



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



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)	OMB No 1545-0047 2012 Open to Public Inspection
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization CHILDREN'S HOSPITAL MEDICAL CENTER		D Employer identification number 31-0833936
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 3333 BURNET AVENUE	Room/suite	E Telephone number (513) 636-8778
	City or town, state or country, and ZIP + 4 CINCINNATI, OH 452293039		G Gross receipts \$ 1,942,716,499
	F Name and address of principal officer MICHAEL A FISHER 3333 BURNET AVENUE CINCINNATI, OH 452293039		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.CINCINNATICHILDRENS.ORG			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROVISION OF PEDIATRIC HEALTHCARE TO PATIENTS		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	26
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	23
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	14,837
	6 Total number of volunteers (estimate if necessary)	6	724
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	48,904,515
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	228,972,104	227,021,993
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,536,030,056	1,592,946,995
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	9,770,080	7,903,528
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	103,836,218	109,943,504
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,878,608,458	1,937,816,020
	14 Benefits paid to or for members (Part IX, column (A), line 4)	783,642	1,244,482
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a Professional fundraising fees (Part IX, column (A), line 11e)	1,070,652,468	1,158,516,702
	b Total fundraising expenses (Part IX, column (D), line 25) <u>4,101,445</u>	216,439	312,933
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	657,728,549	642,076,508
	19 Revenue less expenses Subtract line 18 from line 12	1,729,381,098	1,802,150,625
Net Assets or Fund Balances		149,227,360	135,665,395
		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	2,632,830,836	3,014,071,717
	21 Total liabilities (Part X, line 26)	1,156,495,836	1,047,966,717
	22 Net assets or fund balances Subtract line 21 from line 20	1,476,335,000	1,966,105,000

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				2014-05-12	
	MARK MUMFORD SENIOR VP & CFO Type or print name and title					
Paid Preparer Use Only	Print/Type preparer's name JAMES SOWAR		Preparer's signature		Date	
	Check ☐ if self-employed				PTIN P00529407	
	Firm's name DELOITTE TAX LLP				Firm's EIN 86-1065772	
Firm's address 250 EAST FIFTH STREET SUITE 1900 CINCINNATI, OH 45202				Phone no (513) 784-7100		

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

CINCINNATI CHILDREN'S HOSPITAL MEDICAL CENTER WILL BE THE LEADER IN IMPROVING CHILD HEALTH CCHMC WILL IMPROVE CHILD HEALTH AND TRANSFORM DELIVERY OF CARE THROUGH FULLY INTEGRATED, GLOBALLY RECOGNIZED RESEARCH, EDUCATION, AND INNOVATION FOR PATIENTS AND OUR COMMUNITY, THE NATION AND THE WORLD, THE CARE WE PROVIDE WILL ACHIEVE THE BEST MEDICAL AND QUALITY OF LIFE OUTCOMES, PATIENT AND FAMILY EXPERIENCES, AND VALUE, TODAY AND IN THE FUTURE

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 \$ 1,559,794,180 including grants of \$ 1,244,482) (Revenue \$ 1,552,651,580)

CINCINNATI CHILDREN'S HOSPITAL MEDICAL CENTER ("CCHMC" OR "CINCINNATI CHILDREN'S"), LOCATED IN CINCINNATI, OHIO, IS A PRIVATE, NOT-FOR-PROFIT IRC SEC 501(C)(3) CORPORATION THAT OWNS AND OPERATES A PEDIATRIC ACADEMIC MEDICAL CENTER THAT INCLUDES PEDIATRIC TERTIARY CARE FACILITIES WITH RESEARCH OPERATIONS AND EXTENSIVE PEDIATRIC TEACHING PROGRAMS SEE SCHEDULE O FOR A COMPLETE OVERVIEW OF CINCINNATI CHILDREN'S COMMUNITY BENEFITS AND PROGRAM SERVICE ACCOMPLISHMENTS

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses

1,559,794,180

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 Yes	
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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
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	No
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 Yes	
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 Yes	
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 Yes	
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 Yes	
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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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.	782	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c			
2a		14,837	
2b		Yes	
3a		Yes	
3b		Yes	
4a		Yes	
b			
5a			No
5b			No
5c			
6a			No
6b			
7			
7a		Yes	
7b		Yes	
7c			No
7d			
7e			No
7f			No
7g			
7h			
8			
9			
9a			
9b			
10			
10a			
10b			
11			
11a			
11b			
12a			
12b			
13			
13a			
13b			
13c			
14a			No
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	26	
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			
1b	Enter the number of voting members included in line 1a, above, who are independent	23	
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
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	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
10b	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
11b	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
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	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 LAURA C NIXON 3333 BURNET AVENUE CINCINNATI, OH (513) 803-1106

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

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

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	10,071,712	0	1,035,063

2 Total number of individuals (including but not limited to those listed \$100,000 of reportable compensation from the organization) 1,514

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
MESSER CONSTRUCTION 5158 FISHWICK DRIVE CINCINNATI OH 45216	CONSTRUCTION SERVICES	48,542,275
TRIVERSITY GROUP LLC 5158 FISHWICK DRIVE CINCINNATI OH 45216	CONSTRUCTION SERVICES	38,813,233
TURNER CONSTRUCTION COMPANY 250 W COURT STREET STE 300 CINCINNATI OH 45202	CONSTRUCTION SERVICES	20,457,583
ARAMARK CORPORATION 4890 DUFF DR B CINCINNATI OH 45246	ENVIRONMENTAL SERVICES	13,712,271
POMEROY IT SOLUTIONS 1020 PETERSBURG ROAD HEBRON KY 41048	IT EQUIPMENT & SERVICES	9,530,984

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 ►95

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				
	b	Membership dues	1b				
	c	Fundraising events	1c	1,348,767			
	d	Related organizations	1d	67,655,226			
	e	Government grants (contributions)	1e	158,018,000			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$		601,735			
	h	Total. Add lines 1a-1f		227,021,993			
Program Service Revenue	2a	INPAT HOSP SERV (NET)	Business Code 621990	732,089,450	732,089,450		
	b	OUTPAT HOSP SERV (NET)	621990	597,477,545	547,437,016	50,040,529	
	c	PHYSICIAN SERVICES	621990	263,380,000	263,380,000		
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		1,592,946,995			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		11,294,000		-1,365,103
4		Income from investment of tax-exempt bond proceeds . .					
5		Royalties					
6a		Gross rents	(i) Real 1,097,703	(ii) Personal			
b		Less rental expenses	0				
c		Rental income or (loss)	1,097,703				
d		Net rental income or (loss)		1,097,703		229,089	868,614
7a		Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
b		Less cost or other basis and sales expenses		944,435			
c		Gain or (loss)		4,334,907			
d		Net gain or (loss)		-3,390,472			-3,390,472
8a		Gross income from fundraising events (not including \$ 1,348,767 of contributions reported on line 1c) See Part IV, line 18	a	309,673			
b		Less direct expenses	b	565,572			
c		Net income or (loss) from fundraising events . .		-255,899			-255,899
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . .					
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold	b				
c		Net income or (loss) from sales of inventory . .					
	Miscellaneous Revenue	Business Code					
11a	GME FUNDING	611710	8,438,020	8,438,020			
b	CAFETERIA RECEIPTS	722210	7,228,999			7,228,999	
c	SVCS TO OTHER HOSP	621990	1,307,094	1,307,094			
d	All other revenue		92,127,587			92,127,587	
e	Total. Add lines 11a-11d		109,101,700				
12	Total revenue. See Instructions		1,937,816,020	1,552,651,580	48,904,515	109,237,932	

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.	530,487	530,487		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	713,995	713,995		
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	11,106,775		11,106,775	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	201,165	201,165		
7	Other salaries and wages.	876,638,942	762,282,218	111,333,144	3,023,580
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	93,110,829	81,285,754	11,825,075	
9	Other employee benefits.	119,929,371	104,698,341	15,231,030	
10	Payroll taxes.	57,529,620	50,223,358	7,306,262	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	1,189,888	1,038,772	151,116	
c	Accounting.	834,781	728,764	106,017	
d	Lobbying.	446,716	389,983	56,733	
e	Professional fundraising services. See Part IV, line 17.	312,933			312,933
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).				
12	Advertising and promotion.	2,257,749	1,745,988	286,734	225,027
13	Office expenses.	200,814,670	175,201,637	25,503,463	109,570
14	Information technology.	6,613,616	5,773,687	839,929	
15	Royalties.				
16	Occupancy.	9,766,793	8,525,905	1,240,383	505
17	Travel.	14,050,195	12,186,822	1,784,375	78,998
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	14,247,432	12,438,008	1,809,424	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	110,364,186	96,347,934	14,016,252	
23	Insurance.	7,126,160	6,221,138	905,022	
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	PURCHASED SERVICES	182,904,512	159,557,142	23,228,873	118,497
b	UTILITIES	15,508,582	13,538,992	1,969,590	
c	DIETARY	7,555,884	6,596,287	959,597	
d	DUES & SUBSCRIPTIONS	5,338,659	4,660,649	678,010	
e	All other expenses	63,056,685	54,907,154	7,917,196	232,335
25	Total functional expenses. Add lines 1 through 24e.	1,802,150,625	1,559,794,180	238,255,000	4,101,445
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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		169,667,111	2	249,189,834
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		313,685,489	4	320,969,374
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	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			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		18,125,885	8	20,564,427
	9	Prepaid expenses and deferred charges		9,142,354	9	14,569,855
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	1,758,446,669		
	b	Less accumulated depreciation	10b	849,911,284	840,978,301	10c 908,535,385
	11	Investments—publicly traded securities		258,902,537	11	259,916,188
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,022,329,159	15	1,240,326,654
	16	Total assets. Add lines 1 through 15 (must equal line 34)		2,632,830,836	16	3,014,071,717
Liabilities	17	Accounts payable and accrued expenses		247,455,120	17	270,566,145
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		432,952,986	20	416,043,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	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			22	
	23	Secured mortgages and notes payable to unrelated third parties		34,270,438	23	74,551,113
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24) Complete Part X of Schedule D		441,817,292	25	286,806,459
	26	Total liabilities. Add lines 17 through 25		1,156,495,836	26	1,047,966,717
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		397,514,472	27	710,714,000
	28	Temporarily restricted net assets		156,702,000	28	170,437,000
	29	Permanently restricted net assets		922,118,528	29	1,084,954,000
	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		1,476,335,000	33	1,966,105,000
	34	Total liabilities and net assets/fund balances		2,632,830,836	34	3,014,071,717

Part XI Reconciliation 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	1,937,816,020
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,802,150,625
3	Revenue less expenses Subtract line 2 from line 1	3	135,665,395
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,476,335,000
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	354,104,605
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,966,105,000

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? 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		No
2b	Were the organization's financial statements audited by an independent accountant? 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	Yes	
2c	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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
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?	Yes	
3b	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	Yes	

Additional Data

Software ID:

Software Version:

EIN: 31-0833936

Name: CHILDREN'S HOSPITAL MEDICAL CENTER

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			
SHARRY ADDISON TRUSTEE	1 00	X						0	0	0
ROBERT DH ANNING TRUSTEE	4 00	X						0	0	0
CAROL ARMSTRONG TRUSTEE	1 00	X						0	0	0
LYNWOOD BATTLE TRUSTEE	1 00	X						0	0	0
MICHAEL S CAMBRON TRUSTEE	1 00	X						0	0	0
WILLIE F CARDEN JR TRUSTEE	4 00	X						0	0	0
LEE A CARTER TRUSTEE	4 00	X						0	0	0
THOMAS G CODY CHAIRMAN	4 00	X		X				0	0	0
DAVE DOUGHERTY TRUSTEE	1 00	X						0	0	0
NANCY KRIEGER EDDY PHD TRUSTEE	4 00	X						0	0	0
VALLIE GEIER TRUSTEE	1 00	X						0	0	0
LOUIS D GEORGE TRUSTEE	1 00	X						0	0	0
BETH GUTTMAN TRUSTEE	1 00	X						0	0	0
MICHAEL HIRSCHFELD ESQ TRUSTEE	4 00	X						0	0	0
MARK JAHNKE TRUSTEE	1 00	X						0	0	0
JOYCE J KEESHIN TRUSTEE	4 00	X						0	0	0
M DENISE KUPRIONIS TRUSTEE	4 00	X						0	0	0
PEGGY MATHILE TRUSTEE	4 00	X						0	0	0
JANE PORTMAN TRUSTEE	4 00	X						0	0	0
JOHN STEINMAN TRUSTEE	1 00	X						0	0	0
PAMELA TERP TRUSTEE	1 00	X						0	0	0
FELICIA WILLIAMS TRUSTEE	4 00	X						0	0	0
CRAIG YOUNG TRUSTEE	1 00	X						0	0	0
RICHARD AZIZKHAN SURGEON-IN-CHIEF	50 00	X						1,631,748	0	209,146
ARNOLD STRAUSS PROF/CHAIR, PEDJATRICS	50 00	X						834,783	0	60,723

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			
MICHAEL FISHER PRESIDENT & CEO	49 00 1 00	X		X				907,237	0	195,616
VICKI DAVIES TREASURER	49 00 1 00			X				235,232	0	14,920
BETH STAUTBERG SECRETARY, SR VP & COUNSEL	50 00 0 00			X				645,670	0	100,434
SCOTT HAMLIN EXEC VP & COO	49 00 1 00				X			948,827	0	166,062
CHARLES MYER III PROFESSOR - FACULTY	50 00 0 00					X		1,064,155	0	25,256
DAVID MORALES PROF/DIV DIR, CARDIOLOGY	50 00 0 00					X		1,003,231	0	36,882
DEAN KURTH ANESTHESIOLOGIST-IN-CHIEF	50 00 0 00					X		996,001	0	148,481
JAY PAUL WILLGING PROFESSOR - FACULTY	50 00 0 00					X		933,809	0	25,256
JEFFREY TOWBIN PROF/DIV DIR, CARDIOLOGY	50 00 0 00					X		871,019	0	52,287

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 CHILDREN'S HOSPITAL MEDICAL CENTER	Employer identification number 31-0833936
--	--

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 33¹/₃% 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 33¹/₃% 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?

(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?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)
- | | Yes | No |
|----------|-----|----|
| 11g(i) | | |
| 11g(ii) | | |
| 11g(iii) | | |
- | (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 | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

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 IIIPart 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

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

If the organization answered “Yes” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

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

Name of the organization CHILDREN'S HOSPITAL MEDICAL CENTER	Employer identification number 31-0833936
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes ☐ No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?	Yes		35,800
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		128,068
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		334,506
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			498,374
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	WHILE CINCINNATI CHILDREN'S HOSPITAL MEDICAL CENTER ("CCHMC") DOES NOT SPEND A SUBSTANTIAL AMOUNT OF RESOURCES OR TIME PARTICIPATING IN LOBBYING ACTIVITIES, CCHMC DOES PAY MEMBERSHIP DUES TO PROFESSIONAL ORGANIZATIONS WHO, AMONG THEIR MANY RESPONSIBILITIES, DO PERFORM CERTAIN LOBBYING ACTIVITIES ON BEHALF OF THEIR MEMBER ORGANIZATIONS. CCHMC HAS WRITTEN THESE ORGANIZATIONS TO DETERMINE THE PORTION OF THEIR OPERATING BUDGETS WHICH ARE DEDICATED TO SUCH LOBBYING ACTIVITIES. USING THEIR RESPONSES, CCHMC HAS DETERMINED THE PORTION OF CCHMC'S MEMBERSHIP DUES WHICH ARE APPLICABLE TO THEIR LOBBYING ACTIVITIES. BELOW IS A COMPLETE LISTING OF THESE PROFESSIONAL ORGANIZATIONS: 1. AMERICAN HOSPITAL ASSOCIATION - \$14,085 2. CINCINNATI BUSINESS COMMITTEE - \$2,250 3. CINCINNATI REGIONAL BUSINESS COMMITTEE - \$3,750 4. CINCINNATI USA REGIONAL CHAMBER - \$509 5. CHILDREN'S HOSPITAL ASSOCIATION - \$61,437 6. ASSOCIATION OF OHIO CHILDREN'S HOSPITALS - \$33,867 7. OHIO HOSPITAL ASSOCIATION - \$7,170 8. OHIO BUSINESS ROUNDTABLE - \$5,000. CCHMC ALSO MAINTAINS A GOVERNMENT RELATIONS OFFICE WHICH IS FOCUSED ON IMPROVING AND EXPANDING INTERACTIONS WITH LOCAL, STATE, AND FEDERAL GOVERNMENT APPOINTED AND ELECTED OFFICIALS ON BEHALF OF CHILD HEALTH, REIMBURSEMENT, AND GRANT/FUNDING ISSUES. DURING FISCAL YEAR 2013, CCHMC'S GOVERNMENT RELATIONS OFFICE INCURRED \$370,306 IN EXPENSES RELATED TO VARIOUS LOBBYING ACTIVITIES. CERTAIN MEMBERS OF CCHMC'S BOARD OF TRUSTEES, SENIOR MANAGEMENT, AND FACULTY MEET WITH AND EDUCATE LOCAL, STATE, AND FEDERAL GOVERNMENT APPOINTED AND ELECTED OFFICIALS ON BEHALF OF CHILD HEALTH, REIMBURSEMENT, AND GRANT/FUNDING ISSUES. LOBBYING EXPENSES INCURRED BY THESE INDIVIDUALS MAY BE REIMBURSED BY CCHMC CONSISTENT WITH ITS TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT GUIDELINES. FURTHERMORE, THE VALUE OF THEIR TIME SPENT PERFORMING LOBBYING ACTIVITIES IS NOT QUANTIFIABLE. IN ADDITION, CCHMC DOES NOT PARTICIPATE IN OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR PUBLIC OFFICE.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

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

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

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
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	1,078,820,528	1,006,863,528	807,426,168	734,403,257	935,791,845
b Contributions	242,324,000	242,540,000	245,776,360	235,362,911	174,839,253
c Net investment earnings, gains, and losses	174,323,000	51,572,000	192,475,000	58,394,000	-199,115,594
d Grants or scholarships	157,692,746	149,858,000	153,914,000	143,011,000	128,282,000
e Other expenditures for facilities and programs	82,383,782	72,297,000	84,900,000	77,723,000	48,830,247
f Administrative expenses					
g End of year balance	1,255,391,000	1,078,820,528	1,006,863,528	807,426,168	734,403,257

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

86 400 %

c

Temporarily restricted endowment

13 600 %

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

(i) unrelated organizations

3a(i)

Yes

(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		47,809,000		47,809,000
b Buildings		1,091,017,000	458,642,168	632,374,832
c Leasehold improvements				
d Equipment		554,281,000	382,796,913	171,484,087
e Other		65,339,669	8,472,203	56,867,466
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				908,535,385

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	2,194,639,751
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	264,197,760		
e	Add lines 2a through 2d			2e	264,197,760
3	Subtract line 2e from line 1			3	1,930,441,991
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	7,374,029		
c	Add lines 4a and 4b		4c		
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)			5	1,937,816,020
Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return					
1	Total expenses and losses per audited financial statements			1	2,039,564,455
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	263,930,989		
e	Add lines 2a through 2d			2e	263,930,989
3	Subtract line 2e from line 1			3	1,775,633,466
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	26,517,160		
c	Add lines 4a and 4b		4c		
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)			5	1,802,150,626

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	CCHMC'S ENDOWMENT FUNDS ARE UTILIZED TO SUPPORT THE OPERATIONS OF VARIOUS DEPARTMENTS AT CCHMC IN FURTHERANCE OF CCHMC'S PRIMARY TAX-EXEMPT PURPOSES OF PATIENT CARE, EDUCATION, AND RESEARCH. SEE FORM 990, PART III AND SCHEDULE O FOR ADDITIONAL INFORMATION.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE MEDICAL CENTER ACCOUNTS FOR INCOME TAXES IN ACCORDANCE WITH ACCOUNTING STANDARDS CODIFICATION TOPIC ("ASC") 740 "INCOME TAXES." IT IS THE MEDICAL CENTER'S POLICY TO CLASSIFY THE EXPENSE RELATED TO INTEREST AND PENALTIES, IF ANY, TO BE PAID ON UNDERPAYMENTS OF INCOME TAXES WITHIN OTHER EXPENSES. THERE WERE NO PENALTIES OR INTEREST ACCRUED IN FISCAL YEAR 2013 OR 2012. LISTED BELOW ARE THE TAX YEARS THAT REMAIN SUBJECT TO EXAMINATION BY MAJOR TAX JURISDICTION: FEDERAL - 2010 TO 2013; STATE - 2010 TO 2013.
PART XI, LINE 2D - OTHER ADJUSTMENTS		ELIMINATE INTERCOMPANY OPERATING/RESTRICTED REVENUE 240,077,000; CHSN REVENUE ELIMINATION 3,318,911; RECLASS BAD DEBT EXPENSE TO PATIENT SERVICE REVENUE 20,801,849.
PART XI, LINE 4B - OTHER ADJUSTMENTS		RECLASS BELOW THE LINE PER FINANCIAL STATEMENTS TO REVENUE PER 990 7,374,029.
PART XII, LINE 2D - OTHER ADJUSTMENTS		ELIMINATE INTERCOMPANY OPERATING/RESTRICTED EXPENSE 240,077,000; CHSN EXPENSE ELIMINATION 3,052,140; RECLASS BAD DEBT EXPENSE TO PATIENT SERVICE REVENUE 20,801,849.
PART XII, LINE 4B - OTHER ADJUSTMENTS		RECLASS BELOW THE LINE PER FINANCIAL STATEMENTS TO EXPENSES PER 990 26,517,160.

