Consolidating Subsidiaries	**-**	-
Increase (Decrease) in Unrestricted Net Assets Before Other Changes	**65,517**	(5,389)
Adjustment to Pension Liability	**-**	-
Increase (Decrease) in Unrestricted Net Assets	**$ 65,517**	$ (5,389)

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Statements of Changes in Net Assets
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Unrestricted Net Assets		
Increase (Decrease) in Unrestricted Net Assets	**$ 65,517**	$ (5,389)
Temporarily Restricted Net Assets		
Contributions	**4,986**	4,715
Investment Income	**-**	-
Net Assets Released from Restrictions	**(4,705)**	(4,702)
Increase in Temporarily Restricted Net Assets	**281**	13
Change in Permanently Restricted Net Assets	**-**	-
Increase (Decrease) in Net Assets	**65,798**	(5,376)
Net Assets, Beginning of Year	**776,456**	781,832
Net Assets, End of Year	**$ 842,254**	$ 776,456

See independent auditor's report on supplementary information

CHILDREN'S HOSPITAL
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	**$ 65,798**	$ (5,376)
Adjustments to Reconcile Increase (Decrease) in Net Assets		
to Net Cash Provided by Operating Activities	**-**	-
Adjustment to Pension Liability		
Noncontrolling Interest in Income of Consolidated		
Subsidiaries	**-**	-
Depreciation and Amortization	**13,130**	12,714
Net Loss on Disposal/Sale of Assets	**42**	113
Impairment Losses	**-**	-
Provision for Doubtful Accounts	**6,415**	4,313
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(13,525)**	(9,435)
Increase in Other Receivables	**(26,139)**	(2,046)
Increase in Inventory	**(525)**	(450)
(increase) Decrease in Other Current Assets	**(370)**	488
Increase in Investments Limited as to Use	**(41,399)**	(4,227)
Increase in Trade Accounts Payable	**2,187**	1,092
Increase in Accrued Salaries and Wages	**315**	1,396
Increase in Third-Party Payor Settlements	**4,097**	10,683
Increase in Other Liabilities	**979**	925
Net Cash Provided by Operating Activities	**11,005**	10,190
Cash Flows from Investing Activities		
Capital Expenditures	**(9,364)**	(10,963)
Proceeds from Sale of Assets	**-**	-
Net Cash Used in Investing Activities	**(9,364)**	(10,963)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	**-**	-
Repayments of Bonds Payable	**-**	-
Distributions Paid to Noncontrolling Interests	**-**	-
Net Cash Used in Financing Activities	**-**	-
Net Increase (Decrease) in Cash and Cash Equivalents	**1,641**	(773)
Cash and Cash Equivalents, Beginning of Year	**7,428**	8,201
Cash and Cash Equivalents, End of Year	**$ 9,069**	$ 7,428
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ -**	$ -
Property, Plant and Equipment Purchases in Accounts Payable	**$ 583**	$ -

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Balance Sheets
As of December 31, 2012 and 2011 (in Thousands)

	2012	2011
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 38,032**	$ 2,400
Assets Limited as to Use	**2,219**	2,356
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $9,567 and $9,364 in 2012 and 2011, Respectively	**30,769**	24,683
Other Receivables	**2,951**	2,477
Inventories	**5,323**	4,220
Prepaid Expenses and Other Assets	**2,150**	2,216
Total Current Assets	**81,444**	38,352
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**47,518**	37,866
Restricted by Bond Indenture, Debt Service Reserve	**10,113**	14,042
Donor-Restricted Long-Term Investments	**10,493**	9,408
Restricted Other	**627**	623
Less Amount Required for Current Obligations	**(2,219)**	(2,356)
	66,532	59,583
Property, Plant and Equipment, Net	**137,032**	131,204
Other Assets	**3,511**	3,071
Total Assets	**$ 288,519**	$ 232,210

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
As of December 31, 2012 and 2011 (in Thousands)

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 14,214**	$ 15,030
Accrued Salaries and Wages	**9,457**	8,718
Current Maturities of Bonds Payable	**1,985**	1,815
Capital Lease Obligations	**-**	1,138
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**2,948**	2,601
Current Portion of Estimated Professional Liabilities Claims	**2,870**	2,113
Estimated Third Party Payor Settlements, Net	**4,298**	2,803
Other	**34,358**	10,861
Total Current Liabilities	**70,130**	45,079
Bonds Payable, Net of Current Portion	**72,608**	74,637
Estimated Workers' Compensation Claims, Net of Current Portion	**1,229**	1,162
Estimated Professional Liability Claims, Net of Current Portion	**4,401**	4,405
Employee Benefits	**15,924**	14,640
Total Liabilities	**164,292**	139,923
Noncontrolling Interest	**761**	623
Net Assets		
Unrestricted	**110,422**	79,568
Temporarily Restricted	**5,393**	4,365
Permanently Restricted	**7,651**	7,731
Total Net Assets	**123,466**	91,664
Total Liabilities and Net Assets	**$ 288,519**	$ 232,210

