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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
CHILDRENS HOSPITAL INC

Doing Business As

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

City or town, state or province, country, and ZIP or foreign postal code
New Orleans, LA 701185720

D Employer identification number
72-0467503

E Telephone number
(504) 896-9581

G Gross receipts $ 641,669,936

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW CHNOLA ORG

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

L Year of formation 1949

M State of legal domicile LA

Part I Summary

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

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	22
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	18
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,807
6	Total number of volunteers (estimate if necessary)	**6**	720
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	44,938,668	11,314,429
9	Program service revenue (Part VIII, line 2g)	203,853,222	387,235,476
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	24,223,088	40,251,695
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	956,820	979,422
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	273,971,798	439,781,022
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	2,302,632	27,826
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)	112,904,776	115,788,102
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶1,421,529		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	136,906,489	117,580,176
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	252,113,897	233,396,104
19	Revenue less expenses Subtract line 18 from line 12	21,857,901	206,384,918

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	908,150,231	1,185,400,579
21	Total liabilities (Part X, line 26)	19,576,024	56,274,687
22	Net assets or fund balances Subtract line 21 from line 20	888,574,207	1,129,125,892

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2014-11-17 Date

▶ Courtney Garrett CFO
Type or print name and title

Paid Preparer Use Only

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

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 11,687,993 including grants of $ 0) (Revenue $ 4,735,958)

RESIDENT TEACHING & GRADUATE MEDICAL EDUCATION PROGRAMS Children's Hospital has become an increasingly important teaching center for both undergraduate and graduate education Approximately 80 trainees in Pediatrics and in the combined Internal Medicine/Pediatric programs obtain most of their training at the hospital In addition, residents in Anesthesiology, Emergency Medicine, General Surgery, Neurology, Neurosurgery, Orthopaedics, Ophthalmology, Otolaryngology, Pathology, Physical Medicine and Rehabilitation, Plastic Surgery, Psychiatry, Radiology and Urology also receive training at Children's Hospital In addition, fellows in Allergy/Immunology, Cardiology, Endocrinology, Gastroenterology, Hematology/ Oncology, Infectious Disease, Neonatal Intensive Care, Nephrology and Pathology also receive advanced subspecialty training at Children's Hospital The majority of medical students, residents and fellows rotating through Children's Hospital are from the LSU Health Sciences Center The pediatric residents participate in a variety of educational activities The chief residents conduct Morning Report, held four times a week where an interesting or unique case is presented and discussed, allowing residents and students to observe the thought processes that go into problem solving and clinical reasoning Noon conferences are held on weekdays with specialists from Ambulatory, Adolescent Medicine, Allergy/Immunology, Emergency Medicine, Forensic Medicine, Hospitalist Medicine, Nephrology, Psychiatry, Psychology, Infectious Disease, Radiology, Cardiology, Rheumatology, Neonatology, Hematology/Oncology, Critical Care, Pulmonology, Endocrine, Neonatology, Gastroenterology and several surgical specialties rotating presentations Pediatric Board Review is held once a month and covers all aspects of pediatrics for preparation of the American Board of Pediatrics Certifying Examination In addition all divisions conduct specialty conferences for students and residents rotating on those services The "Resident as Teachers" series is held quarterly facilitated by the student clerkship director who instructs the residents on various teaching tools and methods to improve their supervision of junior residents and students The Evidenced-based Medicine Journal Club is conducted monthly by the upper level residents under the direction of a faculty member The presentations are case based and involve a clinical question The resident outlines their search method, the articles that were relevant and then critically review one article that answers the clinical question The Professionalism Forums are held quarterly where faculty members meet in small groups to discuss possible opportunities to improve upon professionalism in residents' careers The Clinical Reasoning Skills sessions are conducted quarterly with the first year residents to practice clinical reasoning in groups of 4-5 residents with faculty supervision Clinical Case Conferences are held once a week and attended by attending staff, residents and students Residents present interesting cases followed by a thorough review of the literature on this topic Faculty members present Grand Rounds at Children's Hospital every other Wednesday morning to formally present a topic related to their specialty The Accreditation Council for Graduate Medical Education (ACGME) is responsible for the Accreditation of post-MD medical training programs within the United States Children's Hospital is the primary training hospital for the LSUHSC Pediatric Residency training program This Program received full accreditation at the highest level of five years following the ACGME site visit in 2011 All other resident and fellow training programs are also site-visited at specified intervals and are fully accredited by the ACGME Medical Residents _305

4b (Code) (Expenses $ 27,332,008 including grants of $ 0) (Revenue $ 7,752,592)

Ambulatory & Primary Health Care In March of 1998, the Board of Trustees recognized that Children's Hospital, with its richness of talent and programs and its financial resources, was well positioned to identify and address obstacles to the welfare of children in the community Therefore, a standing committee of the Board of Trustees has been charged with developing and monitoring all services and benefits provided to the community The hospital also provides a large array of community-education programs, wellness programs, research activities and special programs for the handicapped and medically underserved These include, but are not limited to, the following Children's Hospital Outpatient Center of Baton Rouge was immediately established following Hurricane Katrina in order to reach out to patients who relocated to the Baton Rouge area Clinic space was purchased in order for Children's Hospital's pediatric specialists and pediatricians to see patients on a weekly basis The clinic is fully staffed to meet the needs of the growing pediatric population in Baton Rouge Children's Hospital Burdin Riehl Clinic was established in Lafayette in order to meet the needs of those patients who relocated to the area following Hurricane Katrina Both the Baton Rouge and Lafayette clinics provide care with the same guidelines as the hospital - no child is ever turned away Doctors at these locations continue to see a large number of patients whose families lost their incomes as a result of Hurricane Katrina The hospital loses approximately $37,000 per month on these clinics The Metairie Center is a satellite clinic for pediatric specialists who see patients in the Metairie area The Children's Healthcare Assistance Plan (CHAP) provides physician and hospital services at no cost to children whose family income is too high to qualify for Medicaid but whose lack of resources limit their access to quality healthcare Free care provided by the hospital, at established charges, was approximately $17,094,874 for the year-end December 31, 2013 Benefits to the indigent also include charges in excess of government payments for services provided to Medicaid beneficiaries of approximately $320,341,693 for the year-end December 31, 2013 In addition, Children's Hospital had to write-off approximately $3,532,037 of patient care charges that could not be collected from patients The Parenting Center is a community resource program providing support and education to parents The goals of the Center are to promote confidence and competence in parents, to encourage optimal child development, and to enhance the well being of the family as a whole The Parenting Center offers 1) parent training classes, 2) a free telephone advice line, 895-KIDS, 3) drop-in visits to the Center to offer time with other parents and staff while the children play, 4) community outreach programs, such as lunch bag seminars for working parents, and 5) weekly television segments featuring childrearing tips Services have been extended to suburban New Orleans with the opening of The Metairie Parenting Center, which also offers classes, support groups, individual counseling and a parent library SAFE KIDS Louisiana, Inc is a separate corporation that is partially supported by Children's Hospital as part of its benefits program As part of SAFE KIDS Worldwide, it is dedicated to reducing the number of unintentional childhood injuries - the number one killer of children ages 14 and under The Tooth Bus is a community service providing free dental care to children in need The bus is a mobile dental office that travels to various locations throughout the New Orleans area to provide routine dental exams and other standard procedures to children of all ages who meet eligibility requirements In 2012, 7,050 visits were made to The Tooth Bus from children throughout the New Orleans area The Audrey Hepburn Children At Risk Evaluation (CARE) Center provides comprehensive forensic medical evaluations and referrals to community resources for children who are victims of sexual abuse, physical abuse and neglect and their families In 2012, 1,460 patients were seen The CARE Center has clinics in New Orleans, Baton Rouge and St Tammany, but children are referred from parishes throughout Louisiana and the Gulf Coast The medical evaluation consists of a detailed forensic interview of the child and the caretaker, a complete physical examination, and preparation of a report to the referring agency In addition, the physicians are frequently called upon to testify in court in those cases of sexual and physical abuse that are prosecuted Both physicians have testified in and helped prepare numerous cases in the last year The CARE Center staff routinely presents lectures on child abuse and neglect to community action and professional medical and legal groups, pediatric nurses, nurse technicians, childcare technicians, dental hygiene students, high school students and child care workers They also serve as consultants to the State of Louisiana and outlying parishes and to Office of Community Services for Orleans, Jefferson, St Bernard and Plaquemines parishes Currently, the program consists of two full-time fellowship trained pediatricians and one fellow in training The center receives financial support from the Audrey Hepburn Foundation, which also provides financial assistance to centers similar to ours in Los Angeles, CA and Hackensack, N J The Greater New Orleans Immunization Network (GNOIN) is a model program focusing on increasing immunization rates of children through the age of 18 years GNOIN offers the combined elements of an immunization registry into the state's system, a mailer reminder system, parental education, and a mobile immunization unit that travels throughout the metropolitan New Orleans area to administer immunizations free of charge to eligible infants, children and adolescents through the age of 18 years In 2013, GNOIN had 11,052 visits to the immunization unit and administered 18,585 vaccines The School Kids Immunization Program (SKIP I) and (SKIP II) grew out of a need to increase the immunization rates for school-age children identified by GNOIN SKIP works with individual schools and reviews all the students' immunization records Students, not in the state's immunization registry, LA Immunization Network for Kids Statewide (LINKS), are enrolled into the data registry The parents of students who do not have up-to-date immunization records are notified as to which vaccine(s) their child requires They receive immunization information and a consent form that authorizes SKIP to administer the necessary vaccine(s) to their child free-of-charge In 2013, SKIP immunized 6,573 students and administered 9,938 vaccines The combined immunization programs, SKIP I, SKIP II & GNOIN, are the number one providers of immunizations in the state The programs immunized a total of 17,625 children and administered 28,523 vaccinations in 2013 The Clinical Dietitian Program provides and monitors the nutritional care of patients in conjunction with the Dietetic Services Department and hospital clinical staff The program is staffed during the workweek and as needed on weekends to be available to all inpatients and outpatients through the Community Care Program and Diabetes Grant Services and diagnoses include nutritional assessments and monitoring via physician consultation, nutritional education and counseling, establishment of nutritional care plans and interdisciplinary goals, participation in the establishment and revision of patient meal and formula policies and procedures and nutrition care standards and CQI activities, and conduct departmental and clinical staff and dietetic intern education services The Ventilator Assisted Care Program (VACP) provides case management for Medicaid eligible children living at home in the state of Louisiana and are ventilated assisted The program also provides nursing, social, educational and respiratory assessments, and facilitates medical intervention for this population The staff provides aid in the access of social and healthcare supports in the community In 2012, services were provided to an average of 105 patients per month **Total visits __101,789

4c (Code) (Expenses $ 161,373,978 including grants of $ 0) (Revenue $ 377,279,452)

Patient Care, General/Other In 2013 Children's Hospital provided care to children from all 64 parishes in Louisiana, from 37 other states and 6 foreign countries Patient visits totaled 162,581 Included in these visits were 90,227 physician clinic visits, 55,967 emergency room visits, 7,369 outpatient surgical visits, 3,437 medical visits and 5,581 inpatient admissions or 40,450 patient care days The proceeds from the annual fund drive, in 2013, were dedicated to supporting Emergency Services at the hospital The drive raised $898,592 The 27th annual CMN Telethon netted a total of $1,362,889 in revenue The broadcast took place on the first weekend in June Boo at the Zoo, an annual joint fundraiser with the zoo that provides a safe trick-or-treat environment for children up to age 12, was held at the Audubon Zoo on the evenings of October 18, 19, 25 and 26 The event was a sellout three of the four nights and netted $103,545 for each organization There were more than 15,000 attendees over the three-night event The 31th Annual Sugarplum Ball was held at the Ursuline Convent on March 8 The event netted $223,967 to support the construction of a surgery suite for the hospital

(Code) (Expenses $ 5,932,365 including grants of $ 0) (Revenue $ 1,170,904)

Medical Research, General/Other The Research Institute for Children is in collaboration with Children's Hospital and Louisiana State University Health Sciences Center (LSUHSC) The institute also has a formal affiliation with the University of New Orleans (UNO) Researchers from Allergy/Immunology, Endocrinology, Oncology, Nephrology, gene therapies and microbiology comprise the majority of the group The total number of research personnel is 41 comprised of 14 administrative and support professionals, 3 postdoctoral researchers, 13 LSUHSC faculty members, 2 LSUHSC staff members, 2 UNO faculty members, 1 Helis foundation employee and 6 students Medical Researchers _41_____ Notes CTC, RA, RIS & Vivarium staff was included in the administrative & support professional's category

4d Other program services (Describe in Schedule O)
(Expenses $ 5,932,365 including grants of $ 0) (Revenue $ 1,170,904)

4e **Total program service expenses** ▶ 206,326,344

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or 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 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**	Yes	
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 or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	211		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,807		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a		Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response or note to any line 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**	22		
	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**	18		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

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

▶Jessica Cahill Controller 200 Henry Clay Ave
New Orleans, LA 701185720 (504) 896-9581

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

Check if Schedule O contains a response or note to any line 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			

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								6,414,890	2,494,528	1,013,182

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 ▶ 103

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Van Metter MD and Associates 1816 Industrial Blvd Harvey LA 70058	Emergency Room Services	2,532,878
Pediatric Radiology Services 200 Henry Clay Avenue New Orleans LA 70118	Radiology Services	2,049,027
Siemens Medical Solutions PO Box 120001 Dallas TX 753120733	System Support service	1,730,502
Metro Aviation Inc PO Box 7008 Shreveport LA 71137	Helicopter Services	1,570,445
INO Therapeutics Inc PO Box 642509 Pittsburg PA 152642509	Respiratory Services	1,567,344

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 ▶ 61

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a 0				
	b	Membership dues	1b 0				
	c	Fundraising events	1c 200,523				
	d	Related organizations . . .	1d 0				
	e	Government grants (contributions)	1e 6,972,915				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 4,140,991				
	g	Noncash contributions included in lines 1a-1f $	0				
	h	**Total.** Add lines 1a-1f . . . . . ▶		11,314,429			
Program Service Revenue			Business Code				
	2a	Patient Care Services	622000	51,098,129	51,098,129	0	0
	b	Medicare/Medicaid payments	900099	318,428,731	318,428,731	0	0
	c	Ambulatory & Primary Health Care (Community Support)	621000	7,752,592	7,752,592	0	0
	d						
	e						
	f	All other program service revenue		9,956,024	9,956,024	0	0
	g	**Total.** Add lines 2a–2f . . . . . ▶		387,235,476			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		14,284,184	14,284,184	0	0
	4	Income from investment of tax-exempt bond proceeds . . ▶		0	0	0	0
	5	Royalties . . . . . ▶		0	0	0	0
			(i) Real / (ii) Personal				
	6a	Gross rents	1,193,986 / 0				
	b	Less rental expenses	228,469 / 0				
	c	Rental income or (loss)	965,517 / 0				
	d	Net rental income or (loss) . . . . . ▶		965,517	0	0	965,517
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	227,573,761 / 0				
	b	Less cost or other basis and sales expenses	201,484,370 / 121,880				
	c	Gain or (loss)	26,089,391 / -121,880				
	d	Net gain or (loss) . . . . . ▶		25,967,511	25,967,511	0	0
	8a	Gross income from fundraising events (not including $ 200,523 of contributions reported on line 1c) See Part IV, line 18 . . a 68,100					
	b	Less direct expenses . . . b 54,195					
	c	Net income or (loss) from fundraising events . . ▶		13,905		0	13,905
	9a	Gross income from gaming activities See Part IV, line 19 . . . a 0					
	b	Less direct expenses . . . b 0					
	c	Net income or (loss) from gaming activities . . ▶		0	0	0	0
	10a	Gross sales of inventory, less returns and allowances . a 0					
	b	Less cost of goods sold . . b 0					
	c	Net income or (loss) from sales of inventory . . ▶		0	0	0	0
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		0			
	12	**Total revenue.** See Instructions . . . . . ▶		439,781,022	427,487,171	0	979,422

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 or note to any line 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	27,826	27,826		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	2,699,174	650,112	2,049,062	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7 Other salaries and wages	89,146,354	78,604,727	9,737,506	804,121
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,934,523	4,541,636	346,819	46,068
9 Other employee benefits	12,877,275	10,564,194	2,205,923	107,158
10 Payroll taxes	6,130,776	5,281,480	793,335	55,961
11 Fees for services (non-employees)				
a Management	0	0	0	0
b Legal	509,797	0	509,797	0
c Accounting	115,255	0	115,255	0
d Lobbying	0	0	0	0
e Professional fundraising services See Part IV, line 17	0			0
f Investment management fees	1,091,616	0	1,091,616	0
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	32,317,985	29,912,232	2,394,402	11,351
12 Advertising and promotion	120,846	76,662	14,062	30,122
13 Office expenses	9,392,661	7,291,186	1,921,788	179,687
14 Information technology	2,701,974	1,496,673	1,172,139	33,162
15 Royalties . .	0	0	0	0
16 Occupancy	3,793,685	3,432,265	339,900	21,520
17 Travel	437,625	345,125	64,378	28,122
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	70,057	68,228	1,829	0
20 Interest	0	0	0	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	13,178,605	11,922,786	1,158,886	96,933
23 Insurance	3,984,290	3,895,440	84,392	4,458
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Medical and Dietary Food Supplies	44,565,084	44,565,084	0	0
b Special Purpose Fund	3,084,676	3,084,676	0	0
c LCMC Management Fees	1,195,839	0	1,195,839	0
d Dues, Subs,Books, Periodicals	721,330	363,725	355,384	2,221
e All other expenses	298,851	202,287	95,919	645
25 **Total functional expenses.** Add lines 1 through 24e	233,396,104	206,326,344	25,648,231	1,421,529
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 or note to any line in this Part X . . . . . ☑

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		8,717,258	1	206,078,878
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		1,189,279	3	200,793
	4	Accounts receivable, net		34,612,676	4	31,208,935
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		6,932,348	8	7,080,384
	9	Prepaid expenses and deferred charges		8,979,851	9	6,699,567
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 301,977,703			
	b	Less accumulated depreciation	10b 177,018,665	100,036,815	10c	124,959,038
	11	Investments—publicly traded securities		702,391,202	11	758,190,250
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		45,290,802	15	50,982,734
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		908,150,231	16	1,185,400,579
Liabilities	17	Accounts payable and accrued expenses		19,576,024	17	56,274,687
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		0	25	
	26	**Total liabilities.** Add lines 17 through 25		19,576,024	26	56,274,687
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		885,601,406	27	1,126,951,891
	28	Temporarily restricted net assets		2,786,788	28	1,987,988
	29	Permanently restricted net assets		186,013	29	186,013
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		888,574,207	33	1,129,125,892
	34	Total liabilities and net assets/fund balances		908,150,231	34	1,185,400,579

