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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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
3020 Childrens Way MC 5001
Suite

City or town, state or country, and ZIP + 4
San Diego, CA 921234282

D Employer identification number
95-1691313

E Telephone number
(858) 576-1700

G Gross receipts $ 916,986,436

F Name and address of principal officer
Donald B Kearns MD MMM
3020 Childrens WayMC 5001
San Diego,CA 921234282

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 rchsd org

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

L Year of formation 1954

M State of legal domicile CA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
THE HOSPITAL PROVIDES COMPREHENSIVE PEDIATRIC MEDICAL SERVICES IN SAN DIEGO, SOUTHERN RIVERSIDE, AND IMPERIAL COUNTIES

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	21
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	21
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	4,236
6	Total number of volunteers (estimate if necessary)	6	525
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	862,465
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-51,586

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	153,359,580	151,069,577
	9	Program service revenue (Part VIII, line 2g)	595,525,825	624,368,389
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,783,698	31,713,570
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,291,687	11,486,627
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	769,960,790	818,638,163
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	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)	298,452,862	317,567,741
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶337,853		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	361,731,376	383,231,747
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	660,184,238	700,799,488
	19	Revenue less expenses Subtract line 18 from line 12	109,776,552	117,838,675

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	1,235,958,112	1,361,773,690
	21	Total liabilities (Part X, line 26)	681,730,466	608,124,628
	22	Net assets or fund balances Subtract line 21 from line 20	554,227,646	753,649,062

Part II Signature Block

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

Sign Here

Signature of officer | Date 2014-05-12

roger roux cfo
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶ KPMG LLP			Firm's EIN ▶	
Firm's address ▶ 355 S GRAND AVE SUITE 2000 LOS ANGELES, CA 90071			Phone no (213) 972-4000	

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

TO RESTORE, SUSTAIN AND ENHANCE THE HEALTH AND DEVELOPMENTAL POTENTIAL OF CHILDREN THROUGH EXCELLENCE IN CARE, EDUCATION, RESEARCH AND ADVOCACY

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 $ 528,837,949 including grants of $) (Revenue $ 624,368,389)

Rady Children's Hospital San Diego (the Hospital) is a regional tertiary and quaternary referral center and provides comprehensive inpatient and outpatient acute, psychiatric and intensive care pediatric services The Hospital also is the sole pediatric provider and designated pediatric trauma center for San Diego County and is the primary source of pediatric and neonatal intensive care services for both San Diego and Imperial Counties On its main campus the Hospital operates the only level 4 full scope neonatal intensive care unit in San Diego County In addition, the Hospital operates an 11-bed level 2 neonatal intensive care unit in rancho springs and two level 2 neonatal intensive care units for Scripps Health located in La Jolla and Encinitas, an 11-bed pediatric medical unit for Sharp Health located at its Sharp Grossmont Campus, and two units for palomar pomerado health, a 17-bed pediatric medical unit and a level 3, 12-bed neonatal iNtensive care unit, both located at palomar medical center in escondido The Hospital is amalgamated with the University of California, San Diego, Health Sciences, and serves as a center for graduate and post-graduate education in the field of pediatrics Annually, the Hospital has approximately 17,000 inpatient admissions and approximately 330,000 visits per year in its outpatient departments Additionally, the emergency department and urgent care centers provide approximately 70,000 and 47,000 visits, respectively, per year

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** ▶ 528,837,949

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
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)*

			Yes	No
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	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	**1a**	697			
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**	4,236			
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**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
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** 21			
	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** 21			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		**5**		No
6	Did the organization have members or stockholders?		**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?		**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*		**9**		No

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

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

Section C. Disclosure

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

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 ▶ROGER ROUX 3020 CHILDRENS WAY MC 5001 San Diego, CA (858)966-5824

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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

		(D)	(E)	(F)
1b	**Sub-Total** . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . ▶	8,047,966	0	1,182,994

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 ▶543

			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
Children's Specialists of San Diego , 3020 Childrens Way Mc 5001 SAN DIEGO CA 92123	Medical Services	75,600,235
Scripps Memorial- La Jolla , 4275 Campus Point Ct Cp-1 SAN DIEGO CA 92121	Medical Claims	5,625,297
Quest Diagnostics Nichols , 33608 Ortega Hwy SAN JUAN CAPISTRANO CA 92675	Medical Services	1,911,073
Zanett Commercial Solutions Inc 59 , 3899 Solutions Center CHICAGO IL 606773008	Medical Services	1,668,089
AMN Healthcare INC , 12400 High Bluff Drive SAN DIEGO CA 92130	Medical services	11,985,485

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 ▶79

Part VIII Statement of Revenue

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

Section	Line	Description	Line ref / Code	Amount	(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					
	d	Related organizations	1d	5,435,439				
	e	Government grants (contributions)	1e	100,629,144				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	45,004,994				
	g	Noncash contributions included in lines 1a-1f $						
	h	**Total.** Add lines 1a-1f ▶			151,069,577			
Program Service Revenue			Business Code					
	2a	NET PATIENT SERVICE REVENUE	621400		533,559,654	533,559,654		
	b	CAPITATED CONTRACT REVENUE	623000		68,617,437	68,617,437		
	c	OUTPATIENT PHARMACEUTICAL	446110		7,800,499	7,800,499		
	d	CONFERENCE & TUITION REVENUE	611710		1,416,588	1,416,588		
	e	MEDICAL SERVICES REIMBURSEMENT	611710		4,150,136	4,150,136		
	f	All other program service revenue			8,824,075	8,824,075		
	g	**Total.** Add lines 2a–2f ▶			624,368,389			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶			11,769,395			11,769,395
	4	Income from investment of tax-exempt bond proceeds ▶			0			
	5	Royalties ▶			0			
			(i) Real	(ii) Personal				
	6a	Gross rents	1,734,285					
	b	Less rental expenses						
	c	Rental income or (loss)	1,734,285	0				
	d	Net rental income or (loss) ▶			1,734,285			1,734,285
			(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	118,292,448					
	b	Less cost or other basis and sales expenses	98,348,273					
	c	Gain or (loss)	19,944,175					
	d	Net gain or (loss) ▶			19,944,175			19,944,175
	8a	Gross income from fundraising events (not including $ ______ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	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 ▶			0			
	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 ▶			0			
		Miscellaneous Revenue	Business Code					
	11a	PARKING	812930		2,051,231			2,051,231
	b	FOOD SERVICE REVENUE	721000		1,633,324			1,633,324
	c	DUKE ENERGY CONSENT PAYMENT	900099		2,750,000			2,750,000
	d	All other revenue			3,317,787		862,465	2,455,322
	e	**Total.** Add lines 11a–11d ▶			9,752,342			
	12	**Total revenue.** See Instructions ▶			818,638,163	624,368,389	862,465	42,337,732

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	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	7,100,287	1,786,336	4,976,098	337,853
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	247,810,628	188,056,641	59,753,987	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	17,129,148	12,915,269	4,213,879	
9	Other employee benefits	26,450,141	19,943,239	6,506,902	
10	Payroll taxes	19,077,537	14,384,342	4,693,195	
11	Fees for services (non-employees)				
a	Management	2,570,060	785,867	1,784,193	
b	Legal	988,319		988,319	
c	Accounting	1,286,742		1,286,742	
d	Lobbying	137,590		137,590	
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	678,577		678,577	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	177,841,313	136,456,618	41,384,695	
12	Advertising and promotion	845,259	135,887	709,372	
13	Office expenses	1,940,747	867,531	1,073,216	
14	Information technology	609,067	206,553	402,514	
15	Royalties . .	0			
16	Occupancy	13,126,752	10,501,402	2,625,350	
17	Travel	1,028,789	658,880	369,909	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	223,945	130,376	93,569	
20	Interest	18,833,211	15,066,569	3,766,642	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	39,719,572	13,901,850	25,817,722	
23	Insurance	4,589,137	1,596	4,587,541	
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	TAXES AND LICENSES	25,627,653	24,196,244	1,431,409	
b	FOOD SUPPLIES	1,751,369	24,332	1,727,037	
c	DUES AND SUBSCRIPTIONS	1,208,957	242,808	966,149	
d	MEDICAL SUPPLIES	75,714,801	74,065,722	1,649,079	
e	All other expenses	14,509,887	14,509,887		
25	**Total functional expenses.** Add lines 1 through 24e	700,799,488	528,837,949	171,623,686	337,853
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		18,365,024	1	32,422,283
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		154,051,033	4	145,711,164
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		50,000	5	50,000
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		461,785	7	454,561
	8	Inventories for sale or use		6,151,565	8	7,269,187
	9	Prepaid expenses and deferred charges		3,800,165	9	8,496,380
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 769,739,052			
	b	Less accumulated depreciation	10b 282,984,177	495,886,712	10c	486,754,875
	11	Investments—publicly traded securities		367,029,315	11	511,679,337
	12	Investments—other securities See Part IV, line 11		52,969,207	12	49,452,883
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		3,275,951	14	2,863,117
	15	Other assets See Part IV, line 11		133,917,355	15	116,619,903
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,235,958,112	16	1,361,773,690
Liabilities	17	Accounts payable and accrued expenses		147,563,261	17	128,785,742
	18	Grants payable		0	18	0
	19	Deferred revenue		540,803	19	350,059
	20	Tax-exempt bond liabilities		408,441,248	20	405,151,674
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		6,012,144	23	5,586,096
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		119,173,010	25	68,251,057
	26	**Total liabilities.** Add lines 17 through 25		681,730,466	26	608,124,628
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		497,846,929	27	695,236,478
	28	Temporarily restricted net assets		47,961,029	28	48,649,858
	29	Permanently restricted net assets		8,419,688	29	9,762,726
		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		554,227,646	33	753,649,062
	34	Total liabilities and net assets/fund balances		1,235,958,112	34	1,361,773,690

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	818,638,163
2	Total expenses (must equal Part IX, column (A), line 25)	2	700,799,488
3	Revenue less expenses Subtract line 2 from line 1	3	117,838,675
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	554,227,646
5	Net unrealized gains (losses) on investments	5	20,658,115
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	60,924,626
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	753,649,062

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	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

Additional Data

Software ID:
Software Version:
EIN: 95-1691313
Name: RADY CHILDREN'S HOSPITAL - SAN DIEGO

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
LISA A BARKETT BOARD MEMBER	34 34	X								
Andrew S Clark BOARD MEMBER	0 0 0 0	X								
JOHN M GILCHRIST JR Board Member	41 62	X								
DAVID F HALE CHAIR	92 1 71	X		X						
S Douglas Hutcheson Board Member	55 55	X								
Jeffrey A Jacobs Board Member	13 13	X								
Greg T Lucier Board Member	1 1	X								
CATHERINE J MACKEY PHD Board Member	46 46	X								
Tina Nova PhD Board Member	14 14	X								
Michael P Peckham Board Member	5 5	X								
THEODORE D ROTH VICE CHAIR	75 1 12	X		X						
Mark A Snell Board member	05 05	X								
G Diego Miralles MD Board Member	38 58	X								
SCOTT N WOLFE ESQ Board Member	68 1 02	X								
David A Brenner MD Board Member	23 23	X								
James Harley Board Member	37 37	X								
Pradeep Khosla PhD Board Member	24 24	X								
Gail R Knight MD Board Member	0 0 0 0	X								
Harry M Rady Board Member	57 57	X								
William B Sailer Esq Board Member	82 1 67	X								
John D Stobo Md Board Member	0 0 0 0	X								
Roger Roux SVP/CFO	15 75 24 25			X				627,566	0	60,681
Kathleen A Sellick President/CEO	14 0 26 0			X				1,072,822	0	88,868
Margareta E Norton SVP/COO	16 0 24 0			X				682,839	0	75,387
Belinda Santos assistant Secretary	20 0 20 0			X				87,570	0	16,515

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
Albert Oriol VP, CIO	40 0 0 0				X			373,052	0	54,658
David B Gillig SVP/Exec Dir	14 0 26 0				X			558,946	0	20,172
Irvin A Kaufman MD SVP/HEALTH AFFAIRS	20 0 20 0				X			597,040	0	83,137
Timothy Lee Jacoby VP,FACILITIES,CONSTR &PLANNING	40 0 0 0				X			365,064	0	37,022
Angela Marie Vieira VP/GENERAL COUNSEL	40 0 0 0				X			315,429	0	53,879
Barbara Ryan VP/GOVERNMENT AFFAIRS	40 0 0 0				X			295,661	0	96,565
Charles Wilson Sr Director/chadwick center	40 0 0 0				X			296,964	0	102,739
Chris Abe SR DIR ANCILLARY/SUPP SVCS	40 0 0 0				X			248,812	0	49,698
Mary Jane Fagan VP/PATIENT CARE SERVICES/CNO	40 0 0 0				X			304,226	0	44,724
Mohammed Mamoon Syed VP, Human Resources	40 0 0 0				X			296,360	0	36,003
Scott D Campbell VP, CFO, MPF	40 0 0 0				X			295,002	0	57,137
Beth Mohr VP, Controller	40 0 0 0				X			209,109	0	41,584
Glenn F Billman Chief quality Officer	40 0 0 0					X		263,837	0	75,119
Barbara L Holt NICU Director	40 0 0 0					X		250,604	0	10,475
Craig C Kishaba Directr, Business & Comm Devlp	40 0 0 0					X		215,249	0	63,026
Kristin Gist Sr Dir, Developmental Svcs	40 0 0 0					X		214,318	0	49,822
Kenneth H Schell Pharmacist in Chief	40 0 0 0					X		202,707	0	65,783
Blair Sadler FORMER PRESIDENT/CEO	0 0 0 0						X	274,789	0	0

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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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

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

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493133059304

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
RADY CHILDREN'S HOSPITAL - SAN DIEGO	95-1691313

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		

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

	(a) Filing organization's totals	**(b)** Affiliated group totals
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) 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?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		137,590
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total Add lines 1c through 1i			137,590
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
Schedule C, Part II-B, Line 1G		Paid outside consultants to increase and obtain funding for building development projects and to influence federal, state and local legislation as it affects Rady Children's Hospital's healthcare reimbursement and regulations

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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

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	48,036,828	49,723,607	42,252,279	37,093,561	51,130,326
b	Contributions	15,277,049	296,255	151,852	275,375	170,821
c	Net investment earnings, gains, and losses	5,535,659	-222,291	9,243,544	6,593,869	-12,186,268
d	Grants or scholarships	0	0	0	0	0
e	Other expenditures for facilities and programs	1,920,393	1,667,699	1,799,491	1,603,715	1,874,174
f	Administrative expenses	72,554	93,045	124,576	106,811	147,144
g	End of year balance	66,856,589	48,036,827	49,723,608	42,252,279	37,093,561

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

a Board designated or quasi-endowment ► 81 840 %

b Permanent endowment ► 14 690 %

c Temporarily restricted endowment ► 3 470 %

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)	Yes	
	(ii) related organizations	3a(ii)	Yes	
b	If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	Yes	

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		17,107,314		17,107,314
b Buildings		542,806,432	153,683,106	389,123,326
c Leasehold improvements		6,172,000	5,280,972	891,028
d Equipment		183,625,103	121,602,541	62,022,562
e Other		20,028,203	2,417,558	17,609,145
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ►				486,753,375

