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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 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 Care Hospital and School

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2501 West 26th Street

City or town, state or country, and ZIP + 4
Sioux Falls, SD 571052498

D Employer identification number
46-0233030

E Telephone number
(605) 444-9500

G Gross receipts $ 25,010,264

F Name and address of principal officer
David Timpe
2501 West 26th Street
Sioux Falls, SD 571052498

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 cchs org

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

L Year of formation 1952

M State of legal domicile SD

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provide health care, therapy, and education services to children with disabilities and chronic health care needs in surrounding area

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	628
6	Total number of volunteers (estimate if necessary)	**6**	1,017
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,847,554	1,923,630
9	Program service revenue (Part VIII, line 2g)	21,721,876	21,001,637
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	23,456	10,890
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	63,031	2,021,327
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	23,655,917	24,957,484
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	5,000	5,500
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	17,508,413	17,848,089
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶22,356		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	6,115,503	6,090,933
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	23,628,916	23,944,522
19	Revenue less expenses Subtract line 18 from line 12	27,001	1,012,962

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	18,864,681	19,247,744
21	Total liabilities (Part X, line 26)	8,475,101	7,859,008
22	Net assets or fund balances Subtract line 21 from line 20	10,389,580	11,388,736

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-05-05
Signature of officer | Date

David Timpe Interim President & CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Laurie Hanson		2014-05-05		P00851848

Firm's name ▶ EIDE BAILLY LLP | Firm's EIN ▶ 45-0250958

Firm's address ▶ 200 EAST 10TH ST PO BOX 5125
SIOUX FALLS, SD 571175125 | Phone no (605) 339-1999

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

Children's Care Hospital and School provides excellence in family-centered services for children with special health care and education needs

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 $ 21,166,108 including grants of $ 5,500) (Revenue $ 22,951,637)

Children's Care Hospital & School (CCHS), with locations in Sioux Falls and Rapid City, SD, treated an estimated 1860 individuals with special needs in all of its programs last fiscal year 179 children were served through inpatient and day programs at CCHS in Sioux Falls, SD Children were mostly from South Dakota, with some children from Minnesota, Iowa, Nebraska, North Dakota, Wyoming, and Alaska also served Services include therapies (physical therapy, occupational therapy, speech-language pathology, respiratory therapy, music therapy, and behavior therapy), nursing care, audiology, psychology, and special education Special education is offered through classrooms for children of different ages and various diagnoses Students include those in residence at Children's Care plus day students Other professionals offering services include case managers, a social worker, a dietitian, an audiologist, a school psychologist, behavior analysts, and behavior therapists Children's Care employs eight Board Certified Behavior Analysts and two Board Certified Assistant Behavior Analysts, the most of any organization in the state Average daily census for 2012-2013 was 7 5 for specialty hospital, 53 5 for residential, and 36 3 for day programs The Extended School Year (ESY) Program offers summer school for children who need year round schooling, but whose school districts do not offer that service Outpatient Services were offered from Children's Care centers in Sioux Falls and Rapid City Therapies (physical therapy, occupational therapy, speech-language pathology) are the main services offered at these sites, plus assistive technology services, seating and positioning and powered mobility services Other services offered wheelchair seating and positioning evaluations, audiology, Adaptive Aquatics (Sioux Falls only), and summer skills "camps" for children and some adults with special needs Free autism screenings are offered in Sioux Falls and Rapid City as an outpatient service, and full autism evaluations are provided by our multidisciplinary Autism Evaluation Team, led by a pediatric psychiatrist The TEAM (Tone Evaluation and Management) clinic for children with Cerebral Palsy is physician-led In Rapid City, our psychologist offers screenings for Autism Spectrum Disorders, developmental delays, ADHD, and other psychological disorders common in children He also offers direct psychotherapy for children Outpatient and Outreach Programs are collectively referred to as Community-Based Programs, and served a total of about 1860 individuals during the fiscal year Outreach provides services to children in their own environment-their home, school, or daycare center Professionals from Sioux Falls and Rapid City drove over 297,500 miles during the fiscal year across South Dakota providing services to children, including physical, occupational, and speech therapy, audiology services, and consultation in school psychology and special education In Home Behavior Therapy is an outreach service offered by our Sioux Falls center It provides one-on-one behavioral therapy in the child's home, and provides training and consultation for parents

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** ▶ 21,166,108

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		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	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	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	33		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	628		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 11		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

▶ Carol Peterson 2501 West 26th Street Sioux Falls, SD (605) 444-9602

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Geoffrey T Tufty MD Chair	1 00	X		X				0	0	0
(2) William F Duhamel PhD Vice Chair/Secretary/Treasurer	1 00	X		X				0	0	0
(3) James M Robl Past Chair	1 00	X		X				0	0	0
(4) Claudia L Vucurevich Director	1 00	X						0	0	0
(5) Molly McCarthy Director	1 00	X						0	0	0
(6) H Chip Carlson III Director	1 00	X						0	0	0
(7) J Pat Costello Director	1 00	X						0	0	0
(8) P Daniel Donohue Director	1 00	X						0	0	0
(9) Dr Julie Johnson Director	1 00	X						0	0	0
(10) William Peterson Director/CCF Chair	1 00	X						0	0	0
(11) Charles B Haugland Director/CCF Past Chair	1 00	X						0	0	0
(12) David Timpe Interim CEO	40 00			X				145,435	0	0
(13) John Clark VP Finance until June 2013	40 00			X				120,242	0	22,131
(14) Kimberly Marso VP Clinical Service	40 00					X		118,809	0	24,070
(15) Lon Clemensen VP ADM Support	40 00					X		126,383	0	10,125
(16) Dianna Rajski Former CEO	40 00						X	182,413	0	3,624

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								693,282	0	59,950

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 5

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Sanford Hospital PO Box 5039 Sioux Falls SD 571175039	Resp Therapy, IT Svcs	442,571
Sanford Children's Specialty Clinic PO Box 5039 Sioux Falls SD 571175039	Physician services	200,476
Henry Carlson Company 1205 Russel St Sioux Falls SD 57104	Construction	101,853