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
See Add'l Data					
3a Sub-total	0	1			1,774,324
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	1			1,774,324

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

[illegible]

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶

3 Enter total number of other organizations or entities 10

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Part III can be duplicated if additional space is needed.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☒ Yes

☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☒ Yes

☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes

☒ No

Supplemental Information
Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[illegible]

Additional Data

Software ID:
Software Version:
EIN: 31-0833936
Name: CHILDREN'S HOSPITAL MEDICAL CENTER

Form 990 Schedule F Part I - Activities Outside The United States

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region	(d) Activities conducted in region (by type) (I e , fundraising, program services, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region
CENTRAL AMERICA & THE CARIBBEAN	0	1	PROGRAM SERVICES	OFFSHORE CAPTIVE MANAGEMENT	1,060,329
EAST ASIA & THE PACIFIC	0	0	PROGRAM SERVICES	EDUCATION, TEACHING, & RESEARCH	45,687
EUROPE	0	0	PROGRAM SERVICES	EDUCATION, TEACHING, & RESEARCH	149,937

Form 990 Schedule F Part I - Activities Outside The United States

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region	(d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service (s) in region	(f) Total expenditures for region
MIDDLE EAST & NORTH AFRICA	0	0	PROGRAM SERVICES	EDUCATION, TEACHING, RESEARCH	293,509
NORTH AMERICA	0	0	PROGRAM SERVICES	EDUCATION, TEACHING, & RESEARCH	160,780
SOUTH AMERICA	0	0	PROGRAM SERVICES	EDUCATION, TEACHING, & RESEARCH	2,400

Form 990 Schedule F Part I - Activities Outside The United States

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region	(d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service (s) in region	(f) Total expenditures for region
SOUTH ASIA	0	0	PROGRAM SERVICES	EDUCATION, TEACHING, & RESEARCH	42,976
SUB-SAHARAN AFRICA	0	0	PROGRAM SERVICES	EDUCATION, TEACHING, & RESEARCH	18,706

Form 990 Schedule F Part II - Grants or Entities Outside The United States

(a) Name of organization	(b) IRS code section and EIN(if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
		EAST ASIA & THE PACIFIC	EDUCATION, TEACHING, & RESEARCH	45,687	WIRE TRANSFER			CASH
		EUROPE	EDUCATION, TEACHING, & RESEARCH	149,937	WIRE TRANSFER			CASH
		MIDDLE EAST & NORTH AFRICA	EDUCATION, TEACHING, & RESEARCH	293,509	WIRE TRANSFER			CASH
		NORTH AMERICA	EDUCATION, TEACHING, & RESEARCH	160,780	WIRE TRANSFER			CASH

Form 990 Schedule F Part II - Grants or Entities Outside The United States

(a) Name of organization	(b) IRS code section and EIN(if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
		SOUTH AMERICA	EDUCATION, TEACHING, & RESEARCH	2,400	WIRE TRANSFER			CASH
		SOUTH ASIA	EDUCATION, TEACHING, & RESEARCH	42,976	WIRE TRANSFER			CASH
		SUB-SAHARAN AFRICA	EDUCATION, TEACHING, & RESEARCH	18,706	WIRE TRANSFER			CASH

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
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

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

e

☒ Solicitation of non-government grants

b

☒ Internet and email solicitations

f

☒ Solicitation of government grants

c

☒ Phone solicitations

g

☒ Special fundraising events

d

☒ In-person solicitations
- 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?		(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
		Yes	No			
MARTS & LUNDY 1200 WALL ST LYNDHURST, NJ 07071	CAMPAIGN PLANNING STUDY		No	0	98,515	-98,515
SCHULTZ & WILLIAMS 325 CHESTNUT PHILADEL, PA 19106	DIRECT MAIL PROGRAM REVIEW		No	0	214,418	-214,418
Total ▶					312,933	-312,933

- 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.
- OH, KY, IN, FL
-
-

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.

Revenue			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
			<u>WALK FOR KIDS</u>	<u>CELESTIAL BALL</u>	<u>6</u>	(add col (a) through	
			(event type)	(event type)	(total number)	col (c))	
1	Gross receipts	. . .	677,281	627,405	353,754	1,658,440	
2	Less Contributions	. .	675,297	453,251	220,219	1,348,767	
3	Gross income (line 1 minus line 2)	. . .	1,984	174,154	133,535	309,673	
Direct Expenses	4	Cash prizes	. . .	0	0	0	
	5	Noncash prizes	. .	2,141	0	28,663	30,804
	6	Rent/facility costs	. .	39,891	13,454	63,563	116,908
	7	Food and beverages	.				
	8	Entertainment	. . .				
	9	Other direct expenses	.	96,184	289,128	32,548	417,860
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶					(565,572)
	11	Net income summary Combine line 3, column (d), and line 10 ▶					-255,899

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.

Revenue		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
	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
------------	------------------	-------------

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
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 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"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

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)			23,526,536	5,200,000	18,326,536	1 020 %
b Medicaid (from Worksheet 3, column a)			621,991,541	373,148,000	248,843,541	13 810 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			645,518,077	378,348,000	267,170,077	14 830 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			280,097		280,097	0 020 %
f Health professions education (from Worksheet 5)			46,991,742	19,622,863	27,368,879	1 520 %
g Subsidized health services (from Worksheet 6)			2,470,000	2,040,000	430,000	0 020 %
h Research (from Worksheet 7)			326,988,823	77,009,937	249,978,886	13 870 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			428,266		428,266	0 020 %
j Total. Other Benefits			377,158,928	98,672,800	278,486,128	15 450 %
k Total. Add lines 7d and 7j			1,022,677,005	477,020,800	545,656,205	30 280 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development		1,431,714		1,431,714	0.080 %
3	Community support		820,727		820,727	0.050 %
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		2,252,441		2,252,441	0.130 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

No

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

15,022,924

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

2,238,254

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

8,129,607

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

11,779,999

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-3,650,392

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?
4

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	CCHMC - MAIN CAMPUS 3333 BURNET AVE CINCINNATI, OH 45229 WWW.CINCINNATICHILDRENS.ORG	X	X	X	X		X	X			A
2	CCHMC - LIBERTY CAMPUS 7777 YANKEE ROAD LIBERTY TOWNSHIP, OH 45044 WWW.CINCINNATICHILDRENS.ORG	X	X	X	X			X			A
3	CCHMC - COLLEGE HILL CAMPUS 5642 HAMILTON AVE CINCINNATI, OH 45224 WWW.CINCINNATICHILDRENS.ORG	X		X	X						A
4	CCHMC - LINDNER CENTER OF HOPE CAMPUS 4015 OLD WESTERN ROW ROAD MASON, OH 45040 WWW.CINCINNATICHILDRENS.ORG	X		X	X						A

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)

FACILITY REPORTING GROUP A

Name of hospital facility or facility reporting group

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

	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 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
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 <u>12</u>		
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 Yes	
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 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
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 Yes	
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	No
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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
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? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
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?	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?		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?		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?

11

Name and address	Type of Facility (describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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
		PART I, LINE 7 CINCINNATI CHILDREN'S UTILIZES THE COST TO CHARGE RATIOS FROM THE MOST RECENTLY FILED COST REPORTS TO CALCULATE THE AMOUNTS REPORTED ON SCHEDULE H, PART I, LINE 7
		PART II THE FOCUS OF COMMUNITY BUILDING ACTIVITIES AT CINCINNATI CHILDREN'S IS TO IMPROVE THE HEALTH OF CHILDREN IN THE COMMUNITY, IMPROVE ACCESS TO QUALITY HEALTHCARE SERVICES, AND SEEKS TO MEET UNMET SOCIAL NEEDS IN TARGETED AREAS OF THE COMMUNITY THAT OFTEN NEGATIVELY IMPACT THE QUALITY OF LIFE FOR CHILDREN AND CONTRIBUTE TO POOR HEALTH

Identifier	ReturnReference	Explanation
		PART III, LINE 4 UNCOLLECTIBLE AMOUNTS FROM PATIENTS WHO DO NOT MEET THE CRITERIA UNDER CINCINNATI CHILDREN'S CHARITY CARE POLICY IS CONSIDERED BAD DEBT AND IS INCLUDED AS OPERATING EXPENSES IN THE FINANCIAL STATEMENTS THE COST OF BAD DEBT IS CALCULATED USING COST TO CHARGE RATIOS CALCULATED FROM THE MOST RECENTLY FILED COST REPORT
		PART III, LINE 8 CINCINNATI CHILDREN'S UTILIZES ITS COST ACCOUNTING SYSTEM TO CALCULATE THE COST OF PROVIDING CARE TO MEDICARE PATIENTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B CINCINNATI CHILDREN'S HAS A POLICY THAT ONCE IT HAS BEEN DETERMINED THAT A FAMILY QUALIFIES FOR 100% ASSISTANCE, ALL COLLECTIONS ACTIVITIES ON THAT PATIENT CEASE CINCINNATI CHILDREN'S STAFF WORK WITH THE FAMILY ON OBTAINING FINANCIAL ASSISTANCE
		PART VI, LINE 2 CINCINNATI CHILDREN'S HAS A LONG TRADITION OF WORKING WITH ITS COMMUNITY PARTNERS ON MATTERS RELATED TO THE COMMUNITY'S HEALTH AND WELL-BEING AND HAS CONDUCTED THREE COMMUNITY HEALTH SURVEYS IN THE GREATER CINCINNATI/ NORTHERN KENTUCKY COMMUNITY SINCE THE YEAR 2000 THESE SURVEYS GATHER INFORMATION ABOUT THE COMMUNITY'S HEALTH AND WELL-BEING, AND THE DATA GATHERED IN EACH CONTINUES TO INFORM CINCINNATI CHILDREN'S COMMUNITY HEALTH AGENDA RECOGNIZING THAT WE ARE STRONGER WORKING TOGETHER AND COORDINATING EFFORTS TO ADDRESS SYSTEMIC COMMUNITY HEALTH NEEDS, CINCINNATI CHILDREN'S PARTNERS WITH MANY ORGANIZATIONS INCLUDING FEDERALLY QUALIFIED HEALTH CLINICS, SCHOOL BASED HEALTH CLINICS, COUNTY AND CITY PROGRAMS, OFFICES AND DEPARTMENTS, THE HEALTH FOUNDATION OF GREATER CINCINNATI, THE GREATER CINCINNATI UNITED WAY, EVERY CHILD SUCCEEDS, AND WITH THE POLICE, PROSECUTORS AND COUNTY CASE WORKERS CO-LOCATED IN CINCINNATI CHILDREN'S MAYERSON CENTER FOR SAFE AND HEALTHY CHILDREN

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 CINCINNATI CHILDREN'S PATIENT BILLING STATEMENTS, WEBSITE, AND FINANCIAL BROCHURES CONTAIN INFORMATION ABOUT ITS CHARITY AND FINANCIAL ASSISTANCE PROGRAMS WITH DIRECTIONS ON HOW TO CONTACT CINCINNATI CHILDREN'S TO INITIATE AN APPLICATION OR ASK QUESTIONS ABOUT THE PROCESS IN ADDITION, CINCINNATI CHILDREN'S BROCHURES ARE AVAILABLE AT EACH REGISTRATION POINT AND CINCINNATI CHILDREN'S CUSTOMER SERVICE CONTACT CENTER IS TRAINED TO WORK WITH THE FAMILIES ON ANSWERING ASSISTANCE RELATED QUESTIONS AS WELL CINCINNATI CHILDREN'S ALSO HAS A FINANCIAL COUNSELING DEPARTMENT AND A FINANCIAL ADVOCATE PROGRAM THAT REACH OUT TO INDIGENT FAMILIES AND TRY TO HELP WITH THEIR SPECIFIC NEEDS CINCINNATI CHILDREN'S GOAL IS TO PROVIDE FINANCIAL ASSISTANCE AS EFFICIENTLY AND AS COMPLIANT AS POSSIBLE WHILE STILL KEEPING CUSTOMER SERVICE AS OUR NUMBER ONE PRIORITY
		PART VI, LINE 4 IN ACCORDANCE WITH ITS MISSION AND PURPOSE, CINCINNATI CHILDREN'S MAINTAINS A POLICY OF ACCEPTING ALL PATIENTS WITHIN ITS PRIMARY SERVICE AREA REGARDLESS OF ABILITY TO PAY THIS PRIMARY SERVICE AREA HAS BEEN DEFINED TO INCLUDE THE FOUR COUNTIES IN OHIO, THREE COUNTIES IN KENTUCKY AND ONE COUNTY IN INDIANA THAT GEOGRAPHICALLY SURROUND CINCINNATI

Identifier	ReturnReference	Explanation
PART V, LINE 8 FACILITY REPORTING GROUP A		SEE BELOW
FACILITY 1 -- CCHMC - MAIN CAMPUS	PART V, SECTION B, LINE 3	CCHMC RECEIVED INPUT FROM A BROAD RANGE OF INDIVIDUALS THAT ARE REPRESENTATIVE OF MEDICALLY UNDERSERVED, LOW-INCOME, AND MINORITY POPULATIONS WHEN COMPLETING ITS MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT

Identifier	ReturnReference	Explanation
FACILITY 1 -- CCHMC - MAIN CAMPUS	PART V, SECTION B, LINE 4	CCHMC - LIBERTY CAMPUSCCHMC - COLLEGE HILL CAMPUSCCHMC - LINDNER CENTER OF HOPE CAMPUS
FACILITY 1 -- CCHMC - MAIN CAMPUS	PART V, SECTION B, LINE 6I	CINCINNATI CHILDRENS HAS DEVELOPED AN IMPLEMENTATION STRATEGY THAT DISCUSSES CINCINNATI CHILDRENS APPROACH TO ADDRESSING THE PEDIATRIC COMMUNITY HEALTH NEEDS IDENTIFIED IN THIS ASSESSMENT THE IMPLEMENTATION STRATEGY HAS BEEN APPROVED BY CINCINNATI CHILDRENS BOARD OF TRUSTEES AND MAY BE VIEWED BY NAVIGATING TO THE FOLLOWING WEB ADDRESS HTTP //WWW CINCINNATICCHILDRENS ORG/ABOUT/COMMUNITY/COMMUNITY -BENEFIT/

Identifier	ReturnReference	Explanation
FACILITY 1 -- CCHMC - MAIN CAMPUS	PART V, SECTION B, LINE 14G	IN ADDITION TO CCHMC'S FINANCIAL ASSISTANCE POLICY BEING AVAILABLE UPON REQUEST, INCLUDED WITH BILLING STATEMENTS, AND PROMINENTLY DISPLAYED IN EMERGENCY ROOMS AND ADMISSIONS OFFICES, A PLAIN LANGUAGE SUMMARY OF CCHMC'S FINANCIAL ASSISTANCE POLICY IS AVAILABLE ON CCHMC'S WEBSITE, WWW.CINCINNATICHILDRENS.ORG
FACILITY 1 -- CCHMC - MAIN CAMPUS	PART V, SECTION B, LINE 20D	BASED ON CCHMC'S FINANCIAL ASSISTANCE POLICY, THE TOTAL AMOUNT CHARGED TO A PATIENT/FAMILY IN A YEAR MAY NOT EXCEED 25% OF THE PATIENT/FAMILY'S GROSS INCOME FOR THE YEAR

Identifier	ReturnReference	Explanation
FACILITY 2 -- CCHMC - LIBERTY CAMPUS	PART V, SECTION B, LINE 3	CCHMC RECEIVED INPUT FROM A BROAD RANGE OF INDIVIDUALS THAT ARE REPRESENTATIVE OF MEDICALLY UNDERSERVED, LOW-INCOME, AND MINORITY POPULATIONS WHEN COMPLETING ITS MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT
FACILITY 2 -- CCHMC - LIBERTY CAMPUS	PART V, SECTION B, LINE 4	CCHMC - MAIN CAMPUSCCHMC - COLLEGE HILL CAMPUSCCHMC - LINDNER CENTER OF HOPE CAMPUS

Identifier	ReturnReference	Explanation
FACILITY 2 -- CCHMC - LIBERTY CAMPUS	PART V, SECTION B, LINE 6I	CINCINNATI CHILDRENS HAS DEVELOPED AN IMPLEMENTATION STRATEGY THAT DISCUSSES CINCINNATI CHILDRENS APPROACH TO ADDRESSING THE PEDIATRIC COMMUNITY HEALTH NEEDS IDENTIFIED IN THIS ASSESSMENT THE IMPLEMENTATION STRATEGY HAS BEEN APPROVED BY CINCINNATI CHILDRENS BOARD OF TRUSTEES AND MAY BE VIEWED BY NAVIGATING TO THE FOLLOWING WEB ADDRESS HTTP //WWW CINCINNATICHILDRENS ORG/ABOUT/COMMUNITY/COMMUNITY-BENEFIT/
FACILITY 2 -- CCHMC - LIBERTY CAMPUS	PART V, SECTION B, LINE 14G	IN ADDITION TO CCHMC'S FINANCIAL ASSISTANCE POLICY BEING AVAILABLE UPON REQUEST, INCLUDED WITH BILLING STATEMENTS, AND PROMINENTLY DISPLAYED IN EMERGENCY ROOMS AND ADMISSIONS OFFICES, A PLAIN LANGUAGE SUMMARY OF CCHMC'S FINANCIAL ASSISTANCE POLICY IS AVAILABLE ON CCHMC'S WEBSITE, WWW CINCINNATICHILDRENS ORG

Identifier	ReturnReference	Explanation
FACILITY 2 -- CCHMC - LIBERTY CAMPUS	PART V, SECTION B, LINE 20D	BASED ON CCHMC'S FINANCIAL ASSISTANCE POLICY, THE TOTAL AMOUNT CHARGED TO A PATIENT/FAMILY IN A YEAR MAY NOT EXCEED 25% OF THE PATIENT/FAMILY'S GROSS INCOME FOR THE YEAR
FACILITY 3 -- CCHMC - COLLEGE HILL CAMPUS	PART V, SECTION B, LINE 3	CCHMC RECEIVED INPUT FROM A BROAD RANGE OF INDIVIDUALS THAT ARE REPRESENTATIVE OF MEDICALLY UNDERSERVED, LOW-INCOME, AND MINORITY POPULATIONS WHEN COMPLETING ITS MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT

Identifier	ReturnReference	Explanation
FACILITY 3 -- CCHMC - COLLEGE HILL CAMPUS	PART V, SECTION B, LINE 4	CCHMC - MAIN CAMPUSCCHMC - LIBERTY CAMPUSCCHMC - LINDNER CENTER OF HOPE CAMPUS
FACILITY 3 -- CCHMC - COLLEGE HILL CAMPUS	PART V, SECTION B, LINE 6I	CINCINNATI CHILDRENS HAS DEVELOPED AN IMPLEMENTATION STRATEGY THAT DISCUSSES CINCINNATI CHILDRENS APPROACH TO ADDRESSING THE PEDIATRIC COMMUNITY HEALTH NEEDS IDENTIFIED IN THIS ASSESSMENT THE IMPLEMENTATION STRATEGY HAS BEEN APPROVED BY CINCINNATI CHILDRENS BOARD OF TRUSTEES AND MAY BE VIEWED BY NAVIGATING TO THE FOLLOWING WEB ADDRESS HTTP //WWW.CINCINNATICHILDRENS.ORG/ABOUT/COMMUNITY/COMMUNITY -BENEFIT/

Identifier	ReturnReference	Explanation
FACILITY 3 -- CCHMC - COLLEGE HILL CAMPUS	PART V, SECTION B, LINE 14G	IN ADDITION TO CCHMC'S FINANCIAL ASSISTANCE POLICY BEING AVAILABLE UPON REQUEST, INCLUDED WITH BILLING STATEMENTS, AND PROMINENTLY DISPLAYED IN EMERGENCY ROOMS AND ADMISSIONS OFFICES, A PLAIN LANGUAGE SUMMARY OF CCHMC'S FINANCIAL ASSISTANCE POLICY IS AVAILABLE ON CCHMC'S WEBSITE, WWW.CINCINNATICHILDRENS.ORG
FACILITY 3 -- CCHMC - COLLEGE HILL CAMPUS	PART V, SECTION B, LINE 20D	BASED ON CCHMC'S FINANCIAL ASSISTANCE POLICY, THE TOTAL AMOUNT CHARGED TO A PATIENT/FAMILY IN A YEAR MAY NOT EXCEED 25% OF THE PATIENT/FAMILY'S GROSS INCOME FOR THE YEAR

Identifier	ReturnReference	Explanation
FACILITY 4 -- CCHMC - LINDNER CENTER OF HOPE CAMPUS	PART V, SECTION B, LINE 3	CCHMC RECEIVED INPUT FROM A BROAD RANGE OF INDIVIDUALS THAT ARE REPRESENTATIVE OF MEDICALLY UNDERSERVED, LOW-INCOME, AND MINORITY POPULATIONS WHEN COMPLETING ITS MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT
FACILITY 4 -- CCHMC - LINDNER CENTER OF HOPE CAMPUS	PART V, SECTION B, LINE 4	CCHMC - MAIN CAMPUSCCHMC - LIBERTY CAMPUSCCHMC - COLLEGE HILL CAMPUS

Identifier	ReturnReference	Explanation
FACILITY 4 -- CCHMC - LINDNER CENTER OF HOPE CAMPUS	PART V, SECTION B, LINE 6I	CINCINNATI CHILDRENS HAS DEVELOPED AN IMPLEMENTATION STRATEGY THAT DISCUSSES CINCINNATI CHILDRENS APPROACH TO ADDRESSING THE PEDIATRIC COMMUNITY HEALTH NEEDS IDENTIFIED IN THIS ASSESSMENT THE IMPLEMENTATION STRATEGY HAS BEEN APPROVED BY CINCINNATI CHILDRENS BOARD OF TRUSTEES AND MAY BE VIEWED BY NAVIGATING TO THE FOLLOWING WEB ADDRESS HTTP //WWW CINCINNATICHILDRENS ORG/ABOUT/COMMUNITY/COMMUNITY -BENEFIT/
FACILITY 4 -- CCHMC - LINDNER CENTER OF HOPE CAMPUS	PART V, SECTION B, LINE 14G	IN ADDITION TO CCHMC'S FINANCIAL ASSISTANCE POLICY BEING AVAILABLE UPON REQUEST, INCLUDED WITH BILLING STATEMENTS, AND PROMINENTLY DISPLAYED IN EMERGENCY ROOMS AND ADMISSIONS OFFICES, A PLAIN LANGUAGE SUMMARY OF CCHMC'S FINANCIAL ASSISTANCE POLICY IS AVAILABLE ON CCHMC'S WEBSITE, WWW CINCINNATICHILDRENS ORG

Identifier	ReturnReference	Explanation
FACILITY 4 -- CCHMC - LINDNER CENTER OF HOPE CAMPUS	PART V, SECTION B, LINE 20D	BASED ON CCHMC'S FINANCIAL ASSISTANCE POLICY, THE TOTAL AMOUNT CHARGED TO A PATIENT/FAMILY IN A YEAR MAY NOT EXCEED 25% OF THE PATIENT/FAMILY'S GROSS INCOME FOR THE YEAR

Additional Data

Software ID:

Software Version:

EIN: 31-0833936

Name: CHILDREN'S HOSPITAL MEDICAL CENTER

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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?