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
(1) BOND INDENTURE AGREEMENTS	71,315,665
(2) RECEIVABLES FROM AFFILIATES	10,604,735
(3) EXECUTIVE COMPENSATION	480,201
(4) DEFERRED FINANCING COSTS	2,661,468
(5) ASSET DEPOSITS	129,775
(6) ASSET-SEC DEP	55,605
(7) ASSETS LIMITED TO USE	265,985
(8) PENSION FUNDED STATUS	31,106,469
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	116,619,903

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
PAYABLE TO BENEFICIARIES	111,740
INTEREST RATE SWAPS	46,789,568
DEFFERED COMPENSATION	634,572
MALPRACTICE IBNR	3,336,829
BENEFITS PAYABLE	14,244,458
SANFORD INVSTMNT OCEANSIDE BUI	2,948,673
SECURITY DEPOSITS	185,217
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	68,251,057

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

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

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

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
Schedule D, Part V, Line 4		Rady Children's board designated endowment funds support the highest and most urgent needs of the organization as determined by ItS Board of Trustees In addition, donor designated (or restricted) endowment funds support a wide range of Initiatives Identified by the donor

Additional Data

Software ID:
Software Version:
EIN: 95-1691313
Name: RADY CHILDREN'S HOSPITAL - SAN DIEGO

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
(1) BOND INDENTURE AGREEMENTS	71,315,665
(2) RECEIVABLES FROM AFFILIATES	10,604,735
(3) EXECUTIVE COMPENSATION	480,201
(4) DEFERRED FINANCING COSTS	2,661,468
(5) ASSET DEPOSITS	129,775
(6) ASSET-SEC DEP	55,605
(7) ASSETS LIMITED TO USE	265,985
(8) PENSION FUNDED STATUS	31,106,469

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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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 250 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 450 %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a		No
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)			3,963,919	0	3,963,919	0 570 %
b Medicaid (from Worksheet 3, column a)			305,721,946	309,127,982	-3,406,036	0 490 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			2,040,818	15,512	2,025,306	0 290 %
d **Total** Financial Assistance and Means-Tested Government Programs			311,726,683	309,143,494	2,583,189	0 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	40		23,318,029	12,556,223	10,761,806	1 540 %
f Health professions education (from Worksheet 5)	13		14,255,839	4,333,986	9,921,853	1 420 %
g Subsidized health services (from Worksheet 6)	11		25,269,995	12,936,393	12,333,602	1 760 %
h Research (from Worksheet 7)	25		2,879,043	0	2,879,043	0 410 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits	89		65,722,906	29,826,602	35,896,304	5 130 %
k **Total.** Add lines 7d and 7j	89		377,449,589	338,970,096	38,479,493	5 500 %

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	1		35,558	0	35,558	0 010 %
8 Workforce development	1		235,587	0	235,587	0 030 %
9 Other						
10 **Total**	2		271,145	0	271,145	0 040 %

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	4,806,559		
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			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	1,340,260
6	Enter Medicare allowable costs of care relating to payments on line 5	6	2,867,251
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-1,526,991

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

			Yes	No
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Rady Children's Hospital San Diego 3020 Childrens Way MC 5133 San Diego, CA 92123	X		X	X		X	X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Rady Children's Hospital San Diego

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

			Yes	No
	Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining 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	Yes	
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**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 250 %			
If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 450 %			
If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

a ☑ Notified individuals of the financial assistance policy on admission

b ☑ Notified individuals of the financial assistance policy prior to discharge

c ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills

d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy

e ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

		Yes	No
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?
19

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		THE BEST AVAILABLE DATA WAS USED TO CALCULATE THE COST AMOUNTS REPORTED IN ITEM 7 FOR CERTAIN CATEGORIES, PRIMARILY CHARITY CARE AND MEANS-TESTED GOVERNMENT PROGRAMS, THE COST TO CHARGE RATIO WAS CALCULATED USING WORKSHEET 2, RATIO OF PATIENT CARE COST TO CHARGES AND APPLIED TO THOSE CATEGORIES IN OTHER CATEGORIES, THE BEST AVAILABLE DATA WAS DERIVED FROM THE HOSPITAL'S DETAILED FINANCIAL INFORMATION SCHEDULE H, PART II, COMMUNITY BUILDING ACTIVITIES RADY CHILDREN'S CENTER FOR HEALTHIER COMMUNITIES PROVIDES THE FACES FOR THE FUTURE PROGRAM AT A LOCAL HIGH SCHOOL THE FACES PROGRAM IS A YOUTH AND FUTURE HEALTHCARE WORKFORCE DEVELOPMENT PROGRAM THAT PREPARES UNDERREPRESENTED, ETHNICALLY DIVERSE YOUTH FOR CAREERS IN ALL AREAS OF THE HEALTH PROFESSIONS THE PROGRAM ALSO AIMS TO ASSIST LOCAL PUBLIC SCHOOLS IN MOTIVATING AND PREPARING UNDERREPRESENTED HIGH SCHOOL STUDENTS FOR ENTRY INTO COLLEGE, HEALTHCARE/RESEARCH CAREERS AND OTHER VIABLE EMPLOYMENT OPPORTUNITIES IN THE HEALTHCARE INDUSTRY THE PARTICIPATING STUDENTS ROTATE THROUGH CLINICAL DEPARTMENTS AT RADY CHILDREN'S HOSPITAL - SAN DIEGO AND RECEIVE MENTORSHIP
SCHEDULE H, PART III, LINE 2		for uninsured patients that do not qualify for charity care, RCHSD recognizes revenue on the basis of its standard rates for services provided, or on the basis of discounted rates if negotiated or provided by policy On the basis of historical experience, a significant portion of RCHSD's uninsured patients are unable or unwilling to pay for the services provided Thus, RCHSD records a significant provision for bad debts related to uninsured patients in the period services are provided RCHSD records its provision for bad debts based upon the historical experience, as well as collection trends for major payor types SCHEDULE H, PART III, LINE 3 RCHSD does not treat any part of the bad debt as community benefit expense SCHEDULE H, PART III, LINE 4 SEE PAGE 14 OF THE AUDITED FINANCIAL STATEMENTS Scheudle H, Part III, Line 8 THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATION'S MEDICARE COST REPORT AS REFLECTED IN THE AMOUNT REPORTED IN PART III, LINE 6 ARE DETERMINED USING A PRO FORMA COST REPORT AS DESCRIBED IN PART I, LINE 7 ABOVE THE ORGANIZATION BELIEVES THAT THE TEFRA COST LIMITATION SHOULD BE INCLUDED AS A COMMUNITY BENEFIT, BASED ON THE INPATIENT COST OVER THE TEFRA LIMITS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 9B		IN ITS BILLING AND COLLECTION ACTIVITY, RADY CHILDREN'S HOSPITAL - SAN DIEGO TREATS ALL PATIENTS AND PATIENT FAMILIES OR REPRESENTATIVES WITH FAIRNESS, DIGNITY AND RESPECT RCHSD DOES NOT UTILIZE WAGE GARNISHMENTS, LIENS ON A PATIENT'S PRIMARY RESIDENCE, OR BODY ATTACHMENTS IN ITS COLLECTION ACTIVITIES RCHSD ONLY UTILIZES THOSE OUTSIDE OR THIRD PARTY COLLECTION AGENCIES THAT AGREE TO COMPLY WITH APPLICABLE STATE AND FEDERAL LAWS AND WITH RCHSD POLICIES, AND RCHSD DEBT COLLECTION STANDARDS AND PRACTICES IN DETERMINING THE DEBT THAT RCHSD SEEKS TO RECOVER, RCHSD WILL CONSIDER ONLY THE INCOME AND CERTAIN MONETARY ASSETS OF THE PATIENT/GUARANTOR ELIGIBLE FOR THE RCHSD FINANCIAL ASSISTANCE PROGRAM IN MAKING THIS DETERMINATION, RCHSD WILL NOT CONSIDER RETIREMENT OR DEFERRED COMPENSATION PLANS (EITHER QUALIFIED OR NON-QUALIFIED UNDER THE INTERNAL REVENUE CODE), THE FIRST $10,000 OR THE REMAINING 50 PERCENT OF THE PATIENT/GUARANTOR'S MONETARY ASSETS RCHSD SHALL NOT SEND AN ACCOUNT TO A COLLECTION AGENCY IF THE PATIENT HAS A PENDING APPLICATION FOR THE RCHSD FINANCIAL ASSISTANCE PROGRAM OR GOVERNMENT-SPONSORED INSURANCE PROGRAM OR IS ATTEMPTING IN GOOD FAITH TO SETTLE AN OUTSTANDING BILL BY NEGOTIATING AN INTEREST FREE, EXTENDED PAYMENT PLAN OR BY MAKING REGULAR PARTIAL PAYMENTS OF A REASONABLE AMOUNT A "PENDING APPLICATION" IS DEFINED AS AN APPLICATION THAT HAS BEEN FULLY COMPLETED AND INCLUDES COPIES OF THE REQUIRED DOCUMENTATION BY THE PATIENT/GUARANTOR, SUBMITTED TO THE RELEVANT PUBLIC AGENCY IN THE CASE OF GOVERNMENT PROGRAMS AND TO RCHSD IN THE CASE OF THE RCHSD FINANCIAL ASSISTANCE PROGRAM IF A PATIENT ACCOUNT IS SENT TO COLLECTIONS AND IT IS DETERMINED THAT THE PATIENT IS ELIGIBLE FOR FINANCIAL ASSISTANCE, THE PATIENT ACCOUNT IS REMOVED FROM THE COLLECTION PROCESS AND THE FINANCIAL ASSISTANCE APPLICATION PROCESS IS IMPLEMENTED
SCHEDULE H, PART V		Schedule H, Part V, Line 3 In conducting its most recent CHNA, the hospital facility took into account input from representatives of the community served by the hospital, including those with special knowledge of or expertise in public health This was done through three methods an electronic survey for community leaders and health experts, key informant interviews, and community forums for residents in vulnerable communities throughout San Diego County Community Leader and Health Experts Community leaders and health experts were chosen based on their discipline and knowledge of health issues affecting San Diego County The CHNA Advisory Workgroup developed a list of over 100 possible community leaders and health experts A health expert or leader was defined as a person with special knowledge of or expertise in public health The list was compiled to ensure representation of experts in both the 15 health conditions and 26 health drivers that had been identified as priority health conditions in the County Health experts and leaders were identified from hospital settings, community-based organizations, government policy, legal, and health advocacy organizations Contact information was verified and initial emails were sent to the list of health experts and leaders in San Diego in order to gauge potential interest in participating in the CHNA health prioritization survey At the time of this initial e-mail, interested respondents were asked which conditions they had expertise in, what populations they served and what regions they worked in This initial feedback gave the CHNA Advisory Workgroup an idea of the coverage of data that would ultimately be gathered on health conditions, regions and populations served Targeted outreach to additional health experts and leaders was then initiated to fill gaps of under-represented conditions, regions, or vulnerable populations A CHNA survey was emailed to over 120 health experts and leaders, with 88 people completing the survey When designing the survey, the diversity of the knowledge of the respondents was taken into account Some respondents had knowledge of specific diseases or conditions and the health drivers affecting those diseases Other leaders had a general knowledge of health drivers and how they affect multiple health outcomes To accommodate these different perspectives, the survey was created so that the respondents could answer the survey from one of the two perspectives Both perspectives allowed respondents to comment on poor health conditions and health drivers as they completed the survey Key Informant Interviews Key informants were selected based on their ability to understand health policy, and their knowledge of issues throughout San Diego County Five key informant interviews were conducted to 1) gather more in-depth understanding of the health conditions most affecting San Diego, 2) aid in the process of prioritizing health conditions, 3) make connections between the health conditions and associated health drivers, 4) gain information about the system or policy changes that could potentially impact health conditions, and 5) get health conditions specific recommendations as well as overall recommendations Resident Feedback Five community forums with local residents were conducted to gain resident's perspective on the health needs of their communities, identify health conditions most affecting their communities, and identify community recommendations on how hospitals could help to meet their health needs Recognizing that health needs differ across the region and that socioeconomic factors impact health outcomes, the Dignity Health Community Need Index (CNI) was used to identify communities with the highest level of health disparities and needs Residents in five of these neighborhoods provided input on the health needs of their communities in a community forum setting Neighborhood community collaborative agencies or organizations within each neighborhood helped to recruit community members to participate in the focus groups Recruitment included the stipulation that focus group participants were living in the neighborhood and were not affiliated with local hospitals and health centers Focus groups were conducted in El Cajon, Oceanside, Escondido, Logan Heights, and San Ysidro During the focus groups, Geographical Informational Systems (GIS) maps displaying CNI scores by zip code in San Diego County as well as the County of San Diego's HHSA region of the neighborhood were displayed and hand-outs in both English and Spanish explaining the CNI score were distributed to each participant Information about the health resources available in their neighborhoods was also provided to community members Schedule h, part v, line 4 Rady Children's Hospital - San Diego conducted its CHNA with the following hospitals(see CHNA, Page 4) - Kaiser Foundation Hospital - San Diego - Palomar Health - Scripps Health - Sharp HealthCare - Tri-City Medical Center - University of California San Diego Health System schedule h, part v, line 5 http //www rchsd org/health-safety/community-health-needs-assessment/ schedule h, part v, line 7 Rady Children's is not addressing cardiovascular disease for the pediatric population as it was identified in the CHNA as a top health need for the adult population, not pediatric Rady Children's provides cardiology, cardiovascular and other related medical services, which are more appropriate for the pediatric population Schedule h, part v, line 14g ALL LANGUAGE REGARDING THE POLICY IS COMMUNICATED TO PATIENTS VIA SIGNAGE IN ALL ADMITTING AREAS AT THE POINT OF REGISTRATION, ALL PATIENTS RECEIVE BROCHURES EXPLAINING THE FACILITY'S financial assistance PROGRAM AND THE AVAILABILITY OF GOVERNMENT SPONSORED PROGRAMS, ALL INITIAL STATEMENTS TO UNINSURED PATIENTS INCLUDES VERBIAGE INFORMING PATIENTS OF THE FACILITY'S financial assistance PROGRAM AND A COPY OF THE CHARITY CARE APPLICATION A summary of the financial assistance policy is posted on the hospital's website scheudle h, part v, line 20d The hospital determined, during the tax year, the maximum amounts that can be charged to FAP eligible individuals for emergency or other medically necessary care, based on Medi-Cal rates (AB 774)