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 ▶ 3

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	279,708			
	d	Related organizations	1d	1,133,263			
	e	Government grants (contributions)	1e	203,644			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	307,015			
	g	Noncash contributions included in lines 1a-1f $		81,474			
	h	**Total.** Add lines 1a-1f		1,923,630			
Program Service Revenue			Business Code				
	2a	Patient/Resident Fees	623000	20,497,655	20,497,655		
	b	Other Service Revenue	900099	503,982	503,982		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		21,001,637			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		34,856			34,856
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	71,327				
	b	Less rental expenses	0				
	c	Rental income or (loss)	71,327				
	d	Net rental income or (loss)		71,327			71,327
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	4,407				
	b	Less cost or other basis and sales expenses	28,373				
	c	Gain or (loss)	-23,966				
	d	Net gain or (loss)		-23,966			-23,966
	8a	Gross income from fundraising events (not including $ 279,708 of contributions reported on line 1c) See Part IV, line 18	a 24,407				
	b	Less direct expenses	b 24,407				
	c	Net income or (loss) from fundraising events		0			
	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	Electronic Health Records	999909	1,950,000			1,950,000
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		1,950,000			
	12	**Total revenue.** See Instructions		24,957,484	21,001,637	0	2,032,217

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	5,500	5,500		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	373,302	74,870	276,076	22,356
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	14,121,363	13,151,010	970,353	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	115,578	110,048	5,530	
9	Other employee benefits	2,186,878	1,794,509	392,369	
10	Payroll taxes	1,050,968	962,333	88,635	
11	Fees for services (non-employees)				
a	Management				
b	Legal	19,512		19,512	
c	Accounting	49,672		49,672	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
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)	711,216	594,457	116,759	
12	Advertising and promotion	91,329	4,286	87,043	
13	Office expenses	295,404	163,398	132,006	
14	Information technology	264,890		264,890	
15	Royalties . .				
16	Occupancy	679,882	659,198	20,684	
17	Travel	175,331	163,275	12,056	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	144,083	111,615	32,468	
20	Interest	361,149	361,149		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,194,593	1,194,593		
23	Insurance	163,130	119,606	43,524	
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	Other Supplies	1,077,184	1,065,379	11,805	
b	Maintenance and Repair	191,736	124,718	67,018	
c	Bad Debts	78,832	78,832		
d	Dues and Subscriptions	63,308	18,341	44,967	
e	All other expenses	529,682	408,991	120,691	
25	**Total functional expenses.** Add lines 1 through 24e	23,944,522	21,166,108	2,756,058	22,356
26	**Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		4,400,546	2	4,456,858
	3	Pledges and grants receivable, net		74,039	3	95,320
	4	Accounts receivable, net		4,027,164	4	3,969,300
	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		75,826	8	83,603
	9	Prepaid expenses and deferred charges		39,628	9	46,881
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 27,081,945			
	b	Less accumulated depreciation	10b 16,592,142	10,122,778	10c	10,489,803
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		124,700	15	105,979
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		18,864,681	16	19,247,744
Liabilities	17	Accounts payable and accrued expenses		458,440	17	505,977
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		7,641,584	20	7,353,031
	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			23	
	24	Unsecured notes and loans payable to unrelated third parties		375,077	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	**Total liabilities.** Add lines 17 through 25		8,475,101	26	7,859,008
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		9,962,366	27	11,032,736
	28	Temporarily restricted net assets		410,443	28	339,229
	29	Permanently restricted net assets		16,771	29	16,771
		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		10,389,580	33	11,388,736
	34	Total liabilities and net assets/fund balances		18,864,681	34	19,247,744

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	24,957,484
2	Total expenses (must equal Part IX, column (A), line 25)	2	23,944,522
3	Revenue less expenses Subtract line 2 from line 1	3	1,012,962
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	10,389,580
5	Net unrealized gains (losses) on investments	5	-13,806
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	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	11,388,736

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE 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	Employer identification number
Children's Care Hospital and School	46-0233030

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		
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-		

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

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) Yes	(a) No	(b) 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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
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		798
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		47,289
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			48,087
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	Children's Care Hospital and School (CCHS) contracts for lobbying services The lobbyist is in direct contact with legislators, their staffs and government officials during the state's 30-40 day legislative session The lobbyist helps CCHS define issues and make contact with appropriate legislative and executive branch personnel to make sure they truly understand how issues that may be in front of them will affect CCHS Lobbying revolves around proposed budgetary issues as well as advocating for the welfare of people served by CCHS Dues paid to others for lobbying is the lobbying portion of dues paid to South Dakota Association of Healthcare Organizations for the fiscal year July 1, 2012 through June 30, 2013

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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 ▶
- c Temporarily restricted endowment ▶

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

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

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

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		430,216		430,216
b Buildings		19,753,947	11,827,294	7,926,653
c Leasehold improvements				
d Equipment		6,576,839	4,622,884	1,953,955
e Other		320,943	141,964	178,979
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				10,489,803

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

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

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

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

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

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

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

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

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

1	Total revenue, gains, and other support per audited financial statements			1	27,334,854
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-13,806		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	2,470,287		
e	Add lines **2a** through **2d**			2e	2,456,481
3	Subtract line **2e** from line **1**			3	24,878,373
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	79,111		
c	Add lines **4a** and **4b**			4c	79,111
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	24,957,484

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

1	Total expenses and losses per audited financial statements			1	26,497,900
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	2,638,366		
e	Add lines **2a** through **2d**			2e	2,638,366
3	Subtract line **2e** from line **1**			3	23,859,534
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	84,988		
c	Add lines **4a** and **4b**			4c	84,988
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	23,944,522

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 Uncertain Tax Positions Under FIN 48	Part X, Line 2	The Hospital and School believes that it has appropriate support for any tax positions affecting their annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements The Hospital and School would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred
Part XI, Line 2d - Other Adjustments		Rehabilitation Medical Supply revenue 2,470,287
Part XI, Line 4b - Other Adjustments		Auxiliary gain, net of fundraising expense 679 Bad Debt Expense 78,832 Auxiliary Temporarily Restricted Contributions Received 297 Auxiliary net assets released from restrictions -697
Part XII, Line 2d - Other Adjustments		Rehabilitation Medical Supply expense 2,638,366
Part XII, Line 4b - Other Adjustments		Additional expenses from Auxiliary 836 Bad Debt Expense 84,152

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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

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

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

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

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

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

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

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

		(a) Event #1 Hamster 2011 (event type)	(b) Event #2 Mall Walk 2012 (event type)	(c) Other events 1 (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	186,082	96,033	22,000	304,115
	2 Less Contributions	179,440	82,293	17,975	279,708
	3 Gross income (line 1 minus line 2)	6,642	13,740	4,025	24,407
Direct Expenses	4 Cash prizes				
	5 Noncash prizes		12,140		12,140
	6 Rent/facility costs		1,000	465	1,465
	7 Food and beverages	6,242		3,560	9,802
	8 Entertainment	400	600		1,000
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(24,407)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				0