11

Name and address	Type of Facility (describe)
CCHMC ANDERSONURGENT CARE 7495 STATE ROAD SUITE 355 CINCINNATI,OH 45255	NEIGHBORHOOD FACILITY
CCHMC DRAKE 151 WEST GALBRAITH ROAD CINCINNATI,OH 45216	NEIGHBORHOOD FACILITY
CCHMC EASTGATE 796 CINCINNATI-BATAVIA PIKE CINCINNATI,OH 45245	NEIGHBORHOOD FACILITY
CCHMC FAIRFIELD 3050 MACK ROAD CINCINNATI,OH 45014	NEIGHBORHOOD FACILITY
CCHMC GREEN TOWNSHIP 5899 HARRISON AVE CINCINNATI,OH 45248	NEIGHBORHOOD FACILITY
CCHMC KENWOOD 7714-A MONTGOMERY ROAD CINCINNATI,OH 45236	NEIGHBORHOOD FACILITY
CCHMC MASONURGENT CARE 9560 CHILDRENS DRIVE MASON,OH 45040	NEIGHBORHOOD FACILITY
CHILDREN'S OUTPATIENT NKY 2765 CHAPEL PLACE CRESTVIEW HILLS,KY 41017	NEIGHBORHOOD FACILITY
CCHMC OAK 2800 WINSLOW AVE CINCINNATI,OH 45206	NEIGHBORHOOD FACILITY
CCHMC NORTH BURNET 3430 BURNET AVE CINCINNATI,OH 45229	NEIGHBORHOOD FACILITY
CCHMC HOPPLE STREET 2750 BEEKMAN AVE CINCINNATI,OH 45225	NEIGHBORHOOD FACILITY

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

2012

Open to Public Inspection

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

Employer identification number
31-0833936

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.

[illegible]

2	Enter total number of section 501(c)(3) and government organizations listed in the line 1 table	23
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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 CCHMC PROVIDES GRANTS AND ALLOCATIONS TO IRC SEC 501(C)(3) ORGANIZATIONS FOR GENERAL SPONSORSHIP SUPPORT AND COMMUNITY ASSISTANCE ACTIVITIES SPONSORSHIP AND ASSISTANCE PROPOSALS ARE EVALUATED ON SPECIFIC CRITERIA, INCLUDING TANGIBLE, MEASURABLE BENEFITS, LONG-TERM VALUE, ABILITY TO REACH TARGETED AUDIENCES, POSITIVE EXPOSURE, AND LONG-TERM SUSTAINABLE RELATIONSHIPS ADDITIONAL FOCUS FOR SPONSORSHIP GRANTS AND COMMUNITY ASSISTANCE ACTIVITIES IS PROVIDED TO ORGANIZATIONS THAT ADDRESS MEDICAL AND HEALTH ISSUES, YOUTH AND FAMILY ISSUES, AND COMMUNITY DEVELOPMENT SPONSORSHIP AND COMMUNITY ASSISTANCE REQUESTS MUST INCLUDE A MISSION STATEMENT, A LISTING OF BOARD MEMBERS NOTING CCHMC EMPLOYEE INVOLVEMENT, THE SPECIFIC EVENT OR PROJECT REQUESTED FOR SPONSORSHIP, INCLUDING MEASURABLE GOALS AND DEMOGRAPHICS SERVED, EXPECTED BENEFITS AND OUTCOMES, AND A LISTING OF OTHER ORGANIZATIONS SUPPORTING THE PROJECT ORGANIZATIONS THAT RECEIVE SUPPORT FROM CCHMC ARE NOTIFIED OF CCHMC'S SUPPORT INCLUDING THE STATED PURPOSE FOR THE GRANT AWARD AND CCHMC ALSO REQUESTS YEAR-END ANNUAL REPORTS FROM SUPPORTED ORGANIZATIONS

Software ID:

Software Version:

EIN: 31-0833936

Name: CHILDREN'S HOSPITAL MEDICAL CENTER

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
4C FOR CHILDREN1924 DANA AVE CINCINNATI, OH 45207	31-0823634	501(C)(3)	10,000				COMMUNITY SUPPORT
ADOPT A CLASS FOUNDATION2153 W 8TH ST STE 200 CINCINNATI, OH 45204	20-2551299	501(C)(3)	5,000				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
AMERICAN DIABETES ASSOCIATION1701 N BEAUREGARD STREET ALEXANDRIA,VA 22311	13-1623888	501(C)(3)	5,000				SPONSORSHIP
ARTHRITIS FOUNDATION 7124 MIAMI AVE CINCINNATI,OH 45243	31-6043937	501(C)(3)	7,644				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CINCINNATI MEDICAL ASSOCIATIONPO BOX 37287 CINCINNATI,OH 45237	32-0144460	501(C)(3)	5,000				SPONSORSHIP
CINCINNATI RECREATION COMMISSION805 CENTRAL AVE SUITE 800 CINCINNATI,OH 45202	31-1574475	501(C)(3)	6,500				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CLOSING THE HEALTH GAP 3120 BURNET AVE STE 201 CINCINNATI,OH 45229	20-0902286	501(C)(3)	25,000				COMMUNITY SUPPORT
CROHN'S AND COLITIS FOUNDATION OF AMERICA 386 PARK AVE SOUTH 17TH FLOOR NEW YORK,NY 10016	13-6193105	501(C)(3)	7,500				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CROSSROAD HEALTH CENTER5 EAST LIBERTY CINCINNATI,OH 45202	31-1321054	501(C)(3)	20,000				COMMUNITY SUPPORT
DE CAVEL FAMILY SIDS FOUNDATIONPO BOX 8841 CINCINNATI,OH 45208	27-4667924	501(C)(3)	7,500				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
EVERY CHILD SUCCEEDS 3333 BURNET AVENUE CINCINNATI,OH 45229	31-1628467	501(C)(3)	23,315				SPONSORSHIP
GREATER CINCINNATI NORTHERN KENTUCKY AFRICAN AMERICAN CHAMBER2945 GILBERT AVE CINCINNATI,OH 45206	31-1504758	501(C)(3)	5,000				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
HEALTH IMPROVEMENT COLLABORATIVE2100 SHERMAN AVE STE 100 CINCINNATI,OH 45212	31-1449807	501(C)(3)	43,000				SPONSORSHIP
INTERACT FOR CHANGE 3805 EDWARDS ROAD SUITE 500 CINCINNATI,OH 45209	30-0065901	501(C)(3)	75,000				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
JOVANTE WOODS FOUNDATION INCPO BOX 62334 CINCINNATI,OH 45262	27-3922392	501(C)(3)	6,050				SPONSORSHIP
JUVENILE DIABETES RESEARCH FOUNDATION 8041 HOSBROOK RD STE 422 CINCINNATI,OH 45236	23-1907729	501(C)(3)	5,000				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
MARCH OF DIMES BIRTH DEFECT FOUNDATION 10806 KENWOOD RD CINCINNATI,OH 45242	13-1846366	501(C)(3)	17,457				SPONSORSHIP
RONALD MCDONALD HOUSE350 ERKENBRECHER AVE CINCINNATI,OH 45229	31-0965333	501(C)(3)	68,750				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
THE ABERCRUMBIE GROUP 10301 GIVERNY BLVD CINCINNATI,OH 45241	30-0520187	501(C)(3)	27,500				SPONSORSHIP
THE CURE STARTS NOW FOUNDATION10280 CHESTER ROAD CINCINNATI,OH 45215	21-0269131	501(C)(3)	5,000				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
UNITED WAY OF GREATER CINCINNATI2400 READING ROAD CINCINNATI,OH 45202	31-0537502	501(C)(3)	35,501				SPONSORSHIP
UNIVERSITY OF CINCINNATI FOUNDATION PO BOX 19970 CINCINNATI,OH 45218	31-0896555	501(C)(3)	19,770				SPONSORSHIP

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
VISION 201550 E RIVERCENTER BLVD STE 465 COVINGTON, KY 41011	31-1489316	501(C)(3)	100,000				COMMUNITY SUPPORT

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
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes 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		
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?	Yes	
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 ☒ Independent compensation consultant ☒ Form 990 of other organizations ☐ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
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?		No
b Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
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?		No
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
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		No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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
	PART I, LINE 4B	CERTAIN OFFICERS AND KEY EMPLOYEES HAVE ARRANGEMENTS WHICH PROVIDE FOR SUPPLEMENTAL RETIREMENT BENEFITS AS DESCRIBED IN IRC SEC 457(F) DUE TO THE SUBSTANTIAL RISK OF FORFEITURE PROVISION, THESE ARRANGEMENTS ARE NON-VESTED AND THERE IS NO GUARANTEE THAT THESE OFFICERS AND FACULTY MEMBERS WILL EVER RECEIVE THESE BENEFITS. THE FOLLOWING IS A LISTING OF OFFICERS AND KEY EMPLOYEES THAT RECEIVED A DEFERRAL, SUBJECT TO THE SUBSTANTIAL RISK OF FORFEITURE PROVISION, UNDER CINCINNATI CHILDREN'S IRC SEC 457(F) PLAN DURING THE YEAR (THESE AMOUNTS ARE INCLUDED IN THE TOTALS FOR SCHEDULE J, PART II, COLUMN C, DEFERRED COMPENSATION): 1 RICHARD AZIZKHAN - \$181,693 2 MICHAEL FISHER - \$143,859 3 SCOTT HAMLIN - \$119,809 4 BETH STAUTBERG - \$64,981 5 DEAN KURTH - \$108,078. THE FOLLOWING IS A LISTING OF OFFICERS AND KEY EMPLOYEES THAT RECEIVED A PAYMENT UNDER CINCINNATI CHILDREN'S IRC SEC 457(F) PLAN DURING THE YEAR (THESE AMOUNTS ARE INCLUDED IN THE TOTALS FOR SCHEDULE J, PART II, COLUMN B(III) AND COLUMN F): 1 RICHARD AZIZKHAN - \$468,725 2 SCOTT HAMLIN - \$84,434 3 BETH STAUTBERG - \$59,188 4 DEAN KURTH - \$126,127.
SUPPLEMENTAL INFORMATION	PART III	EXPLANATION OF BENEFITS: THE EMPLOYEE BENEFIT PLAN CONTRIBUTION AMOUNTS LISTED ON SCHEDULE J, PART II MAY INCLUDE ONE OR MORE OF THE FOLLOWING BENEFITS: 1 ELECTIVE EMPLOYEE DEFERRALS UNDER IRC SEC 403(B); 2 DISCRETIONARY EMPLOYER CONTRIBUTIONS UNDER IRC SEC 403(B); 3 ELECTIVE EMPLOYEE DEFERRALS UNDER IRC SEC 457(B); 4 ELECTIVE EMPLOYEE DEFERRALS UNDER IRC SEC 457(F) IN ADDITION TO THE RETIREMENT PLAN CONTRIBUTIONS. DISCLOSED ON FORM 990, PART VII AND SCHEDULE J, PART II, THE FOLLOWING NON-TAXABLE EMPLOYEE WELFARE BENEFITS WERE MADE AVAILABLE TO THE EMPLOYED, COMPENSATED OFFICERS AND KEY EMPLOYEES LISTED ON FORM 990, PART VII AND SCHEDULE J, PART II: 1 HEALTH AND DENTAL INSURANCE BENEFITS; 2 GROUP LIFE INSURANCE (PORTIONS OF WHICH ARE TAXED); 3 UNEMPLOYMENT BENEFITS; 4 DISABILITY BENEFITS. THE OFFICERS AND KEY EMPLOYEES LISTED ON FORM 990, PART VII AND SCHEDULE J, PART II ARE ALSO ELIGIBLE FOR ANY OTHER AVAILABLE EMPLOYEE BENEFITS. CCHMC'S OFFICERS, TRUSTEES, AND KEY EMPLOYEES LISTED ON FORM 990, PART VII AND SCHEDULE J MAY INCUR VARIOUS TRAVEL AND ENTERTAINMENT EXPENSES IN THE CONDUCT OF THEIR OFFICIAL DUTIES AS REPRESENTATIVES OF THE ORGANIZATION. CCHMC HAS A WRITTEN TRAVEL AND ENTERTAINMENT EXPENSE REIMBURSEMENT POLICY THAT COMPLIES WITH PUBLISHED IRS GUIDANCE. ALL OFFICERS, TRUSTEES, AND KEY EMPLOYEES ARE REQUIRED TO SUBSTANTIATE EACH TRAVEL AND ENTERTAINMENT EXPENSE TO THE EXTENT AS STATED IN THE TRAVEL AND ENTERTAINMENT EXPENSE REIMBURSEMENT POLICY. BEYOND THE OFFICERS AND KEY EMPLOYEES LISTED ON SCHEDULE J, PART II, CINCINNATI CHILDREN'S IS GOVERNED BY A BOARD OF TRUSTEES WHO ARE NEITHER COMPENSATED FOR THEIR SERVICES PROVIDED NOR DO THEY RECEIVE ANY FRINGE BENEFITS (OTHER THAN FREE PARKING) FROM CINCINNATI CHILDREN'S. PLEASE SEE FORM 990, PART VII FOR A LISTING OF THESE TRUSTEES. COMPENSATION COMMITTEE PHILOSOPHY: THE COMPENSATION & MANAGEMENT DEVELOPMENT COMMITTEE (THE "COMMITTEE") IS COMPRISED OF TRUSTEE MEMBERS. THE COMMITTEE IS CHARGED WITH RESPONSIBILITY FOR REVIEW, APPROVAL, AND OVERSIGHT OF ALL OF THE ITEMS OF COMPENSATION THAT IMPACT CINCINNATI CHILDREN'S SENIOR MANAGEMENT AND THOSE INDIVIDUALS DESCRIBED IN THE COMMITTEE'S CHARTER. THE COMMITTEE ESTABLISHES CINCINNATI CHILDREN'S COMPENSATION PHILOSOPHY FOR THESE EMPLOYEES BY UTILIZING THE FOLLOWING FUNDAMENTAL CONCEPTS IN DETERMINING COMPENSATION STRATEGY AND OBJECTIVES: 1 CINCINNATI CHILDREN'S IS AN EQUAL OPPORTUNITY EMPLOYER. COMPENSATION DECISIONS AT CINCINNATI CHILDREN'S ARE BASED UPON AN EMPLOYEE'S PERFORMANCE AND HIS OR HER ACHIEVEMENT OF CINCINNATI CHILDREN'S MISSION; 2 CINCINNATI CHILDREN'S TOTAL COMPENSATION MUST REMAIN COMPETITIVE WITHIN, AND RESPONSIVE TO, THE VARIOUS REGIONAL, NATIONAL, AND GLOBAL MARKETS WHICH ENABLES IT TO ATTRACT AND RETAIN SENIOR MANAGEMENT, HIGHLY-COMPENSATED NON-FACULTY EMPLOYEES AND FACULTY MEMBERS WITH THE TALENT AND EXPERTISE NECESSARY FOR IT TO CARRY OUT ITS MISSION AND TO BE A GLOBAL LEADER IN PEDIATRIC HEALTH CARE, RESEARCH AND EDUCATION. SPECIFIC DETAILED ATTENTION IS GIVEN TO RELEVANT COMPARATIVE COMPENSATION DATA FROM ENTITIES OF COMPARABLE SIZE, COMPLEXITY, AND GLOBAL REPUTATION, INCLUDING OTHER NATIONAL HEALTH CARE ORGANIZATIONS WITH ANNUAL NET REVENUES SIMILAR TO THAT OF CINCINNATI CHILDREN'S; 3 CINCINNATI CHILDREN'S UTILIZES EXTERNAL, INDEPENDENT EXPERTS TO ASSIST IN ENSURING A COMPLETE UNDERSTANDING OF ALL RELEVANT MARKETS; AND 4 CINCINNATI CHILDREN'S COMPENSATION MUST NOT RESULT IN PRIVATE INUREMENT. IN ADDITION TO THEIR BASE SALARY, KEY MEMBERS OF SENIOR AND MIDDLE MANAGEMENT ARE ELIGIBLE FOR ANNUAL INCENTIVE COMPENSATION. ANNUAL INCENTIVE COMPENSATION IS CALCULATED AS A PERCENTAGE OF BASE SALARY AND IS BASED ON ACHIEVING CERTAIN OPERATIONAL, QUALITY, PATIENT SAFETY, FINANCIAL AND OTHER PERFORMANCE TARGETS THAT ARE ESTABLISHED ON BOTH AN ORGANIZATIONAL AND INDIVIDUAL LEVEL. THESE PERFORMANCE TARGETS ARE REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE ON AN ANNUAL BASIS.

Software ID:
Software Version:
EIN: 31-0833936
Name: CHILDREN'S HOSPITAL MEDICAL CENTER

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				
RICHARD AZIZKHAN	(i) (ii)	816,696 0	305,537 0	509,515 0	206,693 0	2,453 0	1,840,894 0	468,725 0
ARNOLD STRAUSS	(i) (ii)	552,357 0	183,018 0	99,408 0	25,000 0	35,723 0	895,506 0	0 0
MICHAEL FISHER	(i) (ii)	767,047 0	100,000 0	40,190 0	168,859 0	26,757 0	1,102,853 0	0 0
VICKI DAVIES	(i) (ii)	189,727 0	44,695 0	810 0	0 0	14,920 0	250,152 0	0 0
BETH STAUTBERG	(i) (ii)	431,549 0	137,483 0	76,638 0	89,981 0	10,453 0	746,104 0	59,188 0
SCOTT HAMLIN	(i) (ii)	615,636 0	208,567 0	124,624 0	144,809 0	21,253 0	1,114,889 0	84,434 0
CHARLES MYER III	(i) (ii)	831,466 0	210,655 0	22,034 0	25,000 0	256 0	1,089,411 0	0 0
DAVID MORALES	(i) (ii)	726,210 0	250,000 0	27,021 0	25,000 0	11,882 0	1,040,113 0	0 0
DEAN KURTH	(i) (ii)	606,289 0	216,595 0	173,117 0	133,078 0	15,403 0	1,144,482 0	126,127 0
JAY PAUL WILLGING	(i) (ii)	706,135 0	184,384 0	43,290 0	25,000 0	256 0	959,065 0	0 0
JEFFREY TOWBIN	(i) (ii)	687,679 0	425 0	182,915 0	25,000 0	27,287 0	923,306 0	0 0

Schedule K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HAMILTON COUNTY OHIO	31-6000063	407272M26	06-30-2004	98,249,356	RESEARCH BUILDING		X		X		X
B	COUNTY OF BUTLER OHIO	31-6000061	123550FJ9	12-08-2006	63,541,881	OUTPATIENT SATELLITE BLDG		X		X		X
C	HAMILTON COUNTY OHIO	31-6000063	407272M34	12-11-2007	61,230,000	MEDICAL BUILDING & GARAGE		X		X		X
D	COUNTY OF BUTLER OHIO	31-6000061	123550FM2	04-30-2008	51,950,000	REPAY 2006L BONDS (12/8/06)		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	30,615,000				30,615,000		30,000,000	
2	Amount of bonds legally defeased								
3	Total proceeds of issue	109,390,558		65,205,028		60,636,331		52,351,334	
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	2,249,356		1,385,093		389,866		399,995	
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	107,141,202		63,819,935		60,246,465			
11	Other spent proceeds	51,951,339						51,951,339	
12	Other unspent proceeds								
13	Year of substantial completion	2007		2008		2009		2008	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X		X	X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X		X	
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		X
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 00000%		0 00000%		0 00000%		0 00000%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0%		0%		0%		0 00000%	
6	Total of lines 4 and 5	0%		0%		0%		0 00000%	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		X
b	Exception to rebate?	X		X		X		X	
c	No rebate due?		X		X		X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X	X		X	
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI