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 2	NEEDS ASSESSMENT	Rady Children's Hospital - San Diego is committed to improve the health status of the community RCHSD, in conjunction with its hospital partners, participates in the hospital association of San Diego and imperial counties (HASDIC) HASDIC partners and Rady Children's together conducted a new CHNA in 2013 In addition, through a myriad of community-based programs, RCHSD assesses various patient population needs on an ongoing basis Based on the results of the triennial San Diego community health needs assessment, as well as ongoing assessments, RCHSD offers a variety of programs to address the physical, mental and social health needs of children SCHEDULE H, PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE RCHSD provides written information about the availability of the RCHSD financial assistance program, including a brochure that is disseminated throughout our patient clinics This information is provided at patient registration, including patient informational materials, emergency department, outpatient clinics, and patient financial services In addition, a statement regarding the financial assistance program is included on patient billing statements Written notice is provided to potentially eligible patients during the registration process or as soon as possible thereafter and during the billing process This information is provided in English and Spanish and is translated for patients/guarantors who speak other languages Notification of financial assistance discusses, at a minimum, the following - if a patient meets certain income requirements, the patient may be eligible for a government -sponsored health insurance program or the RCHSD financial assistance program - identification of RCHSD financial counseling - patient financial services phone number with hours of availability so that patients may call to obtain further information about the financial assistance program Rady children's provides healthcare support services to the community through the financial counseling team Rady children's financial counselors proactively explore and assist patients/guarantors in applying for health insurance coverage from public and private payment programs - the RCHSD website provides information about the financial assistance program, and the financial assistance policy and financial assistance program application are posted on the RCHSD website SCHEDULE H, PART VI, LINE 4 COMMUNITY INFORMATION There are approximately 775,000 children between the ages of infant to 17 that reside in San Diego County The median household income in 2011 was $62,771 and approximately 38 percent of families are considered low income Rady Children's Hospital - San Diego has participated in a county-wide health needs assessment every three years previously through the Community Health Improvement Partners (CHIP) since the inception of SB697 In 2013, the CHNA was conducted through HASDIC The most recent health needs assessment, funded in part by RCHSD, and other local participating hospital providers was completed in 2013 The 2013 CHNA findings were in keeping with health needs identified in prior CHNAs, and included obesity, diabetes and behavioral health needs Rady Children's works to help improve the health status of the community through a variety of programs Rady children's hospital - San Diego is a regional tertiary and quaternary referral center and the largest provider of pediatric hospital services in San Diego county RCHSD provides comprehensive care and treatment to children ranging in age from newborn through independent adulthood RCHSD is the sole pediatric level 1 trauma center serving San Diego and imperial counties Also, RCHSD is the pediatric safety net hospital for the region with a medi-cal payor mix hovering over 50% Rchsd serves as the teaching hospital for the school of medicine at the University of California, San Diego (UCSD) and, in 2001, RCHSD and UCSD amalgamated where RCHSD became the pediatric provider of inpatient and outpatient medical and surgery services and certain other clinical services for UCSD pediatric patients There are three large health systems operating in San Diego, Sharp Healthcare, Scripps Health and Kaiser Permanente, as well as other hospital providers To help care for pediatric patients, RCHSD collaborates with sharp healthcare, Scripps Health and Palomar Pomerado health through affiliated program agreements SCHEDULE H, PART VI, LINE 5 promotion of community health The Rady Children's Hospital and Health Center is governed by an 21-member Board of Trustees The majority of the organization's governing body is comprised of persons representing the San Diego community, who are neither employees nor contractors of the organization RCHSD extends medical staff privileges to all qualified physicians in its community RCHSD applies its surplus funds to support the highest and most urgent needs of the organization and the community including improving patient care, providing support for our patients' families, research, developmental services, mental health services, child abuse prevention and treatment services, education programs, and purchasing state-of-the art equipment and technology to further enhance patient care RCHSD promotes the health of the community it serves through a variety of mechanisms The RCHSD Community Benefit Report for fiscal year 2013 (July 1, 2012 through June 30, 2013) provides detailed information on over 30 programs and related activities RCHSD conducts each year to improve patient's health status From providing free medical education training seminars to community-based physicians and other health providers, support groups, parent educational resource materials, pediatric research, to programs directed to improve the health needs of patients, RCHSD uses a multi-pronged approach to provide benefit to the community SCHEDULE H, PART VI, LINE 7 RCHSD files a community benefit report in the state of California

Additional Data

Software ID:
Software Version:
EIN: 95-1691313
Name: RADY CHILDREN'S HOSPITAL - SAN DIEGO

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

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

How many non-hospital health care facilities did the organization operate during the tax year?
19

Name and address	Type of Facility (describe)
Chadwick Center for Children & Families 1261 Third Avenue Suite D Chula Vista, CA 91911	Trauma Counseling
Rady Children's Specialists of San Diego 477 North El Camino Real Encinitas, CA 92024	Trauma Counseling
Rady Children's Specialists of San Diego 625 West Citracado Parkway Escondido, CA 92025	Trauma Counseling
Rady Children's Specialists of San Diego 25485 Medical Center Drive Suite 1 Murrieta, CA 92562	Trauma Counseling
Sanford Children's Clinic 3605 Vista Way Suite 130 Oceanside, CA 92056	Trauma Counseling
Rady Children's Developmental Services 667 San Rodolfo Drive Suite 126 Solana Beach, CA 92075	Trauma Counseling
City Heights Wellness Center 4440 Wightman Street Suite 200 San Diego, CA 92105	Trauma Counseling
HomeCare 8291 Aero Place Suite 130 San Diego, CA 92123	Trauma Counseling
Polinsky Children's Center Medical Clini 9400 Ruffin Court Building B San Diego, CA 92123	Trauma Counseling
Rady Children's Specialists of San Diego 6386 Alvarado Court Suite 210 San Diego, CA 92123	Trauma Counseling
Rady Children's Specialists of San Diego 3750 Convoy St Suite 301 San Diego, CA 92111	Trauma Counseling
Rady Children's Specialists of San Diego 385 W Main Street El Centro, CA 92243	Trauma Counseling
Rady Children's 7910 Frost Suite 140 San Diego, CA 92123	Trauma Counseling
Rady Children's 8010 Frost Suite 140 San Diego, CA 92123	Trauma Counseling
Rady Children's 7920 Frost Suite 140 San Diego, CA 92123	Trauma Counseling
Nelson Family Pavilion 8001 Frost Street San Diego, CA 92123	Trauma Counseling
Rady Children's 8110 Birmingham Drive San Diego, CA 92123	Trauma Counseling
Chadwick Center for Children & Families 3665 kearny villa road san diego, CA 92123	Trauma Counseling
Rady Children's Development Services 445 marine avenue suite 120 del mar, CA 92014	Trauma Counseling

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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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
Schedule J, Part I, Line 4b		Rady Children's Hospital - San Diego has established a non-qualified plan pursuant to 457(f) of the Internal Revenue Code The purpose of this plan is to incentivize Rady Children's Hospital - San Diego eligible senior management employees (President, Senior Vice Presidents, Vice Presidents, Senior Managing Directors) in recognition of the fact that they are required to devote significant amounts of time, skill and energy to the organization and to provide these individuals with additional deferral opportunities The amounts listed in Schedule J Part II, Column (C) are subject to substantial future service requirements to the organization and are subject to substantial risk of forfeiture Once vested and not otherwise deferred, the amounts under this plan are reported on Form W-2 as taxable compensation to the individual

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 95-1691313
Name: RADY CHILDREN'S HOSPITAL - SAN DIEGO

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Albert Oriol	(i)	290,070	31,533	51,449	41,160	13,498	427,710	40,982
	(ii)	0	0	0	0	0	0	0
David B Gillig	(i)	298,929	0	260,017	-8,549	28,721	579,118	74,218
	(ii)	0	0	0	0	0	0	0
Roger Roux	(i)	437,710	75,986	113,870	44,707	15,974	688,247	101,382
	(ii)	0	0	0	0	0	0	0
Kathleen A Sellick	(i)	648,666	215,180	208,976	57,757	31,111	1,161,690	192,623
	(ii)	0	0	0	0	0	0	0
Margareta E Norton	(i)	468,381	98,477	115,981	59,862	15,525	758,226	101,948
	(ii)	0	0	0	0	0	0	0
Irvin A Kaufman MD	(i)	428,687	59,089	109,264	74,493	8,644	680,177	96,946
	(ii)	0	0	0	0	0	0	0
Timothy Lee Jacoby	(i)	291,436	24,923	48,705	26,986	10,036	402,086	36,836
	(ii)	0	0	0	0	0	0	0
Angela Marie Vieira	(i)	243,049	26,156	46,224	38,354	15,525	369,308	34,369
	(ii)	0	0	0	0	0	0	0
Barbara Ryan	(i)	222,472	24,387	48,802	86,529	10,036	392,226	35,780
	(ii)	0	0	0	0	0	0	0
Charles Wilson	(i)	231,363	16,610	48,991	71,628	31,111	399,703	39,179
	(ii)	0	0	0	0	0	0	0
Chris Abe	(i)	194,851	12,283	41,678	34,173	15,525	298,510	29,526
	(ii)	0	0	0	0	0	0	0
Blair Sadler	(i)	0	0	274,789	0	0	274,789	0
	(ii)	0	0	0	0	0	0	0
Mary Jane Fagan	(i)	253,106	28,435	22,685	44,724	0	348,950	12,685
	(ii)	0	0	0	0	0	0	0
Mohammed Mamoon Syed	(i)	241,984	26,186	28,190	22,505	13,498	332,363	18,190
	(ii)	0	0	0	0	0	0	0
Scott D Campbell	(i)	248,777	25,932	20,293	35,058	22,079	352,139	10,293
	(ii)	0	0	0	0	0	0	0
Glenn F Billman	(i)	239,013	17,067	7,757	44,008	31,111	338,956	7,757
	(ii)	0	0	0	0	0	0	0
Barbara L Holt	(i)	226,611	0	23,993	-3,023	13,498	261,079	0
	(ii)	0	0	0	0	0	0	0
Craig C Kishaba	(i)	202,401	11,500	1,348	36,307	26,719	278,275	1,348
	(ii)	0	0	0	0	0	0	0
Kristin Gist	(i)	184,337	13,938	16,043	49,822	0	264,140	14,743
	(ii)	0	0	0	0	0	0	0
Beth Mohr	(i)	179,175	19,800	10,134	32,940	8,644	250,693	134
	(ii)	0	0	0	0	0	0	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Kenneth H Schell	(i)	190,177	11,470	1,060	34,672	31,111	268,490	1,060
	(ii)	0	0	0	0	0	0	0

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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pool financing Yes	(i) Pool financing No
A	CALIFORNIA STATEWIDE COMM DEVELOPMENT AUTHORITY	68-0164610	1309114Z0	10-26-2006	194,219,503	See Part VI		X		X		X
B	CALIFORNIA STATEWIDE COMM DEVELOPMENT AUTHORITY	68-0164610	130795VK0	07-02-2008	128,845,000	Current refunding Series 2007AB		X		X		X
C	CALIFORNIA STATEWIDE COMM DEVELOPMENT AUTHORITY	68-0164610	130795VT1	07-31-2008	101,155,000	Current refunding Series 2006CD		X		X		X
D	California Health Facilities Financing Authority	52-1643828	13033LUU9	11-22-2011	100,079,621	refund loan,renov,constr&equip pur		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	117,735,000	65,000,000	50,580,000	0
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	200,466,865	128,845,192	101,088,384	100,250,752
4	Gross proceeds in reserve funds	0	0	0	0
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrows	0	0	0	0
7	Issuance costs from proceeds	1,866,248	803,735	820,490	1,682,270
8	Credit enhancement from proceeds	5,734,000	526,457	335,833	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	101,343,671	0	0	67,374,136
11	Other spent proceeds	91,522,945	127,515,000	100,000,014	0
12	Other unspent proceeds	0	0	0	31,194,347
13	Year of substantial completion	2010	2010	2010	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X		X	
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X		X	
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
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 %		0 %		0 %		0 %
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 ▶		%		%		%		%
6	Total of lines 4 and 5		0 %		%		%		%
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X		X	

Part IV Arbitrage

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1	Has the issuer filed Form 8038-T?		X		X	X			X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X						X	
b	Exception to rebate?	X		X					X
c	No rebate due?	X		X					
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X		X			X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X		X			X
b	Name of provider	Goldman Sachs		Goldman Sachs		Goldman Sachs			
c	Term of hedge		1 76		35 19		28 06		
d	Was the hedge superintegrated?		X		X		X		
e	Was a hedge terminated?	X		X		X			

Part IV Arbitrage *(Continued)*

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?	X		X		X			X
b	Name of provider	Hypo Repurchase Agrt		Natixis		Hypo Repurchase Agrt		0	
c	Term of GIC		2 55		2 27		2 55		
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X		X			
6	Were any gross proceeds invested beyond an available temporary period?		X	X			X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

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

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

Identifier	Return Reference	Explanation
2006ABCD Bonds	0	Part I, f The Issue Date of the 1993 Bonds was 04/01/1993, the Issue Date of the 1996 Bonds was 02/07/1996, and the Issue Date of the 2004 capital lease was 03/19/2004 Part II, 3 The difference between the Issue Price listed in Part I(e) is due to interest earnings on Bond Proceeds Part II, 13 The 2006 Series CD Bonds, which were refunded by the 2008 Bonds, comprised the new money portion of the issue Since the only portion allocable to the remainder of the issue (2006 Series AB) is the refunding portion, the year of substantial completion is not applicable Part III, 7 As provided in Treasury Regulation Section 1 141-4(c)(2)(i)(B), the amount of private payments taken into account under the private payment test may not exceed the amount of private business use and/or unrelated trade or business use Accordingly, the amount of private payments for the reporting period does not exceed the amount stated in Part III, line 6 The organization has not undertaken an analysis of the private security test with respect to the bonds, as the level of private business use and/or unrelated trade or business reported in Part III, line 6, is not in excess of amounts permitted under Section 145 of the Code Part IV, 2c The rebate computation was performed as of October 26, 2011 Part IV, 4e The 2006 Series C Goldman Sachs hedge was originally entered into a term of 29 82 years but was deemed terminated on July 31, 2008 and had a term of 1 76 years Part IV, 4e The 2006 Series D Bank of New York hedge was originally entered into a term of 33 58 years but was terminated on June 27, 2008 and had a term of 0 43 years This hedge was replaced by a Goldman Sachs hedge Part IV, 4e The 2006 Series D Goldman Sachs hedge was originally entered into a term of 33 14 years but was deemed terminated on July 31, 2008 and had a term of 0 08 years Part IV, 5a The 2006 Series CD Bonds proceeds were invested in the Hypo Repurchase Agreement which was transferred to the 2008CD Bonds on the date of their refundings
2007AB Bonds	0	Part I, f The issue date of the 2007AB Bonds was 10/24/07 Part II, 3 The difference between the Issue Price listed in Part I(e) is due to interest earnings on Bond Proceeds Part III, 7 As provided in Treasury Regulation Section 1 141-4(c)(2)(i)(B), the amount of private payments taken into account under the private payment test may not exceed the amount of private business use and/or unrelated trade or business use Accordingly, the amount of private payments for the reporting period does not exceed the amount stated in Part III, line 6 The organization has not undertaken an analysis of the private security test with respect to the bonds, as the level of private business use and/or unrelated trade or business reported in Part III, line 6, is not in excess of amounts permitted under Section 145 of the Code Part IV, 2c The rebate computation was performed as of July 2, 2013 Part IV, 4e The 2008AB Goldman Sachs hedge was originally entered into a term of 39 15 years but was restructured on June 15, 2012 and has a term of 35 19 years Part IV, 4e The 2008 Series B Goldman Sachs hedge was originally entered into a term of 39 15 years but was deemed terminated on June 15, 2012 and had a term of 3 96 years Part IV, 5a Transferred proceeds of the Series 2007 Project Fund were invested in the Natixis GIC
2006CD Bonds	0	Part I, f The issue date of the 2006CD Bonds was 10/26/06 Part II, 3 The difference between the Issue Price listed in Part I(e) is due to interest earnings on Bond Proceeds and the cumulative rebate liability paid to the IRS no later than 9/29/13 Part III, 7 As provided in Treasury Regulation Section 1 141-4(c)(2)(i)(B), the amount of private payments taken into account under the private payment test may not exceed the amount of private business use and/or unrelated trade or business use Accordingly, the amount of private payments for the reporting period does not exceed the amount stated in Part III, line 6 The organization has not undertaken an analysis of the private security test with respect to the bonds, as the level of private business use and/or unrelated trade or business reported in Part III, line 6, is not in excess of amounts permitted under Section 145 of the Code Part IV, 4e The 2008 Series C Goldman Sachs hedge was originally entered into a term of 29 82 years but was reintegrated from the 2006 Series C bonds on July 31, 2008 and has a term of 28 06 years Part IV, 4e The 2008 Series D Goldman Sachs hedge was originally entered into a term of 33 14 years but was reintegrated from the 2006 Series D bonds on July 31, 2008 and had a restructured term of 33 06 years This hedge was deemed terminated on June 14, 2012 and had a term of 3 87 years Part IV, 5a Transferred proceeds of the Series 2008CD Project Fund were invested in the Hypo Repurchase Agreement
2011 Bonds	0	Part II, 3 The difference between the Issue Price listed in Part I(e) is due to interest earnings on Bond Proceeds
2008-B and 2008-D	0	Part I, f The issue date of the prior 2008B Bonds was 7/2/2008 The issue date of the prior 2008D Bonds was 7/31/2008 Part II, 13 Since the proceeds of the 2012-B and 2012-D Bonds are used for refunding purposes, the year of substantial completion is not applicable Part III, 7 As provided in Treasury Regulation Section 1 141-4(c)(2)(i)(B), the amount of private payments taken into account under the private payment test may not exceed the amount of private business use and/or unrelated trade or business use Accordingly, the amount of private payments for the reporting period does not exceed the amount stated in Part III, line 6 The organization has not undertaken an analysis of the private security test with respect to the bonds, as the level of private business use and/or unrelated trade or business reported in Part III, line 6, is not in excess of amounts permitted under Section 145 of the Code Part IV, 4e The 2012 Series B Goldman Sachs hedge was originally entered into a term of 39 15 years but was reintegrated from the 2008 Series B bonds on June 15, 2012 and has a term of 35 19 years Part IV, 4e The 2012 Series D Goldman Sachs hedge was originally entered into a term of 33 58 years but was reintegrated from the 2008 Series D bonds on June 15, 2012 and has a term of 29 19 years