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)						
b Medicaid (from Worksheet 3, column a)			15,853,135	13,448,659	2,404,476	10 040 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			15,853,135	13,448,659	2,404,476	10 040 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			62,052	48,111	13,941	0 060 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			13,973	5,300	8,673	0 040 %
j **Total.** Other Benefits			76,025	53,411	22,614	0 100 %
k **Total.** Add lines 7d and 7j			15,929,160	13,502,070	2,427,090	10 140 %

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

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

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

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		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 78,832			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3 0			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	14,642
6	Enter Medicare allowable costs of care relating to payments on line 5	6	40,056
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-25,414
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		No
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		

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Children's Care Hospital & School 2501 W 26th St 1020 W 18th St Sioux Falls, SD 57105 www cchs org	X		X							

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Children's Care Hospital & School

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
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**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
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		No
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10		No
If "Yes," indicate the FPG family income limit for eligibility for free care __% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	11		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	12		No
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	13		No
14 Included measures to publicize the policy within the community served by the hospital facility?	14		No
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15		No
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	17		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☑ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**		No
If "No," indicate why			
a ☑ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?
1

	Name and address	Type of Facility (describe)
1	Children's Care Hospital & School 7110 Jordan Drive Rapid City, SD 57702	Outpatient Rehabilitation Center
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 3c Part I - Charity CareThe hospital updated and adopted, on May 7, 2014, policies and procedures to meet the provisions of the new 501(r) As a children's hospital specializing in family-centered services for children with special health care and education needs, services provided by CCHS are covered primarily by Medicaid and private insurance Based on past experience, Children's Care Hospital and School (CCHS) has not felt a formal charity care policy was needed by its patients, and has focused resources in other areas that were critical If a patient needed financial assistance, the organization would consider the facts and circumstances and may provide assistance at the discretion of the Board During the fiscal year ended June 30, 2013, no such cases arose Line 6bThe community benefit is available at www cchs org
		Part I, Line 7 Line 7b) Unreimbursed Medicaid is the cost of Medicaid provided for inpatients, patients at the Rapid City Rehab Center, and for both Rapid City and Sioux Falls outreach The cost is calculated by multiplying the Medicaid charges times the cost-to-charge ratio, as determined through use of the general ledger The amounts on line 7i are related to the direct costs and revenues as recorded in the general ledger accounting system

Identifier	ReturnReference	Explanation
		Part I, Line 7g The amounts on line 7g are related to the direct costs and revenues as recorded in the general ledger for operating an Adaptive Aquatics program
		Part I, L7 Col(f) Bad debt expense of $78,832 was subtracted from total operating expense

Identifier	ReturnReference	Explanation
		Part III, Line 4 A) Since CCHS currently does not have a charity care policy, no amount of bad debt is attributable to patients eligible under such policy B) Payments on accounts that are written off are normally made directly to the collection agency In the rare event that a payment is received directly by CCHS, CCHS notifies the collection agency of its receipt of the payment so the patient's account balance can be adjusted C) The financial statements that describe the bad debt expense are on note 1 page 8
		Part III, Line 8 No part of the shortfall on line 7 is treated as community benefit The Hospital has Medicare certification because it is required in order to operate The overall cost-to-charge ratio based on audited financial statements was used to calculate cost

Identifier	ReturnReference	Explanation
		Part III, Line 9b The hospital is in the process of developing a written billing and collection policy in compliance with IRC 501 (r) Based on past experience, Children's Care Hospital and School (CCHS) has not felt a written debt collection policy was a priority for its patients, and has focused resources in other areas that were critical This is because the only patient responsibility for residential/inpatient would be for patients in the 18 bed hospital unit who only have commercial insurance--no secondary Medicaid That is rare, but, if it happens, the resident's guarantor would be made aware of the approximate amount based on information CCHS would have received from insurance when pre-authorization was done Options for payment would include a payment plan Financial counseling for outpatient services starts with CCHS verifying that patient's insurance is effective and also contacting insurance with diagnosis and procedure codes to check coverage Next, the parent/guarantor is contacted to inform them of the approximate amount for which they'll be financially responsible, at which time they are asked to sign a private pay agreement before services are provided If the account is not paid as agreed upon, billing notices are sent The third nonpayment statement states payment must be made to hold the account from collections, and the fourth statement says payment must be made on or before the due date or the account will be sent to collections
Children's Care Hospital & School		Part V, Section B, Line 3 A group of community stakeholders with a wide range of backgrounds were identified which included Community Support Providers, Community Health Clinics/Centers, Indian Health Services, parents, Health & Human Services State Agencies, Parent Resource Centers, physicians, as well as some other agencies with knowledge of community health needs These stakeholders were interviewed to gather information and opinions representing the broad interest of the community served which directly lead to the outcome of the Community Health Needs Assessment

Identifier	ReturnReference	Explanation
Children's Care Hospital & School		Part V, Section B, Line 5c The community health needs assessment is available at www cchs org
Children's Care Hospital & School		Part V, Section B, Line 6i The Implementation Strategy is located on page 16 of the Community Health Needs Assessment, and is available on our website at www cchs org

Identifier	ReturnReference	Explanation
Children's Care Hospital & School		Part V, Section B, Line 7 Pursuant to the implementation strategy adopted by Children's Care Hospital and School, the expansion of providers in rural areas, care coordination for out-patients, expansion of extended hours, interpreter services for patients utilizing services at other providers, and expansion of outreach programs in rural areas will not be addressed During the current year, expanding the capacity of Children's Care and other providers to meet the mental health and/or complex medical needs of individuals with intellectual disabilities was not met due to time constraints Additionally, upgrades to the website are in process
Children's Care Hospital & School		Part V, Section B, Line 10 The hospital adopted policies and procedures in accordance with the provisions of 501(r) on May 7, 2014 As a children's hospital specializing in family-centered services for children with special health care and education needs, services provided by CCHS are covered primarily by Medicaid and private insurance Based on past experience, Children's Care Hospital and School (CCHS) has not felt its patients would benefit from a formal charity care policy, and has focused resources in other areas that were critical If a patient needed financial assistance, the organization would consider the facts and circumstances and may provide assistance at the discretion of the Board During the fiscal year ended June 30, 2013, no such cases arose

Identifier	ReturnReference	Explanation
Children's Care Hospital & School		Part V, Section B, Line 11 Please refer to narrative at Part V, Section B, Line 10, above
Children's Care Hospital & School		Part V, Section B, Line 12h Please refer to narrative at Part V, Section B, Line 10, above