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	439,781,022
2	Total expenses (must equal Part IX, column (A), line 25)	2	233,396,104
3	Revenue less expenses Subtract line 2 from line 1	3	206,384,918
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	888,574,207
5	Net unrealized gains (losses) on investments	5	34,167,044
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-277
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,129,125,892

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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: 13000241
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
A Whitfield Huguley IV Chairman	1	X						0	0	0
Mrs Julie Livaudais George Vice Chairman	1	X						0	0	0
William L Mimeles Treasurer	1	X						0	0	0
Mrs Katie Andry Crosby Secretary	1	X						0	0	0
Mrs George Villere Past-Chairman	1	X						0	0	0
Kenneth H Beer Board Member	1	X						0	0	0
Allan Bissinger Board Member	1	X						0	0	0
Ralph O Brennan Board Member	1	X						0	0	0
Elwood F Cahill Jr Board Member	1	X						0	0	0
Philip deV Claverie Board Member	1	X						0	0	0
Kyle France Board Member	1	X						0	0	0
Stephen Hales MD Board Member	1	X						0	0	0
Mrs E Douglas Johnson Jr Board Member	1	X						0	0	0
Mrs Francis Lauricella Board Member	1	X						0	0	0
John Y Pearce Board Member	1	X						0	0	0
Anthony Recasner PhD Board Member	1	X						0	0	0
Elliot C Roberts Sr Board Member	1	X						0	0	0
Mrs Norman C Sullivan Jr Board Member	1	X						0	0	0
Armand LeGardeur Board Honorary Life Member	1	X						0	0	0
Steve Worley Board Member/President & CEO	32 23	X		X				1,149,543	1,404,997	420,629
Alan Robson Sr MD Board Member/Sr VP Med Dir	53 2	X		X				650,726	0	30,489
Joseph Nadell MD Board Member/Physician	54 1	X			X			162,512	0	12,723
George P Koclanes MD Board Member	1 0	X						0	425,115	25,934
Gregory Feirn Sr VP & CFO	32 23			X				323,636	395,556	35,653
Ricardo Guevara VP Legal Affairs	33 22				X			115,226	268,860	65,624

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Tamela Reites VP Patient Financial Services	55 0				X			299,163	0	81,527
Brian Landry VP Marketing	55 0				X			277,689	0	63,241
Mary Perrin VP Hospital Operations	55 0				X			310,177	0	65,467
Diane Michel VP Nursing	55 0				X			371,457	0	63,026
Clarence S Greene MD Physician	55 0					X		629,126	0	32,516
Valerie P Evans MD Physician	55 0					X		564,765	0	25,530
Stephen D Heinrich MD Physician	55 0					X		554,379	0	33,109
Lori A McBride MD Physician	55 0					X		524,607	0	25,530
Joseph A Gonzales Jr MD Physician	55 0					X		481,884	0	32,184

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

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.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	Explanation	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

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. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	180,013	180,013	180,013	180,013	180,013
b	Contributions	0	0	0	0	0
c	Net investment earnings, gains, and losses	0	0	0	0	0
d	Grants or scholarships	0	0	0	0	0
e	Other expenditures for facilities and programs	0	0	0	0	0
f	Administrative expenses	0	0	0	0	0
g	End of year balance	180,013	180,013	180,013	180,013	180,013

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	37,097,198		37,097,198
b Buildings	0	114,173,794	68,661,774	45,512,020
c Leasehold improvements	0	0	0	0
d Equipment	0	142,744,779	103,845,744	38,899,035
e Other	0	7,961,932	4,511,147	3,450,785
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				124,959,038

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

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

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

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

2. Liability for uncertain tax positions 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 Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	480,365,028
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	34,167,044		
b	Donated services and use of facilities	2b	0		
c	Recoveries of prior year grants	2c	0		
d	Other (Describe in Part XIII)	2d	19,913,428		
e	Add lines **2a** through **2d**			2e	54,080,472
3	Subtract line **2e** from line **1**			3	426,284,556
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,094,344		
b	Other (Describe in Part XIII)	4b	12,402,122		
c	Add lines **4a** and **4b**			4c	13,496,466
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	439,781,022

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	245,966,517
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	0		
b	Prior year adjustments	2b	0		
c	Other losses	2c	0		
d	Other (Describe in Part XIII)	2d	27,233,084		
e	Add lines **2a** through **2d**			2e	27,233,084
3	Subtract line **2e** from line **1**			3	218,733,433
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	1,094,344		
b	Other (Describe in Part XIII)	4b	13,568,327		
c	Add lines **4a** and **4b**			4c	14,662,671
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	233,396,104

Part XIII Supplemental Information

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

Return Reference	Explanation
Schedule D, Part V, Line 4	1) In 1981 "The Beatrice and Harold Forgotston Philanthropic Fund of Children's Hospital" was established and donated to Children's Hospital The gift resolution states that the funds are to always be fully invested and only the income be available for used as requested by the donor 2) As stated in the will of Leon S Mann, a sum of $5,000 was donated to Children's Hospital in memory of his sister and parents The sum to be deposited in a separate, interest bearing account, and the interest to be used on the twenty-first day of July of each year to purchase presents for the children in the hospital Investment earnings or losses are commingled with all other investments for Children's Hospital EIN 720467503
Schedule D, Part XI, Line 2d	Revenues related to Children's Hospital Medical Practice Corporation, as reported on Form 990, (72-1318421), Sch D, Part XII, Line 5 $16,420,996, Revenues related to Children's Hospital Anesthesia Corporation, as reported on Form 990 (06-1587311) Sch D, Part XII, Line 5 $3,492,425, Revenues related to Children's Hospital Health Plan Inc, as reported on Form 990 (45-2341500) Sch D, Part XII, Line 5 $7
Schedule D, Part XI, Line 4b	Revenues related to Community Support $13,687,805, Contributions reported on the 2013 990 but not released in 2013 as Revenue on Audited Financials $(798,778), Provider Based Revenue $(119,478), Rental Income Expense $(228,469), Loss on sale of assets $(121,880), Loss on sale of assets related to subsidiaries $(17,078)
Schedule D, Part XII, Line 2d	Expense related to Children's Hospital Anesthesia Corporation, as reported on Form 990 (06-1587311) $8,729,881, Expense related to Children's Hospital Medical Practice Corporation, as reported on Form 990, (72-1318421), Sch D, Part XII, Line 5 $18,133,048, Expense related to Children's Hospital Health Plan, as reported on Form 990, (45-2341500), Sch D, Part XII, Line 5 $2,728, Rental Income Expense $228,469, Loss on sale of assets $121,880, Loss on sale of assets related to subsidiaries $17,078
Schedule D, Part XII, Line 4b	Revenue related to Community Support $13,687,805, Provider Based Revenue $ (119,478)

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.

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

▶ **Information about Schedule G (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

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

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

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

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

	(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total . . . . . ▶							

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

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

		(a) Event #1 Sugar Plum Ball 2013 (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	268,623			268,623
	2 Less Contributions	200,523			200,523
	3 Gross income (line 1 minus line 2)	68,100			68,100
Direct Expenses	4 Cash prizes	0			0
	5 Noncash prizes	0			0
	6 Rent/facility costs	14,979			14,979
	7 Food and beverages	4,818		0	4,818
	8 Entertainment	4,025		0	4,025
	9 Other direct expenses	30,373			30,373
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(54,195)
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				13,905

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

11

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

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.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			5,793,482	0	5,793,482	2 %
b Medicaid (from Worksheet 3, column a)			140,974,462	296,773,044	-155,798,582	67 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Financial Assistance and Means-Tested Government Programs	0	0	146,767,944	296,773,044	-150,005,100	69 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			873,941	83,321	790,620	0 %
f Health professions education (from Worksheet 5)			13,432,787	2,018,278	11,414,509	5 %
g Subsidized health services (from Worksheet 6)			1,157,146	511,765	645,381	0 %
h Research (from Worksheet 7)			5,932,365	1,170,904	4,761,461	2 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			4,858,784	0	4,858,784	2 %
j **Total.** Other Benefits	0	0	26,255,023	3,784,268	22,470,755	9 %
k **Total.** Add lines 7d and 7j	0	0	173,022,967	300,557,312	-127,534,345	78 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 3,253,921		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	1,756,572
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,756,572
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	0
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, primary website address, and state license number	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
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

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

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 2013			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) http //www chnola org/PageDisplay asp?p1=7287			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ 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 as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 350% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	11		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	12	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☑ 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 individual'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 Section C)			
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 individual'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 Section C)			

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 individuals regarding the individuals' bills
- **d** ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individual 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 individual 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. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
Schedule H, Part V, Section B, Line 3-Children's Hospital	In 2012, CHNOLA joined with eleven members of the Metropolitan Hospital Council of New Orleans (MHCNO), a non-profit, regional membership and service organization representing hospitals and healthcare organizations in the Greater New Orleans Metropolitan Area to initiate the process of conducting a comprehensive regional Community Health Needs Assessment (CHNA) The collaborative study laid the foundation for individual hospital CHNA's (Individual-level CHNA reports required by the IRS), such as CHNOLA's CHNA Specifically, the collaborative effort played an important role with obtaining input through conducting over 100 key stakeholder calls in the Greater New Orleans region and facilitating 14 focus groups with over 200 residents A series of approximately 18 interviews were completed with key stakeholders in the Greater New Orleans metropolitan area as follows 1 Methodist Health Foundation, Rick Henault, Executive Vice President, 2 Baptist Community Ministries, Liz Scheer, Health Grants Program Director, 3 Agenda For Children, Dr Anthony Recasner, CEO, 4 Acadian Ambulance, Steve Kuiper, VP - Operations, 5 LSUHSC, Dr Ricardo Sorenson, Chair - Dept of Pediatrics, 6 Children's Special Health Services, Dr Susan Berry, Director, 7 Blue Cross Blue Shield, Shannon Taylor, Director - Network Development, 8 St Bernard Schools, Doris Voltier, Superintendent, 9 VOA - New Orleans, Jim LeBlanc, President/CEO, 10 United Way for the GNO Area, Gary Ostroske, President, 11 Catholic Charities, Gordon Wadge, CEO/President, 12 Executive Director, Stacy Horn Koch, Covenant House New Orleans, 13 President & CEO, Natalie Jayroe, Second Harvest Food Bank, 14 LA Chapter - AAP, Ashley Politz, LMSW, Director, 15A City of New Orleans, Lucas Diaz, Director - Office of Neighborhood Engagement, 15B City of New Orleans, Dr Karen DiSalvo, Health Commissioner, 16 Kingsley House, Keith Leiderman, P h D CEO, 17 Urban League of GNO, Nolan Rollins, President/CEO, 18 Delgado-Charity School of Nursing, Cheryl E Myers, Ph D, R N, Executive Dean & Dean of Nursing Needs identified include (not listed in any specific order) 1) Access to healthcare and medical services (i e, primary, preventive, and mental) 2) ACcess to community/support services to sustain a healthy and safe environment, and 3) Promotion of healthy lifestyles and behaviors (specific focus on chronic disease)
Schedule H, Part V, Section B, Line 7-Children's Hospital	Childrens Hospitals Patient Care - Over the past several years, Childrens Hospital has, thanks to effective administration, careful recruitment of highly skilled physicians, and an aggressive physician outreach program, become the major provider of pediatric healthcare in the Gulf South The overwhelming majority of our young patients are from South Louisiana and the Mississippi Gulf Coast In 2012, Childrens Hospital recorded more than 200,000 patient visits, with children coming to us from 63 of the 64 parishes in Louisiana, 37 states and 5 foreign countries In all, 48,245 children received care from the hospital in 2012 These children are coming to Childrens Hospital because of our reputation for providing the best available care for our young patients and because of the team of highly specialized caregivers we have assembled For years we have devoted our resources to attracting highly respected pediatric physicians, therapists, nurses, and other care givers The overwhelming majority of the hospitals operating income, nearly 90 percent, comes from patient revenue The remaining funding comes from contributions, grants, and other fundraising efforts Pediatric Services Available at Childrens Hospital - Childrens Hospital continues to implement the many breakthroughs being made in pediatric medicine and surgery through the combined efforts of the private pediatric community and Louisiana State University Health Sciences Center The cooperative efforts of the hospital and LSU School of Medicine have brought about the development of many specialty programs for pediatric care in the areas of Allergy/Immunology, Anesthesiology, Cardiology, Cardiovascular Surgery, Dermatology, Otolaryngology, Endocrinology, Gastroenterology/Nutrition, Genetics, Infectious Disease, Pediatric Intensive Care, Nephrology, Neonatology, Neurology, Neurosurgery, Hematology/Oncology, Ophthalmology, Orthopedics, Pathology, Pediatrics, Plastic Surgery, Psychiatry, Psychology, Pulmonology, Radiology, Rheumatology, Pediatric Surgery and Urology Physicians and consumers have become increasingly aware of the unique nature of pediatric services As a result, the goals of Childrens Hospital are to provide the best possible pediatric healthcare services and to add to the available knowledge of pediatric medicine through medical research and education are now being met Inpatient acute and critical care, inpatient and outpatient rehabilitation services, and a vigorous preventive medicine outreach program combine to form a comprehensive system of pediatric health services available to all children in Louisiana and the Gulf South Needs Assessment - The following needs assessment was completed with the assistance of Tripp Umbach and in conjunction with multiple community stakeholders The service area for the needs assessment included 33 zip codes in Jefferson and Orleans parishes which captures the majority of CHNOLAs inpatient discharges Along with CHNOLA, the following organizations participated in the community health needs analysis Catholic Charities, Kingsley House, Delgado Charity School of Nursing, Blue Cross Blue Shield, Acadian Ambulance, United Way for the Greater New Orleans Area, Covenant House New Orleans, Baptist Community Ministries, LSU Health Science Center Dept of Pediatrics, Allied Health, Nursing, and School of Medicine, VOA New Orleans, Second Harvest Food Bank, Delgado Community College, Tulane University School of Medicine, Xavier University New Orleans, New Orleans Health Department and Families Helping Families Network The needs assessment was conducted through community health assessment planning, secondary data collection, interviews with key community stakeholders, and focus groups made up of community residents Following a review of the needs assessment survey results, CHNOLA conducted an internal and external inventory to review the current health offerings in the community that address the specified needs The three high level priority needs that were identified were 1) Access to healthcare and medical services primary, preventative and mental 2) Access to community support services to sustain a healthy and safe environment 3) Promotion of healthy lifestyles and behaviors specific focus on chronic needs Community Programs Designed to Meet Health Needs Funded and Resourced by Childrens Hospital - Kids First, Mobile Dental, Ambulatory Care and Nutritional Support, Rapid Treatment Program, Autism Center, Adolescent Behavioral Health, Audrey Hepburn CARE Center, Parenting Center, Childrens Healthcare Assistance Program CHAP, Miracle League In Partnership with Childrens Hospital Greater New Orleans Immunization Network, Safe Kids, Orleans Parish School Board Teacher at Childrens, Louisiana State University Health Sciences Center School of Medicine Other Community Health Resources Catholic Charities-Metairie, Catholic Charities Archdiocese of New Orleans, Daughters of Charity-Metairie, Daughters of Charity-Carrollton, City of New Orleans Health Department School Based Dental Van, Cohen School Based Health Center, LSU HSCD School Based Health Center At Science and Math, Daughters of Charity/St Cecilia, Family Service of Greater New Orleans Westbank, Louisiana Medicaid-Jefferson Parish, Plaquemines Parish, St Charles Parish, St John Parish, Kingsley House, Covenant House, LSU HSCD School Based Health Center at Eleanor McMain, Mercy Family Center, Jewish Family Services, Celebration Hope Center, The Guidance Center, Jefferson Parish Human Services Authority, Family Services of Greater New Orleans, Metropolitan Human Services District, Enhanced Destiny Services Inc , Integrated Behavioral Health, LLC, Families Helping Families, Covenant House, March of Dimes, American Cancer Society New Orleans Office, Boys and Girls Club of Southeast Louisiana, Baptist Community Ministries, One Bunch Hookup LLC, Cheatam Medical Transit, Happy Day Transportation Service, A-One Transportation LLC, Punctual Transportation LLC, New Orleans Regional Transit Authority, Crawford Transit Service, Birds Transportation LLC, Just Around the City, Green Light Transportation, YMCA East Jefferson, YMCA Westbank at Federal City, Patrick F Taylor Hope Lodge-New Orleans, Hope House, Ronald McDonald House-New Orleans, Childrens Special Health Services Family Resource Center DHH Office of Public Health, NO/AIDS Task Force
Schedule H, Part V, Section B, Line 11-Children's Hospital	All patients with no insurance and do NOT qualify for CHAP, will receive a self pay discount of 62 5%
Schedule H, Part V, Section B, Line 12-Children's Hospital	Hospital uses a uniform pricing for all services offered and for all patients This pricing is captured in a charge master file which is designed with consideration for optimizing insurance reimbursement opportunities and covering operating costs
Schedule H, Part V, Section B, Line 14-Children's Hospital	Refer to note for Schedule H, Part III, Section C, Line 9b
Schedule H, Part V, Section B, Line 16-Children's Hospital	None of a - d or anything similar, but if eligible for other funding, we ask the families to apply for such funding
Schedule H, Part V, Section B, Line 18-Children's Hospital	Refer to note for Schedule H, Part III, Section C, Line 9b
Schedule H, Part V, Section B, Line 20-Children's Hospital	Individuals eligible for FAP (Charity Care) are not required to pay and are not billed Reference Supplemental Information Schedule H, Part VI, Line 3