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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pool financing Yes	(i) Pool financing No
A	CALIFORNIA STATEWIDE COMM DEVELOPMENT AUTHORITY	68-0164610	1307955Y9	06-14-2012	115,580,000	Reissuance of 2008B & 2008D Bonds		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0			
2	Amount of bonds legally defeased	0			
3	Total proceeds of issue	115,580,000			
4	Gross proceeds in reserve funds	0			
5	Capitalized interest from proceeds	0			
6	Proceeds in refunding escrows	0			
7	Issuance costs from proceeds	0			
8	Credit enhancement from proceeds	0			
9	Working capital expenditures from proceeds	0			
10	Capital expenditures from proceeds	0			
11	Other spent proceeds	115,580,000			
12	Other unspent proceeds	0			
13	Year of substantial completion				

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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 Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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 Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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?	X							
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 %		%		%		%	
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 ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
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?		X						
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 Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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?								
b	Exception to rebate?	X							
c	No rebate due?								
	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	Goldman Sachs							
c	Term of hedge	35 19							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV Arbitrage *(Continued)*

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider	0							
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 Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133059304

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

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
(1) Roger G Roux	SVP/CFO/treasurer	Relocation Loan		X	50,000	50,000		No	Yes		Yes	
Total			▶ $			50,000						

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

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133059304

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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

Identifier	Return Reference	Explanation
Part VI, Section A Line 6		Rady Children's Hospital and Health Center (RCHHC) is the sole member as that term is defined in California Corporations Code 5056 ("Member")of Rady Children's Hospital - San Diego (RCHSD) Part VI, Section A Lines 7a and 7b The RCHSD Board of Directors consists of those individuals serving as the Board of Trustees of the Member Only the Member may remove a Director The following actions of the RCHSD Board require "prior written approval" of the Member to be effective o Any amendment, revision, modification of the Articles of Incorporation or the bylaws o Any change in the nature of the business activities of RCHSD o Approval of operating and capital budgets of RCHSD o Borrowing any amount or incurring any debt in the amount of $100,000 or more o Making or incurring any unbudgeted extraordinary or non-recurring expense or expenditure of $100,000 The RCHSD Board cannot authorize or direct any officer of RCHSD to perform or commit any of the following acts, without prior written approval of the Member o Borrow money in RCHSD's name or utilize property owned by RCHSD as security for loans, except in the ordinary course of business o Make, execute, or deliver any assignment for the benefit or creditors, or any bond, confession, judgment, chattel mortgage, security agreement, deed, guaranty, indemnity bond, surety bond, contract to sell or bill of sale of the property of RCHSD, except in the ordinary course of business o Acquire, purchase, develop, improve, sell, lease or mortgage any corporate real estate or any interest therein or enter into any contract for any such purposes o Make any loan or investment of any RCHSD assets, or enter into any contract or incur any liability on behalf of RCHSD other than for fair consideration or in the ordinary course of business relating to its normal daily operation Part VI, Section B,Line 11a Review of Form 990 The Form 990 was reviewed by the CFO and then provided to the organization's Audit and Corporate Responsibility Committee for review Following review by the Committee, the returns were finalized, signed and submitted to the Internal Revenue Service A complete copy of the Form 990 was provided to each voting board member prior to filing

Identifier	Return Reference	Explanation
Part VI, Section B, Line 12c	Conflict of Interest Policy	On an annual basis and upon election or appointment, the policy and disclosure statement is distributed to all Board members, officers, and key employees and medical staff leaders All completed and signed statements are returned to the Corporate Compliance Officer for review If a person discloses a potential or actual conflict, the person with the conflict of interest is excluded from any discussion or approval of any such related transaction Financial interest disclosures by board members and officers are brought to the RCHHC Board of Trustees or the Audit and Corporate Responsibility Committee for review and, as needed, appropriate action Financial interest disclosures by key employees and medical staff leaders are reviewed by the Corporate Compliance Officer and referred to the President and Chief Executive Officer or to the RCHHC Board of Trustees The Corporate Compliance Officer reports annually to the Executive Corporate Compliance Committee and the Audit and Corporate Responsibility Committee a summary of all disclosures and action taken, if any All other employees are required to complete a disclosure statement on an annual basis that is reviewed by the Corporate Compliance Officer

Identifier	Return Reference	Explanation
Part VI, Section B, Line 15	Determination of Compensation	Rady Children's Hospital and Health Center/Rady Children's Hospital - San Diego working through the Board Compensation Committee has a process for establishing, reviewing and approving compensation of officers and key employees of the organization on a no less than an annual basis The Compensation Committee is comprised of independent, lay members of the Board of Trustees Prior to conducting its review, the Chair of the Compensation Committee determines whether any member has a conflict of interest with respect to the matter(s) under review If there is a conflict, the conflicted member recuses himself/herself and is not present during discussion or vote on the arrangement under review In determining and approving the compensation arrangement, the Committee considers all components of compensation It considers comparability data and retains an independent compensation consultant to provide comparability data to the committee Total compensation is targeted to be between the 50th and 75th percentiles of the comparability data The Committee's deliberations and decisions are documented in minutes that are reviewed at its next meeting The Committee's written records include the (1) terms of the arrangement with the disqualified person (including the date the arrangement was approved), (2) a list of members present during the discussion of the transaction (and how the members voted when it was approved), and (3) a description of the comparable data relied on by the Committee and how it was obtained

Identifier	Return Reference	Explanation
Part VI, Section C, Line 19		The federal tax laws do not mandate that the organization's governing documents and conflict of interest policy be made available for public inspection The organization makes its financial statements available upon request and they are also attached to this Form 990

Identifier	Return Reference	Explanation
part xi, reconciliation of net assets	line 9	market adjustment on swap - 33,360,544 change in split interest agreements - (30,734) change in defined benefit cost - 27,584,000 UBI from investment partnerships - 10,816 ============ total 60,924,626

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED PHYSICIAN SERVICES TOTAL FEES 101127064

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED INSURANCE SERVICES TOTAL FEES 10675164

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED SERVICES FROM UCSD TOTAL FEES 14999984

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION REPAIRS AND MAINTENANCE TOTAL FEES 4304149

Identifier	Return Reference	Explanation
OTHER FEES FOR SERVICES FOR NON-EMPLOYEES	FORM 990 PART IX LINE 11G	DESCRIPTION MISC MEDICAL SERVICES TOTAL FEES 46734952

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
RADY CHILDREN'S HOSPITAL - SAN DIEGO

Employer identification number
95-1691313

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	No
(1) Rady Children's Hospital and Health Cent 3020 Childrens Way MC 5001 San Diego, CA 92123 95-3545901	Support	CA	7	501(c)(3)	NA		No
(2) Rady Children's Hospital Research Center 3020 Childrens WayMC 5001 San Diego, CA 92123 95-3814185	Research	CA	11A	501(c)(3)	RCHHC		No
(3) Rady Children's Hospital Foundation - SD 3020 Childrens WayMC 5001 San Diego, CA 92123 33-0170626	Fundraising	CA	7	501(c)(3)	RCHHC		No
(4) Rady Children's Health Services - SD 3020 Childrens WayMC 5001 San Diego, CA 92123 33-0278018	Support	CA	11A	501(c)(3)	RCHHC		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) Children's Hospital Integrated Risk Prot 22 Victoria StreetHamilton Hamilton HM12 BD	Captive insur	BD	RCHHC	C CORP	0	0	0 %		No
(2) Rady Children's Physician Management Ser 3860 Calle FortunadaSuite 200 San Diego, CA 921234282 33-0670694	Management	CA	RCHHC	C CORP	0	0	0 %		No
(3) Children's Hospital Insurance Ltd Canons Court 22 Victoria Street Hamilton HM12 BD	captive insur	BD	RCHHC	C corp	0	0	0 %		No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		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		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

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: 95-1691313
Name: RADY CHILDREN'S HOSPITAL - SAN DIEGO

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation

-->

KPMG

RADY CHILDREN'S HOSPITAL AND HEALTH CENTER

Consolidated Financial Statements and
Consolidating Supplementary Schedules

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 600
4747 Executive Drive
San Diego, CA 92121

Independent Auditors' Report

The Board of Trustees
Rady Children's Hospital and Health Center:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rady Children's Hospital and Health Center and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Rady Children's Hospital and Health Center and its subsidiaries as of June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

San Diego, California
September 25, 2013

RADY CHILDREN'S HOSPITAL AND HEALTH CENTER

Consolidated Balance Sheets

June 30, 2013 and 2012

(Dollars in thousands)

Assets		**2013**	**2012**
Current assets:			
Cash and cash equivalents	$	32,439	18,388
Investments		568,168	418,164
Patient accounts receivable, net of allowance for doubtful accounts of $14,133 and $12,001 at June 30, 2013 and 2012, respectively		98,598	85,532
Other receivables		54,252	76,657
Assets limited as to use – required for current liabilities		266	339
Inventory		8,332	7,488
Other current assets		9,036	4,096
Total current assets		771,091	610,664
Assets limited as to use, net of current portion		72,484	115,827
Property and equipment, net		488,423	496,810
Investments, noncurrent		53,004	56,814
Other assets		66,199	38,184
Total	$	1,451,201	1,318,299
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	95,748	79,202
Accrued salaries and related benefits		36,991	34,461
Short-term borrowings		—	37,600
Current portion of long-term debt		6,049	3,591
Deferred revenue		388	838
Total current liabilities		139,176	155,692
Long-term debt, net of current portion		404,689	410,862
Interest rate swaps		46,790	80,150
Other long-term liabilities		26,806	43,422
Payable to beneficiaries under deferred giving arrangements		1,783	1,912
Total liabilities		619,244	692,038
Net assets:			
Unrestricted		772,078	568,727
Temporarily restricted		49,643	48,640
Permanently restricted		10,236	8,894
Total net assets		831,957	626,261
Total	$	1,451,201	1,318,299

See accompanying notes to consolidated financial statements.

RADY CHILDREN'S HOSPITAL AND HEALTH CENTER

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2013 and 2012

(Dollars in thousands)

		2013	2012
Operating revenues:			
Net patient service revenue before provision for bad debts	$	549,959	511,957
Provision for bad debts		(16,399)	(9,448)
Net patient service revenue		533,560	502,509
Provider fee program		65,874	72,025
Premium revenue		68,618	62,043
Grants and contracts		35,918	30,098
Other government revenue		31,890	35,319
Physician management services revenue		35,155	33,849
Other revenue		33,258	31,146
Net assets released from restrictions used for operations		6,523	8,297
Total operating revenues		810,796	775,286
Operating expenses:			
Salaries and employee benefits		334,455	318,409
Supplies		95,676	88,904
Professional fees		107,561	101,563
Purchased services		77,322	69,880
Provider fee program		24,107	22,612
Insurance		4,855	4,881
Depreciation and amortization		40,030	37,939
Interest		18,963	17,594
Other		32,006	28,126
Total operating expenses		734,975	689,908
Operating income		75,821	85,378
Nonoperating income (expenses):			
Contributions		7,922	7,956
Fundraising expenses		(4,854)	(5,249)
Change in fair value of interest rate swaps		33,360	(51,416)
Investment income, net		54,290	(4,530)
Excess of revenues over expenses	$	166,539	32,139

(Continued)

RADY CHILDREN'S HOSPITAL AND HEALTH CENTER

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2013 and 2012

(Dollars in thousands)

		2013	2012
Unrestricted net assets:			
Excess of revenues over expenses	$	166,539	32,139
Third-party funding for property and equipment		8,663	10,563
Net assets released from restrictions used for purchase of property and equipment		565	1,544
Change in unrecognized defined benefit plan cost not yet recognized in net periodic benefit cost		27,584	(34,699)
Increase in unrestricted net assets		203,351	9,547
Temporarily restricted net assets:			
Contributions		6,729	8,297
Change in value of split-interest agreements		136	(30)
Investment income, net		1,226	55
Net assets released from restrictions		(7,088)	(9,841)
Increase (decrease) in temporarily restricted net assets		1,003	(1,519)
Permanently restricted net assets:			
Contributions		1,342	296
Increase in permanently restricted net assets		1,342	296
Total increase in net assets		205,696	8,324
Net assets at beginning of year		626,261	617,937
Net assets at end of year	$	831,957	626,261

See accompanying notes to consolidated financial statements.