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

Identifier	Return Reference	Explanation
FORM 990, SCHEDULE K, PART I	4/30/08 BOND ISSUE	THE 4/30/08 BOND ISSUE REPAID THE SERIES 2006L BOND ISSUED DATED 12/8/06 A PORTION OF THE 4/30/08 BOND ISSUE WAS REFINANCED BY THE 12/17/09 BOND ISSUE
FORM 990, SCHEDULE K, PART I	12/17/09 BOND ISSUE	THE 12/17/09 BOND ISSUE REPAID A PORTION OF THE SERIES 2008O BOND ISSUED DATED 4/30/08, WHICH REPAID A PORTION OF THE 2006L BOND ISSUED DATED 12/8/06
FORM 990, SCHEDULE K, PART I	11/19/10 BOND ISSUE	THE 11/19/10 BOND ISSUE REPAID A PORTION OF THE SERIES 2007N BOND ISSUE DATED 12/11/07
FORM 990, SCHEDULE K, PART I	10/14/11 BOND ISSUE	THE 10/14/11 BOND ISSUE REPAID A PORTION OF THE SERIES 1998G BOND ISSUE DATED 8/1/98
FORM 990, SCHEDULE K, PART II, LINE 7	ISSUANCE COST FROM PROCEEDS	THE \$2,249,356 REPORTED ON SCHEDULE K, PART II, LINE 7, COLUMN A FOR THE 6/30/04 BOND ISSUE CONSISTS OF \$1,492,911 OF CREDIT ENHANCEMENT COSTS AND \$756,445 OF BOND ISSUANCE COSTS
FORM 990, SCHEDULE K, PART II, LINE 7	ISSUANCE COST FROM PROCEEDS	THE \$1,385,093 REPORTED ON SCHEDULE K, PART II, LINE 7, COLUMN B FOR THE 12/8/06 BOND ISSUE CONSISTS OF \$921,385 OF CREDIT ENHANCEMENT COSTS AND \$463,708 OF BOND ISSUANCE COSTS
FORM 990, SCHEDULE K, PART III, LINE 3C	BOND COUNSEL REVIEW	CCHMC DOES NOT ROUTINELY ENGAGE OUTSIDE BOND COUNSEL TO REVIEW RESEARCH AGREEMENTS RELATED TO BOND-FINANCED PROPERTY, BUT CONSULTS WITH THE LEGAL DEPARTMENT

Schedule K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A COUNTY OF BUTLER OHIO	31-6000061		12-17-2009	30,000,000	REPAY 20080 BONDS (4/30/08)		X		X		X
B HAMILTON COUNTY OHIO	31-6000063		11-19-2010	30,000,000	REPAY 2007N BONDS (12/11/07)		X		X		X
C HAMILTON COUNTY OHIO	31-6000063		10-14-2011	62,135,000	REPAY 1998G BONDS (8/1/98)		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	30,000,000		30,000,000		62,135,000			
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	30,000,000		30,000,000		62,135,000			
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X			
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 00000%		0 00000%		0 00000%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 00000%		0 00000%		0 00000%		%	
6	Total of lines 4 and 5	0 00000%		0 00000%		0 00000%		%	
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		
b	Exception to rebate?	X		X		X			
c	No rebate due?		X		X		X		
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X		X		
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X			

Part VI

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

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

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization CHILDREN'S HOSPITAL MEDICAL CENTER	Employer identification number 31-0833936
--	--

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

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ▶ \$

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) AARON AZIZKHAN	FAMILY MEM TRUST	40,216	COMP & BEN		No
(2) GERALYN AZIZKHAN	FAMILY MEM TRUST	117,978	COMP & BEN		No
(3) EMILY HIRSCHFELD	FAMILY MEM TRUST	42,971	COMP & BEN		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE L, PART IV	TRANSACTIONS INVOLVING INTERESTED PERSONS	THE ITEMS REPORTED ON SCHEDULE L, PART IV ARE ARMS-LENGTH TRANSACTIONS AND AT FAIR MARKET VALUE

SCHEDULE M
(Form 990)

Noncash Contributions

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

Part I

Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	27	601,735	MEAN ON DATE OF TRANSFER
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (_____)				
26 Other ► (_____)				
27 Other ► (_____)				
28 Other ► (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement292

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30aNo

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?31Yes

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?32aNo

b If "Yes," describe in Part II

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

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

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 CHILDREN'S HOSPITAL MEDICAL CENTER	Employer identification number 31-0833936
--	--

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	ARTICLE I, SECTION 1.1 OF CINCINNATI CHILDREN'S AMENDED AND RESTATED CODE OF REGULATIONS PROVIDES THAT THE MEMBERSHIP OF CINCINNATI CHILDREN'S SHALL CONSIST OF THE PERSONS WHO ARE FROM TIME TO TIME, AND AT ANY GIVEN TIME, THE MEMBERS OF THE BOARD OF TRUSTEES OF THE CHILDREN'S HOSPITAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	ARTICLE I, SECTION 1 1 OF CINCINNATI CHILDREN'S AMENDED AND RESTATED CODE OF REGULATIONS PROVIDES THAT THE MEMBERSHIP OF CINCINNATI CHILDREN'S SHALL CONSIST OF THE PERSONS WHO ARE FROM TIME TO TIME, AND AT ANY GIVEN TIME, THE MEMBERS OF THE BOARD OF TRUSTEES OF THE CHILDREN'S HOSPITAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS PREPARED BY SENIOR MANAGEMENT FROM CINCINNATI CHILDREN'S EXTERNAL TAX CONSULTANTS REVIEW THE FORM 990 FOR COMPLETENESS AND ACCURACY THE FORM 990 IS THEN PRESENTED TO THE AUDIT & COMPLIANCE COMMITTEE, WHICH IS A STANDING COMMITTEE OF THE CINCINNATI CHILDREN'S BOARD OF TRUSTEES, FOR REVIEW FINALLY, THE FORM 990 IS MADE AVAILABLE TO ALL BOARD OF TRUSTEES MEMBERS IN ADVANCE OF FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	ALL OF CINCINNATI CHILDREN'S OFFICERS, TRUSTEES, AND KEY EMPLOYEES RECEIVE AN ANNUAL QUESTIONNAIRE REQUESTING INFORMATION REGARDING FAMILY AND BUSINESS RELATIONSHIPS THAT COULD POTENTIALLY RESULT IN A CONFLICT OF INTEREST UNDER CINCINNATI CHILDREN'S WRITTEN CONFLICT OF INTEREST POLICY. ONCE THE QUESTIONNAIRES HAVE BEEN COMPLETED, THEY ARE REVIEWED BY CINCINNATI CHILDREN'S SENIOR MANAGEMENT AND IF A RELATIONSHIP EXISTS THAT MAY PRESENT A CONFLICT OF INTEREST, CINCINNATI CHILDREN'S FOLLOWS THE PROVISIONS SET FORTH IN ITS CONFLICT OF INTEREST POLICY TO RESOLVE THE CONFLICT AND DETERMINES THE APPROPRIATE REPORTING TO BOARD COMMITTEES AND, IF REQUIRED, FORM 990 DISCLOSURE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	CINCINNATI CHILDREN'S HAS A COMPENSATION COMMITTEE THAT ANNUALLY REVIEWS THE RECOMMENDATIONS OF MANAGEMENT REGARDING EMPLOYEE PERFORMANCE EVALUATION AND COMPENSATION ADJUSTMENTS FOR DISQUALIFIED PERSONS TO ENSURE THAT IT HAS COMPLIED WITH THE PROVISIONS OF THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER IRC SEC 4958

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	CINCINNATI CHILDREN'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY , AND FINANCIAL STATEMENTS ARE MAINTAINED ON FILE BY SENIOR MANAGEMENT AND ARE AVAILABLE TO THE GENERAL PUBLIC UPON REQUEST EITHER IN-PERSON, BY TELEPHONE, OR BY WRITTEN REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	MINIMUM PENSION LIABILITY ADJUSTMENT 179,514,838 GAIN IN NET ASSETS OF SUPPORTING ORGANIZATIONS, NET 174,323,000 ELIMINATION OF CHSN INCOME 266,767

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS AND COMMUNITY BENEFIT	FORM 990, PART III	AT CINCINNATI CHILDREN'S, OUR APPROACH TO COMMUNITY BENEFIT IS ROOTED IN THE BELIEF THAT HOSPITALS HAVE A RESPONSIBILITY TO IMPROVE THE HEALTH AND QUALITY OF LIFE FOR CHILDREN IN THE COMMUNITIES THEY SERVE. PART OF THIS RESPONSIBILITY IS SERVING AS A MEDICAL SAFETY NET FOR CHILDREN, REGARDLESS OF THEIR FAMILIES' CIRCUMSTANCE OR ABILITY TO PAY. PROVIDING COMMUNITY BENEFIT IS ONE WAY IN WHICH WE STRIVE TO MEET THAT RESPONSIBILITY. CINCINNATI CHILDREN'S OFFERS NUMEROUS PROGRAMS AND SERVICES TO MEET COMMUNITY HEALTH NEEDS. IN FISCAL YEAR 2013, CINCINNATI CHILDREN'S PROVIDED APPROXIMATELY \$267.2 MILLION IN FREE CARE OR DISCOUNTED SERVICES TO FAMILIES IN THE COMMUNITY WHO ARE UNABLE TO PAY AND AN ADDITIONAL \$3.4 MILLION IN SUBSIDIZED HEALTH AND COMMUNITY OUTREACH SERVICES. CINCINNATI CHILDREN'S HAS A LONG TRADITION OF WORKING WITH ITS COMMUNITY PARTNERS ON MATTERS RELATED TO THE COMMUNITY'S HEALTH AND WELL-BEING AND HAS CONDUCTED THREE COMMUNITY HEALTH SURVEYS IN THE GREATER CINCINNATI/ NORTHERN KENTUCKY COMMUNITY SINCE THE YEAR 2000. THESE SURVEYS GATHER INFORMATION ABOUT THE COMMUNITY'S HEALTH AND WELL-BEING, AND THE DATA GATHERED IN EACH CONTINUES TO INFORM CINCINNATI CHILDREN'S COMMUNITY HEALTH AGENDA. CINCINNATI CHILDREN'S 2015 STRATEGIC PLAN CREATES A BOLD VISION TO BE THE LEADER IN IMPROVING CHILD HEALTH. WHILE THE STRATEGIC PLAN PROVIDES A FRAMEWORK FOR CINCINNATI CHILDREN'S ONGOING STRATEGIC EMPHASIS, IT DOES NOT DEFINE THE TOTALITY OF OUR EFFORTS. CINCINNATI CHILDREN'S STRIVES TO DELIVER DEMONSTRABLY SUPERIOR OUTCOMES AND EXPERIENCE AT THE LOWEST POSSIBLE COST, AND TO DISCOVER AND APPLY BETTER WAYS TO IMPROVE THE HEALTH OF MORE CHILDREN IN THE COMMUNITY AND AROUND THE WORLD. IN DEVELOPING ITS 2015 STRATEGIC PLAN, CINCINNATI CHILDREN'S WAS DELIBERATE IN ITS APPROACH TO IDENTIFY COMMUNITY PROVIDERS, GOVERNMENTAL ORGANIZATIONS, AND AREA NON-PROFIT ORGANIZATIONS WITH WHOM IT COULD PARTNER TO MORE EFFECTIVELY ADDRESS COMMUNITY HEALTH NEEDS. RECOGNIZING THAT WE ARE STRONGER WORKING TOGETHER AND COORDINATING EFFORTS TO ADDRESS SYSTEMIC COMMUNITY HEALTH NEEDS, CINCINNATI CHILDREN'S PARTNERS WITH MANY ORGANIZATIONS INCLUDING FEDERALLY QUALIFIED HEALTH CLINICS, SCHOOL BASED HEALTH CLINICS, COUNTY AND CITY PROGRAMS, OFFICES AND DEPARTMENTS, THE HEALTH FOUNDATION OF GREATER CINCINNATI, THE GREATER CINCINNATI UNITED WAY, EVERY CHILD SUCCEEDS, AND WITH THE POLICE, PROSECUTORS AND COUNTY CASE WORKERS CO-LOCATED IN CINCINNATI CHILDREN'S MAYERSON CENTER FOR SAFE AND HEALTHY CHILDREN. DEVELOPING AND MORE EFFECTIVELY UTILIZING THESE PARTNERSHIPS TO ADDRESS COMMUNITY HEALTH NEEDS IS AN INTEGRAL COMPONENT OF CINCINNATI CHILDREN'S 2015 STRATEGIC PLAN. ALTHOUGH CINCINNATI CHILDREN'S BEGAN PUBLICLY REPORTING COMMUNITY BENEFIT IN 2004, WE HAVE A TRADITION OF PROVIDING COMMUNITY BENEFIT THAT DATES BACK TO THE HOSPITAL'S FOUNDING IN 1883. REPORTING THESE ACTIVITIES IS OUR WAY OF BEING ACCOUNTABLE TO THE GREATER CINCINNATI COMMUNITY AND OF DEMONSTRATING THE VALUE AND IMPACT OF OUR MANY COMMUNITY-BASED SERVICES AND PARTNERSHIPS.

Identifier	Return Reference	Explanation
		CINCINNATI CHILDREN'S HAS PERFORMED AN ANALYSIS AND QUANTIFICATION OF ITS ESTIMATED BENEFIT TO THE COMMUNITY. A SUMMARY OF THIS ANALYSIS IS DETAILED BELOW AND IS ALSO PROVIDED ON SCHEDULE H: * PATIENT CARE (NET OF TAX LEVY AND OHIO HCAP) (NOTE A): \$267.2 MILLION * SUBSIDIZED HEALTH SERVICES: \$4 MILLION * RESEARCH (NOTE B): \$250.0 MILLION * MEDICAL EDUCATION: \$27.3 MILLION * COMMUNITY OUTREACH: \$3.0 MILLION * TOTAL VALUE OF COMMUNITY BENEFITS PROVIDED: \$547.9 MILLION NOTE A: CHARITABLE PATIENT CARE (\$267.2 MILLION) - FREE OR DISCOUNTED SERVICES FOR THOSE UNABLE TO PAY BECAUSE THEY ARE POOR OR UNINSURED. THE BENEFIT AMOUNT INCLUDES THE SHORTFALL FROM MEDICAID REIMBURSEMENT BASED ON THE COST OF PROVIDING CARE TO MEDICAID RECIPIENTS (AFTER ACCOUNTING FOR SUPPORT FROM HAMILTON COUNTY HEALTH AND HOSPITALIZATION LEVY AND THE HOSPITAL CARE ASSURANCE PROGRAM) AND THE LOSS FROM THE COST OF PROVIDING CHARITY CARE. NOTE B: RESEARCH (\$250.0 MILLION) - IN ACCORDANCE WITH THE 2012 FORM 990, SCHEDULE H INSTRUCTIONS, GRANT REVENUE UTILIZED TO CONDUCT RESEARCH ACTIVITIES IS NOT REQUIRED TO BE REPORTED AS AN OFFSET TO RESEARCH EXPENDITURES WHEN CALCULATING OTHER COMMUNITY BENEFITS ON SCHEDULE H. IF RESEARCH FUNDING WAS REQUIRED TO BE COUNTED AS AN OFFSET TO RESEARCH EXPENDITURES, THE NET AMOUNT OF COMMUNITY BENEFIT RELATED TO RESEARCH WOULD BE REDUCED TO \$153.9 MILLION, AND THE TOTAL VALUE OF COMMUNITY BENEFITS PROVIDED WOULD BE REDUCED TO \$438.7 MILLION. CINCINNATI CHILDREN'S PROVIDES PATIENT CARE TO INFANTS, CHILDREN AND ADOLESCENTS. IT SERVES AS A TERTIARY LEVEL REFERRAL CENTER FOR PEDIATRIC ILLNESSES. DURING THE FISCAL YEAR ENDED JUNE 30, 2013, CINCINNATI CHILDREN'S ADMITTED 18,244 PATIENTS WHO WERE ASSOCIATED WITH 134,362 PATIENT DAYS. IN ADDITION, CINCINNATI CHILDREN'S TREATED NEARLY 975,000 OUTPATIENT VISITS. CINCINNATI CHILDREN'S MAINTAINS ONE OF THE NATION'S BUSIEST EMERGENCY DEPARTMENTS. OVER THE PAST YEAR, CINCINNATI CHILDREN'S HANDLED OVER 127,000 EMERGENCY ROOM VISITS. LIKEWISE, CINCINNATI CHILDREN'S IS THE NATION'S LEADER IN TERMS OF PEDIATRIC SURGICAL PROCEDURES. DURING FISCAL 2013, CINCINNATI CHILDREN'S PERFORMED OVER 45,600 HOURS OF SURGERY. AS WITH OTHER NOT-FOR-PROFIT ORGANIZATIONS, CINCINNATI CHILDREN'S REINVESTS ITS NET REVENUES TO CONTINUOUSLY IMPROVE ITS ABILITY TO PROVIDE QUALITY HEALTHCARE, RESEARCH, AND EDUCATION. CINCINNATI CHILDREN'S MAKES SIGNIFICANT INVESTMENTS IN INFORMATION TECHNOLOGY, CONTINUOUSLY STRIVING TO IMPROVE ITS BUSINESS AND CLINICAL PRACTICES. THE ADVANCED TECHNOLOGY ALLOWS PHYSICIANS TO BRING TIMELY AND RELEVANT INFORMATION TO THE PATIENT'S BEDSIDE, MAKING PATIENT CARE SAFER AND MORE EFFICIENT. CINCINNATI CHILDREN'S IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS AND IS A MEMBER OF THE AMERICAN HOSPITAL ASSOCIATION, THE OHIO HOSPITAL ASSOCIATION, THE GREATER CINCINNATI HOSPITAL COUNCIL, THE ASSOCIATION OF OHIO CHILDREN'S HOSPITALS, THE COUNCIL OF TEACHING HOSPITALS AND THE CHILDREN'S HOSPITAL ASSOCIATION.