Identifier	ReturnReference	Explanation
Children's Care Hospital & School		Part V, Section B, Line 14g Please refer to narrative at Part V, Section B, Line 10, above
Children's Care Hospital & School		Part V, Section B, Line 16e Narrative for Line 15, Billing and Collections policy The primary payment sources for services performed by CCHS are Medicaid and private insurance The only payment responsibility for residential/inpatient would be for patients in the 18 bed hospital unit who only have commercial insurance and no secondary Medicaid That is rare, but, if it happens, the resident's guarantor is made aware of the approximate amount based on information CCHS received from insurance once pre-authorization is completed Options for payment would include a payment plan Patients are informed about the collection process upon receipt of their third billing statement which says that payment must be made to hold the account from collections The fourth billing statement states that a payment must be made on or before the due date or the account will be sent to collections The hospital is in the process of developing a written billing and collection policy in compliance with IRC 501(r)

Identifier	ReturnReference	Explanation
Children's Care Hospital & School		Part V, Section B, Line 18e Please refer to narrative at Part V, Section B, Line 15, above
Children's Care Hospital & School		Part V, Section B, Line 20d CCHS provides medically necessary care but did not have a written charity care policy during the year ended 6/30/13 The hospital adopted policies and procedures in accordance with the provisions of 501(r) on May 7, 2014

Identifier	ReturnReference	Explanation
		Part VI, Line 2 CCHS relies on its board members and board members of Children's Care Foundation who represent all regions of the state, its medical staff, and school districts whose students it serves to help advise of health care needs of their respective communities CCHS also conducts regular meetings with parents and patients to help assess the health care needs of the communities it serves In addition, CCHS conducted a community health needs assessment during the fiscal year Please refer to Part V lines 1-8 for additional information
		Part VI, Line 3 Residential and inpatient services are always pre-authorized by a third party payer and any patient responsibility is discussed with the resident's guarantor upon admission Financial counseling is available for outpatient services This starts with CCHS verifying that patient's insurance is effective and contacting insurance with diagnosis and procedure codes to check coverage Next, the parent/guarantor is contacted to inform them of the approximate amount for which they'll be financially responsible They are asked to sign a private pay agreement before services are provided

Identifier	ReturnReference	Explanation
		Part VI, Line 4 CCHS serves approximately 1,800 children and their families in 59 counties throughout South Dakota every year Additional children and families are served throughout Northwest Iowa, Southwest Minnesota, Nebraska, Wyoming and Alaska 80 South Dakota public and tribal school districts also rely on CCHS Children from 15 public or private agencies and programs are also served No other hospitals in the area provide similar services
		Part VI, Line 5 - All CCHS governing body members reside in different parts of its primary service area in South Dakota All board members are independent of CCHS and serve in a volunteer capacity - CCHS extends medical staff privileges to all qualified physicians in its communities - CCHS uses surplus funds to enhance services to patients, fund building improvements or expansions, and improve care by providing additional training to staff - CCHS is the only provider in South Dakota offering 24-hour, integrated medical, behavioral, and special education services for children ages birth to 21 CCHS serves families and schools who are unable to support children with severe behaviors who may harm themselves or others Medical programming is provided to fill the gap between services provided in the home and school district and services provided at acute care hospitals - CCHS has several Clinical Affiliation agreements with surrounding area schools to provide training experience for physical, occupational and speech therapists, nurses and psychology students - CCHS participates in the Medicare program, several state Medicaid programs, and the Birth to 3 program Volunteers have provided 11,076 hours of service over the past year assisting with all aspects of CCHS operations Volunteers assist CCHS staff with administrative tasks in reception, finance, medical records and fundraising, and provide support to professionals in residential areas

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
(1) Dianna Rajski Former CEO	**(i)** **(ii)**	73,388 0	0 0	109,025 0	0 0	3,866 0	186,279 0	0 0

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 1a	Social club dues of $1,908 were paid to a country club for Interim CEO David Timpe
	Part I, Line 1b	The social club dues are part of the compensation package for the CEO

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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	South Dakota Health and Educational Facilities Authority	46-0315509	83755VLQ5	03-29-2007	8,705,000	Defeasance of 1999 bonds		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,410,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	8,859,230			
4	Gross proceeds in reserve funds	650,347			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	177,184			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	8,043,636			
12	Other unspent proceeds				
13	Year of substantial completion	1999			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	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%		%		%		%	
6	Total of lines 4 and 5	0 00000%		%		%		%	
7	Does the bond issue meet the private security or payment test?		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						
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						

Part IV Arbitrage

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

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						
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						
7	Has the organization established written procedures to monitor the requirements of section 148?		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						

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 K Part IV, Arbitrage, Line 2c	Date Rebate Computation Performed	Issuer Name South Dakota Health and Educational Facilities Authority Date the Rebate Computation was Performed 03/29/2013
Schedule K, Part IV, Line 7	Written procedures to monitor the requirements of Section 148	Management is aware of the provisions in the bond documents for monitoring arbitrage, and the CEO monitors for compliance

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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.**

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2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? 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) Henry Carlson Company	Director H Chip Carlson III owns more than 35% of Henry Carlson Co	101,853	Construction work provided to CCHS		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

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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	X	8	4,504	Selling price
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods	X		52,883	Selling Price
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles	X	21	7,832	Selling price
19	Food inventory	X	6	840	Selling price
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (Motorcycle Components)	X	28	15,415	Selling price
26	Other ▶( )				
27	Other ▶( )				
28	Other ▶ ( )				

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

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

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 1	The Executive Committee consists of the Chair of the Board of Directors (who shall act as Chair), the Vice Chair, the immediate Past Chair, the Secretary, the Treasurer and two other directors appointed by the Chair The Chair of the Board of Directors of the Children's Care Foundation and its immediate Past Chair, upon their election to the Board of Directors of Children's Care Hospital and School, are appointed to serve as members of this Executive Committee The Executive Committee has power to transact all regular business of the Corporation during the period between the meetings of the Board of Directors subject to any prior limitation imposed by the Board of Directors The duties of the Executive Committee include the development and periodic revision of a strategic plan for the achievement of the Corporation's mission

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The CEO will review the return, and a copy will be provided to Board members prior to its filing

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Any potential conflict of interest shall be disclosed by the Director who is involved, provided, however, that any Director may provide notice of a potential conflict of interest to the Chair when such Director becomes aware of a potential conflict of interest, whether such potential conflict of interest involves that Director or not The Board of Directors will determine whether or not a conflict of interest exists and the Director with the potential conflict of interest shall not participate in this determination If the Board of Directors determines that a conflict of interest exists, the Director with the conflict shall abstain from voting on any resolution of the Board of Directors involving the issue or subject matter from which the conflict has arisen and, if appropriate, such director will recuse himself or herself from any discussion of that issue or subject matter