RADY CHILDREN'S HOSPITAL AND HEALTH CENTER

Consolidated Statements of Cash Flows

Years ended June 30, 2013 and 2012

(Dollars in thousands)

		2013	2012
Cash flows from operating activities			
Increase in net assets	$	205,696	8,324
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Third-party funding for property and equipment		(8,663)	(10,563)
Change in unrecognized defined benefit plan cost not yet recognized in net periodic benefit cost		(27,584)	34,699
Depreciation and amortization		40,030	37,939
Amortization of debt issuance costs and discount		86	142
Provision for bad debts		16,399	9,448
Net realized and unrealized (gains) losses on investments		(43,613)	11,674
Change in fair value of interest rate swap		(33,360)	51,416
Contributions restricted to property and endowments		(1,485)	(1,057)
Gain on sale of property and equipment		—	(1,195)
Loss due to impairment of fixed assets		—	240
Changes in assets and liabilities			
Patient accounts receivable		(29,465)	(27,897)
Other receivables		22,405	(50,316)
Inventory		(844)	189
Other current assets		(4,940)	8,013
Interest rate swap collateral		33,360	(51,416)
Other assets		1,453	(9,590)
Accounts payable and accrued expenses		15,510	27,480
Accrued salaries and related benefits		2,530	(3,154)
Deferred revenue		(450)	(23,578)
Other long-term liabilities		(20,173)	(602)
Payable to beneficiaries under deferred giving arrangements		(129)	(48)
Net cash provided by operating activities		166,763	10,148
Cash flows from investing activities			
Purchases of trading investments		(233,088)	(166,482)
Proceeds from sales and maturities of trading investments		130,936	134,019
Acquisition of property and equipment		(29,144)	(27,006)
Proceeds from sale of property and equipment		—	1,327
(Increase) decrease in assets limited as to use		9,627	(41,866)
Net cash used in investing activities		(121,669)	(100,008)
Cash flows from financing activities			
Cash received for contributions restricted to property and endowments		1,485	1,057
Cash received from third-party for property and equipment		8,663	10,563
Payment of long-term debt issuance costs		—	(1,611)
Net proceeds from issuing long-term debt		—	100,080
Repayment of long-term debt		(3,591)	(3,446)
Changes in short-term borrowings			
Repayment of nonrevolving bank line of credit		(17,600)	(66,000)
Proceeds from working capital line of credit		4,616	210,784
Repayments of working capital line of credit		(24,616)	(190,784)
Net cash (used in) provided by financing activities		(31,043)	60,643
Net increase (decrease) in cash and cash equivalents		14,051	(29,217)
Cash and cash equivalents, beginning of year		18,388	47,605
Cash and cash equivalents, end of year	$	32,439	18,388
Supplemental disclosures of cash flow information			
Interest paid during the year, net of amounts capitalized	$	18,268	16,080
Property additions recorded in accounts payable		3,311	2,274

See accompanying notes to consolidated financial statements

(1) Organization

Rady Children's Hospital and Health Center (RCHHC) is an academic integrated pediatric health care system that is the primary provider of pediatric hospital services and the sole pediatric trauma center serving San Diego and Imperial Counties. RCHHC also serves as a tertiary and quaternary referral center for treatment of critically ill and seriously injured children throughout the Southwestern United States. The mission of RCHHC is to restore, sustain and enhance the health and developmental potential of children through excellence in care, education, research and advocacy. RCHHC is dedicated to providing the best health care for its patients and serving as a valuable community resource to improve the health and well-being of children in the community.

RCHHC is the sole member of the following not-for-profit, tax-exempt entities, which are referred to in these consolidated financial statements as the "affiliates" of RCHHC:

- Rady Children's Hospital – San Diego (RCHSD)
- Rady Children's Hospital Foundation – San Diego (the Foundation)
- Rady Children's Hospital Research Center (RCHRC)
- Rady Children's Health Services – San Diego (RCHSSD)

In addition, RCHHC owns the following for-profit subsidiaries:

- Children's Hospital Integrated Risk Protective Limited (CHIRPL)
- Rady Children's Physician Management Services, Inc. (RCPMS)

A brief description of each of the entities follows:

- *Rady Children's Hospital and Health Center* was formed to acquire, establish, maintain, conduct, operate, raise funds for, and otherwise support, directly or indirectly through its affiliates, facilities, and programs for the benefit of children and of adults with diseases, disorders, and other health problems of pediatric origin, including providing resources for charity care, research, and education. To further its mission, RCHHC solicits and receives grants and donations to be used to promote and advance the activities of its affiliates.
- *Rady Children's Hospital – San Diego* provides comprehensive inpatient acute and intensive care and outpatient pediatric services. RCHSD is composed of: the acute care hospital, with 453 licensed beds at June 30, 2013, including neonatal intensive care and pediatric medical/surgical beds at its main location and at joint venture sites operated under its license; the convalescent hospital, with 43 licensed skilled nursing and subacute care beds at June 30, 2013; the inpatient child and adolescent psychiatric services program, with 24 licensed beds at June 30, 2013; Children's Emergency Transport (CHET) that provides 24-hour emergency pediatric and neonatal critical care transport; and a home care program with a home health agency and home infusion pharmacy services to address the ongoing health needs of newborns, infants, and pediatric patients in the home-based setting. RCHSD is the sole Level I Pediatric Trauma Center in San Diego County. RCHSD also provides numerous programs that benefit the community through various departments including

Developmental Services, Chadwick Center for Children and Families, and Center for Healthier Communities.

The majority of RCHSD's outpatient pediatric care services are provided through its medical practice foundation, Rady Children's Specialists of San Diego (RCSSD), which is an operating division of RCHSD formed in September 2009. RCSSD was established in collaboration with Children's Specialists of San Diego (CSSD) and the School of Medicine of the University of California San Diego (UCSD) in compliance with California Health and Safety Code, Sections 1206(g) and 1206(l). Pursuant to a Professional Services Agreement (PSA) between RCHSD and CSSD, CSSD provides physicians and other medical professionals to perform clinical professional services and teaching and research services for RCSSD, and RCHSD provides facilities, personnel and equipment for the outpatient clinics. The revenue for these services is included as a component of patient revenue and premium revenue in the accompanying consolidated statements of operations and changes in net assets. The PSA is a 10-year agreement that provides that the compensation provisions are negotiated every three years. RCSSD incurred operating expenses, including compensation under the PSA, of $135,153 and $129,767 for the 12 months ended June 30, 2013 and 2012, respectively.

RCHSD is the largest entity within RCHHC and constituted approximately 96% and 94% of the consolidated RCHHC total excess of revenues over expenses for the fiscal years ended June 30, 2013 and 2012, respectively, and 94% of the consolidated RCHHC total assets as of June 30, 2013 and 2012.

- *Rady Children's Hospital Foundation – San Diego* was formed to advance, promote, raise funds for, and otherwise support the activities of RCHHC and its affiliates. Funds are raised through major and planned gifts, corporate giving, community development, grants, and fundraising events. Also, the Foundation has a dedicated group of volunteers through its Hospital Foundation Auxiliary that supports RCHHC through its fundraising, advocacy, education, and outreach efforts.
- *Rady Children's Hospital Research Center* engages in scientific medical research and conducts clinical research in diseases and disorders affecting children and adolescents, and is primarily funded by grants and contracts from government and private agencies.
- *Rady Children's Health Services – San Diego* was formed to aid and assist RCHHC in carrying out the charitable purposes and programs of RCHHC and its affiliates.
- *Children's Hospital Integrated Risk Protective Limited* is a holding company for Children's Hospital Insurance Limited (CHIL). CHIL is an offshore captive insurance company domiciled in Bermuda, which underwrites the professional liability, general liability, and employment practices liability insurance risk exposures of RCHHC and its affiliates and subsidiaries.
- *Rady Children's Physician Management Services, Inc* is a management services organization providing facilities, personnel, and management services to pediatric medical groups. Services include practice management, finance and accounting, patient billing and accounts receivable, centralized information systems, human resources, quality assurance, and risk management.

(2) Affiliation with Health Related Organizations

In 2001, RCHHC and RCHSD (collectively, Rady Children's) entered into a Joint Powers Affiliation Agreement with The Regents of the University of California (University) on behalf of UCSD. Rady Children's and the University determined that the affiliation agreement supports their respective missions of community service, provision of acute care hospital and outpatient services to children, basic and clinical research, and medical education to students, residents, and fellows. Pursuant to the agreement, certain clinical services were transferred to Rady Children's. The corporate bylaws of RCHHC and RCHSD were amended to provide that one-third of the RCHHC Board of Trustees (the Board) and RCHSD Board of Directors shall be representatives of the University.

The affiliation agreement provides for Rady Children's to make annual payments to UCSD to support the University's Department of Pediatrics academic and clinical programs. RCHSD paid UCSD $14,614 and $22,265 in 2013 and 2012, respectively, for this support and various services purchased from UCSD. RCHSD received payments from UCSD of $5,565 and $2,847 in 2013 and 2012, respectively, for services provided to UCSD. As of June 30, 2013 and 2012, RCHSD's consolidated balance sheets include $3,700 and $3,974, respectively, of other receivables from UCSD and $24,039 and $14,160, respectively, of accounts payable and accrued expenses to UCSD.

(3) Summary of Significant Accounting Policies

(a) Basis for Presentation

The accompanying consolidated financial statements present the financial position, results of operations, changes in net assets, and cash flows of RCHHC and its affiliates after elimination of intercompany transactions and balances. Certain prior year amounts have been reclassified to conform to current year presentation.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Key estimates include valuation of patient accounts receivable, self-insured liabilities, fair value of investments, interest rate swap agreements, and pension obligations.

(c) Cash and Cash Equivalents

For purposes of the consolidated financial statements, all cash and highly liquid investments with maturities of three months or less, other than holdings within the investment portfolio, are classified as cash and cash equivalents and are deposited in financial institution accounts that are federally insured in limited amounts. Cash equivalents potentially subject RCHHC to concentrations of credit risk.

(d) Investments

RCHHC classifies its investments with readily determinable fair values as trading assets. All investments in debt securities and investments in equity securities with readily determinable fair values are measured at fair value in the consolidated balance sheets. Alternative investments are generally reported at the net asset value (NAV) reported by the investment managers, which is used as a practical expedient to estimate the fair value of RCHHC's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from the NAV. As of June 30, 2013 and 2012, RCHHC had no plans or intentions to sell any of the investments at amounts different from the NAV. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Investment income or loss (including interest, dividends, and realized and unrealized gains (losses) on investments) is included as nonoperating income (expenses) within excess of revenues over expenses unless the income or loss is restricted by donor or law, in which case the investment income or loss is recorded directly to temporarily restricted net assets. Investment transactions are recorded on a trade date basis using the specific identification method.

(e) Inventory

Inventory is valued using the weighted average cost method.

(f) Property and Equipment

Property and equipment are recorded at cost when purchased or at fair market value if contributed. Improvements and replacements are capitalized and repairs and maintenance costs are expensed in the period incurred. Depreciation of assets is recorded on a straight-line basis over the period in which the assets are estimated to be in service and of value to the organization.

RCHHC evaluates the carrying value of its property, equipment and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. RCHHC evaluated the recoverability of certain software implementation costs and other long-lived assets during the years ended June 30, 2013 and 2012. No asset impairment charges were recorded in 2013 and $240 was recorded in 2012, which is included in other operating expenses.

(g) Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short maturities. The fair value of investments is disclosed in note 5 and the fair value of debt is disclosed in note 8.

(h) Cost of Borrowing

Interest expense is recorded as incurred; however, when money is borrowed for construction or renovation of facilities, the net interest cost on that debt during the period of construction is capitalized as part of the cost of the asset. Any interest income earned on tax-exempt borrowed funds during construction is accounted for as a reduction of capitalized interest cost. Interest expense, net of capitalized interest, is recorded as interest expense within operating income in the consolidated statements of operations and changes in net assets. Net interest rate swap payments are recorded within interest expense in the consolidated statements of operations and changes in net assets. Costs associated with issuing debt are capitalized and amortized using a method that approximates the effective-interest method.

(i) Net Assets

Net assets that are not restricted by donors are included in unrestricted net assets. Gifts of long-lived operating assets, such as property, plant or equipment, are reported as direct additions to unrestricted net assets and are excluded from excess of revenues over expenses. Net assets restricted by donors for a specified time or purpose are reported as temporarily restricted net assets. Net assets that have been restricted by donors to be maintained in perpetuity are reported as permanently restricted net assets.

(j) Performance Indicator

RCHHC considers excess of revenues over expenses to be RCHHC's performance indicator. Excess of revenues over expenses includes all changes in unrestricted net assets except third-party funding for property and equipment, net assets released from restrictions used for purchase of property and equipment, and change in unrecognized defined benefit plan cost not yet recognized in net periodic benefit cost.

(k) Contributions

Donations and bequests are reported at fair value at the date of the donation. Conditional promises to give are reported at fair value when the gift is received or the promise becomes unconditional. 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 a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

(l) Fundraising

The Foundation conducts all fundraising activities on behalf of RCHHC and its affiliates. During the years ended June 30, 2013 and 2012, restricted and unrestricted contributions totaled $15,993 and $16,549, respectively.

(m) Charity Care and Community Benefit

RCHSD provides services without charge or at amounts less than its established rates to patients who meet certain criteria under its patient financial assistance and charity care policy. Because RCHSD does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue. Charity care amounts are determined using a ratio of cost to gross charges. The estimated cost of charity care services provided during the years ended June 30, 2013 and 2012 was \$3,814 and \$1,475, respectively. In addition to amounts provided for charity care, RCHHC also sponsors numerous educational and community outreach programs and provides pediatric public support within its service area. Some of these programs, which are referred to as community benefit, include child safety and injury prevention, pediatric dental services, trauma counseling, mental health counseling, high-risk infant clinic, developmental screening, family support, health referral services, pediatric research and clinical education.

(n) Income Taxes

RCHHC and most of its affiliates are organizations exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and are generally not subject to federal or state income taxes. However, RCHHC is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, that is not in furtherance of the purpose for which it is granted exemption, or that is generated by any of its for-profit affiliates. No income tax provision has been recorded in the accompanying consolidated financial statements as the revenue from unrelated trade or business activity has been fully offset by corresponding expenses. In addition, RCHHC has available federal and California net operating loss carryforwards from prior fiscal years ended June 30, 1998 through June 30, 2013 that total approximately \$3,017 and \$2,294, respectively.

(o) Recent Accounting Pronouncements

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-05, *Statement of Cash Flows, (Topic 230), Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, to clarify the statement of cash flow presentation of cash received from the sale of donated assets and to eliminate the diversity of presentation that currently occurs in practice. The disclosure requirements of ASU 2012-05, which are to be applied prospectively, are effective for RCHHC beginning July 1, 2013. Management is currently evaluating the potential impact of this guidance and does not expect it to have a material impact on RCHHC's consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, *Intangibles-Goodwill and Other (Topic 350), Testing Indefinite-Lived Intangible Assets for Impairment*, which will allow an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. Under these amendments, an entity would be required to calculate the fair value of an indefinite-lived intangible asset if the entity determines, based on a qualitative assessment, that it is more likely than not that the indefinite-lived intangible asset is impaired. RCHHC adopted ASU 2012-02 for the year ended June 30, 2013 and the adoption of this guidance did not have a material impact on RCHHC's consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, *Balance Sheet, (Topic 210), Disclosures about Offsetting Assets and Liabilities*. This pronouncement requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). The disclosure requirements of ASU 2011-11, which are to be applied retrospectively, are effective for RCHHC beginning July 1, 2013. Management is currently evaluating the potential impact of this guidance and does not expect it to have a material impact on RCHHC's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurements, (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. The amendments clarify existing U.S. GAAP and change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. RCHHC adopted ASU 2011-04 for the year ended June 30, 2013 and the adoption of this guidance did not have a material impact on RCHHC's consolidated financial statements.