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **3**

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
Schedule H, Part I, Line 6a	A report is prepared by Children's Hospital and presented to the board but is not made available to the public
Schedule H, Part I, Line 7	The Hospital's community benefit expense includes activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self-supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Programs include Mobile Dental Program, Inpatient Behavioral Health Program, Parenting Center, Autism Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League Line 7a, b, g, & h direct costs are identified on the general ledger using separate accounts, indirect costs are allocated using Medicare cost reporting methodology Line 7b & f Medicare/Medicaid cost reporting methodology In specific reference to Line 7b col(d), Children's Hospital and other health care providers in Lousiana have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population The provision for this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program up to federal Medicaid Upper Payment Limits (UPL) Each State's UPL methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS) Federal matching funds are not available for Medicaid payments that exceed UPLs In Tax Year 2013 Children's Hospital received UPL payments of approximately $204 million which is included in "Direct offsetting revenue" on Part I, Line 7b To ensure continued access to uninsured, underinsured and Medicaid patients, the State of Louisiana made significant payments in 2013 to Children's Hospital

Form and Line Reference	Explanation
Schedule H, Part I, Line 7b	Children's and other health care providers in Louisiana have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population The provision for this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program up to federal Medicaid Upper Payment Limits (UPL) Each state's UPL methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS) Federal matching funds are not available for Medicaid payments that exceed UPLs In Tax Year 2013, Children's received UPL payments of approximately $204 0 million, which are included in "Direct offsetting revenue" on Part I, Line 7b
Schedule H, Part I, Line 7i	Effective July 1, 2012, the system entered into multiple contracts with LSUHSC Tulane University School of Medicine, and Van Meter and Associates to cover costs of providing physician services to low income and needy patients at LSU-IH

Form and Line Reference	Explanation
Schedule H, Part III, Section A, Line 4	Total patient account balances written off to Bad Debt were $3,253,921 Bad debt expense is not included in the amounts reported as community benefit in other sections of Schedule H
Schedule H, Part III, Section B, Line 8	The Medicare cost report was used to determine allowable cost

Form and Line Reference	Explanation
Schedule H, Part III, Section C, Line 9b	The collection departments do not take extraordinary collection actions against an individual without first making reasonable efforts to determine if the patients/families are eligible for assistance Financial assistance information is provided to families in the registration areas on patient statements The department of Social Services works with patients and families to help obtain insurance coverage where applicable Information about CHAP is provided in the registration areas Documented Physician Billing Operating Policies/Procedures include the following Follow-Up, Self Pay Discount (50641), Statement of Physician Billing follow-up/Collection Activity, Statement of Patient Accounts Follow-Up/Collection Activity, Accounts Receivable Follow-Up and Collection Activity, and Collection by Suit
Schedule H, Part VI, Line 2	The Hospitals support to the community includes activities and programs to support the metropolitan community These activities are sponsored with the knowledge that they are not self supporting or financially viable, and include financial assistance programs to increase health care to the indigent and uninsured for pediatric primary care services Programs include Mobile Dental Program, Inpatient Behavioral Health Program, Parenting Center, Autism Center, Ventilator Assisted Care Program, Safe Kids Coalition, Greater New Orleans Immunization Network, Ambulatory Clinical and Nutritional Support Services and the Miracle League

Form and Line Reference	Explanation
Schedule H, Part VI, Line 3	The Children's Healthcare Assistance Plan (CHAP) is a comprehensive program funded by Children's Hospital to provide quality healthcare to underserved children in our region Determination of eligibility is conditioned upon the information provided in the application at the time of registration Based on proof of income provided by parents, patients will qualify for the program or be deemed ineligible if over-scaled relative to set program income guidelines If the information provided is not accurate, or should the circumstances supporting the determination of eligibility change, Children's Hospital may rescind determination of eligibility Furthermore, Children's Hospital reserves the unilateral right to change, modify, or terminate CHAP eligibility at any time Patients who fall into income categories that qualify them for Medicaid coverage will be provided a LACHIP application and instructions on submitting the completed form The LACHIP program will cover that day's emergency visit charges Patients who do not meet the Medicaid age requirements will not be required to apply for Medicaid Parents will also be given the opportunity to enroll all children in their household in CHAP for one year They will be given instructions on how to complete the CHAP application, along with a return envelope, and will be notified by return mail when their application has been reviewed and if they qualify for CHAP Patients who arrive to the Hospital for same-day surgery or a scheduled admission and have no funding will be provided CHAP information by the Admitting office If the parents are interested in applying, they will be asked to submit proof of income to the CHAP department A CHAP representative will review the documentation to determine eligibility and which program will best fulfill the patient's needs If requested, the Social Services department will prepare a financial work-up on patients who have no funding to determine if they qualify for any other available programs Parents having insurance coverage with a co-pay or will have out-of-pocket expenses will be given the opportunity to apply for coverage under CHAP in the course of the admitting process On occasion, a patient who does not qualify for the program may be considered a "hardship " These cases will be considered on an individual basis A complete and thorough explanation will be required to evaluate the reasons for hardship coverage and is subject to approval of the CHAP Director CHAP representatives engage in Outreach Programs throughout the community to help the community understand the provisions of the program and the rules governing eligibility Information about the CHAP program can be found in the Hospital lobbies and on the CHNOLA website
Schedule H, Part VI, Line 4	Children's Hospital is a regional center for children and its mission is to provide comprehensive pediatric healthcare which recognizes the special needs of children through excellence and continuous improvement of patient care, education, research, child advocacy and management Children's Hospital is Louisiana's only full-service hospital exclusively for children, offering a full range of inpatient and outpatient care A not-for-profit facility, it is governed by an independent board of trustees made up of community volunteers The hospital has no stockholders and no dividends to pay Revenue generated is used to operate the hospital and to expand and advance services Critical care is provided in the hospital's 36-bed Neonatal Intensive Care Unit (NICU), and the 24-bed Pediatric Intensive Care Unit (PICU) Construction of a new 20-bed Cardiac Intensive Care Unit (CICU) and a new 18-bed PICU was completed in 2011 The hospital's Jack M Weiss Emergency Care Center, one of the area's busiest emergency rooms, is staffed around the clock by board-certified pediatricians, with the availability of a full range of pediatric specialists The Emergency Department has a total of 37 exam rooms and is supported by a nursing staff specially trained to handle pediatric emergencies Outpatient appointments with pediatric specialists are offered Monday through Friday at the Ambulatory Care Center on the hospital campus and at the hospital's satellite locations The Metairie Center, Children's Hospital Outpatient Center of Baton Rouge and Children's Hospital Burdin Riehl Clinic in Lafayette, La The CHAP Program provided financial assistance to 10,931 patients in 2013 for a total cost of $4 9 million compared to 12,556 patients in 2012 and a total cost of $5 6 million The inpatient psychiatric unit is the only adolescent and child mental health inpatient unit in the Greater New Orleans Metro Area The outpatient psychology program had 2,633 visits during 2013 The dental care program had 7,050 visits during 2013 The cochlear implant program performed 18 surgeries during 2013

Form and Line Reference	Explanation
Schedule H, Part VI, Line 5	In March of 1998, the Board of Trustees recognized that Children's Hospital, with its richness of talent and programs and its financial resources, was well positioned to identify and address obstacles to the welfare of the community's children An ad hoc committee of the Board, later established as a standing committee, was charged with developing and monitoring all components of the plan To that end, the following represents the Community Benefit Plan of Children's Hospital The mission of the Community Benefit Plan's programs is to eliminate barriers to the health and well-being of infants, children, and adolescents in the community, particularly the unserved or underserved, by evaluating, developing, implementing, and/or partnering on initiatives in the areas of health care, health education, health research and child and family health advocacy The goals of Children's Hospital's Community Benefit Plan are to provide children with access to primary, secondary, and tertiary health care services needed to achieve optimal health status, foster healthy parent/child relationships through health education and child health advocacy, and educate families to enhance child safety and encourage injury-prevention to improve the health and well-being of children The Plan provides for establishment of advocacy programs to support the needs of at-risk children and support pediatric research in order to expand medical knowledge and treatment options It periodically assesses available community programs and determines gaps in service for potential new program development Children's Hospital defines community broadly as it serves a large geographic region Particular emphasis is placed on services for the New Orleans Metropolitan statistical area A large percentage of the patients who utilize hospital services reside in this area and are the most likely beneficiaries of programs established Any program that significantly and measurably contributes to the physical and psychological well-being of infants, children, adolescents, and their families is considered a benefit This implies a relationship between organizations that is characterized by mutual cooperation and responsibility for the achievement of the specified goals wherein Children's Hospital maintains the authority for overall program direction and fiscal management By this definition, Children's Hospital will not act as a granting agency In addition, only not-for-profit organizations will be considered for partnering Any exception will require the full approval of the committee and Board See also Program Service Accomplishments in Sch 0, Statements 3 and 4 as well as Part VI, Line 6
Schedule H, Part VI, Line 6	Louisiana Children's Medical Center ("LCMC") was organized in the State of Louisiana on February 4, 2009, as a non-stock, non-profit corporation, in connection with a proposed affiliation (the "Transaction") between Children's Hospital ("Children's") and Touro Infirmary ("Touro"), both Louisiana non-profit, tax-exempt, publicly supported corporations, and their respective subsidiaries and affiliates (together with Children's and Touro, the "System Entities", and together with LCMC, the "System") In 2013, the affiliation also included University Medical Center Management Corporation ("UMCMC"), a LA non-profit, tax-exempt, publicly supported corporation as a "System Entity" LCMC is a support organization which spends 100% of its time performing specific functions of, and carrying out the purposes of the System Entities, including increasing the management and operational efficiency of the System Entities All of these organizations are located in the greater New Orleans area and provide health care related services, primarily hospital based, to a regional population Children's provides comprehensive pediatric healthcare that meets the special needs of children through excellence and continuous improvement of patient care, education, research, and research Touro, founded in 1852, serves the Greater New Orleans community as a premier, diverse, multi-specialty hospital, caring for the sick regardless of race, color, creed, religious affiliation, or ability to pay In tax year 2013, following state budget reductions that caused severe cuts to the Louisiana public hospital system and at the request of state officials, LCMC embarked on a cooperative endeavor with the State of Louisiana ("State") for the purpose of creating an academic medical center (1) to serve the State and its citizens as a premier site for graduate medical education and (2) to fulfill the State's historical mission of assuring access to safety net services to all citizens of the State, including its medically indigent, high risk Medicaid and State inmate populations Under this agreement, LCMC agreed to assume responsibility for the management and operations of the Interim LSU Public Hospital (ILH) and the University Medical Center, presently under construction Through this endeavor, LCMC and its affiliates are fulfilling their missions to enhance the health of the Greater New Orleans community by delivering high quality health care services to all patients through a commitment to clinical excellence, education, technology, research and community outreach In tax year 2013, LCMC and its affiliates provided total community benefit expense of $368 5 million This amount represented 57 percent of the affiliate's combined total expense LCMC and its affiliates provide services to many low-income residents of the Greater New Orleans area In 2013 $296 0 million in expense (45 percent of the affiliate's combined total expense) was incurred in providing services for Medicaid recipients and in providing financial assistance

Form and Line Reference	Explanation
Schedule H, Part VI, Line 7	No community benefit reports are mailed to any states by this organization or any related organizations

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Greater New Orleans Miracle League 200 Henry Clay Avenue New Orleans, LA 701185720	81-0635899		27,826		General Ledger expense comprised of 25 percent of the MLs expenses		Agreement to contribute 25% of the annual expenses incurred by the Greater New Orleans Miracle League Reference the filed 990EZ for EIN 81-0635899 where Children's Hospital is listed as a contributor on Schedule B

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

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Schedule I, Part I, Line 2	Children's Hospital maintains the general ledger accounts for the Greater New Orleans Miracle League (EIN 810635899, and holds all the contributions in its operating bank account as well as handles the payroll and accounts payable for the Miracle League expenses In addition, the hospital maintains an expense account on its General Ledger to account for an agreement to fund 25 percent of the Miracle Leagues' payroll and nonpayroll expenses as the hospital's annual contribution to the Miracle League The amount reported as the domestic contribution is the total expenses in the expense account on Children's general ledger

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

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, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Schedule J, Part I, Line 3	Base compensation, incentive compensation and all other reportable and non-reportable compensation is reviewed annually by the Executive Committee of the Board of Trustees The Executive Committee is a 10 voting-member subset of the Board of Trustees Decision made by the Executive committee are documented and reported in summary to the full Board of Trustees In addition to board review, third-party consultants periodically review compensation and incentive amounts to ensure market reasonableness and competitiveness Third-party prepared compensation and incentive review is presented to the Executive Committee Incentive bonuses are based on Revenue Growth, Operating Income, and Board discretion based on overall performance, quality initiatives, and accreditation, etc VPs are based on Quality scores, and CEO Discretionary
Schedule J, Part I, Line 5	Reference Sch J, Part I, Line 3
Schedule J, Part I, Line 6	Reference Sch J, Part I, Line 3

Additional Data

Software ID: 13000241
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Steve Worley Board Member/President & CEO	(I)	390,752	728,705	30,086	157,871	33,643	1,341,057	0
	(II)	477,586	890,639	36,772	192,954	41,119	1,639,070	0
Alan Robson Sr MD Board Member/Sr VP Med Dir	(I)	502,358	107,868	40,500	21,675	10,344	682,745	0
	(II)	0	0	0	0	0	0	0
Gregory Feirn Sr VP & CFO	(I)	206,279	95,151	22,207	9,675	7,057	340,369	0
	(II)	252,118	116,295	27,142	11,825	8,626	416,006	0
Joseph Nadell MD Board Member/Physician	(I)	140,016	0	22,495	13,658	7,903	184,072	0
	(II)	0	0	0	0	0	0	0
Ricardo Guevara VP Legal Affairs	(I)	81,163	18,961	15,103	16,434	3,672	135,333	0
	(II)	189,380	44,242	35,239	38,348	8,568	315,777	0
Diane Michel VP Nursing	(I)	186,394	144,563	40,500	58,608	5,417	435,482	0
	(II)	0	0	0	0	0	0	0
Mary Perrin VP Hospital Operations	(I)	248,700	17,063	44,414	54,783	12,443	377,403	0
	(II)	0	0	0	0	0	0	0
Tamela Reites VP Patient Financial Services	(I)	196,069	60,263	42,831	67,343	15,258	381,764	0
	(II)	0	0	0	0	0	0	0
Brian Landry VP Marketing	(I)	220,126	17,063	40,500	53,927	10,476	342,092	0
	(II)	0	0	0	0	0	0	0
Clarence S Greene MD Physician	(I)	588,626	0	40,500	21,675	12,695	663,496	0
	(II)	0	0	0	0	0	0	0
Valerie P Evans MD Physician	(I)	529,765	0	35,000	21,500	5,305	591,570	0
	(II)	0	0	0	0	0	0	0
Stephen D Heinrich MD Physician	(I)	531,379	0	23,000	21,675	12,434	588,488	0
	(II)	0	0	0	0	0	0	0
Lori A McBride MD Physician	(I)	507,107	0	17,500	21,500	5,455	551,562	0
	(II)	0	0	0	0	0	0	0
Joseph A Gonzales Jr MD Physician	(I)	464,384	0	17,500	21,500	13,096	516,480	0
	(II)	0	0	0	0	0	0	0

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493321091844

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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

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

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

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

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

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

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

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

Return Reference	Explanation
Form 990, Part IX, Line 11g	Medical Professional Fees comprise 72% of the total in 11g for Other Fees for Service $23,361,263 10 01% , Helicopter Services $1,749,134 0 75% , INO Therapeutics for Respiratory $1,454,542 0 62% , NOAH Campus Facility Costs $1,023,667 0 44% , Housekeeping Contractual Services $733,723 0 31% , Operating Room Contractual Services (Stryker Orthopaedics) $485,790 0 21% , Laundry and Linen Contractual Services $418,661 0 18% , Medical Records Contractual Services (Various) $328,790 0 14% , Dialysis Patio Drugs Contractual Services $272,424 0 12% , Research Global Professional Agreement $214,373 0 09% , Billing Collection Services $157,193 0 07% , All Other Purchased Services (Various Departments) $2,118,425 0 91% , Total Other Fees for Service $32,317,985 13 8%

Return Reference	Explanation
Form 990, Part XI, Line 9	Change in contributions reported on the 990 but not released in 2013 as revenue ($25,043), and transfer of remaining cash back to Children's Hospital due to liquidation of Children's Hospital "Health Plan EIN 45-2341500, $24,766 "

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493321091844

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDRENS HOSPITAL INC

Employer identification number
72-0467503

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on 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" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) Childrens Hospital Medical Practice Corporation 298 Henry Clay Avenue New Orleans, LA 701185720 72-1318421	Pediatric Primary Care Physician Services	LA	501(c)(3)	Line 9	Children's Hospital EIN 72-046-7503	Yes	
(2) Childrens Hospital Anesthesia Corporation 200 Henry Clay Avenue New Orleans, LA 701185720 06-1587311	Provides, in conjunction with Childrens Hospital, cost-effective, comprehensive anesthesia services	LA	501(c)(3)	Line 9	Children's Hospital EIN 72-046-7503	Yes	
(3) Louisiana Childrens Medical Center 200 Henry Clay Avenue New Orleans, LA 701185720 94-3480131	Provide support for the affiliates of LCMC	LA	501(c)(3)	Line 11d	N/A		No
(4) Touro Infirmary 1401 Foucher St New Orleans, LA 70115 72-0423659	Community based, not-for-profit, faith-based hospital	LA	501(c)(3)	3	Louisiana Children's Medical Center EIN 94-3480131		No
(5) Children's Hospital Health Plan 200 Henry Clay Avenue New Orleans, LA 70118 45-2341500	Objective was to serve as a Health Maintenance Organization	LA	501(c)(3)	9	Children's Hospital EIN 72-0467503	Yes	
(6) University Medical Center Management Corporation 2021 Perdido Street New Orleans, LA 70112 25-1925187	Hospital	LA	501(c)(3)	Line 9	Louisiana Children's Medical Center EIN 94-3480131		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	

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

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

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on 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		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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

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

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

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
Schedule R, Part V, Line 1n	Children's Hospital Anesthesia Corporation is a wholly owned subsidiary of Children's Hospital EIN 720467503 The purpose of this corporation is to complement and support the tax-exempt purposes of Children's Hospital with a separate corporation formed solely to maximize reimbursement from various providers, by allowing the separation of anesthesia physician billing under a separate ID number The two corporations have the same President of the board Audited financial statements are consolidated and all fund activities between both organizations are eliminated The activities of Children's Hospital Anesthesia Corporation are carried on in the facilities of Children's Hospital, and the services offered by Children's Hospital processes the payables and the payroll for Anesthesia using its own funds Anesthesia collects patient receivables in its checking account and money is periodically transferred to Children's Hospital to offset the payments made by Children's Hospital on the account of Anesthesia Children's Hospital provides administrative services to Anesthesia including legal, human resources, IT, accounting and tax return preparation without a cash reimbursement from Anesthesia