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15a	Process used to determine compensation package for the President/CEO of Children's Care Hospital & School * Board of Directors Involvement The Board Chair and Past Chair reviewed summary performance information from an evaluation completed by the President/CEO A meeting occurred between these three parties and a Performance Evaluation was completed and approved by Board Chair and Past Chair * Comparison of Compensation Data The VP of Administrative Services (Senior HR Manager) collected total compensation data on "like positions in similar care facilities" from local, regional and national organizations Data included base pay, bonus pay incentive programs, benefits offered, and other "perks" provided to Presidents/CEO's in these positions Recommendation from Senior HR Manager was provided to the Board Chair on total compensation package * Final Decision-making Process Board Chair and Past Chair reviewed all performance evaluation materials and comparative salary data to determine appropriate salary and bonus payment levels Board Chair forwarded total compensation information to Senior HR Manager who then communicated the information to the HR and Payroll Departments

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	Governing documents, conflict of interest policy and financial statements, other than information contained in the Form 990, are not available for public access

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Children's Care Hospital and School

Employer identification number
46-0233030

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Children's Care Foundation 2501 West 26th Street Sioux Falls, SD 571052498 46-0353254	To manage resources to support the mission, goals, and operation of CCHS	SD	501(c)(3)	Line 11a, I	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) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) Rehabilitation Medical Supply 1020 W 18th St Sioux Falls, SD 57104 41-1936988	Sales & Service of durable medical equipment, orthotics, & prosthetics	SD	Children's Care Hospital and School	C	2,472,947	776,174	100 000 %	Yes	

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

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Rehabilitation Medical Supply	Q	2,475,000	FMV

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 46-0233030
Name: Children's Care Hospital and School

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

-->

Financial Statements
June 30, 2013 and 2012

Children's Care Hospital and School

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Children's Care Hospital and School
Sioux Falls, South Dakota

Report on the Financial Statements
We have audited the accompanying financial statements of Children's Care Hospital and School, which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's 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 financial statements

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

Basis for Qualified Opinion
As more fully described in Note 11 to the financial statements, Children's Care Hospital and School elected not to consolidate the financial statements of Children's Care Foundation (Foundation) In our opinion, accounting principles generally accepted in the United States of America require that the financial statements of Children's Care Foundation be consolidated If the Foundation were consolidated as required, total net assets recognized on the accompanying balances sheets would increase by $40,699,369 and $37,122,653 as of June 30, 2013 and 2012, respectively, and an increase in the change in net assets of $3,576,716 and $304,002 for the years ended June 30, 2013 and 2012, respectively, would be recognized in the accompanying statements of net assets

200 E 10th St , Ste 500 | P O Box 5125 | Sioux Falls, SD 57117-5125 | T 605 339 1999 | F 605 339 1306 | EOE

Qualified Opinion

In our opinion, except for the effects of Children's Care Hospital and School electing not to consolidate the financial statements of Children's Care Foundation as explained in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Children's Care Hospital and School as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Eide Bailly LLP

Sioux Falls, South Dakota
October 25, 2013

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 1,165,182	$ 1,997,367
Assets limited as to use	350,781	343,061
Receivables		
Patient and resident, net of estimated contractual adjustments and uncollectibles of $2,750,000 in 2013 and $2,621,000 in 2012	3,886,022	4,229,864
Estimated third-party payor settlements	-	266,040
Due from affiliates	661,452	72,640
Interest	7,331	6,045
Other	500	1,400
Supplies	303,415	263,730
Prepaid expenses	46,881	39,628
Total current assets	6,421,564	7,219,775
Assets Limited as to Use		
Under indenture agreements	554,893	555,655
By Board for capital improvements and debt redemption	2,425,377	1,569,678
Assets limited as to use	2,980,270	2,125,333
Property and Equipment, Net	10,500,632	10,136,800
Other Assets		
Deferred financing costs, net of accumulated amortization of $35,367 in 2013 and $29,709 in 2012	92,429	98,087
Membership investment	25,705	24,961
Total other assets	118,134	123,048
Total assets	$ 20,020,600	$ 19,604,956

See Notes to Financial Statements

Children's Care Hospital and School
Balance Sheets
June 30, 2013 and 2012

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 295,000	$ 338,099
Accounts payable	420,168	509,256
Accrued expenses		
Salaries and wages	664,433	295,855
Vacation	386,563	381,113
Accrued interest	55,781	61,863
Payroll taxes and other	88,832	125,370
Total current liabilities	1,910,777	1,711,556
Long Term Debt, Less Current Maturities	7,058,031	7,678,562
Total liabilities	8,968,808	9,390,118
Net Assets		
Unrestricted	10,696,312	9,788,544
Temporarily restricted	338,709	409,523
Permanently restricted	16,771	16,771
Total net assets	11,051,792	10,214,838
Total liabilities and net assets	$ 20,020,600	$ 19,604,956

Children's Care Hospital and School
Statements of Operations
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Revenues, Gains, and Other Support		
Net patient and resident service revenue	$ 22,994,632	$ 23,629,610
Provision for bad debts	(81,492)	(99,996)
Net patient and resident service revenue less provision for bad debts	22,913,140	23,529,614
Other revenue	2,746,824	842,633
Net assets released from restrictions	188,881	275,174
Total unrestricted revenues, gains and other support	25,848,845	24,647,421
Expenses		
Salaries	15,418,503	15,108,485
Employee benefits and payroll taxes	3,175,915	3,060,966
Depreciation and amortization	1,240,706	1,186,677
Medical supplies - billable	1,155,837	1,172,968
Supplies	1,206,737	1,066,984
Contract labor	955,105	905,229
Other	619,121	708,779
Utilities	514,114	543,183
Insurance	557,716	538,637
Provider tax	484,437	506,532
Repairs and maintenance	382,553	425,159
Interest	361,149	383,864
Rent	302,633	315,058
Education and training	123,374	126,951
Total expenses	26,497,900	26,049,472
Operating Loss	(649,055)	(1,402,051)
Other Income		
Unrestricted contributions	1,389,650	1,381,750
Interest income	34,856	18,322
(Loss) gain on disposal of equipment	(23,967)	5,134
Other income, net	1,400,539	1,405,206
Revenues in Excess of Expenses	751,484	3,155
Unrealized (loss) gain on investments	(13,806)	1,651
Net Assets Released from Restrictions for Purchase of Property and Equipment	170,090	83,831
Increase in Unrestricted Net Assets	$ 907,768	$ 88,637