(4) Revenue

(a) Net Patient Revenue

RCHSD has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include per diem payments, per discharge payments, reimbursed costs, and discounted charges. Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors. Settlements are accrued on an estimated basis in the period in which the related services are rendered and adjusted in future periods as final settlements are determined.

RCHSD contracted with the State of California (the State) to provide acute hospital inpatient services to Medi-Cal beneficiaries at a negotiated rate per day through June 30, 2013. Effective July 1, 2013, a diagnosis related group (DRG) payment methodology replaced the negotiated rate per day. Outpatient services to Medi-Cal beneficiaries are reimbursed according to a State fee schedule. Convalescent hospital services are reimbursed by Medi-Cal at a rate per day which is based on prior year costs that are subject to audit by the State, and is limited by the state median cost per day for similar facilities. All applicable Medi-Cal program cost reports for hospital services have been audited by the State through 2011. Accounts receivable from Medi-Cal and California Children's Services (CCS) represented 28% of patient accounts receivable as of June 30, 2013 and 2012.

RCHSD recognizes significant amounts of patient service revenue at the time the services are rendered even though a patient's ability to pay is not assessed. RCHSD records its provision for bad debts based upon historical experience, as well as collection trends for major payor types. Patient service revenues, net of contractual allowances and discounts, recognized for the years ended June 30 are as follows:

		2013	2012
Gross patient revenue:			
Government	$	1,085,423	1,003,480
Commercial		708,187	680,695
Self-pay and others		42,681	49,929
		1,836,291	1,734,104
Contractual allowances and discounts		(1,286,332)	(1,222,147)
Net patient revenue before provision for bad debts		549,959	511,957
Provision for bad debts		(16,399)	(9,448)
Net patient revenue	$	533,560	502,509

RCHSD recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, RCHSD recognizes revenue on the basis of its standard rates for services provided, or on the basis of discounted rates if negotiated or provided by policy. On the basis of historical experience, a significant portion of RCHSD's uninsured patients are unable or unwilling to pay for the services provided. Thus, RCHSD records a significant provision for bad debts related to uninsured patients in the period services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized for the years ended June 30 are as follows:

		2013	2012
Revenue (net of contractual allowances and discounts):			
Third-party payors	$	537,914	499,458
Self-pay		12,045	12,499
Total	$	549,959	511,957

The allowance for doubtful accounts and self-pay reserves as a percentage of accounts receivable were consistent between fiscal years 2013 and 2012. In addition, the amounts written off related to bad debt were $14,267 for 2013 and $10,809 for 2012, which increased due to changes in patient volume. RCHSD did not change its charity care or discount policies during fiscal years 2013 and 2012.

(b) Premium Revenue

RCHSD has agreements with health maintenance organizations to provide pediatric health care services to enrollees. Under these agreements, RCHSD has negotiated monthly capitation payments based on the number of enrollees, regardless of services actually performed by RCHSD. RCHSD accrues the estimated cost of health care services provided to enrollees under these agreements for services rendered, but not yet billed, by providers other than RCHSD.

(c) Provider Fee Program

The State enacted legislation for a hospital provider fee program that assesses provider fees on California hospitals to obtain federal matching funds that are then issued as supplemental Medi-Cal payments to hospitals. There have been three such programs. In connection with the implementation of the hospital fee program, the California Hospital Association (CHA) created a private program that aggregates and distributes financial resources as grants to support charitable activities at various California hospitals.

In September 2011, a 30-month program was established for the period July 1, 2011 through December 31, 2013. In June 2012, legislation was passed to separate the fee-for-service and managed care components of the 30-month program, and the Centers for Medicare and Medicaid Services (CMS) approved the fee-for-service component of the program. As of June 30, 2012, no amounts had been paid or received for the 30-month program.

In May and June, 2013, CMS approved the managed care component of the 30-month program for State fiscal years ended June 30, 2012 and 2013. Based on the CMS approvals, provider fee program revenue of $65,874 and $43,500, and provider fee program expense of $24,107 and $16,000, have been recognized for the years ended June 30, 2013 and 2012, respectively.

During the year ended June 30, 2013, supplemental payments for the 30-month program of $87,122 were received, and provider fees of $28,392 and CHA payments of $5,049 were made. Anticipated provider fee payments of $22,251 and $43,500 are reflected in other receivables as of June 30, 2013 and 2012, respectively. Provider fees anticipated to be paid of $8,661 and $16,000 are reflected in accounts payable and accrued expenses as of June 30, 2013 and 2012, respectively. CHA payments of $1,995 are reflected in other current assets as of June 30, 2013.

In April 2011, the State enacted a 6-month program covering January 1 through June 30, 2011, which was approved by CMS in December 2011. During the year ended June 30, 2012, supplemental payments of $5,220 were received and CHA payments of $13 were made. For the 6-month program, provider fee program revenue of $28,525 and provider fee program expense of $6,612 have been recognized for the year ended June 30, 2012.

(d) Grants and Contracts

Advances received under various research grants and contracts are recorded as deferred revenue until the related research costs are incurred. RCHHC receives reimbursement for indirect costs on certain research grants and contracts based on a rate applied to direct costs. Direct and indirect costs reimbursed by United States government and certain other agencies are subject to audit by such agencies.

(e) *Physician Management Services Revenue*

Revenue from services provided by RCPMS to pediatric medical groups represents management fees and payments for the costs incurred in the operation of the practices.

(f) *Other Government Revenue*

RCHSD qualifies as a disproportionate share hospital under State Senate Bill 855 (SB 855) and receives related funding from the State. RCHSD also receives from the State supplemental funding for emergency services and patient care (SB 1100) and funds for the reimbursement of certain capital project financing costs (SB 1732). RCHSD also participates in the federal Children's Hospital Graduate Medical Education (CHGME) program, which provides funds to freestanding children's hospitals to support the training of pediatric and other residents. In addition, RCHSD qualifies for and received funds from the State for the Medi-Cal Electronic Health Record (EHR) Incentive Program (also known as meaningful use funding).

Other government revenue for the years ended June 30, 2013 and 2012 includes the following:

		2013	2012
SB 1100 – Hospital supplemental payment program	$	15,000	17,900
SB 855 – Disproportionate Share Hospital program		7,618	4,364
SB 1732 – Capital project financing program		2,068	2,000
CHGME		3,421	4,162
Medi-Cal EHR incentive program		3,474	6,527
Other		309	366
Total other government revenue	$	31,890	35,319

(5) Fair Value

The fair value of certain assets and liabilities has been estimated using available market information and appropriate valuation methodologies. A fair market value hierarchy for valuation inputs has been established to prioritize the valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) available in active markets for identical assets or liabilities as of the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are generally unobservable for the asset or liability and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are, therefore, determined using factors that involve judgment including private and public comparables, third-party appraisals, discounted cash flow models, and fund manager estimates.

The fair value of RCHHC's assets and liabilities measured on a recurring basis at June 30, 2013 consists of the following:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total balance at June 30, 2013
Assets				
Investments				
Cash and cash equivalents	$ 15,532	—	—	15,532
Common and preferred stocks	1,745	—	41	1,786
Domestic equity funds	53,666	82,411	—	136,077
International equity funds	69,252	53,656	—	122,908
Fixed income funds	135,598	50,276	—	185,874
Alternative investments	—	—	143,366	143,366
Real assets and other	14,937	—	692	15,629
Total investments	290,730	186,343	144,099	621,172
Funds under indenture agreement, held by trustee	31,312	—	—	31,312
Swap collateral fund held by trustee	39,790	—	—	39,790
Charitable gift annuities, trusts, and other, held by trustee	709	939	—	1,648
Split-interest agreements, held by trustees	—	—	1,470	1,470
Total assets	$ 362,541	187,282	145,569	695,392
Liabilities				
Interest rate swaps	$ —	(46,790)	—	(46,790)
Total liabilities	$ —	(46,790)	—	(46,790)

The fair value of RCHHC's assets and liabilities measured on a recurring basis at June 30, 2012 consists of the following:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total balance at June 30, 2012
Assets				
Investments				
Cash and cash equivalents	$ 3,126	—	—	3,126
Common and preferred stocks	1,549	—	47	1,596
Domestic equity funds	71,612	69,446	—	141,058
International equity funds	52,199	25,357	—	77,556
Fixed income funds	99,215	16,138	—	115,353
Alternative investments	—	—	114,023	114,023
Real assets and other	21,545	35	686	22,266
Total investments	249,246	110,976	114,756	474,978
Funds under indenture agreement, held by trustee	41,378	—	—	41,378
Swap collateral fund held by trustee	73,150	—	—	73,150
Charitable gift annuities, trusts, and other, held by trustee	460	1,178	—	1,638
Split-interest agreements, held by trustees	—	—	1,370	1,370
Total assets	$ 364,234	112,154	116,126	592,514
Liabilities				
Interest rate swaps	$ —	(80,150)	—	(80,150)
Total liabilities	$ —	(80,150)	—	(80,150)

There were no transfers to or from Level 1, 2, or 3 during the years presented.

Significant Level 2 and Level 3 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

Domestic equity funds, international equity funds, and fixed income funds consist of marketable securities such as U.S. and foreign equity securities, government securities, and corporate bonds. Where identical quoted market prices are not readily available, fair value is determined using quoted market prices and/or other market data for comparable instruments and transactions in establishing prices, as well as discounted cash flows models and other pricing models. These inputs to fair value are included in industry-standard valuation techniques such as the income or market approach. RCHHC classifies all such investments as Level 2.

For assets such as alternative investments, which comprise private equity and hedge funds, fair value is determined using the calculated NAV as fair value is based on pricing that is not readily determinable. The value of underlying investments of private equity or hedge funds includes estimates determined based on recent filings, operating results, balance sheet stability, growth, and other business and market sector fundamentals. For Level 3 real asset investments, valuation techniques used include the sales comparison (market) approach. Significant inputs include sales of comparable properties and market rent growth trends. For Level 3 split-interest agreements, valuation techniques include present value discounting and the significant inputs used consider the life expectancy of the donor and/or primary beneficiaries. Due to the significant unobservable inputs present in these valuations, RCHHC classifies all such investments as Level 3.

The fair value of interest rate swap instruments classified as Level 2 is determined using an industry standard valuation model that is based on a market approach. A credit risk spread (in basis points) is added as a flat spread to the discount curve used in the valuation model. Each leg is discounted and the difference between the present value of each leg's cash flows equals the market value of the swap. The fair value also considers the risk of each counterparty by including a "credit valuation adjustment" determined by taking into account the nonperformance risk of each counterparty to the swap.

The change in the balance of Level 3 assets measured on a recurring basis for the years ended June 30, 2013 and 2012 is as follows:

		Alternative investments	Common and preferred stocks	Real assets and other	Split-interest agreements	Total
Balance at June 30, 2011	$	97,326	226	926	1,405	99,883
Realized and unrealized gains (losses), net, included in excess of revenues over expenses		2,165	(5)	(245)	—	1,915
Purchases		17,077	—	1	—	17,078
Sales		(2,545)	(174)	—	—	(2,719)
Change in value of split-interest agreements and real assets and other		—	—	4	(35)	(31)
Balance at June 30, 2012		114,023	47	686	1,370	116,126
Realized and unrealized gains (losses), net, included in excess of revenues over expenses		(3,323)	(6)	—	—	(3,329)
Purchases		42,216	—	2	—	42,218
Sales		(9,550)	—	—	—	(9,550)
Change in value of split-interest agreements and real assets and other		—	—	4	100	104
Balance at June 30, 2013	$	143,366	41	692	1,470	145,569
Change in unrealized gains (losses) included in investment income for investments held as of June 30, 2012	$	(10,075)	7	(165)	—	(10,233)
Change in unrealized gains (losses) included in investment income for investments held as of June 30, 2013	$	(1,540)	(6)	—	—	(1,546)

The fair value of certain of RCHHC's alternative investments is determined using a calculated NAV or its equivalent. The following table and explanations identify attributes relating to the nature and risk of such investments as of June 30, 2013 and 2012:

		Fair value		Redemption	Redemption
		2013	2012	frequency	notice period
Fixed income hedge funds [1]	$	27,031	26,233	Monthly	30 – 60 days
Equity long/short hedge funds [1]		52,821	21,276	Quarterly	45 – 135 days
Event driven hedge funds [1]		10,507	9,700	Quarterly	65 days
Private equity funds [2]		53,007	56,814	Illiquid	N/A
	$	143,366	114,023		

(1) These classes include investments in hedge funds that pursue diversification of domestic and international fixed income and equity securities. The primary objective of these funds is to maximize returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies, which may include, but are not limited to, event driven, global macro and long/short equity. One fund within the "Event driven hedge funds" categories, with fair values of $10,507 as of June 30, 2013 is subject to a maximum redemption of 25% of the original investment per quarter.

(2) This category includes private equity funds that invest in a variety of investment groups, including but not limited to, venture capital, leveraged buyout, and other strategies. In connection with these funds, RCHHC, as limited partner, is committed to invest amounts subscribed to by agreement. The aggregate amount of these capital commitments is $94,498 and $87,339 at June 30, 2013 and 2012, respectively, of which $68,453 and $62,802 had been funded as of June 30, 2013 and 2012, respectively. As of June 30, 2013, it is estimated that these funds will be liquidated within the next two to 12 years, and they are classified as noncurrent investments.

Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instrument. Changes in assumptions could significantly affect these estimates. Since the fair value is estimated as of June 30, 2013, the amounts that will actually be realized or paid at settlement or maturity of the instruments could be significantly different.

(6) Investments and Assets Limited as to Use

At June 30, 2013 and 2012, the fair value of investments and assets limited as to use is summarized as follows:

		2013	2012
Cash	$	61,582	78,327
Common and preferred stocks		1,786	1,596
Domestic equity funds		136,342	141,254
International equity funds		123,145	77,737
Fixed income funds		212,001	155,877
Alternative investments		143,366	114,023
Real assets and other		15,700	22,330
Less assets limited as to use		(72,750)	(116,166)
Total investments	$	621,172	474,978

At June 30, 2013 and 2012, assets limited as to use are held for the following purposes:

		2013	2012
Under indenture agreement, held by trustee	$	31,312	41,378
Interest rate swap collateral		39,790	73,150
Charitable gift annuities, held by trustee		1,168	1,310
Executive compensation, held by trustee		480	328
Total assets limited as to use, including current portion	$	72,750	116,166

For the years ended June 30, 2013 and 2012, investment income (loss) comprises the following:

		2013	2012
Unrestricted:			
Interest and dividends	$	11,667	7,051
Net realized gains on investments		21,677	6,916
Net unrealized gains (losses) on investments		20,946	(18,497)
Total	$	54,290	(4,530)
Restricted:			
Interest and dividends	$	236	148
Net realized gains on investments		460	186
Net unrealized gains (losses) on investments		530	(279)
Total	$	1,226	55

(Continued)

(7) Property and Equipment, Net

As of June 30, 2013 and 2012, property and equipment are summarized as follows:

	Useful lives	2013	2012
Buildings and improvements	5 – 40 years	$ 558,001	550,440
Equipment	5 – 15 years	184,574	168,657
		742,575	719,097
Less accumulated depreciation		(286,184)	(248,018)
		456,391	471,079
Land		17,124	17,124
Construction in progress		14,908	8,607
Property and equipment, net		$ 488,423	496,810

Depreciation expense for the years ended June 30, 2013 and 2012 was $38,567 and $36,469, respectively.