Additional Data

Software ID: 13000241
Software Version: v1.00
EIN: 72-0467503
Name: CHILDRENS HOSPITAL INC

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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) Childrens Hospital Medical Practice Corporation 298 Henry Clay Avenue New Orleans, LA 701185720 72-1318421	Pediatric Primary Care Physician Services	LA	501(c)(3)	Line 9	Children's Hospital EIN 72-046-7503	Yes	
(1) Childrens Hospital Anesthesia Corporation 200 Henry Clay Avenue New Orleans, LA 701185720 06-1587311	Provides, in conjunction with Childrens Hospital, cost-effective, comprehensive anesthesia services	LA	501(c)(3)	Line 9	Children's Hospital EIN 72-046-7503	Yes	
(2) Louisiana Childrens Medical Center 200 Henry Clay Avenue New Orleans, LA 701185720 94-3480131	Provide support for the affiliates of LCMC	LA	501(c)(3)	Line 11d	N/A		No
(3) Touro Infirmary 1401 Foucher St New Orleans, LA 70115 72-0423659	Community based, not-for-profit, faith-based hospital	LA	501(c)(3)	3	Louisiana Children's Medical Center EIN 94-3480131		No
(4) Children's Hospital Health Plan 200 Henry Clay Avenue New Orleans, LA 70118 45-2341500	Objective was to serve as a Health Maintenance Organization	LA	501(c)(3)	9	Children's Hospital EIN 72-0467503	Yes	
(5) University Medical Center Management Corporation 2021 Perdido Street New Orleans, LA 70112 25-1925187	Hospital	LA	501(c)(3)	Line 9	Louisiana Children's Medical Center EIN 94-3480131		No

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Childrens Hospital Medical Practice Corporation	o	11,817,300	Total Salaries, Part IX, Lines 5-10, Children's Hospital Medical Practice Corporation EIN 72-1318421
Childrens Hospital Medical Practice Corporation	q	11,003,754	Sum of all cash transfer entries from Children's Hospital Medical Practice EIN 72-1318421 to Children's Hospital for the fiscal year 2013 as documented in the general ledger and on the balance sheet
Childrens Hospital Anesthesia Corporation	o	8,178,619	Total Salaries, Part IX, Lines 5-10, Children's Hospital Anesthesia Corporation EIN 06-1587311
Childrens Hospital Anesthesia Corporation	n	0	See Schedule R Supplemental Information
Childrens Hospital Anesthesia Corporation	q	3,457,814	Sum of all cash transfer entries from Children's Hospital Anesthesia Corporation EIN 06-1587311 to Children's Hospital for the fiscal year 2013 as documented in the general ledger and on the balance sheet
Children's Hospital Health Plan	s	24,766	Closure transfer of startup cash from Children's Hospital Health Plan EIN 45-2341500 back to Children's Hospital
Childrens Hospital Medical Practice Corporation	l	0	

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493321091844

TY 2013 Reasonable Cause Explanation

Name: CHILDRENS HOSPITAL INC

EIN: 72-0467503

Software ID: 13000241

Software Version: v1.00

Explanation: Request for automatic 3 month extension was approved and granted by the IRS. Additional 3 month extension until November 15, 2014 was also granted by the IRS.

LOUISIANA CHILDREN'S MEDICAL CENTER

Consolidated Financial Statements

December 31, 2013 and 2012

LAPORTE

Contents

Contents (Continued)

As to Touro Infirmary Only:

As to Children's Hospital Only:

As to University Medical Center Management Corporation Only:

LaPorte, APAC
111 Veterans Blvd | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Louisiana Children's Medical Center (LCMC) (the System) which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the 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 accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LCMC as of December 31, 2013 and 2012, and the results of operations, changes in net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America

Other Matters

Other Information

Our audits were conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole The accompanying schedules of expenditures of federal awards as required by Office of Management and Budget *Circular A-33, Audits of States, Local Governments, and Non-Profit Organizations*, are presented for Children's Hospital and University Medical Center Management Corporation, subsidiaries of LCMC, for the purposes of additional analysis and are 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole

Our audits were conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole The supplemental balance sheets, statements of operations, changes in net assets and cash flows, and consolidating schedules as of and for the years ended December 31, 2013 and 2012 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our reports dated April 22, 2014, on our consideration of Touro Infirmary, Children's Hospital and University Medical Center Management Corporation's, subsidiaries of LCMC, internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering each subsidiary's internal control over financial reporting and compliance

A Professional Accounting Corporation

Metairie, LA
April 22, 2014

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Balance Sheets
December 31, 2013 and 2012 (in Thousands)

	2013	2012
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 330,044**	$ 47,101
Assets Limited as to Use	**1,617**	2,219
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $39,027 and $17,238, in 2013 and 2012, Respectively	**106,571**	66,478
Other Receivables	**249**	12,408
Inventories	**19,685**	12,255
Prepaid Expenses	**9,739**	5,299
Total Current Assets	**467,905**	145,760
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**802,270**	746,936
Restricted by Bond Indenture, Debt Service Reserve	**10,144**	10,113
Donor-Restricted Long-Term Investments	**13,734**	13,466
Restricted Other	**3,375**	627
Less Amount Required for Current Obligations	**(1,617)**	(2,219)
Assets Limited as to Use, Net	**827,906**	768,923
Property, Plant, and Equipment, Net	**275,786**	237,662
Other Assets	**257,295**	3,511
Total Assets	**$ 1,828,892**	$ 1,155,856

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Balance Sheets (Continued)
December 31, 2013 and 2012 (in Thousands)

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 72,327**	$ 27,778
Accrued Salaries and Wages	**31,180**	20,792
Current Maturities of Bonds Payable	**2,110**	1,985
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**6,714**	4,608
Current Portion of Estimated Professional Liabilities Claims	**3,903**	3,725
Estimated Third-Party Payor Settlements, Net	**15,578**	17,585
Deferred Revene	**91,593**	-
Other	**6,778**	12,189
Total Current Liabilities	**230,183**	88,662
Bonds Payable, Net of Current Portion	**70,514**	72,608
Notes Payable	**253,000**	-
Estimated Workers' Compensation Claims, Net of Current Portion	**1,725**	1,880
Estimated Professional Liabilities Claims, Net of Current Portion	**6,762**	5,828
Employee Benefits, Net of Current Portion	**14,589**	20,397
Total Liabilities	**576,773**	189,375
Minority Interest	**683**	761
Net Assets		
Unrestricted	**1,235,192**	949,703
Temporarily Restricted	**8,407**	8,180
Permanently Restricted	**7,837**	7,837
Total Net Assets	**1,251,436**	965,720
Total Liabilities and Net Assets	**$ 1,828,892**	$ 1,155,856

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Operations
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 918,419**	$ 512,063
Provision for Doubtful Accounts	**30,965**	16,122
Net Patient Service Revenues Less Provision for Doubtful Accounts	**887,454**	495,941
Other Operating Revenues	**39,000**	28,711
Total Operating Revenues	**926,454**	524,652
Operating Expenses		
Employee Compensation and Benefits	**319,703**	243,636
Purchased Services	**99,615**	83,245
Professional Fees	**87,508**	21,033
Supplies and Other Expenses	**158,619**	97,631
Depreciation and Amortization	**29,865**	27,864
Impairment Loss	**2**	42
Interest	**2,028**	2,237
Total Operating Expenses	**697,340**	475,688
Income from Operations	**229,114**	48,964
Investment Income	**77,198**	82,501
Other Nonoperating Income	**535**	91
Community Support, Net	**(26,693)**	(36,108)
Excess of Revenues over Expenses	**$ 280,154**	$ 95,448

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Unrestricted Net Assets		
Excess Revenues over Expenses	**$ 280,154**	$ 95,448
Noncontrolling Interests in Income of Consolidated Subsidiaries	**(49)**	(261)
Adjustment to Additional Minimum Pension Liability	**5,385**	1,184
Ownership Revisions	**(2)**	-
Increase in Unrestricted Net Assets	**285,488**	96,371
Temporarily Restricted Net Assets		
Contributions and Grants	**2,991**	5,505
Investment Income	**1,526**	1,199
Net Assets Released from Restriction	**(4,290)**	(5,395)
Increase in Temporarily Restricted Net Assets	**227**	1,309
Change in Permanently Restricted Net Assets	**-**	(80)
Increase in Net Assets	**285,715**	97,600
Net Assets, Beginning of Year	**965,721**	868,120
Net Assets, End of Year	**$ 1,251,436**	$ 965,720

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

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Cash Flows from Operating Activities		
Increase in Net Assets	**$ 285,715**	$ 97,600
Adjustments to Reconcile Increase in Net Assets		
to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	**(5,385)**	(1,184)
Ownership Revisions	**2**	-
Noncontrolling Interest in Income of Consolidated		
Subsidiaries	**49**	261
Depreciation and Amortization	**31,435**	29,509
Net Loss (Gain) on Disposal/Sale of Assets	**139**	(1,043)
Impairment Losses	**2**	42
Provision for Doubtful Accounts	**30,965**	16,122
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(71,059)**	(29,318)
Decrease (Increase) in Other Receivables	**37,967**	(26,613)
Increase in Inventories	**(7,429)**	(1,629)
Decrease (Increase) in Other Current Assets	**655**	(304)
Increase in Other Assets	**(258,935)**	(502)
Increase in Trade Accounts Payable	**44,440**	1,370
Increase in Accrued Salaries and Wages	**12,803**	1,054
(Decrease) Increase in Third-Party Payor Settlements	**(2,007)**	5,592
Increase in Deferred Revenue	**91,593**	-
(Decrease) Increase in Other Liabilities	**(30,897)**	28,112
Net Cash Provided by Operating Activities	**160,053**	119,069
Cash Flows from Investing Activities		
Capital Expenditures	**(69,626)**	(31,062)
Change in Assets Limited as to Use	**(58,382)**	(48,210)
Proceeds from Sale of Assets	**-**	642
Net Cash Used in Investing Activities	**(128,008)**	(78,630)
Cash Flows from Financing Activities		
Proceeds from Issuance of Debt	**253,000**	-
Payments on Capital Lease Obligations	**-**	(1,139)
Repayments of Bonds Payable	**(1,985)**	(1,905)
Distributions Paid to Noncontrolling Interests	**(117)**	(122)
Net Cash Provided by (Used in) Financing Activities	**250,898**	(3,166)
Net Increase in Cash and Cash Equivalents	**282,943**	37,273
Cash and Cash Equivalents, Beginning of Year	**47,101**	9,828
Cash and Cash Equivalents, End of Year	**$ 330,044**	$ 47,101
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ 5,942**	$ 4,494
Property, Plant and Equipment Purchases in Accounts Payable	**$ 4,746**	$ 1,753

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

Note 1. Organization

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

Children's is Louisiana's only community-based, not-for-profit, full-service hospital operated exclusively for children Children's together with its two affiliates, the Children's Hospital Medical Practice Corporation (CHMPC) and the Children's Hospital Anesthesia Corporation, are tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) Located in New Orleans, Louisiana, Children's includes a 247-bed medical center providing care for infants, children and adolescents from birth to 21 years of age It provides inpatient services in all pediatric, medical, surgical, and psychiatric subspecialties with a staff of more than 440 physicians Outpatient services are provided in 58 subspecialties

Children's provides a large array of community benefit and wellness programs including research activities, and special programs for the handicapped and medically underserved CHMPC was incorporated to manage pediatric physician practices in a high-quality, cost-effective manner Kids First, a division of CHMPC, provides pediatric care in medically underserved geographical areas Children's Hospital Anesthesia Corporation was incorporated to provide high-quality, comprehensive, anesthesia services

Touro Infirmary, and its 280 staffed beds, is New Orleans' only community based, not-for-profit, faith-based hospital, It is exempt from taxation under the Code Touro Infirmary, is the sole member of Woldenberg Village, Inc (Woldenberg), and Touro Infirmary Foundation (Foundation), both of which are non-stock, not-for-profit and tax exempt corporations Touro Infirmary is the sole stockholder of Crescent City Physicians, Inc , a for-profit corporation, and holds a majority interest, together with Woldenberg, in TIJV, LLC, a for-profit limited liability company

In 2013, the Articles of Incorporation of a corporation originally incorporated as Earl K Long Medical Foundation, Inc were restated, elements of which included changing the corporate name to University Medical Center Management Corporation, stipulating that the sole corporate member of UMCMC is LCMC

Note 1. Organization (Continued)

UMCMC's purpose is to operate as a corporation affiliated with LSU as defined in LA R S 17 3390, principally supporting the programs, facilities and research and educational opportunities offered by LSU, and supporting research and educational opportunities, including, without limitation, medical training programs offered by the Administrators of the Tulane Educational Fund, including, without limitation (i) operating the hospital currently known as Interim Louisiana Hospital in New Orleans (ILH) and upon its completion the new University Medical Center in New Orleans (UMC), (ii) operating in a manner consistent with the best practices of private, nonprofit institutions, (iii) being a provider of charity care for the uninsured and playing a pivotal role as a statewide referral center for patients in need of higher levels of care, (iv) providing medical and allied health training, and, (v) being recognized nationally as a leader in research, training, and excellence in transparent clinical and financial outcomes

In May 2013, UMCMC and LCMC, entered into a Cooperative Endeavor Agreement (CEA) with the Board of Supervisors of Louisiana State University (LSU), the Louisiana Division of Administration, the State of Louisiana, through its Division of Administration (DOA), and the State of Louisiana Department of Health and Hospitals (DHH), collectively referred to as the Parties, to address the provisions of healthcare in and through ILH and UMC and to address the stability and preservation of academic medicine in Louisiana, especially New Orleans

The Parties entered into the CEA for the public purpose of creating an academic medical center in which the parties continuously work in collaboration and are committed and aligned in their actions and activities, in a manner consistent with a sustainable business model and adequate funding levels, to serve the State and its citizens (i) as a premier site for graduate medical education, capable of competing in the health care marketplace, comparable among its peers, with the goal of attracting the best faculty, residents and students, to enrich the State's health care workforce and their training experience, (ii) in fulfilling the State's historical mission of assuring access to Safety Net Services to all citizens of the State, including its medically indigent, high risk Medicaid and State inmate populations, and (iii) by focusing on and supporting the Core Services and Key Service Lines, as defined and agreed by the Parties, necessary to assure high quality GME programs and access to Safety Net Services

The CEA provides that UMCMC will enter into academic affiliation agreements with LSU, Tulane, Xavier University, Dillard University, University of New Orleans, Delgado Community College and other academic institutions to strengthen and enhance medical education in the collaborative academic medical centers (the AMC) and the health care workforce in Louisiana

Note 1. Organization (Continued)

The CEA also provides (i) the terms and conditions with which UMCMC will assume responsibility for operating ILH, (ii) that LSU will lease ILH and UMC and certain furniture, fixtures and equipment used in connection with operating ILH to UMCMC, (iii) UMCMC will purchase certain consumable inventory and minor equipment, (iv) that LSU and the State of Louisiana will grant to UMCMC a right of use of the land upon which UMC is being constructed and will be operated and certain land improvements surrounding UMC pursuant to a Right of Use agreement, (v) that LSU will assist in transitioning ILH operations from LSU to UMCMC, and, (vi) that UMCMC and LCMC will commit to supporting the academic, clinical and research of the AMC, as defined within the CEA Terms of the leases that result from the CEA are discussed further within these footnotes

Lastly, the CEA promulgates reimbursement rules providing total funding obligations that will be paid to UMCMC or LCMC Affiliates, defined in the CEA as Required Program Funding Failure to pay, or a reduction in the amount of funding, could constitute a Potential Elective Withdrawal Event, as defined, providing LCMC an option to initiate a Pre-Withdrawal Process, as defined, and, if applicable, effect a Member Withdrawal, as defined

The CEA became effective June 24, 2013, at which time the System assumed operations of ILH and began incorporating the results of those operations into the consolidated financial statements

LCMC functions as the System Parent and sole member of Children's, Touro Infirmary and any subsidiary of Touro Infirmary of which Touro Infirmary is the sole member, and UMCMC, with reserve powers to be exercised to promote the best interests of the system and its affiliates LCMC, Children's, Touro and UMCMC are hereinafter collectively referred to as the System All corporate powers of the System are vested in the Board of Trustees of LCMC

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates (Continued)

The System considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following recognition of net patient revenue, which includes contractual allowances, discounts, provisions for bad debts and charity care, losses and expenses related to the self-insured workers' compensation, professional liabilities and employee health claims, and risks and assumptions for measurement of pension and other postretirement liabilities Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances Actual results could differ from those estimates

Cash and Cash Equivalents

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

Inventories

Inventory policies are unique to the entities within the System Inventories are stated at either the lower of first-in, first-out cost or market, or at its market value at the date of the consolidated balance sheets

Assets Limited as to Use

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

Restricted other assets consist of certificates of deposit held by the Workers' Compensation Fund as collateral against the self-insured portion of claims and cash held in trust for residents at Woldenberg See Notes 4 and 10 for further details

Property, Plant and Equipment

Property, plant, and equipment are stated at cost, except for assets donated to the System Donated assets are recorded at their estimated fair value at the date of donation

Depreciation and amortization, which includes amortization of assets under capital lease, are computed on the straight-line basis over the estimated useful lives, or shorter of useful life or lease term for capital leases, as follows

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

Note 2. Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

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

The System determines recoverability of the assets by comparing their carrying amount to the net future undiscounted cash flows that the asset is expected to generate or estimated fair values in the case of nonrevenue generating assets The impairment loss recognized is the amount by which the carrying amount exceeds the fair market value of the asset Impairment losses of approximately $2,000 and $42,000 were recognized for the years ended December 31, 2013 and 2012, respectively

Prepaid Rent, Long-Term

In accordance with the CEA described in Notes 1 and 18, advance rent payments, in the amount of $253,000,000, were made on the UMC lease Of this total, $110,000,000 represents a prepayment of a portion of the future UMC facility, with the exception of its Ambulatory Care Center and its Garage, while $143,000,000 represents all future rent payments for the Ambulatory Care Building and Garage Due to the notes payable, described in Note 8, being directly related to funding the advance rent payments, interest of $1,560,388, that was paid through December 31, 2013, is being deferred and is included with the advance rent payments classified as other assets on the consolidated balance sheets These advance payments together with the deferral of interest payments will be applied to the annual rental requirements of UMC as further described in Note 18