Identifier	Return Reference	Explanation
		IN 2013, CINCINNATI CHILDREN'S WAS AGAIN ONE OF ONLY EIGHT PEDIATRIC HOSPITALS IN THE THE UNITED STATES TO BE INCLUDED ON THE HONOR ROLL IN THE 2013 U S NEWS & WORLD REPORT'S ANNUAL "AMERICA'S BEST HOSPITALS" SURVEY THE HONOR ROLL FEATURES ONLY THOSE HOSPITALS RANKED IN ALL 10 SPECIALTIES SURVEYED CINCINNATI CHILDREN'S HAS BEEN RANKED IN THE TOP TEN FOR ALL PEDIATRIC SUBSPECIALTIES - A DISTINCTION SHARED BY FEW OTHER HOSPITALS CINCINNATI CHILDREN'S IS RANKED AS THE BEST CHILDREN'S HOSPITAL IN THE NATION FOR CANCER, OTHER SPECIALTIES AND THEIR RANK INCLUDE * GASTROENTEROLOGY - 3 * CANCER - 1 * DIABETES AND ENDOCRINE DISORDERS - 6 * CARDIOLOGY AND HEART SURGERY - 5 * NEONATAL CARE - 4 * NEUROLOGY AND NEUROSURGERY - 4 * ORTHOPEDICS - 3 * PULMONARY - 2 * UROLOGY - 3 * NEPHROLOGY - 2 CONSISTENT WITH ITS CHARITABLE MISSION, CINCINNATI CHILDREN'S MAINTAINS A POLICY OF ACCEPTING ALL PATIENTS WITHIN ITS PRIMARY SERVICE AREA REGARDLESS OF ABILITY TO PAY THE PRIMARY SERVICE AREA INCLUDES THE EIGHT COUNTIES IN SOUTHWESTERN OHIO, NORTHERN KENTUCKY, AND SOUTHEASTERN INDIANA THAT GEOGRAPHICALLY SURROUND CINCINNATI FOR THE FISCAL YEAR ENDED JUNE 30, 2013, CINCINNATI CHILDREN'S ABSORBED APPROXIMATELY \$18.3 MILLION OF UNCOMPENSATED CHARITY CARE SERVICES AS A RESULT OF THIS "OPEN-DOOR" CHARITABLE POLICY IN ADDITION, DUE TO A LOCAL PROPERTY TAX LEVY, CINCINNATI CHILDREN'S RECEIVED \$5.2 MILLION OF FUNDING TO HELP OFFSET THE COST OF PROVIDING CARE TO ELIGIBLE HAMILTON COUNTY RESIDENTS UNDER CERTAIN CIRCUMSTANCES, CINCINNATI CHILDREN'S ACCEPTS PATIENTS FROM OUTSIDE THE PRIMARY SERVICE AREA WITHOUT REGARD TO THEIR ABILITY TO PAY CINCINNATI CHILDREN'S DEFINES INDIGENT PATIENT CARE AS SERVICES RENDERED TO PATIENTS WHOSE FAMILIES ARE UNABLE TO MEET CERTAIN MINIMUM INCOME AND/OR NET WORTH STANDARDS AS SUCH, CHARGES ABSORBED BY CINCINNATI CHILDREN'S IN RENDERING SERVICES TO PATIENTS WHO ARE COVERED UNDER GOVERNMENTAL PROGRAMS WHICH ARE DESIGNED TO AID LOW INCOME FAMILIES (PRIMARILY THE MEDICAID PROGRAM) ARE CONSIDERED INDIGENT PATIENT CARE THIS POLICY APPLIES TO ALL INPATIENT, OUTPATIENT OR EMERGENCY ROOM SERVICES AND TO PROFESSIONAL SERVICES PERFORMED BY PROVIDERS EMPLOYED BY CINCINNATI CHILDREN'S IN FISCAL 2013, THE LOSS ON PROVISION OF CHARITY CARE AND MEANS-TESTED GOVERNMENT PROGRAMS TOTALED APPROXIMATELY \$267.2 MILLION (AFTER TAKING INTO ACCOUNT FUNDS RECEIVED UNDER THE OHIO HOSPITAL CARE ASSURANCE PROGRAM AND THE HAMILTON COUNTY TAX LEVY WHICH TOTAL APPROXIMATELY \$19.3 MILLION) CINCINNATI CHILDREN'S PARTICIPATES IN APPLICABLE GOVERNMENT SPONSORED ENTITLEMENT PROGRAMS, SERVING THOUSANDS OF PATIENTS COVERED BY PUBLIC PROGRAMS SUCH AS MEDICAID AND MEDICARE MEDICAID AND MEDICARE REIMBURSE HOSPITALS FOR HEALTHCARE SERVICES PROVIDED TO ELIGIBLE PATIENTS, BUT THE PAYMENTS DO NOT COVER THE TOTAL COST OF PROVIDING THE SERVICE FOR THE YEAR ENDED JUNE 30, 2013, MORE THAN 44% OF ALL CINCINNATI CHILDREN'S GROSS PATIENT REVENUE WAS GENERATED FROM PATIENTS WHOM WERE ENROLLED IN VARIOUS STATE MEDICAID PROGRAMS AND MEDICARE PATIENT CARE CINCINNATI CHILDREN'S CURRENTLY OWNS AND OPERATES INPATIENT AND OUTPATIENT FACILITIES ON ITS MAIN CAMPUS, SPECIALLY SUITED TO THE PROVISION OF STATE-OF-THE-ART PEDIATRIC CARE CINCINNATI CHILDREN'S HAS 562 REGISTERED INPATIENT BEDS, INCLUDING 57 INPATIENT BEDS AT ITS COLLEGE HILL CAMPUS, 12 BEDS AT THE LIBERTY CAMPUS, AND 16 BEDS AT THE LINDNER CAMPUS, OF WHICH 506 ARE CURRENTLY IN SERVICE IT ALSO HAS 36 REGISTERED RESIDENTIAL PSYCHIATRIC BEDS AT ITS COLLEGE HILL CAMPUS, OF WHICH 33 ARE CURRENTLY IN SERVICE ITS SPECIALIZED FACILITIES INCLUDE A LARGE PEDIATRIC INTENSIVE CARE COMPLEX CONSISTING OF A 55-BED NEONATAL INTENSIVE CARE UNIT FOR TREATMENT OF CRITICALLY ILL AND PREMATURE NEWBORNS, A 50-BED PEDIATRIC INTENSIVE CARE UNIT FOR CRITICALLY ILL AND INJURED CHILDREN, AND A 25-BED CARDIAC INTENSIVE CARE UNIT IN ADDITION, CINCINNATI CHILDREN'S FACILITIES INCLUDE A 48-BED HEMATOLOGY/ONCOLOGY/BMT UNIT FOR TREATMENT OF CHILDREN WITH SERIOUS BLOOD DISORDERS, INCLUDING BONE MARROW TRANSPLANT SERVICES CINCINNATI CHILDREN'S ALSO OPERATES A NETWORK OF 11 OUTPATIENT CARE CENTERS LOCATED THROUGHOUT THE PRIMARY SERVICE AREA CINCINNATI CHILDREN'S OPENED ITS FIRST OUTPATIENT FACILITY IN 1987 AND HAS OPENED AN ADDITIONAL 10 OUTPATIENT FACILITIES IN THE LAST 15 YEARS CINCINNATI CHILDREN'S CONTINUES TO INVEST IN THESE FACILITIES AND EXPAND THE SERVICES OFFERED IN EACH LOCATION CINCINNATI CHILDREN'S OWNS ITS OUTPATIENT NORTH BURNET, LIBERTY, MASON, GREEN TOWNSHIP, AND OAK FACILITIES AND LEASES THE OTHER SIX LOCATIONS THE SERVICES OFFERED AT THESE CENTERS VARY BY LOCATION, BUT GENERALLY INCLUDE DIAGNOSTIC TESTING, PEDIATRIC SPECIALTY CLINICS, THERAPIES AND DENTAL SERVICES THREE OF THE CENTERS ALSO OFFER URGENT CARE SERVICES IN ADDITION, THE LIBERTY CAMPUS, WHICH OPENED IN AUGUST 2008, ALSO PROVIDES INPATIENT, OBSERVATION, EMERGENCY ROOM AND SURGICAL SERVICES

Identifier	Return Reference	Explanation
		RESEARCH CHILDREN'S HOSPITAL RESEARCH FOUNDATION (THE "RESEARCH FOUNDATION"), A DIVISION OF CINCINNATI CHILDREN'S, CONDUCTS BOTH BASIC SCIENCE AND CLINICALLY APPLIED BIOMEDICAL RESEARCH IN THE AREAS OF MORPHOLOGICAL PATHOLOGY, MOLECULAR AND CELL BIOLOGY, BIOLOGICAL MECHANISMS OF DISEASE AND THE PROCESSES OF NORMALLY FUNCTIONING SYSTEMS DURING THE YEAR ENDED JUNE 30, 2013, THERE WERE MORE THAN 865 ACTIVE-SPONSORED RESEARCH PROJECTS THE RESEARCH FOUNDATION OCCUPIES APPROXIMATELY 37% OF THE AVAILABLE SPACE OF CINCINNATI CHILDREN'S MAIN CAMPUS AND ACCOUNTS FOR ABOUT 32% OF THE TOTAL ANNUAL OPERATING BUDGET ADDITIONALLY, ACCORDING TO THE MOST RECENT INFORMATION PUBLISHED BY THE NATIONAL INSTITUTES OF HEALTH ("NIH"), CINCINNATI CHILDREN'S RANKED THIRD IN THE NATION AMONG ALL PEDIATRIC HEALTH CARE FACILITIES IN TERMS OF NIH GRANT AWARDS RECEIVED THE SECOND MAJOR EXPENSE AREA FOR CINCINNATI CHILDREN'S IS RESEARCH IN FISCAL YEAR 2013, CINCINNATI CHILDREN'S DEVOTED APPROXIMATELY 32 PERCENT OF ITS EXPENDITURES TO SUPPORTING ITS RESEARCH PROGRAMS SPENDING IN THIS AREA ATTRACTS TALENTED PEDIATRIC RESEARCHERS, GENERATES GOVERNMENT, FOUNDATION, AND INDUSTRY FUNDING, AND LEADS TO RELATED NEW BUSINESS DEVELOPMENT A KEY FACTOR IN CINCINNATI CHILDREN'S ABILITY TO ATTRACT SIGNIFICANT EXTERNAL FUNDING, PARTICULARLY FROM THE NATIONAL INSTITUTES OF HEALTH (NIH), IS THAT IT SPENDS ITS OWN RESOURCES TO CREATE "CENTERS OF EXCELLENCE," WITH TOP RESEARCHERS IN SPECIFIC AREAS OF CHILD MEDICINE THAT WILL BE ATTRACTIVE TO OUTSIDE FUNDERS FURTHER, THROUGH ITS TRUSTEE'S GRANT PROGRAM, IT PROVIDES SEED MONEY TO RESEARCHERS, WITH THE EXPECTATION THAT THEY WILL LATER APPLY FOR EXTERNAL FUNDING

Identifier	Return Reference	Explanation
		MEDICAL EDUCATION CINCINNATI CHILDREN'S IS ADJACENT TO THE UNIVERSITY OF CINCINNATI COLLEGE OF MEDICINE AND SERVES AS ITS DEPARTMENT OF PEDIATRICS CINCINNATI CHILDREN'S OFFERS EDUCATION AND TRAINING IN CLINICAL RESIDENCY PROGRAMS, CLINICAL AND RESEARCH FELLOWSHIPS AND ALLIED HEALTH SCIENCES ALL PEDIATRICS SPECIALTIES AND SUBSPECIALTIES ARE REPRESENTED ON THE MEDICAL STAFF CINCINNATI CHILDREN'S ALSO PROVIDES GRADUATE MEDICAL EDUCATION IN DEVELOPMENTAL BIOLOGY AND GENETIC COUNSELING AND ANNUALLY TRAINS APPROXIMATELY 484 PHYSICIAN RESIDENTS AND 232 FELLOWS CINCINNATI CHILDREN'S HAS PROVIDED TRAINING FOR THE MAJORITY OF PEDIATRICIANS PRACTICING WITHIN ITS SERVICE AREA CINCINNATI CHILDREN'S ALSO PROVIDES CLINICAL TRAINING IN ALLIED HEALTH SCIENCES IN NURSING, RESPIRATORY THERAPY, RADIOLOGIC TECHNOLOGY, SPEECH PATHOLOGY AND AUDIOLOGY CINCINNATI CHILDREN'S GRADUATE MEDICAL EDUCATION PROGRAM IS THE NATION'S FOURTH LARGEST PEDIATRIC PROGRAM CINCINNATI CHILDREN'S COSTS OF PROVIDING SUCH TRAINING INCLUDE THE SALARY AND TRAINING COSTS OF INTERNS AND RESIDENTS IN FISCAL 2013, CINCINNATI CHILDREN'S PROVIDED NEARLY \$81 MILLION IN MEDICAL EDUCATION COSTS CINCINNATI CHILDREN'S RECEIVED APPROXIMATELY \$8.5 MILLION IN FUNDING FROM THE FEDERAL CHGME PROGRAM IN FISCAL 2013 TO HELP OFFSET SUCH COSTS ADDITIONALLY, CINCINNATI CHILDREN'S RECEIVED APPROXIMATELY \$9.4 MILLION FROM STATE MEDICAID AND MEDICARE PROGRAMS AND GRANTS TO FURTHER ASSIST IN OFFSETTING MEDICAL EDUCATION COSTS IN FISCAL 2013 IN FISCAL 2013, CINCINNATI CHILDREN'S DEVOTED APPROXIMATELY 5 PERCENT OF ITS EXPENDITURES TO THE EDUCATION MISSION OF THE HOSPITAL THIS MONEY IS USED TO PROVIDE GRADUATE MEDICAL EDUCATION FOR RESIDENTS AND FELLOWS AND EXTENSIVE TRAINING AND EDUCATION FOR NURSES AND OTHER MEDICAL PROFESSIONALS, INCLUDING NURSING, NUTRITION THERAPY, OCCUPATIONAL AND PHYSICAL THERAPY, RESPIRATORY THERAPY, RADIOLOGY TECHNOLOGY, GENETIC COUNSELING, SPEECH PATHOLOGY AND AUDIOLOGY, CHILD LIFE AND SOCIAL WORK THE RESEARCH FOUNDATION OFFERS RESEARCH-BASED EDUCATION OPTIONS FOR SCIENTISTS, OFTEN IN CONJUNCTION WITH THE UNIVERSITY OF CINCINNATI STUDENTS IN THESE PROGRAMS WORK WITH FACULTY EXPERTS IN FIRST-RATE FACILITIES THE PROGRAMS INCLUDE THE MOLECULAR AND DEVELOPMENTAL BIOLOGY GRADUATE PROGRAM, THE IMMUNOBIOLOGY GRADUATE TRAINING PROGRAM, POSTDOCTORAL FELLOWSHIPS, MD/PHD POSTGRADUATE TRAINING, THE MENTORED MEDICAL STUDENT CLINICAL RESEARCH PROGRAM, THE SUMMER PROGRAM FOR MEDICAL STUDENTS, AND THE SUMMER UNDERGRADUATE RESEARCH FELLOWSHIP (SURF)

Identifier	Return Reference	Explanation
		THE RESEARCH FOUNDATION ALSO SPONSORS A NUMBER OF EXCEPTIONAL INTERNAL GRANT MECHANISMS TO SUPPORT PHDS, MDS, AND MD/PHDS DURING THEIR FELLOWSHIP AND ESPECIALLY DURING THE TRANSITION TO JUNIOR FACULTY POSITIONS WITH A FOCUS ON RESEARCH. AN ACTIVE GRANT PROGRAM FUNDS TRANSLATIONAL RESEARCH PROJECTS AND THERE IS AN EMPHASIS ON DEVELOPMENT OF EARLY PHASE HUMAN TRIALS IN PEDIATRIC DISEASES BASED ON DISCOVERY SCIENCE PERFORMED. THE RESEARCH FOUNDATION HAS AN OUTSTANDING TRACK RECORD IN FACILITATING SUCCESSFUL FUNDING OF INDIVIDUAL TRAINING AWARDS (K AWARDS) FOR BOTH MDS AND PHDS AND CONVERTING THESE AWARDS TO INITIAL R01S. CINCINNATI CHILDREN'S LONG HISTORY OF PEDIATRIC TEACHING SPANS MORE THAN 86 YEARS, BEGINNING IN 1926. IN THE YEARS SINCE, CINCINNATI CHILDREN'S HAS TRAINED MORE THAN 2,000 PHYSICIANS AND MANY NURSES AND OTHER HEALTH PROFESSIONALS. CINCINNATI CHILDREN'S HAS BEEN FORMALLY AFFILIATED WITH THE UNIVERSITY OF CINCINNATI'S COLLEGE OF MEDICINE AND HAS SERVED AS THE DEPARTMENT OF PEDIATRICS FOR THE COLLEGE OF MEDICINE SINCE 1931, ENSURING THAT TEACHING AND RELATED RESEARCH WOULD STRENGTHEN PEDIATRIC PATIENT CARE. CINCINNATI CHILDREN'S AND CINCINNATI CHILDREN'S EMPLOYED STAFF OF PHYSICIANS AND SCIENTISTS HOLD ACADEMIC APPOINTMENTS AT THE COLLEGE OF MEDICINE. CURRENTLY CINCINNATI CHILDREN'S IS THE FOURTH LARGEST PEDIATRIC TRAINING FACILITY IN THE UNITED STATES, HAVING 30 ACGME ACCREDITED FELLOWSHIP PROGRAMS AND THREE ACGME FELLOWSHIP PROGRAMS WHERE THE ACCREDITATION IS THROUGH THE UNIVERSITY OF CINCINNATI. CINCINNATI CHILDREN'S FACULTY IS RESPONSIBLE FOR TEACHING THE UNIVERSITY'S MEDICAL STUDENTS DURING THEIR PEDIATRIC ROTATIONS IN THE THIRD AND FOURTH YEARS OF TRAINING.

Identifier	Return Reference	Explanation
		COMMUNITY OUTREACH CINCINNATI CHILDREN'S AND ITS STAFF PARTICIPATE IN MANY COMMUNITY OUTREACH PROGRAMS THE FOLLOWING LIST INCLUDES SOME OF THE PROGRAMS PARTICIPATED IN, BUT SHOULD NOT BE CONSIDERED AN ALL INCLUSIVE LISTING * PARTNER IN EDUCATION WITH ROCKDALE ELEMENTARY SCHOOL * CHILD ABUSE TEAM/MAYERSON CENTER * COMMUNITY PARTNERS PROGRAM/AARON W PERLMAN CENTER * CAREER DEVELOPMENT PROGRAM/PROJECT SEARCH * COMPREHENSIVE SICKLE CELL CENTER * FAMILY RESOURCE CENTER * PARENT-INFANT NURTURING GROUP * INTERNATIONAL ADOPTION CENTER * STARSHINE HOSPICE SERVICES * FAMILY SUPPORT NETWORK * INJURY FREE COALITION FOR KIDS * SAFE KIDS COALITION * CHILD CAR SEAT SAFETY * SAFETY FAIR * CHILD POLICY RESEARCH CENTER * INNOVATIONS * DRUG & POISON INFORMATION CENTER * BLOOD DRIVES * PARTICIPATION IN VARIOUS FUNDRAISING AND VOLUNTEER OPPORTUNITIES

Identifier	Return Reference	Explanation
TRANSACTIONS WITH RELATED ORGANIZATIONS	FORM 990, SCHEDULE R	CCHMC PROVIDES VARIOUS RELATED ORGANIZATIONS WITH CERTAIN SHARED SERVICES AT NO CHARGE

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
CHILDREN'S HOSPITAL MEDICAL CENTER

Employer identification number
31-0833936

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
(1) TSHCH LLC 3333 BURNET AVENUE CINCINNATI, OH 45229	LAND HOLDING CO	OH	0	5,375,591	CCHMC
(2) BURNET AVE LLC 3333 BURNET AVENUE CINCINNATI, OH 45229	LAND HOLDING CO	OH	0	2,783,964	CCHMC
(3) NORTH FAIRMOUNT HEALTHCARE COMPANY LTD 222 PIEDMONT AVE STE 1200 CINCINNATI, OH 45219 31-1484848	LEASE HOLDING CO	OH	0	578,548	CCHMC

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) CHILDREN'S DENTAL CARE FOUNDATION 3333 BURNET AVE CINCINNATI, OH 45229 31-6008790	SUPPORT PEDIATRIC DENTISTRY AT CCHMC	OH	501(C)(3)	509(A)(3) TYPE II	N/A		No
(2) ADOLESCENT HEALTH CENTER OF GREATER CINCINNATI 3333 BURNET AVE CINCINNATI, OH 45229 23-7042940	SUPPORT ADOLESCENT MEDICINE AT CCHMC	OH	501(C)(3)	509(A)(3) TYPE II	N/A		No
(3) CHMC COMMUNITY HEALTH SERVICES NETWORK 3333 BURNET AVE CINCINNATI, OH 45229 31-1459815	PEDIATRIC MEDICAL SERVICES	OH	501(C)(3)	509(A)(2)	CCHMC	Yes	
(4) CHILDREN'S HOSPITAL MEDICAL CENTER UNINSURED LOSS FUND #2 PO BOX 1118 ML CN-OH-W10X CINCINNATI, OH 45201 31-6197894	MALPRACTICE AND LIABILITY TRUST FUND	OH	501(C)(3)	509(A)(3) TYPE III	CCHMC	Yes	
(5) THE CHILDREN'S HOSPITAL 3333 BURNET AVE CINCINNATI, OH 45229 31-0537130	SUPPORT ORG - TREATMENT & RESEARCH OF DISEASES AFFECTING CHILDREN	OH	501(C)(3)	509(A)(3) TYPE II	N/A		No
(6) THE CHILDREN'S HOSPITAL FOUNDATION 3333 BURNET AVE CINCINNATI, OH 45229 31-1327089	SUPPORT CCHMC	OH	501(C)(3)	509(A)(1)	TCH	Yes	
(7) CONVALESCENT HOSPITAL FOR CHILDREN AND ORPHAN ASYLUM 3333 BURNET AVE CINCINNATI, OH 45229 31-0536649	SUPPORT ORG - TREATMENT & RESEARCH OF DISEASES AFFECTING CHILDREN	OH	501(C)(3)	509(A)(3) TYPE II	N/A		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) Disproportionate 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	
(1) NORTHERN KENTUCKY CHILDREN'S MEDICAL SERVICES LLC 3333 BURNET AVE CINCINNATI, OH 45229 26-0084305	MEDICAL SERVICES	KY	CCHMC	RELATED	44,927	5,653		No		Yes		50 000 %

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	No
(1) RIVER CITY INSURANCE LIMITED 3333 BURNET AVE CINCINNATI, OH 45229	HEALTHCARE LIABILITY INSURANCE FOR CCHMC	OH	CCHMC	C	1,982,060	2,784,117	100 000 %		No

Part V

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

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 organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

Yes

1m

No

1n

Yes

1o

Yes

1p

Yes

1q

Yes

1r

Yes

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			

Schedule R (Form 990) 2012

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.

[illegible]

Software ID:
Software Version:
EIN: 31-0833936
Name: CHILDREN'S HOSPITAL MEDICAL CENTER

Part VII Supplemental Information

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

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

--> 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
ADOLESCENT HEALTH CENTER OF GREATER CINCINNATI	C	169,720	FAIR MARKET VALUE
CHILDREN'S DENTAL CARE FOUNDATION	C	100,000	FAIR MARKET VALUE
THE CHILDREN'S HOSPITAL	C	64,735,113	FAIR MARKET VALUE
THE CHILDREN'S HOSPITAL	R	26,925,767	FAIR MARKET VALUE
CHMC COMMUNITY HEALTH SERVICES NETWORK	S	298,638	FAIR MARKET VALUE
CHMC COMMUNITY HEALTH SERVICES NETWORK	R	4,608,302	FAIR MARKET VALUE
CONVALESCENT HOSPITAL FOR CHILDREN AND ORPHAN ASYLUM	C	2,920,113	FAIR MARKET VALUE
THE CHILDREN'S HOSPITAL FOUNDATION	C	2,415,412	FAIR MARKET VALUE
THE CHILDREN'S HOSPITAL FOUNDATION	R	358,864	FAIR MARKET VALUE
CHILDREN'S DENTAL CARE FOUNDATION	S	1,145,196	FAIR MARKET VALUE

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements As of and For the
Years Ended June 30, 2013 and June 30, 2012 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees of Children's Hospital Medical Center and Affiliates
Cincinnati, Ohio**

We have audited the accompanying consolidated balance sheets of Children's Hospital Medical Center and Affiliates ("Cincinnati Children's and Affiliates"), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and of cash flows for the years then ended, and the related notes to the consolidated financial statements. The consolidated financial statements include the accounts of Children's Hospital Medical Center and the Affiliated Entities as discussed in Note 1(a). These entities are under common ownership and management.

Management's Responsibility for the Consolidated 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 Cincinnati Children's and Affiliates 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 the Cincinnati Children's and Affiliates 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 Cincinnati Children's and Affiliates as of June 30, 2013 and 2012, the results of their operations and changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the consolidated financial statements, Cincinnati Children's adopted the presentation and disclosure requirements of Accounting Standards Update No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, and changed its presentation of the provision for bad debts in the consolidated statements of operations and changes in net assets. Our opinion is not modified with respect to this matter.