(8) Debt

As of June 30, 2013 and 2012, long-term debt is summarized as follows:

	2013	2012
Under the master trust indenture:		
Fixed Rate Insured Revenue Bonds, Series 2006A 4.00% to 5.00% serial and term bonds, payable in varying installments to 2024; interest payable semiannually	$ 46,405	49,570
Fixed Rate Insured Revenue Bonds, Series 2006B 4.50% term bond, sinking fund payments due beginning in 2024 and maturing in 2028; interest payable semiannually	28,230	28,230
Variable Rate Revenue Bonds, Series 2008A due in varying installments to 2047; interest payable weekly at a variable rate (weighted average of 0.96% and 1.12% for the years ended June 30, 2013 and 2012, respectively)	63,845	63,845
Variable Rate Revenue Bonds, Series 2008B due in varying installments to 2047; interest payable monthly at a variable rate (weighted average of 0.90% and 0.99% for the years ended June 30, 2013 and 2012, respectively)	65,000	65,000

(Continued)

		2013	2012
Variable Rate Revenue Bonds, Series 2008C due in varying installments to 2036; interest payable weekly at a variable rate (weighted average of 0.73% and 1.02% for the years ended June 30, 2013 and 2012, respectively)	$	50,575	50,575
Variable Rate Revenue Bonds, Series 2008D due in varying installments to 2041; interest payable monthly at a variable rate (weighted average of 0.91% and 1.07% for the years ended June 30, 2013 and 2012, respectively)		50,580	50,580
Fixed Rate Revenue Bonds, Series 2011 3.00% to 5.50% serial and term bonds, payable in varying installments to 2041; interest payable semiannually		100,000	100,000
Other:			
Medical office building mortgage payable due in monthly installments to 2017; interest payable at a fixed rate of 6.32%		5,586	6,012
		410,221	413,812
Plus:			
Premium, net of accumulated amortization		517	641
Less:			
Current portion of long-term debt		(6,049)	(3,591)
Long-term debt	$	404,689	410,862

Based on the borrowing rates currently available to RCHHC for financing with similar terms and average maturities, the estimated fair value of long-term debt was $415,740 and $425,277 as of June 30, 2013 and 2012, respectively.

The Obligated Group members, RCHHC and RCHSD, are subject to certain debt covenants, including restrictions on additional indebtedness under the master trust indenture, supplemental indentures, bank reimbursement agreements, and line of credit agreements. The debt issued under the master trust indenture is secured by Obligated Group gross revenues as defined in the master trust indenture. The Obligated Group constituted approximately 99% of the consolidated RCHHC total excess of revenues over expenses for the fiscal year ended June 30, 2013 and 97% of the consolidated RCHHC total assets as of June 30, 2013.

In October 2006, RCHHC issued $192,370 of fixed and variable rate revenue bonds (Series 2006A, 2006B, 2006C, and 2006D) with various maturities through 2041. A portion of the proceeds of the bonds was used to finance the acquisition, construction, equipping, and improvement of certain facilities owned and/or operated by RCHHC, and a portion was used to refund in advance outstanding bond obligations and a capital lease. The Series 2006C and Series 2006D debt was legally defeased in July 2008 and, accordingly, the previously outstanding bond obligations and the assets placed in the trust are not included in the consolidated balance sheets as of June 30, 2013 and 2012.

In July 2008, RCHHC issued $230,000 of variable rate revenue bonds (Series 2008A, 2008B, 2008C, and 2008D) with various maturities through 2047. A portion of the bond proceeds was placed in an irrevocable trust and, pursuant to an escrow agreement, was used to purchase government securities to advance refund outstanding bond obligations totaling $225,659 and to finance bond issuance costs of $2,109 and a portion of certain total return swap termination payments.

The Series 2008A, 2008B, 2008C, and 2008D bond indentures allow the bondholders to put the bonds back to RCHHC. As of June 30, 2012, the Series 2008 bonds were supported by letters of credit expiring between August 2013 and July 2015. In April 2012, RCHHC elected to execute early extensions of the 2008A and 2008C letters of credit and to replace the 2008B and 2008D letters of credit with direct purchase agreements. Under the direct purchase agreements, mandatory tenders of the 2008B and 2008D bonds were required, pursuant to provisions for a purchase in lieu of redemption in the bond indentures. The tenders allowed for the bonds to be obtained from the existing bondholders and sold to the direct purchase banks. There was no material financial statement impact due to these transactions.

As of June 30, 2013, under the letters of credit related to the 2008A and 2008C bonds, to the extent that amounts are drawn on the letters of credit, the outstanding balance commences amortization on the earlier of 367 days after the advance is made, if the advance has not been repaid in those 367 days, or the termination date of the letter of credit. Quarterly (or semiannual) payments on the advance, along with accrued interest, are then due through three years after the advance, or when a substitute letter of credit or other liquidity facility is put in place, or if the bonds are converted. Additionally, amounts become due in the event of default. The 2008A letter of credit expires April 2017 and the 2008C letter of credit expires May 2016.

In November 2011, Rady Children's issued $100,000 of fixed rate revenue bonds with various maturities through 2041. A portion of the bond proceeds is to finance and refinance the costs of acquisition, construction, improvement and/or equipping of certain health facilities owned and/or operated by RCHHC, and a portion was used to finance bond issuance costs of $1,611.

The scheduled repayment of principal for all long-term debt according to the original bond amortization schedule and the scheduled repayments should the bond credit facility be utilized, as of June 30, 2013, is as follows:

		Bond amortization schedule	Credit facility terms
Fiscal year ending June 30:			
2014	$	6,049	5,689
2015		6,293	52,477
2016		6,525	52,709
2017		6,813	27,685
2018		10,136	9,701
Thereafter		374,405	261,960
Total	$	410,221	410,221

RCHHC utilizes derivative financial instruments, specifically interest rate swaps, to manage the fixed and variable interest rate mix and the related interest rate risk on the overall cost of long-term debt. RCHHC does not use financial instruments for trading purposes. As of June 30, 2013 and 2012, RCHHC was party to four total return swap agreements with notional amounts totaling $228,845. RCHHC pays interest to the swap counterparty at an average fixed rate of 3.43% and, in return, receives interest at a variable rate equal to a percentage of one-month LIBOR. Both RCHHC and the counterparty have the right to terminate the agreements prior to maturity. The net amount paid (received) under the swap agreements is recorded as interest expense (or a reduction thereof) in the consolidated statements of operations and changes in net assets. Net cash payments under the swaps totaled $7,409 and $7,474 for the years ended June 30, 2013 and 2012, respectively.

The estimated fair value of the total return swap agreements is determined using available market information and valuation methodologies, considering both discounted cash flows and the current market value of the variable interest rate bonds. These instruments have not been designated as a cash flow hedge and, therefore, the change in fair value for the years ended June 30, 2013 and 2012 is included in the excess of revenues over expenses in the accompanying consolidated statements of operations and changes in net assets. The fair value of the total return swap instruments was recorded in the consolidated balance sheets as liabilities of $46,790 and $80,150 at June 30, 2013 and 2012, respectively. RCHHC is required to collateralize the fair value of the interest rate swap agreements when the aggregate liability exceeds $7,000, and the swap counterparty is required to collateralize the fair value of the interest rate swap agreements when RCHHC is in an aggregate receivable position. The collateral posting thresholds are determined based on each counterparty's current credit rating. At June 30, 2013 and 2012, a swap collateral fund held by the swap counterparty of $39,790 and $73,150, respectively, was recorded as an asset limited as to use in the consolidated balance sheets.

In December 2010, RCHHC purchased certain real estate located near the RCHSD main campus. In connection with this purchase, RCHHC entered into an $85 million nonrevolving bank line of credit to serve as interim financing. RCHHC had the option to borrow at either: (1) the bank's Base Rate, which is equal to the higher of (a) the Federal Funds Rate plus 1.50% per annum or (b) the bank's Prime Rate or

(2) the one, two, three or six month Eurodollar Rate plus 1.00%. The line of credit was paid in full in August 2012 and expired in December 2012. The amount outstanding on this line of credit was $17,600 as of June 30, 2012 and was recorded as short-term borrowings in the consolidated balance sheets.

As of June 30, 2013 and 2012, RCHHC had a $30 million line of credit, pursuant to which revolving working capital loans could be obtained. Included as part of this credit facility were standby letters of credit, to guarantee payment of workers' compensation claims, totaling $6,668 and $6,309 as of June 30, 2013 and 2012, respectively. During 2011, RCHHC obtained a second credit facility (allowing for a line of credit and letters of credit), with another bank, for an additional $40 million, bringing the total available under the two credit facilities to $70 million. As of June 30, 2013 there were no amounts outstanding on the working capital lines of credit and there were no draws on the letters of credit. As of June 30, 2012 there was $20 million outstanding on the working capital lines of credit, recorded as short-term borrowings in the consolidated balance sheets and there were no draws on the letters of credit.

(9) Temporarily and Permanently Restricted Net Assets

As of June 30, 2013 and 2012, temporarily restricted net assets are available for the following purposes:

		2013	2012
Specified health care services and education	$	45,434	44,418
Capital projects		4,209	4,222
Total	$	49,643	48,640

During the years ended June 30, 2013 and 2012, temporarily restricted net assets were released from restrictions for the following purposes:

		2013	2012
Specified health care services and education	$	6,523	8,297
Capital projects		565	1,544
Total	$	7,088	9,841

Permanently restricted net assets of $10,236 and $8,894 at June 30, 2013 and 2012, respectively, represent funds to be held in perpetuity. The income from such net assets is restricted for the care of indigent patients or to support health care services.

(10) Endowments

RCHHC's endowment consists of approximately 38 separate endowment funds, established for a variety of purposes, which are included in assets limited as to use. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

RCHHC has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RCHHC classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are allocated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the UPMIFA.

RCHHC has investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. RCHHC targets a diversified asset allocation to achieve its long-term investment return objectives within prudent risk constraints. Investment policies, spending policies, and target asset allocations are reviewed annually.

Changes in donor-restricted and board-designated endowment net assets for the years ended June 30, 2013 and 2012 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets at June 30, 2011	$	30,743	1,985	8,598	41,326
Investment loss, net		(191)	(137)	—	(328)
Contributions		—	—	296	296
Releases for expenditures		(1,261)	(345)	—	(1,606)
Endowment net assets at June 30, 2012		29,291	1,503	8,894	39,688
Investment income, net		3,362	1,164	—	4,526
Contributions		—	—	1,342	1,342
Releases for expenditures		(1,222)	(348)	—	(1,570)
Endowment net assets at June 30, 2013	$	31,431	2,319	10,236	43,986

(11) Employee Benefit Plans

(a) *Defined Benefit Pension Plan*

RCHHC has a noncontributory defined benefit pension plan covering substantially all employees. A participating employee's annual postretirement pension benefit is based on compensation, years of service, and social security benefits. RCHHC's funding policy is to contribute annually at least the required minimum amount as actuarially determined. RCHHC uses a June 30 measurement date for its defined benefit plan.

The change in plan assets and the related change in benefit obligation as of and for the years ended June 30, 2013 and 2012 are presented as follows:

		2013	2012
Change in benefit obligation:			
Projected benefit obligation, beginning of year	$	184,753	145,564
Service cost		10,450	8,140
Interest cost		8,161	8,067
Actuarial loss		(13,361)	26,621
Benefits paid		(14,637)	(3,563)
Administrative expenses paid		(87)	(76)
Projected benefit obligation, end of year		175,279	184,753
Change in plan assets:			
Fair value of plan assets, beginning of year		168,715	152,369
Actual return on plan assets		21,395	1,985
Employer contributions		31,000	18,000
Benefits paid		(14,637)	(3,563)
Administrative expenses paid		(87)	(76)
Fair value of plan assets, end of year		206,386	168,715
Net prepaid (accrued) benefit cost at end of year	$	31,107	(16,038)
Amounts recognized in the consolidated balance sheets consist of:			
Other long-term liabilities	$	—	(16,038)
Other assets		31,107	—
Accumulated charge to unrestricted net assets		33,045	60,629
Net amount recognized	$	64,152	44,591

The accumulated charge to unrestricted net assets as of June 30, 2013 represents charges arising from the defined benefit plan but not yet recognized as a component of net periodic benefit cost. The accumulated charge to unrestricted net assets at June 30, 2013 of $33,045 comprises $32,667 of unrecognized net actuarial losses and $378 of unrecognized prior service cost. During fiscal year 2014, approximately $1,684 is expected to be reclassified from the accumulated charge to unrestricted net assets to pension benefit cost.

The accumulated benefit obligation for the plan was $148,478 and $145,360 at June 30, 2013 and 2012, respectively.

During the year ended June 2013, benefits paid included $10,175 as a result of elections to receive lump-sum payments by former employees who had a vested benefit in the plan but had not yet begun to collect a monthly pension payment.

For the years ended June 30, 2013 and 2012, the actuarially computed net periodic benefit cost includes the following components:

		2013	2012
Service cost	$	10,450	8,140
Interest cost		8,161	8,067
Expected return on plan assets		(12,370)	(11,365)
Net prior service cost amortization		155	155
Net loss amortization		5,043	1,148
Net periodic benefit cost	$	11,439	6,145

The plan's assumptions used to determine benefit obligations as of June 30, 2013 and 2012 were as follows:

	2013	2012
Discount rate	5.15%	4.52%
Rate of compensation increase	4.50	4.50

The plan's assumptions used to determine net periodic pension cost for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Discount rate	4.52%	5.65%
Expected long-term return on plan assets	7.00	7.50
Rate of compensation increase	4.50	5.00

The plan's expected future benefit payments as of June 30, 2013 were as follows:

Fiscal year ending June 30:		
2014	$	4,310
2015		4,700
2016		5,298
2017		5,782
2018		6,502
2019 through 2022		47,784

The basis used to determine the plan's overall expected long-term rate of return on assets has been the historical results of a balanced portfolio. The plan's investment strategy has been to diversify its portfolio and to have its assets managed by third-party professionals.

The target and actual allocations for the plan's assets by category are as follows as of June 30, 2013:

	Target	Actual
Equity securities	52%	58%
Debt securities	35	37
Real assets	5	—
Other	8	5
	100%	100%

For the year ended June 30, 2014, there is no minimum funding requirement for the plan. RCHHC does not expect to contribute to the plan during the fiscal year ending June 30, 2014.

The fair value of RCHHC's pension investments as of June 30, 2013 consists of the following:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total balance at June 30, 2013
Investments				
Cash and cash equivalents	$ 1,963	—	—	1,963
Domestic equity funds	19,970	50,121	—	70,091
International equity funds	23,061	23,756	—	46,817
Fixed income funds	45,889	31,301	—	77,190
Real estate mutual funds	2,340	—	—	2,340
Alternative investments	—	—	6,775	6,775
Immediate participation guarantee contract	—	—	1,210	1,210
Total investments	$ 93,223	105,178	7,985	206,386

The fair value of RCHHC's pension investments as of June 30, 2012 consists of the following:

		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total balance at June 30, 2012
Investments					
Cash and cash equivalents	$	859	—	—	859
Domestic equity funds		26,786	41,884	—	68,670
International equity funds		13,869	12,863	—	26,732
Fixed income funds		40,631	18,822	—	59,453
Real estate mutual funds		6,370	—	—	6,370
Alternative investments		—	—	5,393	5,393
Immediate participation guarantee contract		—	—	1,238	1,238
Total investments	$	88,515	73,569	6,631	168,715

For a description of the levels used for valuation, information about the valuation techniques and inputs used to measure the fair value of plan assets, see discussion regarding fair value measurements in note 5.