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Operations
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 302,114**	$ 247,255
Provision for Doubtful Accounts	**9,707**	10,159
Net Patient Service Revenues less Provision for Doubtful Accounts	**292,407**	237,096
Other Operating Revenues	**13,682**	11,248
Net Assets Released from Restrictions, Operating	**105**	330
Total Operating Revenues	**306,194**	248,674
Operating Expenses		
Employee Compensation and Benefits	**132,219**	120,488
Purchased Services	**92,925**	64,812
Professional Fees	**-**	-
Supplies and Other Expenses	**47,695**	42,818
Depreciation and Amortization	**16,379**	16,166
Impairment Losses	**42**	44
Interest	**2,237**	3,920
Total Operating Expenses	**291,497**	248,248
Income from Operations	**14,697**	426
Investment Income	**7,958**	2,813
Other Nonoperating Income (Loss)	**16,125**	(812)
Community Support, Net	**(9,434)**	(855)
Net Assets Released from Restrictions, Nonoperating	**585**	453
Increase in Unrestricted Net Assets	**29,931**	2,025
Noncontrolling Interests in (Loss) Income of Consolidating Subsidiaries	**(261)**	21
Increase in Unrestricted Net Assets Before Other Changes	**29,670**	2,046
Adjustment to Pension Liability	**1,184**	(5,621)
Increase (Decrease) in Unrestricted Net Assets	**$ 30,854**	$ (3,575)

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Unrestricted Net Assets		
Increase (Decrease) in Unrestricted Net Assets	**$ 30,854**	$ (3,575)
Temporarily Restricted Net Assets		
Contributions	**519**	343
Investment Income	**1,199**	62
Net Assets Released from Restrictions	**(690)**	(783)
Increase (Decrease) in Temporarily Restricted Net Assets	**1,028**	(378)
Change in Permanently Restricted Net Assets	**(80)**	-
Increase (Decrease) in Net Assets	**31,802**	(3,953)
Net Assets, Beginning of Year	**91,664**	95,617
Net Assets, End of Year	**$ 123,466**	$ 91,664

See independent auditor's report on supplementary information

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011 (in Thousands)

	2012	2011
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	**$ 31,802**	$ (3,953)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	**(1,184)**	5,621
Noncontrolling Interest in (Loss) Income of Consolidated Subsidiaries	**261**	(21)
Depreciation and Amortization	**16,379**	16,166
Net (Gain) Loss on Disposal/Sale of Assets	**(1,085)**	181
Impairment Losses	**42**	44
Provision for Doubtful Accounts	**9,707**	10,159
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(15,793)**	(11,660)
Increase in Other Receivables	**(474)**	(146)
Increase in Inventory	**(1,104)**	(55)
Decrease in Other Current Assets	**66**	346
(Increase) Decrease in Investments Limited as to Use	**(6,811)**	15,353
(Increase) Decrease in Other Assets	**(502)**	234
Increase (Decrease) in Trade Accounts Payable	**(817)**	(142)
Increase (Decrease) in Accrued Salaries and Wages	**739**	(16)
Increase (Decrease) in Third-Party Payor Settlements	**1,495**	(253)
Increase (Decrease) in Other Liabilities	**27,133**	(2,607)
Net Cash Provided by Operating Activities	**59,854**	29,251
Cash Flows from Investing Activities		
Capital Expenditures	**(21,698)**	(22,446)
Proceeds from Sale of Assets	**642**	329
Net Cash Used in Investing Activities	**(21,056)**	(22,117)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligation	**(1,139)**	(1,407)
Repayments of Bonds Payable	**(1,905)**	(10,690)
Distributions Paid to Noncontrolling Interests	**(122)**	(116)
Net Cash Used in Financing Activities	**(3,166)**	(12,213)
Net Increase (Decrease) Increase in Cash and Cash Equivalents	**35,632**	(5,079)
Cash and Cash Equivalents, Beginning of Year	**2,400**	7,479
Cash and Cash Equivalents, End of Year	**$ 38,032**	$ 2,400
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ 4,494**	$ 5,082
Property, Plant and Equipment Purchases in Accounts Payable	**$ 1,170**	$ 1,957

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

Children's Hospital
New Orleans, Louisiana

We have audited the financial statements of Children's Hospital (the Hospital), as of and for the year ended December 31, 2012, and have issued our report thereon dated March 25, 2013 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