Deferred Financing Costs

Deferred financing costs, which are included in other assets, are amortized over the period the obligation is outstanding, using a method that approximates the interest method Deferred financing costs total approximately $2,500,000 at December 31, 2013 and 2012, and are presented net of accumulated amortization of approximately $1,301,000 and $1,225,000, respectively

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

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

The System follows ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability

Note 2. Summary of Significant Accounting Policies (Continued)

Deferred Revenue

In accordance with the CEA described in Note 1, Required Program Funding, as defined, was received in advance of services associated with the Required Program Funding being provided in full by December 31, 2013 As such, the balance attributable to services to be provided in the year ended December 31, 2014 is deferred and will be recognized as revenue ratably throughout the year ended December 31, 2014 See Note 3 and the details for UMCMC for the revenue recognized in the year ended December 31, 2013

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-term The fair value of assets limited as to use, pension plan assets, swap agreements and debt are disclosed within their respective notes

Derivatives and Financial Instruments

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

Net Patient Service Revenues and Related Receivables

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

Patient accounts receivables are reduced by an allowance for doubtful accounts In establishing its estimate of collectability of accounts receivable, each entity within the System analyzes its past history and collection patterns of its major payor sources of revenue These allowances are adjusted monthly for volume and service mix, and annually for rate increases

Note 2. Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenues and Related Receivables (Continued)

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

The provision for bad debts, at the System level, increased to a total of approximately $30,965,000 for the year ended December 31, 2013, from a total of approximately $16,122,000 for the year ended December 31, 2012 The overall increase is attributable to the increased volume of self-pay patients through the addition of the ILH operations effective June 24, 2013

Advertising Expenses

The System expenses advertising costs as incurred Advertising expense was approximately $2,198,000 and $855,000, for the years ended December 31, 2013 and 2012, respectively

Grants, Contributions and Donor-Restricted Gifts

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

The System records contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Accounting for Contributions Received and Contributions Made*, which requires the System to distinguish between contributions received for each net asset category in accordance with or without donor-imposed restrictions Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the condition is met or the gift is received Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When an externally-imposed restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions

Note 2. Summary of Significant Accounting Policies (Continued)

Grants, Contributions and Donor-Restricted Gifts (Continued)

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

Temporarily restricted gifts greater than $100,000 used to purchase a depreciable asset are reclassified as unrestricted net assets over the same period of time that the related asset is being depreciated In accordance with the Louisiana Uniform Prudent Management of Institutional Funds Act (UPMIFA), permanently restricted gifts are reclassified as either unrestricted or temporarily restricted if (i) the value of the gift does not exceed $100,000, (ii) twenty or more years have elapsed since the gift was received, and (iii) the purpose of the restriction is unlawful, impracticable, impossible, or wasteful

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

Excess Revenues over Expenses

Excess of revenues over expenses includes all changes in unrestricted net assets except for the effect of changes in accounting principles, net assets released from restrictions used for purchase of property and equipment, change in funded status of pension obligations, change in the non-controlling interest in health-related activities, change in accumulated unrealized derivative gains and losses, and funds donated from unconsolidated sources for purchases of property and equipment

Community Benefit

In the furtherance of its charitable purpose, the System provides a wide variety of benefits to the community which it serves Such benefits include health screenings, in-home caregiver services, and seminars on a variety of health topics such as healthy eating, diabetes management, healthy aging, cancer support and survivorship programs, sexual abuse awareness and smoking cessation The System has a robust trauma prevention program including but not limited to, tourniquet training, Sudden Impact (targeting high school sophomores), safety belt programs and baby carrier programs The System offers counseling for patients and families, pastoral care, the donation of space for use by community groups, health enhancement and wellness programs, classes on specific medical conditions, and telephone information services Clinical training for allied health programs is provided for various metropolitan colleges, together with rehabilitative therapy training to students from colleges across the country, and training in other specialties for medical students, including post-graduate The System participated in providing dental care for the indigent during the National Dental Association meeting held in New Orleans

Note 2. Summary of Significant Accounting Policies (Continued)

Community Benefit (Continued)

The System's Governing Board and management work closely with local civic leaders and other healthcare providers to address the health care needs of the community and provide specialty care, including federally qualified health centers The System's staff supports area nonprofits and community groups in offering health information and health screenings at community events

The System provides a broad range of clinical services to economically disadvantaged patients, both inpatient and outpatient A significant amount of care is provided to patients from whom no collections are expected One such vehicle is the Children's Healthcare Assistance Plan (CHAP) These costs are not included in the System's operating income, but rather as community support on the consolidated statements of operations See Note 19

During the years ended December 31, 2013 and 2012, estimated costs associated with charity care services provided, throughout the System, were approximately $60,084,000 and $10,897,000, respectively The entities within the System have their unique charity care policy which includes either determining costs by assigning direct costs to charity care programs and by complementing those direct costs with estimates determined from Medicare and Medicaid cost reporting methodologies or by calculating a ratio of cost to usual and customary charges and applying that ratio to the usual and customary uncompensated charges associated with providing care to patients that qualify for charity care

New Accounting Pronouncements

Effective January 1, 2012, the System adopted the provisions of Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities* ASU 2011-07 requires the presentation of the provision for doubtful accounts related to patient service revenue as a deduction from patient service revenue and enhancing the disclosures of the System's policies related to uncollectible accounts The provision for doubtful accounts for the subsidiaries is included within the total allowance for doubtful accounts

Effective January 1, 2012, the Hospital adopted ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability The adoption of ASU 2010-24 did not have a material impact on the 2013 and 2012 consolidated financial statements

Effective January 1, 2012, the Hospital adopted ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which result in common fair value measurement and disclosure requirements in U S GAAP and IFRSs The adoption of ASU 2011-04 did not have a material impact on the 2013 and 2012 consolidated financial statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

LCMC, Children's, UMCMC, Touro Infirmary and certain of its subsidiaries are not-for-profit entities under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxation One subsidiary of Touro Infirmary is a for-profit entity The operations of the for-profit subsidiary have resulted in cumulative net operating losses for federal income tax purposes at December 31, 2013, of approximately $30,000,000 These net operating loss carryforwards expire in varying amounts beginning in 2018 through 2033 No tax benefits related to these operating losses have been recognized in the accompanying consolidated financial statements

Subsequent Events

The System has evaluated subsequent events occurring between December 31, 2013 and April 22, 2014, the date the financial statements were available to be issued See Note 22

Note 3. Net Patient Service Revenues

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

Medicare and Medicaid

Touro:

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

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

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

Note 3. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

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

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

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

Net revenues from government health care programs included in net patient service revenues approximated $171,838,000 and $142,100,000, in the years ended December 31, 2013 and 2012, respectively

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is a possibility that recorded estimates will change by a material amount in the near term

Net patient service revenue increased in 2013 and 2012 by approximately $2,430,000 and $3,383,000, respectively, due to changes in estimates resulting from the removal of allowances previously estimated that are no longer necessary as a result of final settlements, years that are no longer subject to audits, reviews, and investigations, revision of allowance estimates recorded in prior years relating to expected retroactive adjustments, and revisions based on updated information from the fiscal intermediary

During 2013 and 2012, the Hospital received approximately $499,000 and $431,000, respectively, from the State of Louisiana in the form of a Graduate Medical Education Supplement Payment

Note 3. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

Children's:
Children's participates primarily in the Medicaid program as a provider of medical services to program beneficiaries Approximately 71% and 66% of Children's gross patient service revenues were derived from program beneficiaries for the years ended December 31, 2013 and 2012, respectively Certain inpatient services rendered to Medicaid patients are paid based on a prospective per diem system Other inpatient services paid at an interim per diem with final settlement determined after submission of annual costs reports and audits thereof performed by the Medicaid fiscal intermediary

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

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

Children's reimbursements from Bayou Health Plans follow the same methodology as Medicaid for the year ended December 2013 Children's reimbursements from Bayou Health Plans followed the same methodology as Medicaid for the year ended December 2012, with the exception of Louisiana Healthcare Connections, whose contractual arrangements included prospective reimbursements

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

The Medicaid disproportionate share regulations are established by the Louisiana Department of Health and Hospitals and are subject to review and approval by the Centers for Medicare and Medicaid Services Children's has included approximately $232,000 for Medicaid disproportionate share revenues in net patient service revenues, for the year ended December 31, 2012 Effective January 1, 2013, Children's has discontinued to be a part of this program

The Medicaid cost reports for the years 2004 through 2013 have not been final audited by the Medicaid fiscal intermediary

Note 3. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

Children's (Continued):
Management regularly evaluates the adequacy of the recorded settlements and does not anticipate significant adverse adjustments to the recorded settlements for these cost report years Any changes in the estimated settlements are reported as adjustments to net patient service revenues in the year the final settlements are determined For the year ended December 31, 2013 changes in the estimates resulted in an increase to net patient service revenue of approximately $600,000 No such significant changes in estimates were recorded in 2012

UMCMC:
UMCMC participates primarily in the Medicaid and Medicare programs as a provider of medical services to program beneficiaries Approximately 53% of UMCMC's gross patient service revenues were derived from program beneficiaries for the year ended December 31, 2013

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

Inpatient services rendered to Medicaid patients are paid on an interim basis on a prospective per diem system Outpatient services rendered to Medicaid patients are reimbursed under a cost reimbursement methodology subject to certain limitations Final settlement of UMCMC's reimbursement is determined after submission of its annual cost reports and audits thereof performed by the Medicaid fiscal intermediary

UMCMC qualifies as a disproportionate share provider in accordance with the State of Louisiana's Medicaid regulations and, as such, is entitled to additional payments

The Medicaid disproportionate share regulations are established by the Louisiana Department of Health and Hospitals and are subject to review and approval by the Centers for Medicare and Medicaid Services UMCMC has included $77,443,000 for Medicaid disproportionate share revenues in net patient service revenues, for the year ended December 31, 2013 This represents the portion of revenues earned in relation to that portion of revenue that is deferred and described in Note 2

The Medicaid cost reports for the year 2013 has not been final audited by the Medicaid fiscal intermediary Management regularly evaluates the adequacy of the recorded settlements and does not anticipate significant adverse adjustments to the recorded settlements for these cost report years Any changes in the estimated settlements are reported as adjustments to net patient service revenues in the year the final settlements are determined

Note 3. Net Patient Service Revenues (Continued)

Medicare and Medicaid (Continued)

The System:

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

Note 4. Assets Limited as to Use

At December 31, 2013 and 2012, assets limited as to use consist of the following (in thousands)

	2013	2012
Cash	$ -	$ 75
U S Government Securities	1,685	1,709
Marketable Equity Securities	499,333	437,473
Other Fixed Income Securities	284,523	291,600
Mortgage-Backed Securities	2,226	3,019
State of Israel Bonds	500	500
Money Market Funds, Certificates of Deposit, and Commercial Paper	41,256	36,766
	$ 829,523	$ 771,142

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

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

Note 4. Assets Limited as to Use (Continued)

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

Investment income at December 31, 2013 and 2012, including both unrestricted and restricted activity, comprises the following (in thousands)

	2013	2012
Interest and Dividend Income	**$ 14,558**	$ 20,216
Net Gains		
Realized Gains on Securities	**28,287**	4,835
Unrealized Gains on Securities	**35,879**	58,649
	$ 78,724	$ 83,700

Investment income is reported net of investment fees on the consolidated statement of operations Investment fees were approximately $1,189,000 and $1,175,000, for the years ended December 31, 2013 and 2012, respectively

Note 5. Derivative Instruments

At December 31, 2013, derivative instruments consist of the following interest rate and basis swap agreements entered into by Touro

Trade Date	Maturity	Notional Amount	Hedged Rate	Derivative Rate
August 15, 2005 (and amended September 29, 2011)	January 1, 2015	$ 27,970,000	6 125%	Variable rate based on SIFMA Index
September 29, 2011	January 1, 2015	$ 19,167,200	5 625%	Variable rate based on SIFMA Index
September 30, 2011	January 1, 2015	$ 20,200,000	82% of LIBOR	0 692%
September 30, 2011	January 1, 2015	$ 26,760,000	82% of LIBOR	0 625%

Note 5. Derivative Instruments (Continued)

In relation to the swap agreements, Touro's investment income included an unrealized (loss) gain of approximately ($989,000) and $3,306,000 in 2013 and 2012, respectively Interest expense associated with the debt instruments was reduced by the realized gains and interest earnings from the swaps' effectiveness by approximately $2,327,000 and $2,240,000 in 2013 and 2012, respectively At December 31, 2013, these agreements had a carrying value (which approximates fair value) of approximately ($760,000) and were recorded in other current liabilities At December 31, 2012, these agreements had a carrying value of approximately $229,000 and were recorded in other receivables

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

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

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

With respect to the derivative instruments held at December 31, 2013 and 2012, the System's exposure to credit-related losses in the event of nonperformance by counterparties is minimized because investment managers for the System deal almost exclusively in exchange-traded futures and options These securities are extremely liquid, are subject to rigorous exchange and government regulation, involve limited counterparty risk, have no hidden embedded risks, and have daily available public prices

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

Note 6. Property, Plant and Equipment

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

	2013	2012
Land and Land Improvements	$ 61,255	$ 37,609
Leasehold Improvements	471	144
Buildings	324,122	307,327
Fixed Equipment	146,172	143,508
Major Moveable Equipment	252,178	230,911
	784,198	719,499
Less Accumulated Depreciation	(515,378)	(486,843)
Construction in Progress	6,966	5,006
Property, Plant and Equipment, Net	$ 275,786	$ 237,662

Depreciation expense on depreciable assets was $29,793,000 and $29,442,000 for the years ended December 31, 2013 and 2012, respectively

All lease payments and buyout options were completed on all capital leases during the year ended December 31, 2013, and the assets are fully owned at December 31, 2013 The net book value of assets under capital lease arrangements was approximately $2,634,000 at December 31, 2012 Depreciation expense related to these assets was approximately $1,054,000 for the year ended December 31, 2012

Note 7. Bonds Payable

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

	2013	2012
Series 1993, Issued September 1993, due in Sinking Fund Installments through 2023, Annual Interest Rates of 6 125%	$ 27,960	$ 29,945
Series 1999, Issued May 1999, due in Sinking Fund Installments through 2029, Annual Interest Rates of 5 625%	45,295	45,295
	73,255	75,240
Less Current Maturities	(2,110)	(1,985)
Less Unamortized Original Issue Discount	(631)	(647)
Non-Current Portion of Bonds Payable	$ 70,514	$ 72,608

Note 7. Bonds Payable (Continued)

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

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

In July 2005, Touro distributed, to bondholders, notices of intent to engage in a Tender Offer and Redemption of $35,245,000 of Series 1993 bonds, which was the long-term portion of the $44,785,000 Series 1993 bonds outstanding As interest rates declined significantly since the issuance of the bonds, this transaction was structured to reduce the borrowing cost of the existing fixed rate of approximately 6 1% On August 15, 2005, there was a call for full redemption of the bonds (at 100%) remaining outstanding that were not tendered to Touro by August 1 (at 101%) This call for redemption resulted in $1,190,000 of the bonds being redeemed with the balance of $34,055,000 being tendered The tendered bonds were concurrently placed with Merrill Lynch in exchange for an interest rate swap agreement, maturing January 1, 2015 See Note 5 for further details on the swap

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

Terms of the interest rate swap agreements obligate Touro to put aside collateral in favor of Merrill Lynch based on a predetermined formula As of December 31, 2013 and 2012, the collateral account totaled approximately $573,000 and $543,000, respectively, and such amounts are included in assets limited as to use-restricted by bond indenture on the consolidated balance sheets Children's is unconditionally guaranteeing the prompt payment of all liabilities associated with the interest rate swap agreements

At December 31, 2013, scheduled repayments of principal and sinking fund installments to retire the bonds are as follows (in thousands)

2014	$	2,110
2015		2,240
2016		2,375
2017		2,520
2018		2,675
Thereafter		61,335
Total	$	73,255

Note 7. Bonds Payable (Continued)

The Series 1993 and 1999 bonds are general obligations of Touro, and future revenues are pledged to repayment of the bonds Additionally, as mentioned above, under the terms of the indenture agreement, Touro is required to maintain certain deposits with a trustee The related debt agreements also place limits on the incurrence of additional borrowings and require that Touro satisfy certain measures of financial performance as long as the bonds are outstanding In 2013, Touro met all measures of financial performance as defined in the loan agreements

Note 8. Notes Payable

On June 3, 2013, UMCMC entered into a trust indenture with the Bank of New York Mellon Trust Company relating to the issuance of the Series 2013 Notes $253,000,000 with a variable interest rate per annum equal to the index rate In order to induce the purchase of these notes, a Guaranty Agreement was established with Children's Hospital, named as the Guarantor of the Series 2013 Notes The Series 2013 Notes were scheduled to mature March 2014, but were converted into long-term notes that mature April 1, 2024, and are, therefore, classified as non-current on the consolidated balance sheets See Note 22

Note 9. Employee Retirement Plans

Defined Contribution Plans

Children's sponsors a Section 403(b) defined contribution employee benefit plan, which covers substantially all employees who meet age and length of service requirements The plan allows for participating employees to make contributions ranging up to 7% of their before-tax annual compensation and provides for retirement and death benefits

Children's makes matching contributions equal to 50 cents per dollar for the participating employee's annual contribution up to 7% of the before-tax employee contribution In addition, Children's makes a core contribution equal to 5% of the participant's annual compensation Employees of CHMPC participate in the plan and are eligible to receive a core contribution of 1 5% made by Children's The match for the CHMPC participating employees equals 50 cents per dollar of employee's annual contributions up to 7% of the before-tax employee contribution

In addition, Children's may elect to make an additional 3% discretionary contribution No such discretionary contribution was made in 2013 Contributions by Children's to this plan during the years ended December 31, 2013 and 2012, were approximately $5,984,000 and $6,408,000, respectively To comply with tax law changes, effective January 1, 2002, an employee becomes 100% vested in matching contributions after three full years of continuous service Non-matching contributions and matching contributions made prior to January 1, 2002, will continue to vest after five full years of service

Note 9. Employee Retirement Plans (Continued)

Defined Contribution Plans (Continued)