The change in the balance of Level 3 pension assets measured on a recurring basis for the years ended June 30, 2013 and 2012 is as follows:

		Immediate participation guarantee contract	Alternative investments	Total
Balance at June 30, 2011	$	1,279	2,589	3,868
Benefit distributions		(109)	—	(109)
Realized and unrealized gains (losses), net		—	32	32
Actuarial return on plan assets		68	—	68
Purchases		—	2,772	2,772
Sales		—	—	—
Balance at June 30, 2012		1,238	5,393	6,631
Benefit distributions		(97)	—	(97)
Realized and unrealized gains (losses), net		—	496	496
Actuarial return on plan assets		69	—	69
Purchases		—	1,438	1,438
Sales		—	(552)	(552)
Balance at June 30, 2013	$	1,210	6,775	7,985
Change in unrealized gains (losses) on investments held as of June 30, 2012	$	—	(7)	(7)
Change in unrealized gains (losses) on investments held as of June 30, 2013	$	—	464	464

(b) Deferred Compensation and Savings Plans

RCHHC has a deferred compensation plan established for senior management and a voluntary savings plan for certain management employees, whereby RCHHC contributes a percentage of eligible employees' earnings. At June 30, 2013 and 2012, a liability related to these plans of $2,434 and $2,722, respectively, is included in accrued salaries and related benefits and other long-term liabilities. Included in assets limited as to use at June 30, 2013 and 2012 are $480 and $328, respectively, of investments that have been placed in a trust to fund a portion of this liability (note 6). During the years ended June 30, 2013 and 2012, RCHHC recorded expenses for these plans of $1,024 and $1,308, respectively, which are included in salaries and employee benefits within the consolidated statements of operations and changes in net assets.

(c) *Retirement Savings Plan*

RCHHC has a voluntary 403(b) savings plan for substantially all RCHSD employees. For employees who work more than 1,000 hours in a given year, RCHSD contributes from \$0.25 to \$0.65, based upon years of service, for each \$1.00 contributed by employees to their 403(b) accounts, up to 8% of each participant's salary. For the years ended June 30, 2013 and 2012, RCHSD recorded expenses related to the match of \$4,688 and \$4,452, respectively, which are included in salaries and employee benefits within the consolidated statements of operations and changes in net assets.

(12) Pledges Receivable

Pledges, which represent unconditional promises from donors to give cash and other assets to RCHHC are recorded at fair value as of the date the promise is received. RCHHC discounts pledges with expected payment terms of greater than one year, using interest rates ranging from 1.5% to 7.0%, as applicable at the time of the contribution.

Pledges receivable, net are included in other receivables (\$6,489 and \$7,297, respectively), and in other assets (\$22,141 and \$24,346, respectively), as of June 30, 2013 and 2012.

Total unconditional pledges included in other receivables and other assets as of June 30, 2013 are as follows:

2014	$	6,489
2015		3,874
2016		3,655
2017		326
2018		285
Thereafter		31,749
Less present value discount		(17,748)
	$	28,630

(13) Functional Expenses

RCHHC categorizes unrestricted operating expenses into two categories: health care services and general and administrative. Health care services include all expenses in departments that generate patient revenue. All other costs are referred to as general and administrative. For the years ended June 30, 2013 and 2012, the functional grouping of expenses is as follows:

		2013	2012
Health care services	$	531,739	497,178
General and administrative		203,236	192,730
Total	$	734,975	689,908

(14) Commitments and Contingencies

(a) General, Employment Practices, Professional Liability Coverage and Workers' Compensation

RCHHC retained the first $1,500 liability per claim for hospital professional liability, the first $1,000 for general liability and the first $250 for employment practices liability in 2013 and 2012 (retention). RCHHC's retention for 2013 and 2012 was limited by an annual policy-year combined aggregate of $6,000 for general and hospital professional liability. RCHHC purchases reinsurance for losses in excess of the RCHHC retention, on a per-claim and aggregate basis, for hospital and professional liability. Reinsurance contracts do not relieve RCHHC from its obligations to claimants. Failure of reinsurers to honor their obligations could result in losses to RCHHC; consequently, allowances are established for amounts deemed uncollectible. RCHHC evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. The reserve for estimated general, employment practices, and professional claims of $12,501 and $12,648 recorded in other long-term liabilities as of June 30, 2013 and 2012, respectively, includes estimates of the ultimate costs for both reported claims and for claims incurred but not reported, in accordance with actuarial projections or paid claims lag models based on past experience.

RCHHC has a high dollar deductible workers' compensation program. Annual workers' compensation expense under this program is based on historical claims experience and projected losses. The actuarial estimates of incurred losses, including claims incurred but not reported, are recorded in other long-term liabilities of $10,536 and $10,642 as of June 30, 2013 and 2012, respectively.

RCHHC adopted ASU 2010-24 for the year ended June 30, 2012. This resulted in the reclassification of anticipated insurance recoveries from excess professional liability and workers' compensation insurers, which were previously netted against liabilities for self-insurance programs, to a receivable from the insurance carriers for claims made in excess of retained limits recorded within other assets. The receivables associated with excess professional liability and workers' compensation insurance recoveries were $5,944 and $5,912 as of June 30, 2013 and 2012, respectively.

(b) Legal

RCHHC is a party to certain legal actions arising in the ordinary course of business. In the opinion of management, based upon current facts and circumstances known by RCHHC, resolution of these matters should not have a material adverse effect on RCHHC's consolidated financial statements.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has continued with respect to investigations and allegations concerning possible violations of regulations by health care providers that could result in the imposition of significant fines and penalties, as well as significant repayment of previously billed and collected revenues for patient services. Management believes that RCHHC is in compliance with applicable fraud and abuse regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

(c) Health Care Reform

As enacted, the Health Reform Law will change how healthcare services are covered, delivered and reimbursed through expanded coverage of uninsured individuals, reduced growth in Medicare program spending, reductions in Medicare and Medicaid Disproportionate Share Hospital (DSH) payments, and the establishment of programs in which reimbursement is tied to quality and integration. In addition, the law reforms certain aspects of health insurance, expands existing efforts to tie Medicare and Medicaid payments to performance and quality, and contains provisions intended to strengthen fraud and abuse enforcement. Further, it provides for a value-based purchasing program, the establishment of Accountable Care Organizations (ACO's) and bundled payment pilot programs.

(d) Leases

RCHHC leases real property and equipment under noncancelable operating leases expiring at various dates through May 2021. Minimum future rental payments required by these leases as of June 30, 2013 are as follows:

Fiscal year ending June 30:		
2014	$	6,261
2015		3,978
2016		2,414
2017		1,695
2018		754
Thereafter		970
Total	$	16,072

RCHHC's leases generally include annual escalation clauses and renewal options at the end of the lease term. Rental expense was $10,300 and $10,223 for the years ended June 30, 2013 and 2012, respectively, and is included in other expenses within the consolidated statements of operations and changes in net assets.

(e) State Funding for Property and Equipment

In 2008, the State enacted the Children's Hospitals Bond Act of 2008 (the 2008 Bond Act), whereby $980,000 is provided to improve and expand California children's hospitals, as well as to purchase new medical equipment for these hospitals. RCHSD is entitled to approximately $97,000 from the 2008 Bond Act, which is to be recognized and reported as third-party funding for property and equipment in the accompanying consolidated statements of operations and changes in net assets and cash flows when qualifying expenditures are reimbursed. As of June 30, 2012, funds of $34,173 have been paid to RCHSD. Funds paid to RCHSD during the year ended June 30, 2013 were $8,663 and are included within the consolidated statements of operations and changes in net assets. As of June 30, 2013, approximately $54,164 remained available to RCHSD.

(f) Seismic Compliance

California Health and Safety Code Sections 130000 through 130070 require acute care hospitals to have met new seismic standards by 2013 or, with an approved extension, to meet them by a later date. Management believes RCHSD acute care hospital buildings currently meet Structural Performance Category requirements for continued service through 2030. RCHSD has completed construction to meet Nonstructural Performance Category 3 requirements and the report is pending certification by the California Office of Statewide Health Planning and Development.

(15) Subsequent Events

RCHHC completed its evaluation for subsequent events through September 25, 2013, the date the consolidated financial statements were issued, and determined that no items required disclosure.

Schedule 1

RADY CHILDREN'S HOSPITAL AND HEALTH CENTER

Consolidating Supplementary Schedule – Balance Sheet Information

June 30 2013

(Dollars in thousands)

	Rady Children's Hospital and Health Center	Rady Children's Hospital – San Diego	Obligated Group	Rady Children's Health Services – San Diego	Rady Children's Hospital Research Center	Children's Hospital Integrated Risk Protective Limited	Rady Children's Hospital Foundation – San Diego	Rady Children's Physician Management Services	Eliminations	Consolidated
Current assets										
Cash and cash equivalents	$ —	32 423	32 423	—	—	16	—	—	—	32 439
Investments	41 391	508 186	549 577	—	—	18 591	—	—	—	568 168
Patients accounts receivable net	—	98 598	98 598	—	—	—	—	—	—	98 598
Other receivables	1	41 176	41 177	—	—	—	6 508	6 591	(24)	54 252
Assets limited as to use required for current liabilities	—	266	266	—	—	—	—	—	—	266
Receivables (payables) from affiliates	(7 123)	10 604	3 481	2 103	(288)	—	(3 040)	(2 256)	—	—
Inventory	—	7 269	7 269	—	—	—	—	1 063	—	8 332
Other current assets	—	8 496	8 496	—	—	62	—	478	—	9 036
Total current assets	34 269	707 018	741 287	2 103	(288)	18 669	3 468	5 876	(24)	771 091
Assets limited as to use net of current portion	1 168	71 316	72 484	—	—	—	—	—	—	72 484
Property and equipment net	8	486 753	486 761	—	7	—	—	1 655	—	488 423
Investments noncurrent	—	53 004	53 004	—	—	—	—	—	—	53 004
Other assets	13 036	43 201	56 237	592	—	—	20 670	264	(11 564)	66 199
Total	$ 48 481	1 361 292	1 409 773	2 695	(281)	18 669	24 138	7 795	(11 588)	1 451 201
Current liabilities										
Accounts payable and accrued expenses	$ —	92 822	92 822	—	—	168	23	2 759	(24)	95 748
Accrued salaries and related benefits	—	35 483	35 483	—	—	—	184	1 324	—	36 991
Current portion of long-term debt	—	6 049	6 049	—	—	—	—	—	—	6 049
Deferred revenue	—	350	350	—	—	—	38	—	—	388
Total current liabilities	—	134 704	134 704	—	—	168	245	4 083	(24)	139 176
Long-term debt net of current portion	—	404 689	404 689	—	—	—	—	—	—	404 689
Interest rate swaps	—	46 790	46 790	—	—	—	—	—	—	46 790
Other long-term liabilities	—	21 350	21 350	—	—	5 456	—	—	—	26 806
Payable to beneficiaries under deferred giving arrangements	1 672	111	1 783	—	—	—	—	—	—	1 783
Total liabilities	1 672	607 644	609 316	—	—	5 624	245	4 083	(24)	619 244
Net assets										
Unrestricted	45 343	695 235	740 578	2 695	(281)	13 045	23 893	3 712	(11 564)	772 078
Temporarily restricted	993	48 650	49 643	—	—	—	—	—	—	49 643
Permanently restricted	473	9 763	10 236	—	—	—	—	—	—	10 236
Total net assets	46 809	753 648	800 457	2 695	(281)	13 045	23 893	3 712	(11 564)	831 957
Total	$ 48 481	1 361 292	1 409 773	2 695	(281)	18 669	24 138	7 795	(11 588)	1 451 201

See accompanying independent auditors report

Schedule 2

RADY CHILDREN'S HOSPITAL AND HEALTH CENTER

Consolidating Supplementary Schedule – Operating Information

Year ended June 30, 2013

(Dollars in thousands)

	Rady Children's Hospital and Health Center	Rady Children's Hospital – San Diego	Obligated Group	Rady Children's Health Services – San Diego	Rady Children's Hospital Research Center	Children's Hospital Integrated Risk Protective Limited	Rady Children's Hospital Foundation – San Diego	Rady Children's Physician Management Services	Eliminations	Consolidated
Operating revenues:										
Net patient service revenue before provision for bad debts	$ —	549 959	549 959	—	—	—	—	—	—	549 959
Provision for bad debts	—	(16 399)	(16 399)	—	—	—	—	—	—	(16 399)
Net patient service revenue	—	533 560	533 560	—	—	—	—	—	—	533 560
Provider fee program	—	65 874	65 874	—	—	—	—	—	—	65 874
Premium revenue	—	68 618	68 618	—	—	—	—	—	—	68 618
Grants and contracts	—	35 918	35 918	—	—	—	—	—	—	35 918
Other government revenue	—	31 890	31 890	—	—	—	—	—	—	31 890
Physician management services revenue	—	—	—	—	—	—	—	35 155	—	35 155
Other revenue	312	34 109	34 421	—	—	2 536	—	379	(4 078)	33 258
Net assets released from restrictions used for operations	19	6 504	6 523	—	—	—	—	—	—	6 523
Total operating revenues	331	776 473	776 804	—	—	2 536	—	35 534	(4 078)	810 796
Operating expenses:										
Salaries and employee benefits	—	317 568	317 568	—	—	—	—	16 887	—	334 455
Supplies	5	84 915	84 920	—	—	—	—	10 756	—	95 676
Professional fees	109	107 044	107 153	—	—	32	—	376	—	107 561
Purchased services	142	75 851	75 993	—	—	230	—	1 762	(663)	77 322
Provider fee program	—	24 107	24 107	—	—	—	—	—	—	24 107
Insurance	—	4 589	4 589	—	—	2 767	—	35	(2 536)	4 855
Depreciation and amortization	1	39 721	39 722	—	—	—	—	308	—	40 030
Interest	—	18 834	18 834	—	—	—	—	129	—	18 963
Other	45	27 478	27 523	—	—	—	—	5 056	(573)	32 006
Total operating expenses	302	700 107	700 409	—	—	3 029	—	35 309	(3 772)	734 975
Operating income (loss)	29	76 366	76 395	—	—	(493)	—	225	(306)	75 821
Nonoperating income (expenses):										
Contributions	—	1 005	1 005	—	—	—	6 917	—	—	7 922
Fundraising expenses	—	—	—	—	—	—	(5 160)	—	306	(4 854)
Change in fair value of interest rate swaps	—	33 360	33 360	—	—	—	—	—	—	33 360
Investment income, net	4 175	49 847	54 022	—	—	163	—	20	85	54 290
Excess (deficiency) of revenue over expense	$ 4 204	160 578	164 782	—	—	(330)	1 757	245	85	166 539

See accompanying independent auditors' report.