A Professional Accounting Corporation

March 25, 2013

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

Children's Hospital
New Orleans, Louisiana

Compliance

We have audited Children's Hospital's (the Hospital) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2012 The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Hospital's management Our responsibility is to express an opinion on the Hospital's compliance based on our audit

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

In our opinion, the Hospital complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Hospital, as of and for the year ended December 31, 2012, and have issued our report thereon dated March 25, 2013, which contained an unqualified opinion on those financial statements Our audit was performed for the purpose of forming an opinion on the basic financial statements The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole

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

LaPorte

A Professional Accounting Corporation

March 25, 2013

CHILDREN'S HOSPITAL
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity No.	Federal Revenue/ Expenditures Recognized
Research and Development Cluster			
Department of Health and Human Services			
National Institutes of Health direct programs			
Microbial Correlates of Bacterial Vaginosis Treatment Failure and Recurrence in H	93 855		$ 422,954
Impact of Biological Variation in A1c on Mortality, Cardiovascular Event and Hypoglycemia in the ACCORD Study	93 837		278,973
ARRA - Atypical G Protein Signaling in Cryptococcus Neoformans	93 701		111,791
Pass-through programs from			
Louisiana State University Agricultural and Mechanical College on behalf of Louisiana State University Health Sciences Center - Minority-Based Community Clinical Oncology Program	93 395	5U10CA063845	84,828
University of Pittsburg - Novel Bacterial Pathogens in Pelvic Inflammatory Disease	93 855	5R01A1073940-04	6,267
The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College- Louisiana Clinical and Translational Sciences Center	93 859	1U54GM104940	38,763
University of Kansas Medical Center - A Randomized Controlled Trial of Amitriptyline for Chronic Oral Food Refusal	93 865	QD851460, Q QD851461	26,744
Louisiana State University Health Sciences Center- Host Defense Against HIV-Related Pulmonary Infections	93 838	2P01HL076100-07A1	25,297
Total Research and Development Cluster			**995,617**

CHILDREN'S HOSPITAL
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity No.	Federal Revenue/ Expenditures Recognized
Department of Health and Human Services			
Health Resources and Services Administration direct programs			
Ryan White Title IV Program	93 153		1,953,382
Pass-through programs from			
City of New Orleans			
Ryan White Medical Case Management	93 914	K12-466	168,357
Ryan White Mental Health Therapy	93 914	K12-466	61,658
Ryan White Medical Transportation	93 914	K12-466	25,380
Ryan White Non Medical Case Management	93 914	K12-466	66,204
State of Louisiana			
HHS Emergency Preparedness	93 889	N/A	45,370
Community Based Family Resources Support Grant	93 590	705945	10,385
Total Department of Health and Human Services			**2,330,736**
U.S. Department of Education			
Passed through from Louisiana Department of Education			
Children's Hospital, Ventilator Assisted Care Project	84 027A	714496	157,126
U.S. Department of Justice			
Passed through from Louisiana Commission on Law Enforcement			
New Orleans Children's Advocacy Center	16 575	C11-9-007	56,182
U.S. Department of Homeland Security:			
Federal Emergency Management Assistance	97 036		854,992
Total Expenditures of Federal Awards			**$ 4,394,653**

CHILDREN'S HOSPITAL

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Children's Hospital and is presented on the accrual basis of accounting The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, Children's Hospital provided federal awards to subrecipients as follows

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Ryan White Title IV Program	93 153	$ 1,091,534
Research and Development Cluster	Various	$ 467,848

CHILDREN'S HOSPITAL

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Part I - Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

Internal Control over Major Programs	
Material weakness(es) identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness?	No
Type of Auditor's Report Issued on Compliance for Major Programs	Unqualified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Circular A-133 (section 510(a))?	No

Identification of Major Programs

Title	CFDA Number
Ryan White Title IV Program	93 153

Dollar Threshold used to Determine Type A Programs	$300,000
Auditee Qualified as Low-Risk Auditee?	Yes

Part II - Schedule of Financial Statement Findings Section

No findings were noted

Part III - Federal Awards Findings and Questioned Costs Section

No findings were noted

CHILDREN'S HOSPITAL

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2012

None

LAPORTE

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

To the Governing Board of Trustees
Touro Infirmary and Subsidiaries

We have audited the consolidated financial statements of Touro Infirmary and subsidiaries (Touro) as of and for the year ended December 31, 2012, and have issued our report thereon dated March 25, 2013 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Touro in a separate letter dated March 25, 2013

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

LaPorte

A Professional Accounting Corporation

March 25, 2013

TOURO INFIRMARY

Schedule of Findings and Responses
For the Year Ended December 31, 2012

Part I - Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section - Not applicable

Part II - Financial Statement Findings Section

No findings were noted

TOURO INFIRMARY

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2012

None