Deloitte & Touche LLP

October 23, 2013

Children's Hospital Medical Center and Affiliates

Consolidated Balance Sheet June 30, 2013 and 2012 (dollars in thousands)

	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	\$ 249,190	\$ 169,667
Marketable securities	259,916	258,903
Cash, cash equivalents and marketable securities	509,106	428,570
Patient receivables, net of allowances of \$53,256 in 2013 and \$59,795 in 2012	223,850	214,355
Other receivables, net	97,121	99,330
Inventories and prepaid expenses	35,134	27,269
Total current assets	865,211	769,524
ASSETS LIMITED AS TO USE - Funds in trust	62,803	3,678
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation	908,535	840,978
DEFERRED BOND ISSUANCE COSTS AND OTHER INTEREST IN NET ASSETS OF SUPPORTING ORGANIZATIONS (Note 1(b))	65,873	81,324
	1,111,650	937,327
Total assets	\$3,014,072	\$2,632,831
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 239,891	\$ 227,089
Current portion of long-term debt and capital lease obligations	26,995	20,365
Total current liabilities	266,886	247,454
ACCRUED PENSION BENEFIT LIABILITY (Note 9)	246,760	399,690
SELF-INSURANCE RESERVES	24,467	31,521
LONG-TERM DEBT:		
Tax-exempt bonds payable	416,043	432,953
Notes payable	74,551	28,905
Capital lease obligations	3,680	5,365
OTHER LONG-TERM LIABILITIES	15,580	10,608
Total liabilities	1,047,967	1,156,496
COMMITMENTS AND CONTINGENCIES (Notes 6 and 10)	-	-
NET ASSETS:		
Unrestricted	710,714	397,514
Temporarily restricted	170,437	156,702
Permanently restricted (Note 1(b))	1,084,954	922,119
Total net assets	1,966,105	1,476,335
Total liabilities and net assets	\$3,014,072	\$2,632,831

See accompanying notes to financial statements.

Consolidated Statements of Operations and Changes in Net Assets
For the Years Ended June 30, 2013 and 2012 (dollars in thousands)

	2013	2012
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT:		
Net hospital patient service revenue	\$1,353,653	\$1,286,492
Provision for bad debt	(20,802)	(40,935)
Net hospital patient service revenue less provision for bad debts	1,332,851	1,245,557
Net professional services revenue	263,380	252,401
Net assets released from restriction used for operations-		
Grant revenue	157,693	149,858
Other restricted net assets used to support operations	80,532	68,566
Investment income	9,483	17,823
Other revenue	87,566	76,598
Total unrestricted revenues, gains and other support	1,931,505	1,810,803
EXPENSES:		
Salaries	891,286	837,201
Employee benefits	270,830	235,321
Supplies, drugs and other	280,584	279,904
Purchased services	195,849	176,279
Depreciation	110,378	119,574
Utilities	15,511	16,720
Interest	14,247	15,926
Loss on early extinguishment of tax exempt bonds payable (Note 8)	-	1,130
Total expenses	1,778,685	1,682,055
Excess of revenues over expenses	152,820	128,748
OTHER CHANGES IN UNRESTRICTED NET ASSETS:		
Receipts from supporting organizations (Notes 1(b) and 1(c))	6,298	6,032
Net assets released from restrictions used for purchase of property and equipment	1,076	3,543
Increase in unrestricted net assets before transfers to supporting organizations and pension and post retirement health liability adjustment	160,194	138,323
Transfers to supporting organizations (Note 1(c))	(26,509)	(9,100)
Pension and post retirement health liability adjustment (Note 9)	179,515	(258,700)
Increase (Decrease) in unrestricted net assets	313,200	(129,477)

(Continued on next page)

Consolidated Statements of Operations and Changes in Net Assets
For the Years Ended June 30, 2013 and 2012 (dollars in thousands)

	2013	2012
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and investment income-		
Grant receipts	158,018	149,783
Gifts, contributions and other income	84,306	92,757
	<u>242,324</u>	<u>242,540</u>
Net assets released from restriction-		
Grant expenditures	(157,693)	(149,858)
Transfer to The Children's Hospital	(776)	(86)
Transfer to The Children's Hospital Foundation, Cincinnati, Ohio	-	(102)
Restricted net assets used to support operations	(80,532)	(68,566)
Restricted net assets used for purchase of property and equipment	(1,076)	(3,543)
	<u>(240,077)</u>	<u>(222,155)</u>
Gain in interest in net assets of supporting organizations	11,488	374
Increase in temporarily restricted net assets	<u>13,735</u>	<u>20,759</u>
PERMANENTLY RESTRICTED NET ASSETS:		
Gain in interest in net assets of supporting organizations	162,835	51,198
Increase in permanently restricted net assets	<u>162,835</u>	<u>51,198</u>
INCREASE (DECREASE) IN NET ASSETS	489,770	(57,520)
NET ASSETS, beginning of year	1,476,335	1,533,855
NET ASSETS, end of year	<u>\$1,966,105</u>	<u>\$1,476,335</u>

See accompanying notes to financial statements.

Children's Hospital Medical Center and Affiliates

Consolidated Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012 (dollars in thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$489,770	\$ (57,520)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities-		
Depreciation and amortization	110,607	119,816
Loss on disposal of property and equipment	3,390	5,914
Loss on early extinguishment of tax exempt bonds payable	-	1,130
Receipts from supporting organizations	(6,298)	(6,032)
Contributions to supporting organizations	26,509	9,100
Contributions restricted for purchase of property and equipment	(1,076)	(3,543)
Gain in interest in net assets of supporting organizations	(174,323)	(51,572)
Receipts from The Children's Hospital Foundation (CHF)	-	406
Unrealized and realized losses (gains) on marketable securities, net	6,237	(4,231)
(Decrease) Increase in allowances on receivables	(2,772)	20,108
Increase in receivables	(4,514)	(31,001)
Increase in inventories and prepaid expenses and other assets	(3,230)	(11,245)
Increase in accounts payable and accrued expenses	1,394	33,543
(Decrease) Increase in accrued pension liability	(152,930)	197,930
Decrease in self-insurance reserves and other long-term liabilities	(2,082)	(1,150)
Net cash provided by operating activities	290,682	221,653
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property and equipment	(170,861)	(104,797)
Receipts from sale of fixed assets	944	59
Repayment of note receivable from CHF	10,587	-
Purchases of marketable securities	(1,075,720)	(820,434)
Sales and maturities of marketable securities	1,068,516	793,349
Cash withdrawn from funds in trust	23,450	89,420
Cash invested in funds in trust	(82,575)	(88,478)
Net cash used in investing activities	(225,659)	(130,881)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of bonds and notes payable	60,000	62,135
Repayment of bonds and notes payable	(26,365)	(81,166)
Contributions restricted for purchase of property and equipment	1,076	3,543
Receipts from supporting organizations	6,298	6,032
Contributions to supporting organizations	(26,509)	(9,100)
Net cash provided by (used in) financing activities	14,500	(18,556)
Net increase in cash and cash equivalents	79,523	72,216
CASH AND CASH EQUIVALENTS, beginning of year	169,667	97,451
CASH AND CASH EQUIVALENTS, end of year	\$249,190	\$169,667
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Capital expenditures in accounts payable and accrued expenses	\$25,909	\$14,501

See accompanying notes to financial statements.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

(1) Accounting Policies-

- (a) Basis of Combination--Children's Hospital Medical Center (Cincinnati Children's), Convalescent Hospital for Children (CHC), River City Insurance Limited (River City), Children's Health Services Network (CHSN), Northern Kentucky Children's Medical Services, LLC (NKCMS), Burnet Ave LLC (Burnet) and TSHCH LLC (TSHCH), which are under common management, are included in the accompanying consolidated financial statements and are collectively referred to as the Medical Center. Intercompany transactions and balances have been eliminated.

Cincinnati Children's is an Ohio not-for-profit corporation providing pediatric healthcare services, teaching and related research. CHC was an Ohio not-for-profit corporation providing programmatic oversight, governance and fiscal management to chronic illness, mental health and traumatic and congenital brain injury programs at Cincinnati Children's. On July 28, 2011, CHC merged with and into Cincinnati Children's. Cincinnati Children's assumed all assets and liabilities of CHC and CHC ceased to exist as a separate entity. River City is a captive insurance company and a wholly-owned subsidiary of Cincinnati Children's. CHSN is a wholly-owned subsidiary of Cincinnati Children's whose purpose is to manage primary care practices in a community setting. NKCMS is a limited liability corporation formed to enhance the scope and quality of pediatric care in Northern Kentucky. Burnet is a wholly-owned subsidiary of Cincinnati Children's, whose purpose is to hold land. TSHCH is a wholly-owned subsidiary of Cincinnati Children's whose purpose is to acquire, hold, develop, subdivide, sell, lease, mortgage, manage and otherwise deal in real property.

- (b) Supporting Organizations--The Children's Hospital (TCH), The Children's Hospital Foundation (CHF), Convalescent Hospital for Children and Orphan Asylum (CHCOA), Adolescent Health Center of Greater Cincinnati, Inc. (CAC), and Children's Dental Care Foundation (CDCF), all Ohio not-for-profit corporations which are not included in the accompanying consolidated financial statements, provide financial support to the Medical Center. Effective, December 31, 2012, CHF merged with and into TCH. TCH assumed all assets and liabilities of CHF and CHF ceased to exist as a separate entity. Effective, December 31, 2012, CDCF merged with and into Cincinnati Children's. Cincinnati Children's assumed all assets and liabilities of CDCF and CDCF ceased to exist as a separate entity. Certain endowment funds of these supporting organizations are restricted by the donors for specific operating purposes of the Medical Center and are recorded as Interest in Net Assets of Supporting Organizations in the accompanying Consolidated Balance Sheets. Receipts from such restricted endowment funds and certain other receipts that are designated by the Boards of Trustees of the supporting organizations for specific operating purposes are reflected as a component of restricted gifts and contributions in the accompanying Consolidated Statements of Operations and Changes in Net Assets. Upon utilization in operations, such funds are reflected in the Consolidated Statements of Operations and Changes in Net Assets as other-restricted net assets used to support operations.

Other funds are contributed to the Medical Center as designated by the Boards of the supporting organizations to provide general support and are reflected as receipts from supporting organizations in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

The Medical Center records in its consolidated financial statements the fair value of certain permanently and temporarily restricted net assets held by supporting organizations on the Medical Center's behalf. Changes in the fair value of such temporarily and permanently restricted net assets

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

are recorded as a Gain in Interest in Net Assets of Supporting Organizations in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

- (c) Support Received from Supporting Organizations-- In general, the supporting organizations provide annual support to the Medical Center that includes the dividend and interest earnings of the respective investment portfolios (net of operational expenses and any donor required reinvestment of income). On occasion, the respective Boards of Trustees of these supporting organizations may also designate certain pledges of unrestricted principal in support of key projects at the Medical Center. As of June 30, 2013, TCH and CHCOA have outstanding revocable pledges of \$29,900 and \$3,000 respectively. All outstanding pledges of principal support are revocable at the discretion of TCH's and CHCOA's Board of Trustees. As a result, such revocable pledges are not recorded as receivables in the accompanying consolidated financial statements.

During fiscal 2013 and 2012, TCH transferred \$57,972 and \$66,892, respectively, of temporarily restricted net assets to the Medical Center which are recorded as Gifts, contributions and other income in the Consolidated Statements of Operations and Changes in Net Assets.

During fiscal 2013 and 2012, TCH transferred \$6,298 and \$6,032, respectively, of unrestricted net assets to the Medical Center, which are recorded as Receipts from Supporting Organizations in the Consolidated Statements of Operations and Changes in Net Assets.

During fiscal 2013 and 2012, the Medical Center transferred \$776 and \$86, respectively, of temporarily restricted net assets to TCH to fund named chairs designated to support divisional activities. During fiscal 2013 and fiscal 2012, respectively, the Medical Center transferred \$26,150 and \$5,100 of unrestricted net assets to TCH to fund named chairs to support divisional activities.

At June 30, 2013, the Medical Center has a payable to TCH for \$4,700 related to transfers received greater than funding commitments in fiscal 2013. This amount will be offset in fiscal 2014 against 2014 commitments.

At June 30, 2012, the Medical Center has a receivable from TCH for \$14,826 related to fiscal 2012 unfunded irrevocable commitments. This amount was received in fiscal 2013.

During fiscal 2013 and 2012, CHCOA transferred \$2,920 and \$2,831 respectively, of unrestricted net assets to the Medical Center which are recorded as Gifts, contributions and other income in the Consolidated Statements of Operations and Changes in Net Assets.

At June 30, 2013, the Medical Center has a payable to CHCOA for \$90 related to fiscal 2013 funding to the Medical Center in excess of commitments. This amount will be offset in fiscal 2014 against 2014 commitments.

At June 30, 2012, the Medical Center has a receivable from CHCOA for \$225 related to fiscal 2012 unfunded commitments. This amount was received in fiscal 2013.

During fiscal 2013 (through December 31, 2012) and 2012, CHF transferred \$2,144 and \$938, respectively, of unrestricted net assets to the Medical Center, which are recorded as Gifts, contributions and other income in the Consolidated Statements of Operations and Changes in Net

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Assets. During fiscal 2013 (through December 31, 2012) and 2012, CHF transferred \$220 and \$465 of temporarily restricted net assets to the Medical Center, which are recorded as Gifts, contributions and other income in the Consolidated Statements of Operations and Changes in Net Assets. During fiscal 2013 (through December 31, 2012) and 2012, CHF transferred \$51 and \$59, respectively, of income generated off of permanently restricted net assets, to the Medical Center, which are recorded as Gifts, contributions and other income in the Consolidated Statements of Operations and Changes in Net Assets.

During fiscal 2013 (through December 31, 2012) and fiscal 2012, respectively, the Medical Center transferred \$359 and \$4,000 of unrestricted net assets to CHF and the income earned on the funds will be transferred back to the Divisions to support divisional activities.

During fiscal 2012, the Medical Center transferred \$102 of temporarily restricted net assets to CHF and the income earned on the funds will be transferred back to the Divisions to support divisional activities.

The Medical Center had a note receivable from CHF for \$10,264 at June 30, 2012 which was recorded in other receivables in the accompanying Consolidated Balance Sheets. The note plus accrued interest totaling \$10,587 was repaid to the Medical Center in fiscal 2013 by TCH subsequent to the merger of CHF into TCH.

- (d) Concentration of Patient Accounts Receivable and Revenue and Revenue Recognition--In both fiscal 2013 and 2012, respectively, substantially all of total net patient service revenue is derived from third-party payment programs (Medicaid, insurance companies and various managed care agreements).

The following details the percentage of net patient service revenue by payor category for the fiscal years ended June 30, 2013 and 2012:

	2013		2012	
	Gross	Net	Gross	Net
Commercial insurers	1%	1%	1%	1%
Managed care	47%	66%	50%	70%
Government (HMO and third party)	44%	25%	43%	23%
Specialty contracts	7%	7%	5%	6%
Self pay	1%	1%	1%	- %

The following details the percentage of accounts receivable by payor category as of June 30, 2013 and 2012:

	2013	2012
Commercial insurers	2%	1%
Managed care	54%	53%
Government (HMO and third party)	29%	30%
Specialty contracts	13%	14%
Self pay	2%	2%

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Specialty contracts are single case agreements or contracts for specialty services, such as transplants.

Net patient service revenue is reported at estimated net realizable amounts from patients, third party payors and others for services rendered and includes estimated retroactive revenue adjustments due to future audits and reviews. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits and reviews.

Cincinnati Children's recognizes net patient services revenue associated with services provided to patients who have third-party payor coverage on the basis of estimated contractual rates for services rendered. For uninsured patients that do not qualify for charity care, Cincinnati Children's recognizes net patient services revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of Cincinnati Children's uninsured patients will be unable or unwilling to pay for the services provided. Thus, Cincinnati Children's records a provision for bad debts related to uninsured patients in the period the services are provided.

Revenue from government (Medicaid and Medicare) programs accounted for approximately 25% and 23% of the Medical Center's net patient service revenue for the fiscal year ended June 30, 2013 and 2012, respectively. Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change a material amount in the near term. At June 30, 2013, Cincinnati Children's has settled all Medicaid cost reports through 2007.

The following table reconciles gross patient service revenue to net hospital patient service revenue for the years ended June 30, 2013 and 2012:

	2013	2012
Charges at established rates	\$2,323,171	\$2,147,887
Deductions:		
Discounts on commercial contractals	(229,297)	(184,214)
Write-downs related to services to the poor:		
Including Medicaid and governmental		
contractuals, charity care and other		
uncollectible self pay write-offs	(759,538)	(695,307)
	1,334,336	1,268,366
Tax Levy Program	5,200	5,600
Care Assurance Program	14,117	12,526
Net Hospital Patient Service Revenue	<u>\$1,353,653</u>	<u>\$1,286,492</u>

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Patient accounts receivable and related allowances for contractual adjustments and doubtful accounts are recorded on an accrual basis at estimated collection rates to report patient accounts receivable at net realizable value. Accounts receivable are reduced by an allowance for doubtful accounts and contractual allowances. In evaluating the collectability of accounts receivable, Cincinnati Children's performs a detail review of current accounts, analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and contractual allowances. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowances. For receivables associated with services provided to patients who have a third-party coverage, Cincinnati Children's analyzes contractually due amounts and provides an allowance for contractals (for example, for expected unrecoverable amounts based on contract provisions on accounts for which the third-party payer has not yet paid, or for payers 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 both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), Cincinnati Children's 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) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Cincinnati Children's allowance for doubtful accounts for self-pay patients was 63% of self-pay accounts receivable at June 30, 2013. In addition, Cincinnati Children's bad debt write-offs (before recoveries) totaled approximately \$37,784 for the year ended June 30, 2013. Cincinnati Children's has not changed its charity care or uninsured discount policies during fiscal year 2013 and 2012. Cincinnati Children's does not maintain a material allowance for doubtful accounts from third-party payers nor does it have significant write-offs from third-party payers. Cincinnati Children's does maintain an allowance for contractual write-offs for third party payers in order to appropriately reduce receivables to net realizable value.

A summary of activity in Cincinnati Children's provision for doubtful accounts for the year ended June 30, 2013 and 2012 related to patient receivables is as follows:

	Balance at Beginning of Year	Provision for doubtful Accounts	Accounts written off, Net of recoveries	Balance at End of Year
Year Ended June 30, 2013	\$14,677	22,743	(20,802)	\$16,618
Year Ended June 30, 2012	\$10,837	44,775	(40,935)	\$14,677

The Consolidated Balance Sheet also includes \$36,638 and \$45,118 of contractual reserves related to net patient receivables as of June 30, 2013 and 2012.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

- (e) Professional Services Revenue--Physician professional fees, which have been assigned to the Medical Center and are required to be used in the respective physicians' department at the Medical Center, are recognized as revenue as billed. See footnote 10(c).
- (f) Grant Revenue and Other Revenue -- Grants and contributions restricted for a specific operating purpose are recorded as temporarily restricted net assets and reflected in unrestricted revenues, gains, and other support when the funds are expended in accordance with the specifications of the grantor or donor. Contributions for capital expenditures, recorded as temporarily restricted net assets when received, are recorded as net assets released from restrictions used for the purchase of property and equipment when expended. Unrestricted contributions and bequests are included in other revenue when received.
- (g) Graduate Medical Education --Cincinnati Children's receives Federal graduate medical education funding, which has resulted in other revenue of \$8,438 and \$8,904 recognized in the accompanying consolidated financial statements for the years ended June 30, 2013 and 2012, respectively.
- (h) Meaningful Use Funding --Cincinnati Children's is eligible for incentive payments for the hospital and physicians that implement and meaningfully use electronic health record (EHR) technology under The American Recovery and Reinvestment Act of 2009 (ARRA). In fiscal 2013 and 2012, Cincinnati Children's applied for and received \$5,805 and \$7,576, respectively, in funding under ARRA related to the hospital and eligible physician use of an EHR.
- (i) Tax Exempt Status--Cincinnati Children's, CHC and CHSN are recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as charitable organizations qualifying under Section 501(c)(3). River City is a captive insurance company and has no income tax obligations. NKCMS, Burnet and TSHCH are limited liability corporations whose income is taxable to Cincinnati Children's. The income tax provisions recorded in the accompanying consolidated financial statements are immaterial for the years ended June 30, 2013 and 2012.

The Medical Center accounts for income taxes in accordance with Accounting Standards Codification Topic (ASC) 740 "Income Taxes". It is the Medical Center's policy to classify the expense related to interest and penalties, if any, to be paid on underpayments of income taxes within other expenses. There were no material penalties or interest recognized in fiscal 2013 and 2012.

Listed below are the tax years that remain subject to examination by major tax jurisdiction:

Federal – 2010 to 2013
State – 2010 to 2013

- (j) Cash Equivalents--Cash equivalents consist primarily of money market investments (including money market mutual funds), certificates of deposit and demand deposits. Cash is held primarily in one bank.
- (k) Inventories --Inventories consist of medical supplies and pharmaceuticals and are valued on an average cost method.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

- (l) Marketable Securities--The Medical Center accounts for its investments under ASC 958-320 "Not-for-Profit Entities – Investments – Debt and Equity Securities". The Medical Center carries its marketable securities at fair value with unrealized gains and losses included in the Consolidated Statements of Operations and Changes in Net Assets.

At June 30, 2013, the Medical Center's marketable securities included 37% in U.S. Treasury securities 11% in FNMA securities. At June 30, 2012, the Medical Center's marketable securities included 24% in U.S. Treasury securities and 10% in FNMA securities.