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

Employees of Touro who participate may make tax-deferred contributions up to the applicable IRS limitations Touro will make qualified matching contributions of 50% of employee contributions up to 4% of the employee's eligible earnings An employee of Touro wishing to contribute more may do so up to applicable Internal Revenue Service (IRS) limitations, however, Touro does not match any portion of these additional contributions Participants fully vest in Touro's matched contributions immediately During the years ended December 31, 2013 and 2012, Touro's matching contributions approximated $687,700 and $638,500, respectively

Employees of Woldenberg who participate may make tax-deferred contributions up to the applicable IRS limitations Woldenberg does not match any portion of their participants' contributions, therefore, there was no expense recorded for either 2013 or 2012

CCPI sponsors a Section 401(k) defined contribution employee benefit plan Employees who have completed thirty days of service are eligible to join the plan Employees of CCPI may contribute to the plan through salary deferrals up to applicable IRS limitations

Beginning in 2012, CCPI is making qualified matching contributions of 100% of salary deferral contributions up to 3% of pay, plus 50% of salary deferral contributions in excess of 4% of pay up to 5% of pay CCPI recognized expense of approximately $442,000 in 2013 and $430,000 in 2012

UMCMC sponsors a Section 403(b) defined contribution employee benefit plan, which covers substantially all employees who meet age and length of service requirements The plan allows for participating employees to make contributions up to the applicable IRS limitations UMCMC makes matching contributions equal to 100% of an employee's annual contribution up to 3% of the employee's eligible earnings In addition, UMCMC will also make a matching contribution of 50% of the next 2% of employee annual earnings UMCMC makes a core contribution equal to 2% of the participant's annual compensation Contributions by UMCMC to this plan during the year ended December 31, 2013, were approximately $2,230,000

Note 9. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan

Touro's defined benefit pension plan covers substantially all full-time employees The plan is noncontributory and provides benefits that are based on the participants' years of service and level of compensation Each participant is entitled to an account balance that grows each year with pay, transition, employer match, and interest credits Touro's funding policy is based on the minimum contributions required under the Employee Retirement Income Security Act of 1974 as determined by its consulting actuaries Touro contributed approximately $1,650,000 and $1,000,000, to the plan in 2013 and 2012, respectively

The following table sets forth the plan's components of net periodic pension cost, change in projected benefit obligation, change in plan assets, funded status, and pension expense recognized by Touro as of and for the years ended December 31, 2013 and 2012, using the projected unit credit method with salary progression (in thousands)

	2013	2012
Change in Benefit Obligation		
Benefit Obligation at Beginning of Year	**$ 41,517**	$ 39,152
Service Cost	**2,787**	2,878
Interest Cost	**1,568**	1,623
Actuarial (Gain) Loss	**(5,199)**	465
Benefits Paid	**(2,437)**	(2,600)
Benefit Obligation at End of Year	**38,237**	41,518
Change in Plan Assets		
Fair Value of Plan Assets at Beginning of Year	**28,857**	27,705
Actual Return on Plan Assets	**1,467**	2,753
Benefits Paid	**(2,437)**	(2,600)
Employer Contributions	**1,650**	1,000
Fair Value of Plan Assets at End of Year	**29,537**	28,857
Funded Status (Underfunded)	**$ (8,700)**	$ (12,661)
Net Periodic Pension Cost		
Service Cost	**$ 2,787**	$ 2,878
Interest Cost	**1,568**	1,623
Actuarial Gain on Plan Assets	**(1,467)**	(2,753)
Net Amortization	**187**	1,649
Net Periodic Cost	**$ 3,075**	$ 3,397

Note 9. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

Included in net assets at December 31st, are the following amounts that have not yet been recognized in net periodic postretirement benefit cost but are expected to be amortized into net periodic postretirement cost during 2014 (in thousands)

	2013	2012
Unrecognized Net Actuarial Loss	**$ 7,257**	$ 12,794
Unrecognized Prior Service Cost	**(220)**	(371)
Total Accrued Benefit Cost	**$ 7,037**	$ 12,423

Weighted-average assumptions used to determine projected benefit obligations at December 31st were as follows

	2013	2012
Discount Rate, Obligation	**4.80%**	3.90%
Discount Rate, Periodic Cost	**3.90%**	4.30%
Expected Return on Plan Assets	**7.00%**	7.00%
Rate of Compensation Increase	**2.30%**	3.00%
Cash Balance Interest Credit Rate	**4.00%**	4.00%

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

	2013	2012	Target Allocation
Equity Securities	**45%**	45%	50% - 60%
Debt Securities	**53%**	52%	35% - 50%
Cash and Cash Equivalents	**2%**	3%	0% - 5%

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

Note 9. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

As mentioned in Note 16, the System uses a fair value hierarchy for valuation inputs The following is a description of the valuation methodologies used for plan assets measured at fair value

Level 1 - the fair values of the mutual funds and corporate stocks are based at quoted closing process of securities on the last business day of the Plan year

Level 2 - the fair values of corporate bonds, U S government agency securities, and foreign bonds are based on inputs other than quoted prices that are observable for securities, either directly or indirectly Examples of these inputs are values based on yields currently available on comparable securities of issuers with similar credit ratings, inputs derived from observable market data by correlation or other means

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

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2013 (in thousands)

December 31, 2013	Level 1	Level 2	Total
Cash	$ 587	$ -	$ 587
Mutual Funds			
Diversified Emerging Markets	1,459	-	1,459
Large Blend	6,015	-	6,015
Large Growth	-	-	-
Natural Resources	1,472	-	1,472
Corporate Stocks			
Foreign Large Blend	1,478	-	1,478
Foreign Large Growth	2,971	-	2,971
Corporate Bonds	-	12,301	12,301
U S Government Agency Securities	-	1,191	1,191
Foreign Bonds	-	2,063	2,063
Total	$ 13,982	$ 15,555	$ 29,537

Note 9. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2012 (in thousands)

December 31, 2012	Level 1	Level 2	Total
Cash	$ 820	$ -	$ 820
Mutual Funds			
Diversified Emerging Markets	930	-	930
Large Blend	4,060	-	4,060
Large Growth	2,277	-	2,277
Natural Resources	1,268	-	1,268
Corporate Stocks			
Foreign Large Blend	2,325	-	2,325
Foreign Large Growth	2,129	-	2,129
Corporate Bonds	-	11,781	11,781
U S Government Agency Securities	-	1,352	1,352
Foreign Bonds	-	1,915	1,915
Total	$ 13,809	$ 15,048	$ 28,857

In general, equity securities (both value and growth and active and passive) are utilized to provide expected returns above those of fixed income securities Fixed income securities are utilized to provide a more stable and less volatile series of returns The fixed income portfolio contains only securities considered investment grade by maintaining a rating of at least BAA/BBB by Moody's or Standard and Poor's rating agencies

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

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

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

Note 9. Employee Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

Touro expects to make contributions of approximately $2,040,000 to the defined benefit pension plan in 2014

At December 31, 2013 and 2012, Touro's plan had accumulated benefit obligations of approximately $36,307,000 and $39,248,000, respectively

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of December 31, 2013, are as follows (in thousands)

2014	$	1,110
2015		1,150
2016		1,280
2017		1,340
2018		1,420
2019 - 2023		8,930
Total	$	15,230

Supplemental Executive Retirement Plan

Touro has a supplemental executive retirement plan with a former Chief Executive Officer (CEO) in which an annual payment is made over ten years and investment return is credited to the base amount due each year In addition, Touro has a deferred compensation plan with this former CEO under an employment contract Amounts payable under these plans totaled approximately $936,000 and $1,643,000, at December 31, 2013 and 2012, respectively An additional deferred compensation trust exists, which has been recorded with an offsetting asset and liability in the amount of approximately $944,000 and $1,033,000, as of December 31, 2013 and 2012, respectively

Executive Benefit Plan

Children's sponsors an Executive Benefit Plan benefiting members of senior management, some of whom dedicate their time to the System This plan includes a flexible benefit allowance account and an executive employment retention plan These plans define specific vesting dates and provide the executive with tax deferral opportunities Expenses related to the Executive Benefit Plan during the years ended December 31, 2013 and 2012, for all participants totaled approximately $1,294,000 and $1,218,000, respectively In addition, in 2002, Children's established a 457(b) investment account that can be utilized by senior management As of December 31, 2013 and 2012, the Hospital's total liability for these plans is $2,776,000 and $2,459,000, respectively, and is included in accrued compensation on the consolidated balance sheets Related assets of $2,776,000 and $2,459,000, at December 31, 2013 and 2012, respectively, are recorded to fully settle these plan liabilities

Note 10. Insurance Programs

Medical Professional Liability

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

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

Workers' Compensation

Children's is self-insured for workers' compensation claims up to $750,000 in effect for fiscal periods beginning January 1, 2013 The loss limit for workers' compensation claims was $300,000 for fiscal periods starting January 1, 2000 through January 1, 2002, $350,000 for fiscal periods starting January 1, 2003 through January 1, 2004, $500,000 for fiscal periods beginning January 1, 2005 through January 1, 2012, and $600,000 for fiscal periods beginning January 1, 2012 through January 1, 2013 In addition, Children's maintains excess workers' compensation coverage on an occurrence basis up to a specific limit of $25,000,000 through an insurance carrier

Touro is self-insured for workers' compensation claims up to $750,000 in effect for periods beginning February 1, 2009 The self-insured retention or loss limit for workers' compensation claims was $250,000 for fiscal periods starting January 1, 2002 through December 31, 2002 and $500,000 for periods starting January 1, 2003 through January 31, 2009 Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to a specific limit of $25,000,000 per occurrence Touro accrues for self-insured claims, claims administration costs, and legal fees based on an actuarial study The estimated liability for workers' compensation claims in the consolidated balance sheets, which was discounted at 6%, was approximately $1,963,500 and $1,918,000, at December 31, 2013 and 2012, respectively

UMCMC is self-insured for workers' compensation claims up to $1,500,000 for the period beginning August 31, 2013 UMCMC's per occurrence retention was unlimited for claims occurring June 24, 2013 to August 30, 2013 In addition, UMCMC maintains excess workers' compensation coverage on an occurrence basis for statutory limits through an insurance carrier

As mentioned in Note 2, certificates of deposit secure the self-insured portion

Note 10. Insurance Programs (Continued)

Health Insurance

The System offers subsidized health insurance to its employees through an employer-sponsored health plan The self-insured plan obligates System to pay the first $300,000 per claim Insurance coverage exceeding these amounts is provided by a commercial carrier for claims up to $2,000,000 per occurrence The health insurance reserves were approximately $5,431,000 and $3,509,000 at December 31, 2013 and 2012, respectively The estimated reserve for employee health care claims is based on actual claims history and includes estimates for administrative costs

In General

Children's has purchased additional umbrella coverage on a claims-made basis of $10,000,000 from an insurance carrier through July 31, 2010 Effective August 1, 2010, there is a claims-made policy for the System with a $20,000,000 annual aggregate limit from an insurance carrier Hospital management believes all asserted claims are covered and will be settled within the limits of the Hospital's coverage The recorded liability, based upon an actuarial study, totaled $3,741,000 and $3,342,000, discounted at 6%, at December 31, 2013 and 2012, respectively, for known claims and possible losses attributable to any workers' compensation, general, or professional liability incidents that may have occurred but that have not been identified under Children's incident reporting system

Touro has excess insurance coverage with an annual aggregate limit of $30,000,000 that covers any settlement amounts that are in excess of $1,000,000 through July 31, 2010 and a System occurrence basis policy with a $20,000,000 annual aggregate limit from an insurance carrier effective August 1, 2010 Touro's management believes that all asserted claims are covered and will be settled within the limits of the Touro's coverage Touro accrues for self-insured claims, claims administration costs, and legal fees based on an actuarial study and an additional internal assessment The estimated liability for professional liability claims in the consolidated balance sheets, which was discounted at 6%, was approximately $6,349,000 and $7,272,000, at December 31, 2013 and 2012, respectively

Through the System, UMCMC has purchased additional umbrella coverage on a claims-made basis of $25,000,000 from an insurance carrier Hospital management believes all asserted claims are covered and will be settled within the limits of the Hospital's coverage The estimated liability included in the consolidated balance sheets, which was discounted at 6%, totaled $1,619,000 at December 31, 2013, for known claims and possible losses attributable to any workers' compensation, general, or professional liability incidents that may have occurred but that have not been identified under UMCMC's incident reporting system

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

Note 11. Concentrations of Credit Risk

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

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

	2013		2012	
Medicare	18	%	8	%
Medicaid	34		33	
Managed Care	41		50	
Patients	6		8	
Workers' Compensation	1		1	
Total	100	%	100	%

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

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

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

Note 12. Temporarily Restricted Net Assets

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

	2013	2012
Specific Purpose Funds		
Research and Education	$ 1,988	$ 2,787
Patient Care (Including Elder Care)	1,907	1,319
Gumbel Building	1,480	1,272
Charity	1,214	934
Other	536	451
Nursing Education	547	447
Lectures and Medical Staff	381	348
Plant Funds		
Miscellaneous Renovation Projects	354	622
Total	$ 8,407	$ 8,180

Note 13. Permanently Restricted Net Assets (Endowment Funds)

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

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

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

Note 13. Permanently Restricted Net Assets (Endowment Funds) (Continued)

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

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

The System's Endowment Net Asset Composition by fund type as of December 31, 2013, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ -	$ 7,651	$ 7,651
Undesignated Funds	-	121	-	121
Total	$ -	$ 121	$ 7,651	$ 7,772

A summary of the changes in the System's Endowment Net Assets for the year ended December 31, 2013, is as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, Beginning of Year	$ -	$ 109	$ 7,651	$ 7,760
Investment Return				
Investment Income	-	116	-	116
Net Appreciation (Realized and Unrealized)	-	796	-	796
Total Investment Return	-	912	-	912
Appropriation of Endowment Net Assets for Expenditure	-	(900)	-	(900)
Net Assets, End of Year	$ -	$ 121	$ 7,651	$ 7,772

Note 13. Permanently Restricted Net Assets (Endowment Funds) (Continued)

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

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

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

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

Permanently restricted net assets (endowment funds) at December 31st, are invested in perpetuity, the income from which is expendable to support the following purposes (in thousands)

	2013	2012
Nursing Education	**$ 1,444**	$ 1,444
Charitable Care	**2,186**	2,186
General Education and Purpose	**923**	923
Patient Care	**374**	374
Lectures and Medical Staff	**301**	301
Research	**299**	299
Elder Care	**2,000**	2,000
Other	**125**	125
Total	**$ 7,651**	$ 7,651

Note 14. Assets Held in Trust

Children's has been named the income beneficiary of a separate trust Because the assets of the trust are not controlled by Children's and Children's does not have an irrevocable right to receive the income earned on the trust's assets, they are not included in Children's financial statements The assets had a market value of approximately $4,362,000 and $4,223,000 at December 31, 2013 and 2012, respectively Distributions of income are made at the discretion of the trustee For the years ended December 31, 2013 and 2012, Children's recorded contribution income of approximately $92,000 and $101,000, respectively, received from the trust

Note 15. Functional Expenses

The System provides general health care services, both inpatient and outpatient, to patients in the Gulf South region For the years ended December 31, 2013 and 2012, expenses related to providing these services are as follows (in thousands)

	2013	2012
Health Care Services	$ 554,261	$ 359,146
Fiscal and Administrative Services	147,938	116,542
Total	$ 702,199	$ 475,688

Note 16. Fair Value of Financial Instruments

The System accounts for certain assets and liabilities at fair value or on a basis that approximates fair value A fair value hierarchy for valuation inputs prioritizes the 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 the three levels and is determined by the lowest level input that is significant to the fair value measurement in its entirety These levels are

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date Financial assets in this category primarily include listed equities

Level 2 - Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and for which all significant inputs are observable, either directly or indirectly, as of the measurement date Financial assets and liabilities in this category generally include asset-backed securities, corporate bonds and loans, municipal bonds and interest rate swaps

Note 16. Fair Value of Financial Instruments (Continued)

Level 3 - Pricing inputs are generally unobservable 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 Financial assets in this category generally include alternative investments

Assets and liabilities measured at fair value on a recurring basis at December 31, 2013, are summarized below (in thousands)

Assets	Level 1	Level 2	Level 3	Total Fair Value
Cash	$ -	$ -	$ -	$ -
U S Government Securities	1,594	91	-	1,685
Marketable Equity Securities	328,853	147,930	22,550	499,333
Other Fixed Income Securities	24,625	259,770	128	284,523
Mortgage-Backed Securities	-	2,226	-	2,226
Money Market Funds	11,479	29,777	-	41,256
Other	-	500	-	500
Total	$ 366,551	$ 440,294	$ 22,678	$ 829,523

Liabilities	Level 1	Level 2	Level 3	Total Fair Value
Interest Rate and Basis Swaps	$ -	$ 760	$ -	$ 760
Total	$ -	$ 760	$ -	$ 760

The changes in investments measured at fair value for which the System has used Level 3 inputs to determine fair value for the year ended December 31, 2013, are as follows (in thousands)

	Level 3 Beginning Balance January 1, 2013	Realized and Unrealized Gains (Losses)	Purchases, Sales and Settlements	Net Transfers In and/or (Out) of Level 3	Level 3 Ending Balance December 31, 2013
Marketable Equity Securities	$ 21,912	$ 2,668	$ -	$ (2,030)	$ 22,550
Other Fixed Income Securities	147	(2)	12	(29)	128
Total	$ 22,059	$ 2,666	$ 12	$ (2,059)	$ 22,678

Note 16. Fair Value of Financial Instruments (Continued)

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

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

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

The changes in investments measured at fair value for which the System has used Level 3 inputs to determine fair value for the year ended December 31, 2012, are as follows (in thousands)

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

Note 16. Fair Value of Financial Instruments (Continued)

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

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

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

Note 17. Net Assets Released from Restrictions

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

	2013	2012
Purpose Restrictions Accomplished		
Research and Education	**$ 3,515**	$ 4,967
Other	**201**	176
Gumbel Building	**140**	-
Cancer	**138**	-
Elder Care	**109**	25
Funding of Nursing Educators	**71**	142
OBGYN	**70**	25
Charity Care	**21**	13
Pastoral Care	**11**	10
Surgery	**7**	10
Rehabilitation	**5**	24
Cardiology	**2**	3
Total Restrictions Released	**$ 4,290**	$ 5,395

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

Note 18. Commitments and Contingencies

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

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

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

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

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law The PPACA is creating sweeping changes across the healthcare industry, including how care is provided and paid for A primary goal of this comprehensive reform legislation is to extend health coverage to uninsured legal U S residents through a combination of public program expansion and private sector health insurance reforms