Children's Care Hospital and School
Statements of Changes in Net Assets
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Revenues in excess of expenses	$ 751,484	$ 3,155
Unrealized (loss) gain on investments	(13,806)	1,651
Net assets released from restriction for purchase of property and equipment	170,090	83,831
Increase in unrestricted net assets	907,768	88,637
Temporarily Restricted Net Assets		
Contributions received	288,157	252,602
Net assets released from restrictions	(358,971)	(359,005)
Decrease in temporarily restricted net assets	(70,814)	(106,403)
Increase (Decrease) in Net Assets	836,954	(17,766)
Net Assets, Beginning of Year	10,214,838	10,232,604
Net Assets, End of Year	$ 11,051,792	$ 10,214,838

Children's Care Hospital and School
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	$ 836,954	$ (17,766)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,240,706	1,186,677
Loss (gain) on disposal of equipment	23,967	(5,134)
Contributions restricted by donors	(288,157)	(252,602)
Unrealized loss (gain) on investments	13,806	(1,651)
Changes in assets and liabilities		
Receivables	20,684	393,974
Supplies	(39,685)	(20,988)
Prepaid expenses	(7,253)	(1,855)
Accounts payable	(89,088)	(54,382)
Accrued expenses	331,408	59,919
Net Cash from Operating Activities	2,043,342	1,286,192
Investing Activities		
Purchase of property and equipment	(1,627,254)	(857,454)
Proceeds from sales of property	4,407	9,425
Purchases of assets limited as to use	(2,913,957)	(1,845,625)
Proceeds from sales of assets limited as to use	2,037,494	1,825,189
Decrease (increase) in membership investments	(744)	(2,146)
Net Cash used for Investing Activities	(2,500,054)	(870,611)
Financing Activities		
Principal payments on long-term debt	(663,630)	(445,557)
Contributions restricted by donors	288,157	252,602
Net Cash used for Financing Activities	(375,473)	(192,955)
(Decrease) increase in Cash and Cash Equivalents	(832,185)	222,626
Cash and Cash Equivalents, Beginning of Year	1,997,367	1,774,741
Cash and Cash Equivalents, End of Year	$ 1,165,182	$ 1,997,367
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest during the year	$ 367,231	$ 387,123
Supplemental Schedule of Non-cash Investing Activities		
Capital expenditures for property included in accounts payable at year end	$ -	$ 219,604

Note 1 - Summary of Significant Accounting Policies

Organization

Children's Care Hospital and School (Hospital and School) is organized as a non-profit corporation with facilities in Sioux Falls and Rapid City, South Dakota The Hospital and School offers therapeutic, nursing, and medically complex services, as well as rehabilitation and educational services to children and their families, with special health and education needs The Hospital and School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code

The financial statements contained in this report reflect only the financial position and operating results of Children's Care Hospital and School The Board of Directors of the Hospital and School also ratify the members of the Board of Directors of Children's Care Foundation (Foundation) The Foundation is under common management with the Hospital and School These elements of control, in addition to the economic interest the Hospital and School has in the continued success of the Foundation, require the financial statements to be reported on a consolidated basis Consolidated financial statements of the Hospital and School and the Foundation are presented in a separate report (Note 11)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenue and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim

Patient and resident receivables are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Hospital and School analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third party coverage, the Hospital and School analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital and School 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

The Hospital and School`s process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2013 and 2012 The Hospital and School does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets Investments in certificates of deposits that are not publically traded are recorded at cost plus accrued interest Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities

Fair Value Measurements

The Hospital and School has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which defines a framework for measuring fair value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs

A fair value hierarchy has been established which prioritizes the valuation inputs into three broad levels Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability Level 3 inputs are unobservable inputs related to the asset or liability

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements and debt redemption, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under indenture agreements, and identifiable donor restricted assets including pledges Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets

Property and Equipment

Property and equipment acquisitions in excess of $1,500 are capitalized and recorded at cost Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method The estimated useful lives of property and equipment are as follows

Land improvements	5-20 years
Buildings and improvements	5-69 years
Equipment	3-25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight line method

Income Taxes

The Hospital and School is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) The Hospital and School is annually required to file a Return of Organizational Exempt from Income Tax (Form 990) with the IRS The Hospital and School has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS

The Hospital and School believes that it has appropriate support for any tax positions affecting their annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements The Hospital and School would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred

Temporarily and Permanently Restricted Net Assets

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

Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors

Net Patient and Resident Service Revenue

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

The Hospital and School recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above For uninsured patients, the Hospital and School recognizes revenue based on its standard rates for services provided (or on discounted rates, if negotiated or provided by policy) Based on historical experience, a portion of the Hospital and School's uninsured patients and residents will be unable or unwilling to pay for the services provided Thus, the Hospital and School records a provision for bad debts related to uninsured patients and residents in the period the services are provided Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended June 30, 2013 and 2012 from these major payor sources, is as follows

	2013	2012
Net patient and resident service revenue		
Medicaid	$ 13,883,241	$ 14,246,124
Other third party payors	9,111,391	9,383,486
	$ 22,994,632	$ 23,629,610

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the statement of operations

Advertising Costs

The Hospital and School expenses advertising costs as incurred

Electronic Health Records Incentive Payments

The American Recovery and Reinvestment Act of 2009 amended the Social Security Act to establish incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that meaningfully use certified Electronic Health Records (EHR) technology To qualify for the EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria In addition, hospitals must attest that they have used certified EHR technology, satisfied the meaningful use objectives, and specify the EHR reporting period This attestation is subject to audit by the federal government or its designee

Medicaid programs and payment schedules vary from state to state The Medicaid program in South Dakota requires eligible hospitals to register for the program prior to 2016, to engage in efforts to adopt, implement or upgrade certified EHR technology in order to qualify for the initial year of participation, and to demonstrate meaningful use of certified EHR technology in order to qualify for additional years of payments The payment schedule is based on a formula of overall EHR amount times the Medicaid share and is paid 40% in the first and second years and 20% in the last year of participation based on the Federal Fiscal Year

The Hospital and School recognizes EHR incentive payments as revenue when there is reasonable assurance that the Hospital and School will comply with the conditions attached to the incentive payments EHR incentive payments are included in other operating revenue in the accompanying statements of operations The amount of EHR incentive payments recognized as revenue is based on management's best estimate and that amount is subject to change due to audit with such changes impacting the period in which they occur The amount of EHR incentive payments recognized in other revenue for the year ended June 30, 2013 was $1,950,000

Note 2 - Net Patient and Resident Service Revenue

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

The Hospital and School participates in the Medicaid programs for the states of South Dakota, Iowa, Minnesota, Nebraska, Wyoming, and Alaska The Hospital and School's Medicaid reimbursement is determined at prospectively determined rates with no retroactive settlements Revenue from Medicaid programs accounted for approximately 60% of the Hospital and School's net patient service revenue for the years ended June 30, 2013 and 2012 Laws and regulations governing Medicaid and other programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term