- (m) Assets Limited As To Use--Assets limited as to use include funds in trust (Note 4). Assets limited as to use are carried at fair value with unrealized gains and losses included in investment income in the accompanying Consolidated Statements of Operations and Changes in Net Assets. At June 30, 2013 and 2012, assets limited as to use were invested as follows:

	<u>2013</u>	<u>2012</u>
Cash Equivalents	\$ 7,911	\$3,678
Corporate Bonds	51,888	-
U.S. Government Securities	3,004	-
	<u>\$62,803</u>	<u>\$3,678</u>

Cash equivalents, which are primarily invested in money market mutual funds, represent Level 1 investments, and Corporate Bonds and U.S. Government Securities represent Level 2 investments.

- (n) Investment Income--The following details the components of investment income on marketable securities and funds in trust for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest income	\$11,294	\$15,684
Unrealized and realized (losses) gains, net	(1,811)	2,139
Investment income	<u>\$ 9,483</u>	<u>\$17,823</u>

Unrealized gains and losses related to temporarily restricted funds are recorded as an addition/reduction, as appropriate, to temporarily restricted net assets.

- (o) Fair Value Measurements--The Medical Center accounts for its assets and liabilities under ASC 820 "Fair Value Measurements". As defined in ASC 820, fair value is 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. In order to increase consistency and comparability in fair value measurements and related disclosures, ASC 820 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels, which are described below:

Level 1: Quoted Prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date for assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly. These include quoted prices for identical or similar assets or

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

liabilities in markets that are not active, that is, markets in which there are a few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs, developed using the Medical Center's estimates and assumptions, which reflect those that the market participants would use. Such inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Determining where an asset or liability falls within the hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. In determining fair value, the Medical Center utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in the assessment of fair value.

The table below includes the major categorization for debt and equity securities on the basis of the nature and risk of the investments at June 30, 2013.

	Level 1	Level 2	Level 3
Marketable Securities:			
U.S. Government and treasury securities	\$ -	\$137,523	\$ -
Municipal bonds		2,443	-
Certificates of Deposit	-	1,506	-
Common Stock	156	-	-
Corporate obligations	-	118,288	-
	<u>156</u>	<u>259,760</u>	<u>-</u>
Assets Limited As To Use:			
Corporate bonds	-	51,888	-
Money market mutual funds	7,911	-	-
U.S. government securities	-	3,004	-
	<u>7,911</u>	<u>54,892</u>	<u>-</u>

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

**Investments in Private
Investment Funds
(included in Other
Assets):**

High Yield Corporate Obligations	-	17,276	-
	-	17,276	-

**Deferred Compensation
Plans (included in
Other Assets):**

Common Stock	2,631	-	-
--------------	-------	---	---

Mutual Funds:

Money Market	589	-	-
Equity	2,536	-	-
Bond	598	-	-
Lifecycle	2,292	-	-

Variable Annuities:

Bond	-	546	-
Equity	-	2,236	-
Money Market	-	23	-
Real Estate Pooled	-	432	-

Guaranteed Insurance	-	-	5,150
	8,646	3,237	5,150

Total	\$16,713	\$335,165	\$5,150
-------	----------	-----------	---------

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

The table below includes the major categorization for debt and equity securities on the basis of the nature and risk of the investments at June 30, 2012.

	Level 1	Level 2	Level 3
Marketable Securities:			
U.S. Government and Treasury Securities	\$ -	\$117,502	\$ -
Municipal Bonds	-	853	-
Corporate Obligations	-	140,548	-
	-	258,903	-
Investments in Private Investment Funds (included in Other Assets):			
Private Equity	-	-	12,592
High Yield Corporate Obligations	-	26,169	-
Deferred Compensation Plans (included in Other Assets):			
Common Stock	2,260	-	-
Mutual Funds:			
Money Market	305	-	-
Domestic Equity	2,334	-	-
International Equity	724	-	-
Bond	208	-	-
Lifecycle	317	-	-
Real Estate	151	-	-
Variable Annuities:			
Bond	-	2,032	-

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Equity	-	2,856	-
Money Market	-	101	-
Real Estate Pooled	-	486	-
Guaranteed Insurance	-	-	2,374
	<u>6,299</u>	<u>5,475</u>	<u>2,374</u>
Total	<u>\$6,299</u>	<u>\$290,547</u>	<u>\$14,966</u>

The valuation methods described below may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The Medical Center uses quoted market prices in active markets to determine the fair value of common stock and mutual funds; such items are classified as Level 1 in the fair value hierarchy.

The Medical Center primarily bases fair value for investments in fixed income securities, including US government securities, municipal bonds and corporate obligations on a calculation using interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and considers the counterparty credit rating. Such items are classified as Level 2 in the fair value hierarchy.

Investment in private investment fund is valued by net asset value, as published and determined by the fund manager.

Cincinnati Children's investment in High Yield Corporate Obligations is an investment in a limited liability company whose investment objective is to achieve superior fixed income returns on invested funds through exposure to higher quality, less volatile, high yield debt securities. As set forth in the LLC agreement, the LLC will dissolve on March 29, 2040, but may dissolve earlier under certain conditions. However, any Investing Member may elect to withdraw, in whole or in part from the LLC on the last business day of any month or at such other date, as determined by the manager.

ASC 825 permits entities to choose to measure many financial instruments and certain other items at fair value. Entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. The Medical Center elected to measure its high yield corporate obligation investment fund under the provisions of ASC 825. In the future, the Medical Center may elect to measure certain additional financial instruments at fair value in accordance with this standard.

The guaranteed insurance contract is recorded based on discounted cash flows, which is an approximation of fair value.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Cincinnati Children's Level 3 investments are primarily in investment partnerships and a guaranteed insurance contract. These investments are classified as Level 2 or Level 3 based on time restrictions for redemption. An investment in an investment partnership is classified as a Level 2 investment if it can be liquidated in 90 days or less; otherwise it is classified as a Level 3 investment.

The following is a reconciliation of the roll forward of the fair value measurements using significant unobservable inputs for fiscal 2013:

Balance at July 1, 2012	\$14,966
Purchases	3,351
Unrealized gains	78
Sales	(693)
Other reclassification	(12,552)
Balance at June 30, 2013	<u>\$ 5,150</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at June 30, 2013

\$78

The following is a reconciliation of the roll forward of the fair value measurements using significant unobservable inputs for fiscal 2012:

Balance at July 1, 2011	\$ 10,417
Purchases	3,688
Unrealized gains	2,151
Unrealized losses	(814)
Sales	(476)
Balance at June 30, 2012	<u>\$14,966</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at June 30, 2012

\$1,337

Cincinnati Children's policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2013 and 2012, there were no significant transfers in or out of Levels 1, 2 or 3.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

- (p) Property and Equipment--Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to forty years, as follows:

Land Improvements	3-25 years
Buildings and Building Improvements	5-40 years
Equipment	3-30 years

Amortization of assets leased under capital leases is included in depreciation.

The Medical Center evaluates long-lived assets under the provisions of ASC 360 "Property Plant and Equipment". During fiscal 2013 and 2012, the Medical Center did not record any impairment losses.

- (q) Costs of Borrowing--Interest incurred on borrowed funds, net of interest earned on restricted bond funds, during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. In fiscal 2013, the Medical Center capitalized \$1,323 of interest. There was no net capitalized interest in fiscal 2012. Total cash paid for interest was approximately \$15,635 and \$16,202 and in fiscal 2013 and 2012, respectively.

Deferred bond issuance costs and original issue discounts are amortized using the effective interest method over the period the related obligation is outstanding.

- (r) Temporarily Restricted Net Assets--Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific purpose. Temporarily restricted net assets and net assets released from donor restrictions are primarily comprised of net assets restricted to support operations. Substantially all of these net assets are restricted by donors to support research, education and other advances in clinical care and prevention. The amount of temporarily restricted net assets whose use by the Medical Center has been limited by donors for a specific purpose was \$143,741 and \$141,494 at June 30, 2013 and 2012, respectively.

Temporarily restricted net assets related to assets held in endowments at supporting organizations on the Medical Center's behalf are either donor restricted to support research at the Medical Center's or deferred gift programs where the restriction is a time restriction tied to the life expectancy of the donor. The amount of temporarily restricted net assets held at supporting organizations was \$26,696 and \$15,208 at June 30, 2013 and 2012, respectively.

- (s) Permanently Restricted Net Assets--Permanently restricted net assets are restricted by the donor to be maintained in perpetuity and are recorded in Interest in Net Assets of Supporting Organizations in the accompanying Consolidated Balance Sheets as they are held by supporting organizations. As of June 30, 2013 and 2012, permanently restricted net assets consisted of the following amounts with expendable investment income restricted by donors to be used for the following purposes:

	2013	2012
Research activities	\$ 904,417	\$770,204
Clinical activities	180,537	151,915
	<u>\$1,084,954</u>	<u>\$922,119</u>

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

The assets underlying the Medical Center's permanently restricted net assets have been invested by supporting organizations in marketable securities, including a significant concentration in the common stock of a consumer products company.

- (t) Excess of Revenues Over Expenses--The Consolidated Statements of Operations and Changes in Net Assets include "excess of revenues over expenses." Changes in unrestricted net assets which are excluded from excess of revenues over expenses include receipts from supporting organizations, transfers to supporting organizations, pension and post retirement health liability adjustment, and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purpose of acquiring such assets).
- (u) 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (v) New Accounting Pronouncements—

Effective July 1, 2011, the Cincinnati Children's adopted ASU 2010-23, "Health Care Entities (Topic 954): Measuring Charity Care for Disclosure," which prescribes a specific measurement basis of charity care for disclosure. Due to the lack of comparability that previously existed due to the use of either revenue or cost as the basis for disclosure of charity care, ASU 2010-23 standardizes cost as the basis for charity care disclosures and specifies the elements of cost to be used in charity care disclosures. The Medical Center adopted the new guidance effective July 1, 2011, which did not have a material impact on the consolidated financial statements and related disclosures.

In August 2010, the FASB issued ASU 2010-24, "Health Care Entities (Topic 954): Presentation of Insurance Claims and Recoveries," which provides clarification to companies in the healthcare industry on the accounting for professional liability insurance. ASU 2010-24 states that insurance liabilities should not be presented net of insurance recoveries and that an insurance receivable should be recognized on the same basis as the liabilities, subject to the need for a valuation allowance for uncollectible accounts. ASU 2010-24 is effective for fiscal years beginning after December 15, 2010. The Medical Center adopted the new guidance effective July 1, 2011, which did not have a material impact on the consolidated financial statements and related disclosures.

In May 2011, the FASB issued ASU 2011-4, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," related to amendments to certain measurement principles and disclosures regarding fair value measurements. The amendments in this update improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2011. The Medical Center adopted the new guidance, effective July 1, 2012, which did not have a material impact on the consolidated financial statements and related disclosures.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

In July 2011, the FASB issued ASU 2011-7, "Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities." In accordance with ASU 2011-7, the Medical Center is required to present its provision for doubtful accounts as a deduction from revenue, similar to contractual discounts. Accordingly, the Medical Center's revenue is required to be reported net of both contractual discounts and its provision for doubtful accounts. Additionally, ASU 2011-7 requires the Medical Center to make certain additional disclosures designed to help users understand how contractual discounts and bad debts affect recorded revenue in both interim and annual financial statements. ASU 2011-7 is required to be applied retrospectively; for nonpublic entities, the amendments are effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter, with early adoption permitted. The adoption of ASU 2011-7 impacted the presentation of the Consolidated Statements of Operations and Changes in Net Assets as it relates to the classification of bad debt expense and was adjusted retrospectively and additional disclosures. The adoption does not change net results or net assets.

In December 2012, the FASB issued ASU 2011-11, "Balance Sheet (Topic 210) - Disclosures about Offsetting Assets and Liabilities," which requires companies to disclose information about financial instruments that have been offset and related arrangements to enable users of their financial statements to understand the effect of those arrangements on their financial position. Companies will be required to provide both net (offset amounts) and gross information in the notes to the financial statements for relevant assets and liabilities that are offset. ASU 2011-11 is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The Medical Center does not expect the adoption of ASU 2011-11 to have a material impact on the consolidated financial statements and related disclosures.

- (w) Reclassifications -- In accordance with ASU 2011-7, certain reclassifications have been recorded in the accompanying Statements of Operations and Changes in Net Assets related to the classification of bad debt expense.

(2) Losses on the Provision of Uncompensated Care-

In accordance with its mission and purpose, the Medical Center maintains a policy of accepting all patients within its primary service area regardless of ability to pay. This primary service area has been defined to include the four counties in Ohio, three counties in Kentucky and one county in Indiana that geographically surround Cincinnati. Under certain circumstances, the Medical Center accepts patients from outside the primary service area regardless of their ability to pay. The Medical Center defines indigent patient care as services rendered to patients whose families' annual income or net worth falls below certain minimum standards. As such, losses absorbed by the Medical Center in rendering services to patients who are covered under governmental programs which are designed to aid low income families (primarily the Medicaid program) are considered indigent patient care.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

The following information summarizes uncompensated care provided during the years ended June 30, 2013 and 2012:

2013			
CHARGES	Hospital	Physician	Total
Charges under Medicaid and other entitlement programs	\$1,059,868	\$260,729	\$ 1,320,597
Charity care not eligible for Medicaid assistance, at established charges	49,065	1,940	51,005
Other uncollectible self pay, at established charges	20,802	10,531	31,333
Total Medicaid, charity care and other uncollectible self pay charges	<u>\$1,129,735</u>	<u>\$273,200</u>	<u>\$1,402,935</u>
COSTS/LOSSES			
Estimated costs to provide uncompensated care	\$ 518,477	\$ 142,064	\$660,541
Reimbursement from Medicaid programs	(322,847)	(36,184)	(359,031)
Losses on the provision of uncompensated care	(195,630)	(105,880)	(301,510)
Funds received from HCAP and tax levy	19,317	-	19,317
Losses on provision of uncompensated care net of HCAP and tax levy	<u>(\$176,313)</u>	<u>(\$105,880)</u>	<u>(\$282,193)</u>
2012			
CHARGES	Hospital	Physician	Total
Charges under Medicaid and other entitlement programs	\$ 946,061	\$248,440	\$1,194,501
Charity care not eligible for Medicaid assistance, at established charges	28,303	1,396	29,699
Other uncollectible self pay, at established charges	40,935	6,581	47,516
Total Medicaid, charity care and other uncollectible self pay charges	<u>\$1,015,299</u>	<u>\$256,417</u>	<u>\$1,271,716</u>
COSTS/LOSSES			
Estimated costs to provide uncompensated care	\$ 496,190	\$ 146,465	\$ 642,655
Reimbursement from Medicaid programs	(307,132)	(34,282)	(341,414)
Losses on the provision of uncompensated care	(189,058)	(112,183)	(301,241)
Funds received from HCAP and tax levy	18,126	-	18,126
Losses on provision of uncompensated care net of HCAP and tax levy	<u>\$ (170,932)</u>	<u>\$(112,183)</u>	<u>\$ (283,115)</u>

The 2013 and 2012 cost amounts reflected in the tables above are calculated using cost to charge ratios calculated from prior year cost reports as the current year cost report is not yet available. Management does not believe that the difference in the cost report year would have a material impact on the amounts calculated.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

(3) Tax Levy Funds-

Under an agreement with Hamilton County, Ohio (the County), Cincinnati Children's receives tax-supported funding from the County to reimburse Cincinnati Children's for the provision of charity care to the County's indigent residents. During fiscal 2013 and 2012, Cincinnati Children's recognized \$5,200 and \$5,600, respectively, of tax levy reimbursement in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

The current tax levy agreement covers the period of the approved three year tax levy renewal, January 1, 2012 through December 31, 2014, which is subject to renewal by the voters of Hamilton County, Ohio. In each of the years 2012-2014, the County is scheduled to distribute \$5,200 to Cincinnati Children's, subject to appropriation by the Board of County Commissioners. The amount distributed by the County from the Tax Levy proceeds to Cincinnati Children's during each year of the Term hereof is subject to an annual appropriation at the discretion of the Board of County Commissioners. On an annual basis, Cincinnati Children's shall render hospital inpatient and outpatient health and hospitalization services to medically indigent Hamilton County residents who are "Eligible Individuals" that have a total cost of at least the amount of the annual payments distributed to the Hospital under this Agreement for that year.

(4) Funds in Trust-

Cincinnati Children's has certain funds, which are invested and held in trust for various specified purposes. The amounts of such funds, at carrying value, and the specified purposes for which such funds may be used, are set forth below:

	June 30,	
	2013	2012
Self-insurance Funds-		
Professional liability (A)	\$ 162	\$ 162
Employee health and workers' compensation (B)	473	481
Bond interest escrow funds (C)	2,794	2,771
2012 Construction fund (D)	59,360	-
Tomorrow fund	14	264
	<u>\$62,803</u>	<u>\$3,678</u>

(A) Cincinnati Children's has established an irrevocable trust fund for the payment of professional liability claim settlements. See Note 6 for further discussion of professional liability self-insurance.

(B) Cincinnati Children's has also established a trust fund for the payment of claims related to certain self-insured employee health care programs.

(C) Cincinnati Children's maintains bond interest escrow funds as required under the terms of the related bond indentures to hold interest payments until the required payment dates to bondholders.

(D) Cincinnati Children's borrowed \$60,000 in December 2012 in the form of a taxable note the proceeds of which are being used to fund a portion of the cost of building a new clinical sciences building. Draws from the trust are expected to occur in fiscal 2014 and fiscal 2015.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

(5) Property and Equipment-

Property and equipment consists of the following:

	June 30,		
	2013	2012	
Land	\$ 47,809	\$ 39,010	Sch DPTVT Land Land
Land improvements	18,352 ①	17,359	"
Buildings and building improvements	1,091,017	1,014,752	with B-1 d. n. s
Equipment	554,281	555,098	Land Equipment
Construction in progress	46,988 ①	26,319	"
	<u>1,758,447</u>	<u>1,652,538</u>	① other = 65,400,000
Accumulated depreciation	(849,912)	(811,560)	
Property and equipment, net	<u>\$ 908,535</u>	<u>\$ 840,978</u>	

(6) Professional Liability-

The Medical Center's insurance program includes a self-insured retention for losses arising out of healthcare professional liability claims. The self-insured retention for the claims that are currently asserted is as follows:

For claims made between:

October 1, 2004 and September 30, 2006 \$10,000 (\$20,000 in aggregate)

For claims made subsequent to:

October 1, 2006 \$10,000 (\$25,000 in aggregate)

During this same time period, the Medical Center annually purchased excess healthcare professional liability insurance on a claims made basis. The aggregate limit for that excess insurance was \$50,000 through the policy year ending May 31, 2008. That excess coverage was increased to \$60,000 for the policy year beginning June 1, 2008 and it remains at that limit in the current policy year.

The actuarial present value of expected professional and patient general liability self-insurance costs (including incurred, but not reported claims) of \$23,781 and \$26,377 for 2013 and 2012, respectively, has been accrued in the accompanying Consolidated Balance Sheets. Accrued professional and general liability losses have been discounted at a rate of approximately 4% at June 30, 2013 and 2012, respectively. The costs of professional and patient general liability self-insurance, including premiums paid for stop-loss coverage, legal fees, settlements, judgments, and other administrative costs are included in Supplies, Drugs and Other in the accompanying Consolidated Statements of Operations and Changes in Net Assets. On an ongoing basis, management reviews the status of potential claims and incidents, as well as legal proceedings, and, based upon consultation with a professional actuary, adjusts the accrued losses and self-insurance funding levels to reflect its best estimate of the present value of expected professional and patient general liability self-insurance costs. Professional and patient general liability expense amounted to \$4,701 and \$14,198 for fiscal 2013 and 2012, respectively.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

(7) Capital Lease Obligations-

The Medical Center leases certain equipment under capital leases. The aggregate future minimum lease payments total \$5,363, with \$1,684 due in fiscal 2014. During fiscal 2012, Cincinnati Children's entered into certain lease agreements for equipment with an asset value of approximately \$5,065. There were no new capital leases entered into in fiscal 2013.

(8) Tax Exempt Bonds Payable and Notes Payable-

Bonds payable and notes payable for the years ended June 30, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Bonds payable and notes payable:		
Series 1993, 5.0% due through 2013, net of unamortized discount of \$9 in 2012	\$ -	\$ 1,886
Series 1997, variable interest (0.06% at June 30, 2013), due through 2017	29,810	31,170
Series 1998, 4.75% to 5.00% due through 2028, net of unamortized discount of \$2,106 in 2013 and \$2,218 in 2012	49,283	49,173
Series 2000, variable interest (0.06% at June 30, 2013), due through 2028	48,075	48,595
Series 2002, variable interest (0.06% at June 30, 2013), due Through 2028	20,630	21,645
Series 2004, 4.50% to 5.50% due through 2034, net of unamortized discount of \$185 in 2013 and \$122 in 2012	81,120	83,328
Series 2006, 4.25% to 5.00%, due through 2032, net of unamortized premium of \$399 in 2013 and \$410 in 2012	63,474	63,485
Series 2007, variable interest (0.07% due at June 30, 2013), due through 2037	30,615	30,615
Series 2008, variable interest (0.20% due at June 30, 2013), due through 2036	19,045	19,045
Series 2009, 4.20% due through 2019	18,000	21,000
Series 2010, 2.27% due through 2020	21,000	24,000
Series 2011, 2.207% due through 2019	53,100	57,735
Term Note Payable, 2.20% due through 2022	54,000	-
Note Payable on Vernon Manor Property, interest at 4.045%	27,752	28,905
Total bonds payable and notes payable	515,904	480,582
Less- current portion	(25,310)	(18,724)
Tax exempt bonds payable and notes payable - long-term	<u>\$490,594</u>	<u>\$461,858</u>

- (a) Tax Exempt Bonds Payable—The Medical Center has pledged their gross revenues, as defined, to secure the payment of Series 1993, 1997, 1998, 2000, 2002, 2004, 2006, 2007, 2008, 2009, 2010 and 2011 bonds. The Medical Center is bound by certain financial covenants included in the bond indentures, letters of credit (fully securing the 1997, 2000, 2002, 2007 and 2008 issuances) and related agreements. Among other restrictions is a requirement to maintain a minimum Debt Service Coverage Ratio, as defined. The Medical Center is in compliance with its debt covenants as of June 30, 2013 and 2012.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Payment of the principal of, and the interest on, the Series 1993, 1998, 2004 and 2006 bonds is insured by a policy of municipal bond insurance. The 1997, 2000, 2002, 2007 and 2008 bonds may be tendered to a remarketing agent by bondholders on business days for full payment of principal and accrued interest. The Medical Center has entered into standby letters of credit that commits major banks to make funds available to purchase the bonds that are not remarketed. The Medical Center is required to maintain these or similar agreements until the bonds have been paid or converted to fixed rate obligations.