Note 18. Commitments and Contingencies (Continued)

To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs Management of the System is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other consultants to optimize available reimbursement

Settlement of Certain Claims by the Government Related to Dr. Palazzo
In April of 2008, Touro signed an agreement with the United States Department of Justice acting on behalf of the Office of Inspector General (OIG) of the Health and Human Services (HHS) agreeing to settle certain false claims related to charges submitted to the government by Dr Carmen Palazzo The terms of the settlement included a payment to the government of $1,750,000 in addition to reopening several prior year cost reports to ensure that all unallowed costs have been removed

At the same time, Touro also entered into a five-year Corporate Integrity Agreement (CIA) with the HHS OIG This agreement obligated Touro to strengthen the current compliance program, and implement certain management practices and initiatives to ensure greater oversight of Touro's operations

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

During the year ended December 31, 2013, Touro completed its fifth year under the CIA and it filed its compliance report The OIG responded with a favorable evaluation of Touro's report and concluded the agreement, thus, releasing Touro from the CIA

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

Note 18. Commitments and Contingencies (Continued)

Electronic Health Records (EHR) Incentive Payments (Continued)
For the year ended December 31, 2013, the System recognized approximately $3,942,000 and $3,270,000 of revenue related to Medicare and Medicaid incentive payments for EHR, respectively For the year ended December 31, 2012, the System recognized $2,319,000 of revenue related to Medicare incentive payments for EHR These amounts were recognized in full at the date of attestation and are included within other operating revenues on the consolidated statements of operations

Leases with ILH and UMC
As mentioned in Note 1, UMCMC entered into a Cooperative Endeavor Agreement, from which multiple lease agreements were agreed to

Effective May 29, 2013, UMCMC entered into a Master Hospital Lease Agreement with LSU for the leasing of ILH and UMC For the term of leasing ILH, UMCMC shall pay an annual rent of $24,101,208, payable in quarterly installments of $6,025,302 Upon the completion of the construction of UMC and UMCMC taking occupancy of UMC, UMCMC is obligated to minimum annual rental payments of $69,409,750, payable in quarterly installments of $17,352,437

The term of the ILH lease is not expected to exceed two years The term of the UMC lease will be forty years with options to extend for three fifteen-year periods The quarterly rent payments for leasing both ILH and UMC are subject to increase annually, however, that increase is limited to no more than 5% than the rent in the previous year The quarterly rent payments for UMC will be reviewed and adjusted to the Fair Market Rental Value, as defined, every twenty years

The Master Lease Agreement required UMCMC to make advance lease payments towards it facility rental Of this total, $110,000,000 is a prepayment of a portion of the future UMC rent payments, excluding the UMC's Ambulatory Care building and its Garage UMCMC will receive an annual credit of approximately $5,500,000 against its quarterly rent obligation for UMC, for each of the first twenty years of the UMC lease term The remaining $143,000,000 represents all future rent payments for UMC's Ambulatory Care building and its Garage This will be amortized over the forty year term of the UMC lease

These advance payments are included within other assets on the consolidated balance sheets and are classified as non-current These payments were funded by the Series 2013 Notes mentioned in Note 8

LCMC is guaranteeing the future rent payments prescribed by the Master Lease agreement

Note 18. Commitments and Contingencies (Continued)

Leases with ILH and UMC (Continued)

In relation to the Master Lease agreement, UMCMC entered into a Right of Use, Possession and Occupancy agreement whereby UMCMC is granted the right to use and occupy the land and surface improvements for allowing the leased buildings and future buildings and other improvements to be located on the land, together with vehicular and pedestrian access to and from the leased buildings and future improvements, parking and related uses This agreement commences on the date that the UMC facility lease commences and shall only terminate and expire when the UMC facility lease expires

Effective May 29, 2013, UMCMC also entered into an Equipment Lease for an initial term of ten years with two separate and successive options to renew for a period of five years The annual consideration for this lease shall be $9,878,000 and shall be paid quarterly UMCMC is responsible for lost and stolen equipment that is being leased and the cost associated with either replacing that equipment or reimbursing the lessor for the fair market value of that equipment UMCMC has substantial reporting requirements to the Louisiana Property Assistance Agency and the State of Louisiana's Legislative Auditor under this equipment lease

Rent expense under the above Master Lease and Equipment Lease totaled approximately $17,460,000 for the year ended December 31, 2013

In projecting minimum annual lease payments, a growth factor of 3% of its annual rents was used in calculating rent for the UMC lease for only the first twenty years of its lease due to the provision of that rent being reviewed and adjusted to the Fair Market Rental Value The projected annual rents were then offset by the application of the advance lease payment mentioned above Minimum annual lease payments as of December 31, 2013 for the above mentioned leases are projected as follows (in thousands)

2014	$ 35,148
2015	54,885
2016	74,743
2017	76,343
2018	78,337
Thereafter	1,521,495
Total	$ 1,840,951

Note 18. Commitments and Contingencies (Continued)

Other Leases

Rent expense for the System not related to the leases with ILH and UMC, which relates primarily to operating leases for medical and office equipment, was approximately $4,884,000 and $5,372,000 for the years ended December 31, 2013 and 2012, respectively The future minimum rentals under these leases for the next five years range from approximately $2,376,000 to $4,044,000 per year

Gross rental income earned in the System's operation of medical office buildings in 2013 and 2012, was approximately $3,187,000 and $4,429,000, respectively The future minimum rental payments to be received by the System on non-cancelable operating lease agreements for the next five years range from approximately $291,000 to $4,206,000 per year

Note 19. Community Support

During the year ended December 31, 2012, the System collaborated with other healthcare providers (the Hospitals) to ensure the availability of, and to more cost effectively provide, quality healthcare services to low income and needy residents in the community In order to best address the needs in the community, the collaborative Hospitals became members of four non-profit organizations, Louisiana Clinical Services, Inc (LCS), Southern Louisiana Clinical Services, Inc (SLCS), Eastern Louisiana Clinical Services, Inc (ELCS), and Natchitoches Clinical Services, Inc (NCS), (collectively, the Non-Profits)

The Hospitals contributed funds to the Non-Profits, which were then used to support the provisions of the hospital and clinical physician services, physician in-training services, physician assistant/nurse practitioner services, specialty physician services and other healthcare services The System officially withdrew from these collaborative agreements July 27, 2012

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

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

For the years ended December 31, 2013 and 2012, the System contributed approximately $9,716,000 and $18,868,000, respectively, to provide healthcare services to low income and needy residents in the community These expenses are included within the community support line item on the consolidated statements of operations

Note 19. Community Support (Continued)

There is support and participation in numerous activities and programs that benefit the community These activities are sponsored with the knowledge that they will not be self-supporting or financially viable

One such program is CHAP, as mentioned in Note 2 CHAP is designed to assist families with income too high to qualify for Medicaid, but whose lack of resources limit their access to quality health care Through CHAP, Children's provides health care services without charge to patients whose family income is between 200% (Medicaid Limit) and 350% of the Federal Poverty Income Guidelines In addition to CHAP, CHMPC increases the accessibility of health care to the indigent and underinsured through its Kids First pediatric primary care physician practices

Supporting the advancement of medical knowledge through research is a continual focus Children's Hospital's Research Institute for Children has completed its seventeenth year of operation in 2013

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

The revenues and expenses associated with these programs for the years ended December 31, 2013, are detailed as follows (in thousands)

	2013						
	Research Institute	CHAP	Mobile Dental	CARE Center	Behavioral Health	Other	Total
Patient Revenues	$ -	$ 15,955	$ 1,808	$ 1,254	$ 30,953	$ 13,246	$ 63,216
Revenue Deductions	-	(15,955)	(1,562)	(1,008)	(24,159)	(8,930)	(51,614)
Other Revenues	1,171	-	5	87	-	1,376	2,639
Total Revenues	1,171	-	251	333	6,794	5,692	14,241
Total Expenses	5,932	4,867	1,568	1,741	8,281	13,686	36,075
Community Support, Net	$ (4,761)	$ (4,867)	$ (1,317)	$ (1,408)	$ (1,487)	$ (7,994)	$ (21,834)

Note 19. Community Support (Continued)

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

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

For the years ended December 31, 2013 and 2012, expenses of the community support programs included direct expenses and an allocation of indirect expenses as follows (in thousands)

	2013	2012
Direct Expenses	**$ 22,253**	$ 28,011
Indirect Expenses	**13,822**	12,165
Total Expenses	**$ 36,075**	$ 40,177

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

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

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

Note 20. Accounting for Uncertainty in Taxes

The System follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC The System recognizes a threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition The System's tax filings are subject to audit by various taxing authorities The System's open audit periods are 2010 through 2012 There are currently no returns under examination Management evaluated the System's tax positions and considered that the System had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance

Note 21. Upper Payment Limit Program

The System and other health care providers have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population The provision for this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program up to federal Medicaid Upper Payment Limits (UPL) Each State's UPL methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS) Federal matching funds are not available for Medicaid payments that exceed UPLs As of December 31, 2013 and 2012, the System has received UPL payments of approximately $284,044,000 and $66,126,000, respectively, which are recognized in net patient service revenue on the consolidated statements of operations

Note 22. Subsequent Events

On February 20, 2014, Children's signed an act of cash sale on property, "the NOAH property", that was evidenced by a lease purchase agreement that Children's signed in 2013 This property was appropriately capitalized in 2013 on the consolidated balance sheets

On April 1, 2014, LCMC and Children's Hospital entered into a Master Trust Indenture in which they are named as the members of the Obligated Group Under this Master Trust Indenture, the obligations and all other payment obligations under this Indenture are the joint and several obligations of the Obligated Group These obligations shall be secured by the general credit of the Obligated Group together with a lien on the Pledged revenues, as defined, of the Obligated Group

Note 22. Subsequent Events (Continued)

In connection with the Master Trust Indenture, the Obligated Group is a party to a First Supplemental Indenture that further provides multiple Ancillary Obligation Agreements, collectively the Authorized Ancillary Obligations One of those Ancillary Obligations, UMCMC 2014-A Series Notes TRS Ancillary Obligation, relates to the further described UMCMC Series 2014-A Notes

Pursuant to a Trust Indenture dated April 2, 2014, UMCMC authorized the issuance of $253,000,000 aggregate principal amount of notes The notes are being issued in two series (i) Series 2014-A1 Notes in the principal amount of $125,000,000 and (ii) Series 2014-A2 Notes in the principal amount of $128,000,000 These notes are the general obligations of UMCMC and shall be secured by the Trust Estate, as defined below

The issuance of these notes, together with the payment of interest accrued on its Series 2013 Notes, cancels any and all obligations of the Series 2013 Notes

The Series 2014-A Notes mature on April 1, 2024 and bear interest at a rate of 7 25% Interest only is payable on these Notes on April 1 and October 1, beginning October 1, 2014 UMCMC will establish a Debt Service Fund (the Indenture Funds) for holding funds sufficient to support the Debt Service on the Notes

As security for payment of these Notes, UMCMC pledges and assigns (i) a security interest in their Indenture Funds mentioned above, (ii) Pledged Revenues that includes all receipts, income, rents, royalties, benefits and other revenue from the operation of UMCMC's facilities, exclusive of revenue from donors that have a restriction as to the use of the revenue and exclusive of revenues where applicable law precludes the granting of a security interest in those revenues, and (iii) any and all property of every kind that may be subjected to the lien of the Indenture Collectively, these three elements define the Trust Estate

On April 8, 2014, a cooperative endeavor agreement has been entered into between Parish Hospital Service District for Parish of Orleans (the District) , Louisiana Children's Medical Center and Touro Infirmary Louisiana Children's Medical Center and Touro are collectively referred to as LCMC throughout the CEA The CEA provides that LCMC will manage and be responsible for the day-to-day operations of an 80 bed public hospital and emergency department currently under construction in Eastern New Orleans (Hospital) Touro will serve in the primary role of managing and being responsible for the day-to-day operations of the Hospital and to provide supplemental operational support for the Hospital to support and enhance the continuity and viability of Hospital operations for the citizens of Eastern New Orleans

Note 22. Subsequent Events (Continued)

Under the CEA, LCMC is obligated for employing or contracting with those required to operate the Hospital, providing comprehensive administrative, professional, operational, revenue cycle and financial management of the Hospital, obtaining and maintaining the appropriate licenses, software and hardware and corresponding support services related to those technology systems, and assisting the Hospital in recruiting medical staff The term of the agreement shall commence on the Effective Date, as defined, and will expire June 30, 2029, with an option to renew for up to 10 years The District shall pay to LCMC a Fee that is comprised of annual management, revenue cycle management, and direct and indirect operating components The District and LCMC have agreed that Operating Revenues of the Hospital shall be the only source of funds for paying the Fee

Note 23. Reclassifications

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

SUPPLEMENTARY INFORMATION

LOUISIANA CHILDREN'S MEDICAL CENTER (PARENT ONLY)
Balance Sheets
December 31, 2013 and 2012 (in Thousands)

	2013	2012
Assets		
Current Assets		
Due From Related Parties	**$ 1,211**	$ 5,727
Total Assets	**$ 1,211**	$ 5,727
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 110**	$ 3,306
Accrued Salaries and Wages	**211**	-
Due to	**770**	2,421
Total Current Liabilities	**1,091**	5,727
Employee Benefits, Net of Current Portion	**120**	-
Total Liabilities	**1,211**	5,727
Net Assets	-	-
Total Liabilites and Net Assets	**$ 1,211**	$ 5,727

See independent auditor's report

LOUISIANA CHILDREN'S MEDICAL CENTER (PARENT ONLY)
Statements of Operations
For the Year Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Management Fee Revenue	**$ 13,737**	$ 18,304
Total Operating Revenues	**13,737**	18,304
Operating Expenses		
Employee Compensation and Benefits	**2,272**	-
Purchased Services	**10,830**	18,304
Professional Fees	**569**	-
Supplies and Other Expenses	**66**	-
Total Operating Expenses	**13,737**	18,304
Income from Operations	**-**	-
Excess Revenues over Expenses	**$ -**	$ -

See independent auditor's report

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2013 and 2012 (in Thousands)

	2013	2012
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 77,469**	$ 38,032
Assets Limited as to Use	**1,617**	2,219
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $11,166 and $9,567 in 2013 and 2012, Respectively	**31,606**	30,769
Other Receivables	**3,064**	2,951
Inventories	**5,467**	5,323
Prepaid Expenses	**1,820**	2,150
Total Current Assets	**121,043**	81,444
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**46,254**	47,518
Restricted by Bond Indenture, Debt Service Reserve	**10,144**	10,113
Donor-Restricted Long-Term Investments	**11,560**	10,493
Restricted Other	**625**	627
Less Amount Required for Current Obligations	**(1,617)**	(2,219)
Assets Limited as to Use, Net	**66,966**	66,532
Property, Plant, and Equipment, Net	**145,903**	137,032
Other Assets	**2,735**	3,511
Total Assets	**$ 336,647**	$ 288,519

See independent auditor's report

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
December 31, 2013 and 2012 (in Thousands)

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 17,541**	$ 14,214
Accrued Salaries and Wages	**10,505**	9,457
Current Maturities of Bonds Payable	**2,110**	1,985
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**2,448**	2,948
Current Portion of Estimated Professional Liabilities Claims	**2,661**	2,870
Estimated Third-Party Payor Settlements, Net	**3,147**	4,298
Other	**5,248**	34,357
Total Current Liabilities	**43,660**	70,129
Bonds Payable, Net of Current Portion	**70,514**	72,608
Estimated Employee Health and Workers' Compensation Claims, Net of Current Portion	**1,143**	1,229
Estimated Professional Liabilities Claims, Net of Current Portion	**3,688**	4,401
Employee Benefits	**10,668**	15,924
Total Liabilities	**129,673**	164,292
Noncontrolling Interest	**683**	761
Net Assets		
Unrestricted	**192,221**	110,422
Temporarily Restricted	**6,419**	5,393
Permanently Restricted	**7,651**	7,651
Total Net Assets	**206,291**	123,466
Total Liabilities and Net Assets	**$ 336,647**	$ 288,519

See independent auditor's report

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Operations
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 341,754**	$ 302,114
Provision for Doubtful Accounts	**7,261**	9,707
Net Patient Service Revenues Less Provision for Doubtful Accounts	**334,493**	292,407
Other Operating Revenues	**14,215**	13,682
Net Assets Released from Restrictions, Operating	**250**	105
Total Operating Revenues	**348,958**	306,194
Operating Expenses		
Employee Compensation and Benefits	**136,459**	132,219
Purchased Services	**62,392**	92,925
Supplies and Other	**53,246**	47,695
Depreciation and Amortization	**17,794**	16,379
Impairment Losses	**2**	42
Interest	**2,028**	2,237
Total Operating Expenses	**271,921**	291,497
Income from Operations	**77,037**	14,697
Investment Income	**3,752**	7,958
Other Nonoperating Income	**10**	16,125
Community Support, Net	**(4,859)**	(9,434)
Net Assets Released from Restrictions, Nonoperating	**525**	585
Excess of Revenues over Expenses	**$ 76,465**	$ 29,931

See independent auditor's report

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Unrestricted Net Assets		
Excess of Revenues over Expenses	**$ 76,465**	$ 29,931
Noncontrolling Interest in Income of Consolidated Subsidiaries	**(49)**	(261)
Adjustment to Pension Liability	**5,385**	1,184
Ownership Revisions for Noncontrolling Interest in TIJV	**(2)**	-
Increase in Unrestricted Net Assets	**81,799**	30,854
Temporarily Restricted Net Assets		
Contributions	**275**	519
Investment Income	**1,526**	1,199
Net Assets Released from Restrictions	**(775)**	(690)
Increase in Temporarily Restricted Restricted Net Assets	**1,026**	1,028
Change in Permanently Restricted Net Assets	**-**	(80)
Increase in Net Assets	**82,825**	31,802
Net Assets, Beginning of Year	**123,466**	91,664
Net Assets, End of Year	**$ 206,291**	$ 123,466