The Hospital and School has also entered into payment agreements with certain commercial insurance carriers and other organizations The basis for payment to the Hospital and School under these agreements includes discounts from established charges and prospectively determined daily rates

A summary of patient and resident service revenue, contractual adjustments, and the provision for bad debts for the years ended June 30, 2013 and 2012 is as follows

	2013	2012
Patient and resident service revenue		
Behavioral and extended care	$ 15,930,005	$ 17,116,038
School tuition - school districts	4,180,253	4,008,466
Medically complex and rehab	3,819,249	3,823,120
Outreach	3,388,082	3,682,067
Outpatient	4,051,468	3,464,644
Medical equipment, orthotics and prosthetics	2,500,923	2,449,121
School therapy - school districts	740,874	800,977
Total patient and resident service revenue	34,610,854	35,344,433
Total contractual adjustments	(11,616,222)	(11,714,823)
Net patient and resident service revenue	22,994,632	23,629,610
Provision for bad debts	(81,492)	(99,996)
Net patient and resident service revenue less provision for bad debts	$ 22,913,140	$ 23,529,614

Note 3 - Assets Limited as to Use and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at June 30, 2013 and 2012, is shown in the following table

	2013	2012
Under bond indenture agreements - held by trustee		
Cash and cash equivalents	$ 86,551	$ 253,732
Certificates of deposit	647,195	644,984
Fixed income government bonds	171,928	-
	905,674	898,716
Less amount shown as current	(350,781)	(343,061)
	$ 554,893	$ 555,655
By Board for capital improvements and debt redemption		
Cash and cash equivalents	$ 25,248	$ 27,222
Certificates of deposit	742,541	788,035
Fixed income mutual funds	1,657,588	754,421
	$ 2,425,377	$ 1,569,678

Investment Income

Investment income on assets limited as to use, cash equivalents, and other investments consist of the following for the years ended June 30, 2013 and 2012

	2013	2012
Other income		
Interest income	$ 34,856	$ 18,322

Note 4 - Fair Value Measurements

The fair value of assets measured on a recurring basis at June 30, 2013 and 2012 is as follows

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2013			
Fixed income mutual funds	$ 1,657,588	$ -	$ -
Fixed income government bonds	171,928	-	-
	$ 1,829,516	$ -	$ -
June 30, 2012			
Fixed income mutual funds	$ 752,769	$ -	$ -

The fair value of fixed income mutual funds and fixed income government bonds is determined by reference to quoted market prices in active markets

The Hospital and School considers the carrying amount of significant classes of financial instruments on the balance sheets, including cash, receivables, other assets, accounts payable, and accrued expenses to be reasonable estimates of fair value due to their length of maturity at June 30, 2013 and 2012

The Hospital and School's fixed rate Series 2007 bonds have a carrying amount that differs from its estimated fair value The fair value of the Hospital and School's Series 2007 bonds is determined by references to trading activity of the underlying bonds The carrying value of the Series 2007 bonds is $7,353,031 and $7,641,584 as of June 30, 2013 and 2012 The fair value of the Series 2007 bonds is $7,731,415 and $7,967,653 as of June 30, 2013 and 2012

Note 5 - Property and Equipment

A summary of property and equipment at June 30, 2013 and 2012 follows

	2013		2012	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and land improvements	$ 614,622	$ 141,083	$ 614,622	$ 134,584
Buildings and fixed equipment	19,890,485	11,828,175	19,090,974	11,117,436
Major movable equipment	6,732,765	4,767,982	6,784,122	5,100,898
	$ 27,237,872	$ 16,737,240	$ 26,489,718	$ 16,352,918
Net property and equipment		$ 10,500,632		$ 10,136,800

Note 6 - Leases

The Hospital and School leases certain equipment under non-cancelable long-term lease agreements All leases have been recorded as operating leases Total lease expense for the years ended June 30, 2013 and 2012 for all operating leases was $302,633 and $315,058 Minimum future lease payments for noncancelable operating leases are as follows

Years Ending June 30,	
2014	$ 232,928
2015	237,532
2016	201,876
	$ 672,336

Note 7 - Long-Term Debt

Long-term debt consists of

	2013	2012
Series 2007, revenue bonds, 4 25% - 4 75% due in varying installments through November 2029	$ 7,295,000	$ 7,580,000
Unamortized bond premium	58,031	61,584
Note payable, 6 50% due in annual installments of $77,479	-	375,077
	7,353,031	8,016,661
Less current maturities	(295,000)	(338,099)
Long-term debt, less current maturities	$ 7,058,031	$ 7,678,562

Long-term debt maturities are as follows

Years Ending June 30,	
2014	$ 295,000
2015	310,000
2016	320,000
2017	335,000
2018	355,000
Thereafter	5,680,000
Bond premium	58,031
	$ 7,353,031

The bonds are secured by a first mortgage lien on the Hospital and School's facilities subject to certain permitted encumbrances, a security interest in its gross receipts, and a pledge of Children's Care Foundation's investments in an amount equal to the principal amount of the bonds outstanding

Under the terms of the bond agreement the Hospital and School is required to maintain certain deposits with a trustee Such deposits are included with assets limited as to use in the financial statements Assets that are required for obligations classified as current liabilities are reported in current assets The loan agreement also places limits on the incurrence of additional borrowings and requires that the Hospital and School satisfy certain measures of financial performance

Note 8 - Line of Credit

The Hospital and School has a $675,000 revolving line of credit, which was unused at June 30, 2013 The line carries a variable rate of interest, matures on April 1, 2014, and requires monthly interest payments on any outstanding balance

Note 9 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2013 and 2012

	2013	2012
Funds restricted for various children's projects and programs	$ 338,709	$ 409,523

Permanently restricted net assets at June 30, 2013 and 2012 are restricted as follows

	2013	2012
Investments to be held in perpetuity, the income from which is expendable for the purchase of artwork	$ 16,771	$ 16,771

Note 10 - Retirement Plans

The Hospital and School participates in a state sponsored multi-employer defined benefit plan for all employees who hold a teaching certificate and meet plan enrollment qualifications The Hospital and School also provides a group tax deferred annuity program for all non-teacher employees who meet plan enrollment qualifications The Hospital and School contributes 1% of each eligible employee's salary The Hospital and School made contributions of $121,577 and $115,084, for the years ended June 30, 2013 and 2012, respectively

Note 11 - Children's Care Foundation

Children's Care Foundation is controlled by the Hospital and School and was incorporated for the purpose of encouraging and assisting the Hospital and School and other institutions in providing medical or educational services to families and their children with disabilities and chronic health conditions, as directed by its Board of Directors. Members of the Foundation's Board of Directors are subject to ratification by the Board of Directors of Children's Care Hospital and School. The Hospital and School has been the principal beneficiary of the Foundation since the Foundation's inception on July 1, 1979. The Foundation is not controlled by any disqualified persons and meets the test of section 509(a)(3) of the Internal Revenue Code as a Type 1 supporting organization for the Hospital and School. As described in Note 1, the consolidated financial statements of the Hospital and School and the Foundation are presented in a separate report.