The interest rates on the 1997, 2000, 2002, 2007 and 2008 variable rate bonds are reset weekly by a rate-setting agent.

(b) Future Debt Maturities --

The following is a schedule of future debt maturities, excluding discounts:

2014	\$ 25,310
2015	25,890
2016	26,466
2017	27,090
2018	30,927
Thereafter	382,113
	<u>\$517,796</u>

- (c) Line of Credit -- In August 2008, Cincinnati Children's secured a \$40,000 line of credit. In fiscal 2012, Cincinnati Children's reduced the line of credit to \$30,000. The line of credit expired in February 2013 and bore interest at the monthly LIBOR rate plus 100 basis points. There were no draws on the line of credit during fiscal 2013 or 2012.
- (d) Note Payable on Vernon Manor Property -- Cincinnati Children's entered into an agreement with a Developer to renovate and occupy the Vernon Manor property to be used primarily for administrative office space. The property is located near the main campus. Additionally, a parking garage was constructed on adjacent property in order to provide parking for the occupants of the building. As part of the agreement, Cincinnati Children's agreed to make fixed monthly payments over the seventeen year term of the agreement. The present value of such fixed payments at June 30, 2013 is \$27,752 using Cincinnati Children's estimated tax-exempt interest rate at the time of the agreement of 4.045%. The agreement also calls for variable payments monthly to cover operating expenses for the office building and the parking garage. Cincinnati Children's took occupancy of the facility on June 27, 2012. Additionally, the agreement has a provision that Cincinnati Children's can purchase the facility at the end of the seven years for the then fair market value.
- (e) Loss on Early Extinguishment of Tax Exempt Bonds Payable -- In October 2011, Cincinnati Children's refinanced \$62,135 of the outstanding 1998G bonds with tax-exempt direct placement obligations. The obligations bear interest at a fixed rate of interest of 2.207%. The obligations mature in fiscal 2019. As part of the refunding, Cincinnati Children's recorded a \$1,130 loss on early extinguishment of tax exempt bonds payable in fiscal 2012. No bonds were refinanced in fiscal 2013.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

(9) Employee Benefit Plans-

The Medical Center maintains non-contributory retirement plans covering substantially all employees. Among these plans is a defined benefit plan where benefits are based on a formula which reflects years of service and salary levels. The Medical Center's funding policy for its defined benefit plan meets the funding standards established by the Employee Retirement Income Security Act of 1974 (ERISA).

The Medical Center's investment strategy with respect to pension assets is designed to achieve a moderate level of overall portfolio risk in keeping with desired risk objective, which is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Effective April 1, 2012, the Investment Policy for the portfolio changed to transition to a long-term target allocation through calendar 2013 as follows:

Long Duration Treasury Bonds	15.0%
Long Duration Corporate Bonds	15.0%
Treasury Inflation Protected Securities	4.0%
High Yield Fixed Income	4.0%
Emerging Markets Fixed Income	4.0%
Global Developed Markets Equity	36.0%
Emerging Markets Equity	9.0%
Private Equity	5.0%
Real Estate	5.0%
Commodities	3.0%

In order to maintain the portfolio's actual asset allocation in line with the target allocations specified above, the assets will be re-allocated or rebalanced regularly. Because of the illiquid nature of private equity and real estate, it is not anticipated that these asset classes will be rebalanced on a regular basis. As of June 30, 2013, the Medical Center made \$43,000 in funding commitments in four investment partnerships of which \$8,400 had been funded. Additionally, the Medical Center had made \$12,500 in funding commitments in two real estate investment partnerships, of which \$3,300 had been funded. It is anticipated that these commitments will be funded from liquid investments in the plan and any required funding contributions.

Prior to April 1, 2012, the portfolio's target asset allocation was 60 percent equities, 35 percent fixed income and 5 percent Real Estate Investment Trusts with specified allowable ranges around these targets, plus or minus 10 percent based on the manager's discretion. Within the equity market, the investments are broadly diversified among various industry sectors in the domestic market. Within the debt segment, the investments are diversified between U.S. government bonds, Government Agency bonds and Corporate bonds. Investment risk is measured and monitored on an ongoing basis through regular reports from the investment managers.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

The Medical Center's defined benefit plan investment allocation at the actuarial measurement date of June 30, 2013 and 2012 by asset category is as follows:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	6.9%	4.7%
Bond mutual funds	17.3%	18.2%
Common stock	5.2%	5.1%
Corporate bonds	5.9%	6.8%
Government bonds	0.1%	0.2%
Investment Partnerships:		
Equity	12.1%	8.4%
Commodities	2.6%	2.5%
Bond	15.4%	22.1%
International equity	34.0%	32.0%
Real estate	0.5%	-
	<u>100.0%</u>	<u>100.0%</u>

At June 30, 2013, the fair value and its placement in the fair value hierarchy of the underlying assets of the Plan that are required to be measured at fair value are as follows (see Note 1(o) for further discussion on the fair value hierarchy and fair value principles):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 49,303	\$ -	\$ -
Bond mutual funds	123,861	-	-
Corporate bonds	-	41,970	-
Common stock	37,330	-	-
Government bonds	-	1,152	-
Investment Partnerships:			
Equity	-	78,774	8,140
Commodities	-	18,416	-
Bond	-	110,351	-
International equity	-	244,043	-
Real Estate	-	-	3,680
	<u>\$210,494</u>	<u>\$494,706</u>	<u>\$11,820</u>

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

At June 30, 2012, the fair value and its placement in the fair value hierarchy of the underlying assets of the Plan that are required to be measured at fair value are as follows (see Note 1(o) for further discussion on the fair value hierarchy and fair value principles):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and Cash Equivalents	\$ 28,759	\$ -	\$ -
Bond mutual funds	111,569	-	-
Corporate Bonds	-	41,451	-
Common Stock	31,060	-	-
Investment Partnerships	-	51,552	-
Commodity Mutual Fund	15,253	-	-
Private Commingled fund of bond	-	135,615	-
Private Commingled fund of international equity	-	198,102	-
Government Bonds	-	1,382	-
	<u>\$186,641</u>	<u>\$428,102</u>	<u>\$ -</u>

The fair values of Level 1 investments are based on quoted prices in active markets. The Level 2 and Level 3 investments in private investment funds are valued using the net asset value reported by the managers of the funds and as supported by the unit prices of actual purchase and sale transactions. The Level 3 investments in investment partnerships generally are associated with liquidation restrictions that may range from 91 days to the life of the fund (up to fifteen years) and may require redemption penalties.

The following table reflects the weighted average assumptions utilized to determine benefit obligations:

	<u>2013</u>	<u>2012</u>
Discount rate used to determine actuarial present value of the projected benefit obligation	4.84%	4.17%
Assumed rate of increase in compensation levels	4.00%	4.00%
Long-term rate of return	7.50%	8.00%

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

The following table sets forth the funded status of the plan and amounts recognized in the accompanying Consolidated Balance Sheets as of June 30, 2013 and 2012, utilizing actuarial measurement dates as of June 30, 2013 and 2012.

	2013	2012
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$1,014,433	\$ 678,763
Service cost	56,176	37,451
Interest cost	42,029	38,723
Other actuarial (gains) losses	(138,247)	268,083
Benefits paid	(10,611)	(8,587)
Projected benefit obligation at end of year	963,780	1,014,433
Change in plan assets:		
Fair value of plan assets at beginning of year	614,743	477,003
Actual return on plan assets	53,888	25,627
Employer contributions	59,000	120,700
Benefits paid	(10,611)	(8,587)
Fair value of plan assets at end of year	717,020	614,743
Funded status	(246,760)	(399,690)
Net accrued pension liability in Consolidated Balance Sheets	\$ (246,760)	\$ (399,690)

Amounts included in Unrestricted Net Assets but not yet recognized in pension cost consist of:

	2013	2012
Net actuarial loss	\$356,572	\$536,159
Net prior service cost	-	38
	\$356,572	\$536,197

The estimated actuarial loss and prior service cost that will be amortized from Unrestricted Net Assets into net pension cost in fiscal 2014 are \$19,297 and \$0, respectively.

The table below reflects the following weighted average assumptions utilized to determine benefit costs:

	2013	2012
Discount rate used to determine actuarial present value of the projected benefit obligation	4.17%	5.76%
Assumed rate of increase in compensation levels	4.00%	4.00%
Expected long-term rate of return on plan assets	7.50%	8.00%

The Medical Center's expected long-term rate of return on plan assets is based on the expected average returns based on the portfolio mix of plan assets and is reassessed on an annual basis.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Net periodic pension cost for 2013 and 2012 related to the defined benefit plan consisted of the following components:

	2013	2012
Service cost	\$56,176	\$37,451
Interest cost	42,029	38,723
Return on plan assets	(45,324)	(38,399)
Amortization of prior service cost	38	543
Recognized net actuarial loss	32,775	18,473
Net periodic pension cost	<u>\$85,694</u>	<u>\$56,791</u>

Based on preliminary estimates, we do not expect any required fiscal 2014 contributions for the qualified defined benefit plan under the current funding regulations.

The accumulated benefit obligation for the pension plan was \$809,752 and \$834,429 at June 30, 2013 and 2012, respectively.

The Medical Center's estimated benefit payments in each of the next five fiscal years and in aggregate for the five fiscal years thereafter are as follows:

2014	\$ 15,498
2015	18,893
2016	22,660
2017	26,879
2018	31,432
2019-2023	236,202

All other retirement plans maintained by the Medical Center are defined contribution plans. The Medical Center's contributions to these plans are generally based on ten percent of salaries up to established ERISA limits. Total expense related to these other plans was approximately \$19,063 and \$17,762 in fiscal 2013 and 2012, respectively. Through December 31, 2012, the Medical Center maintained a matching contribution related to non-faculty, non-senior management employees in which the Medical Center contributed one dollar for every dollar an employee contributes to a 403(b) plan up to 1% of an employee's salary subject to certain restrictions, including a three year vesting schedule and employee contributions made each pay period. The total amount expensed in fiscal 2013 and 2012 related to this plan was approximately \$1,904 and \$3,308, respectively. The Medical Center has notified employees that contributions to the Plan ceased effective January 1, 2013 and the plan is terminated. As such all balances became immediately vested.

The Medical Center has a nonqualified deferred compensation plan, which permits eligible officers, directors and key employees to defer a portion of their compensation. The deferred compensation amounts are in participant directed investments and are considered trading securities. The participants have the option of deferring the amounts for no less than two years, but no greater than retirement age. If a participant chooses to defer amounts to less than retirement age they have one option to extend the deferral term or to be paid out the fair value of the assets, net of taxes upon expiration. The amounts are at a substantial risk of forfeiture and will revert back to the Medical Center if the employee violates his non-compete agreement. The fair value of the assets and liability to participants included in the accompanying Consolidated Balance Sheets were \$11,688 and \$10,167 at June 30, 2013 and 2012, respectively. The

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

amount of deferred compensation expense recognized in fiscal 2013 and 2012 was \$1,160 and \$623, respectively. Additionally, the Medical Center provides for individual nonqualified deferred compensation benefits for retention of key employees with varying terms. The fair value of the assets and liability to participants related to these individual agreements in the accompanying Consolidated Balance Sheets were \$5,345 and \$3,981, respectively at June 30, 2013 and 2012.

In addition to providing pension benefits, the Medical Center makes available medical and dental benefits for certain eligible employees upon retirement from the Medical Center at cost. Substantially all employees may become eligible for such benefits upon retiring from active employment of the Medical Center. Former employees who retired prior to March 1, 1997 are entitled to subsidized medical and dental benefits. In June 2012, the Medical Center notified retirees that effective January 1, 2013, the retirees health benefits will be provided through a third party arrangement versus the Medical Center's self-insured plans.

The postretirement benefit obligations as of June 30, 2013 and 2012 were as follows:

	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	\$4,475	\$7,908
Interest cost	116	339
Plan participants contributions	336	637
Plan Amendment	-	(4,567)
Medicare Part D subsidy	191	206
Actuarial (gains) losses	(233)	1,448
Benefits paid	(1,194)	(1,496)
Benefit obligation at end of year	<u>\$3,691</u>	<u>\$4,475</u>

Amounts included in Unrestricted Net Assets but not yet recognized in postretirement cost consist of:

	2013	2012
Net actuarial loss	\$3,806	\$4,542
Net prior service cost	(4,604)	(5,450)
	<u>\$ (798)</u>	<u>\$ (908)</u>

The estimated actuarial loss and prior service cost that will be amortized from Unrestricted Net Assets into net postretirement cost in fiscal 2014 are \$447 and \$(846) respectively.

The above table reflects the following weighted average assumptions to determine postretirement obligations:

	2013	2012
Discount rate	3.26%	2.79%
Health care cost trend rate declining gradually to 5% through 2014 and beyond	5.00%	8.00%

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

Net periodic cost for 2013 and 2012 related to the medical and dental postretirement benefits consisted of the following components:

	<u>2013</u>	<u>2012</u>
Interest cost	\$ 116	\$339
Amortization of unrecognized net gain and prior service credit	(343)	20
	<u>\$(227)</u>	<u>\$359</u>

For fiscal 2013 and fiscal 2012, the discount rate used to determine the net periodic postretirement costs was 2.79% and 4.49%, respectively

Assumed healthcare cost trend rates have a significant effect on the amounts reported for healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	<u>1-Percentage- Point Increase</u>	<u>1-Percentage- Point Decrease</u>
Effect on total of service and interest cost components	\$ 631	\$ (571)
Effect on accumulated postretirement benefit obligation	21,919	(19,920)

The Medical Center expects to make the future benefit payments, which reflect expected future service, as appropriate. The following benefit payments and subsidies are expected to be paid (or received) over each of the next five years and thereafter.

	<u>Payments</u>	<u>Subsidies</u>
2014	\$ 499	\$
2015	463	-
2016	427	-
2017	392	-
2018	357	-
2019-2023	1,310	-

(10) Commitments and Contingencies-

- (a) Litigation--During the normal course of business, the Medical Center may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements consistent with ASC No. 450, "Contingencies". After consultation with legal counsel, management believes that all such currently existing matters will be resolved without material adverse impact to the consolidated financial position or results of operations of the Medical Center.
- (b) Laws and Regulations--The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to review and interpretation, as well as regulatory actions unknown or unasserted at this time. Federal and State government activity continues with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

well as significant repayment of previously billed and collected revenue from patient services. Management believes that the Medical Center is in compliance, in all material respects, with all fraud and abuse as well as other applicable government laws and regulations. The Medical Center has recorded reserves for routine regulatory compliance issues and believes these reserves are adequate to cover any potential repayment of previously billed and collected revenue from patient services.

- (c) Capital Commitments--The Medical Center has entered into agreements with general contractors for several renovation projects, equipment and information system technology projects. The Medical Center has committed to spend an additional approximately \$112,466 in connection with current active projects as of June 30, 2013. The projects are expected to be completed in fiscal 2014 and fiscal 2015.
- (d) Funding Commitments -- During fiscal 2005, the Board of Trustees of Cincinnati Children's approved a revocable commitment for up to a \$15,000 non-recourse loan over seven years to Uptown Consortium Inc. These funds are to be used to invest in commercial and residential projects in the uptown area. As of June 30, 2013, Cincinnati Children's has provided \$12,867 of funding in relation to this commitment.

As part of fee assignment agreements with physician employees, Cincinnati Children's has agreed to fund expenditures of \$231,147 and \$220,367 as of June 30, 2013 and June 30, 2012, respectively, in those physicians' respective departments at the Medical Center as requested by those departments.

- (e) Investment Commitments -- Cincinnati Children's has made commitments to invest \$12,000 in two limited partnerships that focus on investing in venture capital funds or provide venture capital for companies in the high-growth sectors of the economy, including life sciences, information technology and advanced manufacturing. As of June 30, 2013, Cincinnati Children's had funded \$9,722 of this commitment. At June 30, 2013 and 2012, respectively, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$10,241 and \$10,808. Distributions from the limited partnership are made at the discretion of the General Partner, primarily based on distributions from investee partnerships and sales of securities less partnership expenses and amounts retained for working capital, as provided for in the limited partnership agreement. Redemptions of partnership interests prior to termination of the partnership defined in the limited partnership agreement are not anticipated.

Cincinnati Children's has made a commitment to invest \$5,000 in a limited partnership that focuses on investing in venture capital funds or provides ventures capital for companies in the high growth sectors of the economy, including life sciences, information technology and advanced manufacturing. As of June 30, 2013 Cincinnati Children's has funded \$1,200 of this commitment. At June 30, 2013, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$1,078. Distributions from the limited partnership are made at the discretion of the General Partner, primarily based on distributions from investee partnerships and sales of securities less partnership expenses and amounts retained for working capital, as provided for in the limited partnership agreement. Redemptions of partnership interests prior to termination of the partnership defined in the limited partnership agreement are not anticipated.

Cincinnati Children's has made a commitment to invest \$5,000 in a limited liability corporation (LLC) that focuses on investing in early stage venture capital funds regionally and nationally. The

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

goal is to make the Cincinnati region the place for entrepreneurs and investors to launch new ideas. As of June 30, 2013, Cincinnati Children's had funded \$140 of the commitment. At June 30, 2013 the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$140. Unless the LLC is dissolved earlier in accordance with defined termination provisions, the term of the LLC shall end on the 12th anniversary of the date of the last sale of membership interests, subject to extension in the three one-year increments with written notice. In general, no member shall have the right to withdraw from the LLC.

Cincinnati Children's has made a commitment to invest \$3,000 in a limited partnership that invests primarily in high growth Information Technology and healthcare companies that leverage technology to make their customers' business or products/services better, faster or less expensive. As of June 30, 2013, Cincinnati Children's has funded \$300 of this commitment. At June 30, 2013, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$256. Distributions from the limited partnership are made at the discretion of the General Partner, primarily based on distributions from investee partnerships and sales of securities less partnership expenses and amounts retained for working capital, as provided by in the limited partnership agreement. Redemptions of partnership interests prior to termination of the partnership defined in the limited partnership agreement are not anticipated.

Cincinnati Children's has made an a commitment to invest \$400 in two limited liability corporations (LLC's) whose purpose is private-public seed-stage investor whose mission is to strengthen the regional economy by driving talent and capital into scalable technology companies in southwest Ohio. Cincinnati Children's has satisfied the commitment. At June 30, 2013 and 2012, respectively, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$743 and \$650. Unless the LLC is dissolved earlier in accordance with defined termination provisions, the term of the LLC shall end on the 12th anniversary of the date of the last sale of membership interests, subject to extension in the three one-year increments with written notice. In general, no member shall have the right to withdraw from the LLC.

- (f) Operating Leases – Cincinnati Children's leases certain property for varying periods. Rent expense related to such leases was approximately \$6,200 in fiscal 2013. Future minimum rental commitments under non-cancellable operating leases are as follows:

FY 2014	\$6,224
FY 2015	2,693
FY 2016	2,704
FY 2017	2,705
FY 2018	2,517
Thereafter	3,478

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2013 and 2012, respectively (dollars in thousands)

(11) Functional Expenses-

The functional expenses of the Medical Center are as follows:

	2013	2012
Patient services	\$1,159,666	\$1,165,931
Research and education	380,764	325,081
Support services	238,255	191,043
	<u>\$1,778,685</u>	<u>\$1,682,055</u>

(12) Fair Value of Financial Instruments-

The following methods and assumptions were used by the Medical Center in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents--The carrying amounts reported in the Consolidated Balance Sheets approximate fair value.

Accounts Receivable and Accounts Payable and Accrued Expenses -- The carrying amounts reported in the Consolidated Balance Sheets approximate fair value because of the relative short maturity of these items.

Marketable Securities and Assets Limited As To Use--The carrying amounts reported in the Consolidated Balance Sheets approximate fair value. Management, with the assistance from the trustee holding the asset, determined the fair value based on published market prices.

Bonds Payable and Notes Payable--The fair values of the Medical Center's bonds payable and notes payable are estimated by management, with assistance from a third party, based on current rates for debt with similar remaining maturities. The fair value of the bonds payable at June 30, 2013 and 2012 was \$517,542 and \$482,836, respectively. These would be classified as Level 2 investments in the fair value hierarchy.

(13) Subsequent Events-

Management reviewed subsequent events through October 23, 2013, the date the financial statements were issued, noting no changes were required to the financial statements or footnotes.