Financial statement information for the Foundation is summarized as follows:

Assets	2013	2012
Current Assets		
Cash and cash equivalents	$ 301,930	$ 253,771
Unconditional promises to give	25,816	6,000
Accounts and other receivables	-	4,309
Prepaid expenses	1,469	1,469
Total current assets	329,215	265,549
Assets Limited as to Use		
Donor restricted investments	5,716,843	5,601,843
Beneficial interest in perpetual trusts	393,437	362,412
Beneficial interest in remainder trusts	1,699,723	1,559,565
Total assets limited as to use	7,810,003	7,523,820
Property and Equipment	23,451	34,513
Investments	33,327,432	29,517,470
Total assets	$ 41,490,101	$ 37,341,352
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		
Children's Care Hospital and School	$ 652,247	$ 61,587
Other	4,400	13,642
Annuities payable	134,085	143,470
Total current liabilities	790,732	218,699
Net Assets		
Unrestricted	32,889,366	29,598,833
Temporarily restricted	1,699,723	1,559,565
Permanently restricted	6,110,280	5,964,255
Total net assets	40,699,369	37,122,653
Total liabilities and net assets	$ 41,490,101	$ 37,341,352

	2013	2012
Revenues		
Bequests	$ 133,980	$ 855,895
Contributions	260,483	249,472
Events income	88,090	76,291
Change in split-interest agreements	157,844	149,304
Income distributions from outside trusts	50,276	45,007
Investment income	1,720,686	1,021,737
Other	471	-
Total revenues	2,411,830	2,397,706
Expenses		
Contributions for Children's Care Hospital and School	1,162,874	1,151,246
Salaries	339,697	280,681
Promotion and publications	73,050	97,627
Fundraising	95,823	54,849
Other	30,241	57,572
Employee benefits and payroll taxes	57,054	45,511
Rent	34,449	34,272
Bank trustee and investment fees	18,015	17,347
Depreciation and amortization	11,062	13,157
Maintenance and repairs	7,762	11,927
Professional fees	20,376	9,863
Supplies	8,988	8,460
Total expenses	1,859,391	1,782,512
Revenue in Excess of Expenses	552,439	615,194
Net Unrealized Gain (Loss) on Investments	3,024,277	(311,192)
Increase in Net Assets	$ 3,576,716	$ 304,002

Note 12 - Functional Expenses

The Hospital and School provides health care and educational services to children within its geographic location Expenses related to providing these services are as follows

	2013	2012
Health care and educational services	$ 23,721,692	$ 23,090,372
General and administrative	2,776,208	2,959,100
	$ 26,497,900	$ 26,049,472

Note 13 - Concentrations of Credit Risk

The Hospital and School grants credit without collateral to its patients and residents, most of who are insured under third-party payor agreements The mix of receivables from third-party payors and patients and residents for the years ended June 30, 2013 and 2012 was as follows

	2013	2012
Medicaid	52%	52%
Private pay	28%	32%
Commercial insurance	13%	8%
Blue Cross	6%	7%
Medicare	1%	1%
	100%	100%

The Hospital and School's cash balances are maintained in various bank deposit accounts At times during the years ended June 30, 2013 and 2012, the balances of these deposits were in excess of the federally insured limits

Note 14 - Commitments and Contingencies

Malpractice Insurance

The Hospital and School has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $6 million per claim and an annual aggregate limit of $6 million Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured unless tail insurance was purchased for the estimated liability

IT Maintenance and Support

The Hospital and School has entered into an agreement to receive certain information technology support services through April 2019 Payments for services increase annually by a percentage equal to the annual increase in the Consumer Price Index The minimum future payments for services, based on January 2013 pricing, are as follows

Years Ending June 30,	
2014	$ 276,886
2015	276,886
2016	276,886
2017	276,886
2018	276,886
Thereafter	230,738
	$ 1,615,168

Note 15 - Related Party Transactions

The Hospital and School has been the principal beneficiary of the Children's Care Foundation since the Foundation's inception The Foundation's Board of Directors approved contributions of $1,162,874 and $1,151,246 to the Hospital and School during the years ended June 30, 2013 and 2012, respectively As of June 30, 2013, $566,632 of the 2013 contribution has not been distributed to the Hospital and School and is recorded in due from affiliates on the accompanying balance sheets

The Hospital and School pays certain expenses, including payroll and payroll related expenses, on behalf of the Foundation and is subsequently reimbursed As of June 30, 2013 and 2012, unreimbursed expenses of $94,820 and $72,640, respectively, are recorded in due from affiliates on the accompanying balance sheets

Note 16 - Subsequent Event

The Hospital and School has evaluated subsequent events through October 25, 2013, the date which these financial statements were available to be issued

The Hospital and School entered into a letter of intent to merge on September 10, 2013 with an unrelated non-profit organization located in Sioux Falls, South Dakota As of the date of issuance of these financial statements, certain due diligence procedures were still being performed with the effective date of the merger expected to be December 31, 2013 or January 1, 2014

Supplementary Information
June 30, 2013

Children's Care Hospital and School

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Directors
Children's Care Hospital and School
Sioux Falls, South Dakota

We have audited the financial statements of Children's Care Hospital and School as of and for the year ended June 30, 2013, and our report thereon dated October 25, 2013, which expressed an unmodified opinion on those financial statements, appears on page 1 Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole The members of the Board of Directors listed on page 22 is presented for the purposes of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Eide Bailly LLP

Sioux Falls, South Dakota
October 25, 2013

		Term Expires
P Daniel Donohue	Sioux Falls	2013
William Peterson, CCF Chair	Sioux Falls	2014
H "Chip" Carlson, III	Brandon	2015
William F Duhamel, Ph D , Vice Chair	Rapid City	2015
Molly McCarthy	Sioux Falls	2015
James M Robl, Past Chair	Canton	2015
Geoffrey Tufty, MD, Chair	Sioux Falls	2015
Claudia Vucurevich	Rapid City	2015
Charles Haugland, CCF Past Chair	Alcester	2016
J Pat Costello	Sioux Falls	2019
Julie A Johnson, M D	Brandon	2021
Dave Timpe, CCHS Interim President and CEO (non-voting)	Hartford	
Jessica Wells, CCF President (non-voting)	Lennox	