See independent auditor's report

TOURO INFIRMARY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Cash Flows from Operating Activities		
Increase in Net Assets	**$ 82,825**	$ 31,802
Adjustments to Reconcile Increase in Net Assets		
to Net Cash Provided by Operating Activities		
Adjustment to Pension Liability	**(5,386)**	(1,184)
Ownership Revisions for Noncontrolling Interest in TIJV	**2**	-
Noncontrolling Interest in Income of		
Consolidated Subsidiaries	**49**	261
Depreciation and Amortization	**17,794**	16,379
Gain on Sale of Assets	**-**	(1,085)
Impairment Losses	**2**	42
Provision for Doubtful Accounts	**7,261**	9,707
Change in Operating Assets and Liabilities		
Increase in Patient Accounts Receivable	**(8,099)**	(15,793)
Increase in Other Receivables	**(113)**	(474)
Increase in Inventories	**(143)**	(1,104)
Decrease in Prepaid Expenses	**330**	66
Decrease (Increase) in Other Assets	**718**	(502)
Increase (Decrease) in Trade Accounts Payable	**3,327**	(817)
Increase in Accrued Salaries and Wages	**1,048**	739
(Decrease) Increase in Third-Party Payor Settlements	**(1,151)**	1,495
(Decrease) Increase in Other Liabilities	**(30,500)**	27,133
Net Cash Provided by Operating Activities	**67,966**	66,665
Cash Flows from Investing Activities		
Capital Expenditures	**(26,594)**	(21,698)
Change in Assets Limited as to Use	**167**	(6,811)
Proceeds from Sale of Asset	**-**	642
Net Cash Used in Investing Activities	**(26,427)**	(27,867)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligations	**-**	(1,139)
Repayments of Bonds Payable	**(1,985)**	(1,905)
Distributions Paid to Noncontrolling Interests	**(117)**	(122)
Net Cash Used in Financing Activities	**(2,102)**	(3,166)
Net Increase in Cash and Cash Equivalents	**39,437**	35,632
Cash and Cash Equivalents, Beginning of Year	**38,032**	2,400
Cash and Cash Equivalents, End of Year	**$ 77,469**	$ 38,032
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ 4,382**	$ 4,494
Property, Plant and Equipment Purchases in Accounts Payable	**$ 4,163**	$ 1,170

See independent auditor's report

CHILDREN'S HOSPITAL
Balance Sheets
December 31, 2013 and 2012 (in Thousands)

	2013	2012
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 206,127**	$ 9,069
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $8,120 and $7,671 in 2013 and 2012, Respectively	**31,894**	35,709
Other Receivables	**5,518**	34,054
Inventories	**7,080**	6,932
Prepaid Expenses and Other Assets	**2,824**	3,149
Total Current Assets	**253,443**	88,913
Assets Limited as to Use		
Designated for Capital Projects and Specific Programs	**756,016**	699,418
Donor-Restricted Long-Term Investments	**2,174**	2,973
Total Assets Limited as to Use	**758,190**	702,391
Property, Plant and Equipment, Net	**125,719**	100,630
Total Assets	**$ 1,137,352**	$ 891,934

See independent auditor's report

CHILDREN'S HOSPITAL
Balance Sheets (Continued)
December 31, 2013 and 2012 (in Thousands)

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	**$ 15,791**	$ 13,564
Accrued Salaries and Wages	**12,691**	11,335
Current Portion of Estimated Employee Health and Workers' Compensation Claims	**1,638**	1,660
Current Portion of Estimated Professional Liabilities Claims	**1,242**	855
Estimated Third Party Payor Settlements, Net	**20,943**	13,287
Other	**3,355**	2,428
Total Current Liabilities	**55,660**	43,129
Estimated Employee Health and Workers' Compensation Claims, Net of Current Portion	**582**	651
Estimated Professional Liabilities Claims, Net of Current Portion	**1,455**	1,427
Employee Benefits	**3,801**	4,473
Total Liabilities	**61,498**	49,680
Net Assets		
Unrestricted	**1,073,680**	839,281
Temporarily Restricted	**1,988**	2,787
Permanently Restricted	**186**	186
Total Net Assets	**1,075,854**	842,254
Total Liabilities and Net Assets	**$ 1,137,352**	$ 891,934

See independent auditor's report

CHILDREN'S HOSPITAL
Statements of Operations
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	**$ 394,502**	$ 213,934
Provision for Doubtful Accounts	**3,743**	6,415
Net Patient Service Revenues Less Provision for Doubtful Accounts	**390,759**	207,519
Other Operating Revenues	**16,159**	44,255
Total Operating Revenues	**406,918**	251,774
Operating Expenses		
Employee Compensation and Benefits	**117,814**	115,159
Purchased Services	**23,217**	21,264
Professional Fees	**18,924**	21,033
Supplies and Other Expenses	**52,379**	49,185
Depreciation and Amortization	**11,797**	11,485
Total Operating Expenses	**224,131**	218,126
Income from Operations	**182,787**	33,648
Investment Income	**73,446**	74,543
Other Nonoperating Loss	**-**	(16,000)
Community Support, Net	**(21,834)**	(26,674)
Excess Revenues over Expenses	**$ 234,399**	$ 65,517

See independent auditor's report

CHILDREN'S HOSPITAL
Statements of Changes in Net Assets
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Unrestricted Net Assets		
Excess of Revenues over Expenses	**$ 234,399**	$ 65,517
Temporarily Restricted Net Assets		
Contributions	**2,716**	4,986
Net Assets Released from Restrictions	**(3,515)**	(4,705)
(Decrease) Increase in Temporarily Restricted Net Assets	**(799)**	281
Change in Permanently Restricted Net Assets	**-**	-
Increase in Net Assets	**233,600**	65,798
Net Assets, Beginning of Year	**842,254**	776,456
Net Assets, End of Year	**$ 1,075,854**	$ 842,254

See independent auditor's report

CHILDREN'S HOSPITAL
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012 (in Thousands)

	2013	2012
Cash Flows from Operating Activities		
Increase in Net Assets	**$ 233,600**	$ 65,798
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**13,367**	13,130
Net Loss on Disposal/Sale of Assets	**139**	42
Provision for Doubtful Accounts	**3,743**	6,415
Change in Operating Assets and Liabilities		
Decrease (Increase) in Patient Accounts Receivable	**72**	(13,525)
Decrease (Increase) in Other Receivables	**28,536**	(26,139)
Increase in Inventory	**(148)**	(525)
Decrease (Increase) in Other Current Assets	**325**	(370)
Increase in Trade Accounts Payable	**2,227**	2,187
Increase in Accrued Salaries and Wages	**1,356**	315
Increase in Third-Party Payor Settlements	**7,656**	4,097
Increase in Other Liabilities	**579**	979
Net Cash Provided by Operating Activities	**291,452**	52,404
Cash Flows from Investing Activities		
Capital Expenditures	**(38,595)**	(9,364)
Change in Assets Limited as to Use	**(55,799)**	(41,399)
Net Cash Used in Investing Activities	**(94,394)**	(50,763)
Net Increase in Cash and Cash Equivalents	**197,058**	1,641
Cash and Cash Equivalents, Beginning of Year	**9,069**	7,428
Cash and Cash Equivalents, End of Year	**$ 206,127**	$ 9,069
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	**$ -**	$ -
Property, Plant and Equipment Purchases in Accounts Payable	**$ 583**	$ 583

See independent auditor's report

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION
Balance Sheet
December 31, 2013 (in Thousands)

Assets		
Current Assets		
Cash	$	46,448
Patient Accounts Receivable, Net of Allowance for Doubtful Accounts of $19,741		43,071
Inventories		7,138
Prepaid Expenses		5,095
Total Current Assets		101,752
Assets Limited as to Use		
Restricted Other		2,750
Property, Plant and Equipment, Net		4,164
Other Assets		254,560
Total Assets	$	363,226
Liabilities and Net Assets		
Current Liabilities		
Trade Accounts Payable	$	38,885
Accrued Salaries and Benefits		7,773
Current Portion of Estimated Employee Health abd Workers' Compentation Claims		2,628
Estimated Third-Party Payor Settlements, Net		(8,512)
Deferred Revenue		91,593
Due to Related Party		1,980
Other Current Liabilities		4,969
Total Current Liabilities		139,316
Notes Payable		253,000
Estimated Professional Liabilities Claims, Net of Current Portion		1,619
Total Liabilities		393,935
Net Assets		
Unrestricted		(30,709)
Total Liabilities and Net Assets	$	363,226

See independent auditor's report

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION
Statement of Operations
For the Year Ended December 31, 2013 (in Thousands)

Unrestricted Revenues, Gains and Other Support		
Net Patient Service Revenues	$	187,236
Provision for Doubtful Accounts		19,961
Net Patient Service Revenues less Provision for Doubtful Accounts		167,275
Other Revenues		8,907
Total Operating Revenues		176,182
Operating Expenses		
Employee Compensation and Benefits		67,487
Purchased Services		26,479
Professional Fees		53,610
Supplies and Other Expenses		59,042
Depreciation and Amortization		274
Total Operating Expenses		206,892
Loss from Operations		(30,710)
Excess of Revenues over Expenses	$	(30,710)

See independent auditor's report

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION
Statement of Changes in Net Assets
For the Year Ended December 31, 2013 (in Thousands)

Unrestricted Net Assets	
Excess of Expenses over Revenues	$ (30,710)
Decrease in Net Assets	(30,710)
Net Assets, Beginning of Year	1
Net Assets, End of Year	$ (30,709)

See independent auditor's report

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION
Statement of Cash Flows
For the Year Ended December 31, 2013 (in Thousands)

Cash Flows from Operating Activities		
Decrease in Net Assets	$	(30,710)
Adjustments to Reconcile Decrease in Net Assets		
to Net Cash Used in Operating Activities		
Depreciation		274
Provision for Doubtful Accounts		19,961
Changes in Operating Assets and Liabilities		
Increase in Patients Accounts Receivable		(63,032)
Increase in Inventories		(7,138)
Increase in Estimated Third-Party Payor Settlements		(8,512)
Increase in Prepaid Expenses		(5,095)
Increase in Other Assets		(254,560)
Increase in Accounts Payable		38,885
Increase in Accrued Expenses		7,772
Increase in Due to Related Party		1,980
Increase in Deferred Revenue		91,593
Increase in Other Current Liability		4,969
Increase Estimated Insurance Claims		4,247
Net Cash Used in Operating Activities		(199,366)
Cash Flows from Investing Activities		
Capital Expenditures		(4,437)
Chage in Assets Limited as to Use		(2,750)
Net Cash Used in Investing Activities		(7,187)
Cash Flows from Financing Activities		
Proceeds from Issuance of Debt		253,000
Net Cash Provided by Investing Activities		253,000
Net Change in Cash		46,447
Cash, Beginning of Year		1
Cash, End of Year	$	46,448
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	$	1,560

See independent auditor's report

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidating Balance Sheets
December 31, 2013 (in Thousands)

	LCMC	Touro	Children's	UMCMC	Eliminations	Consolidated
Assets						
Current Assets						
Cash and Cash Equivalents	$ -	$ 77,469	$ 206,127	$ 46,448	$ -	$ 330,044
Assets Limited as to Use	-	1,617	-	-	-	1,617
Patient Accounts Receivable, Net of Allowance	-	31,606	31,894	43,071	-	106,571
Other Receivables	-	3,064	5,518	-	(8,333)	249
Inventories	-	5,467	7,080	7,138	-	19,685
Prepaid Expenses	-	1,820	2,824	5,095	-	9,739
Due From Related Parties	1,211	-	-	-	(1,211)	-
Total Current Assets	1,211	121,043	253,443	101,752	(9,544)	467,905
Assets Limited as to Use						
Designated for Capital Projects and Specific Programs	-	46,254	756,016	-	-	802,270
Restricted by Bond Indenture, Debt Service Reserve	-	10,144	-	-	-	10,144
Donor-Restricted Long-Term Investments	-	11,560	2,174	-	-	13,734
Restricted Other	-	625	-	2,750	-	3,375
Less Investments Whose Use is Limited Required for Current Obligations	-	(1,617)	-	-	-	(1,617)
Assets Limited as to Use, Net	-	66,966	758,190	2,750	-	827,906
Property, Plant, and Equipment, Net	-	145,903	125,719	4,164	-	275,786
Other Assets	-	2,735	-	254,560	-	257,295
Total Assets	$ 1,211	$ 336,647	$ 1,137,352	$ 363,226	$ (9,544)	$ 1,828,892

See independent auditor's report

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidating Balance Sheets (Continued)
December 31, 2013 (in Thousands)

	LCMC	Touro	Children's	UMCMC	Eliminations	Consolidated
Liabilities and Net Assets						
Current Liabilities						
Trade Accounts Payable	$ 110	$ 17,541	$ 15,791	$ 38,885	$ -	$ 72,327
Accrued Salaries and Wages	211	10,505	12,691	7,773	-	31,180
Current Maturities of Bonds Payable	-	2,110	-	-	-	2,110
Current Portion of Estimated Employee Health and Workers' Compensation Claims	-	2,448	1,638	2,628	-	6,714
Current Portion of Estimated Professional Liabilities Claims	-	2,661	1,242	-	-	3,903
Estimated Third-Party Payor Settlements, Net	-	3,147	20,943	(8,512)	-	15,578
Due To Related Parties	770	-	-	1,980	(2,750)	-
Deferred Revenue	-	-	-	91,593	-	91,593
Other	-	5,248	3,355	4,969	(6,794)	6,778
Total Current Liabilities	1,091	43,660	55,660	139,316	(9,544)	230,183
Bonds Payable, Net of Current Portion	-	70,514	-	-	-	70,514
Notes Payable	-	-	-	253,000	-	253,000
Estimated Employee Health Workers' Compensation Claims, Net of Current Portion	-	1,143	582	-	-	1,725
Estimated Professional Liability Claims, Net of Current Portion	-	3,688	1,455	1,619		6,762
Employee Benefits, Net of Current Portion	120	10,668	3,801	-	-	14,589
Total Liabilities	1,211	129,673	61,498	393,935	(9,544)	576,773
Minority Interest	-	683	-	-	-	683
Net Assets						
Unrestricted	-	192,221	1,073,680	(30,709)	-	1,235,192
Temporarily Restricted	-	6,419	1,988	-	-	8,407
Permanently Restricted	-	7,651	186	-	-	7,837
Total Net Assets	-	206,291	1,075,854	(30,709)	-	1,251,436
Total Liabilities and Net Assets	$ 1,211	$ 336,647	$ 1,137,352	$ 363,226	$ (9,544)	$ 1,828,892

See independent auditor's report

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

	LCMC	Touro	Children's	Eliminations	Consolidated
Assets					
Current Assets					
Cash and Cash Equivalents	$ -	$ 38,032	$ 9,069	$ -	$ 47,101
Assets Limited as to Use	-	2,219	-	-	2,219
Patient Accounts Receivable, Net of Allowance	-	30,769	35,709	-	66,478
Other Receivables	-	2,951	34,054	(24,597)	12,408
Inventories	-	5,323	6,932	-	12,255
Prepaid Expenses	-	2,150	3,149	-	5,299
Due From Related Parties	5,727	-	-	(5,727)	-
Total Current Assets	5,727	81,444	88,913	(30,324)	145,760
Assets Limited as to Use					
Designated for Capital Projects and Specific Programs	-	47,518	699,418	-	746,936
Restricted by Bond Indenture, Debt Service Reserve	-	10,113	-	-	10,113
Donor-Restricted Long-Term Investments	-	10,493	2,973	-	13,466
Restricted Other	-	627	-	-	627
Less Investments Whose Use is Limited Required for Current Obligations	-	(2,219)	-	-	(2,219)
Assets Limited as to Use, Net	-	66,532	702,391	-	768,923
Property, Plant, and Equipment, Net	-	137,032	100,630	-	237,662
Other Assets	-	3,511	-	-	3,511
Total Assets	$ 5,727	$ 288,519	$ 891,934	$ (30,324)	$ 1,155,856

See independent auditor's report

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

	LCMC	Touro	Children's	Eliminations	Consolidated
Liabilities and Net Assets					
Current Liabilities					
Trade Accounts Payable	$ 3,306	$ 14,214	$ 13,564	$ (3,306)	$ 27,778
Accrued Salaries and Wages	-	9,457	11,335	-	20,792
Current Maturities of Long-Term Debt	-	1,985	-	-	1,985
Current Portion of Estimated Employee Health and Workers' Compensation Claims	-	2,948	1,660	-	4,608
Current Portion of Estimated Professional Liabilities Claims	-	2,870	855	-	3,725
Estimated Third-Party Payor Settlements, Net	-	4,298	13,287	-	17,585
Due To Related Parties	2,421	-	-	(2,421)	-
Other	-	34,358	2,428	(24,597)	12,189
Total Current Liabilities	5,727	70,130	43,129	(30,324)	88,662
Long-Term Debt, Net of Current Portion	-	72,608	-	-	72,608
Estimated Workers' Compensation Claims, Net of Current Portion	-	1,229	651	-	1,880
Estimated Professional Liability Claims, Net of Current Portion	-	4,401	1,427	-	5,828
Employee Benefits, Net of Current Portion	-	15,924	4,473	-	20,397
Total Liabilities	5,727	164,292	49,680	(30,324)	189,375
Minority Interest	-	761	-	-	761
Net Assets					
Unrestricted	-	110,422	839,281	-	949,703
Temporarily Restricted	-	5,393	2,787	-	8,180
Permanently Restricted	-	7,651	186	-	7,837
Total Net Assets	-	123,466	842,254	-	965,720
Total Liabilities and Net Assets	$ 5,727	$ 288,519	$ 891,934	$ (30,324)	$ 1,155,856

See independent auditor's report

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidating Statements of Operations
For the Year Ended December 31, 2013 (in Thousands)

	LCMC	Touro	Children's	UMCMC	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support						
Net Patient Service Revenues	$ -	$ 341,754	$ 394,502	$ 187,236	$ (5,073)	$ 918,419
Provisions for Doubtful Accounts	-	7,261	3,743	19,961	-	30,965
Net Patient Service Revenues Less Provision for Doubtful Accounts	-	334,493	390,759	167,275	(5,073)	887,454
Other Operating Revenues	-	14,215	16,159	8,907	(281)	39,000
Management Fee Revenue	13,737	-	-	-	(13,737)	-
Net Assets Released from Restriction, Operating	-	250	-	-	(250)	-
Total Operating Revenues	13,737	348,958	406,918	176,182	(19,341)	926,454
Operating Expenses						
Employee Compensation and Benefits	2,272	136,459	117,814	67,487	(4,329)	319,703
Purchased Services	10,830	46,521	23,217	26,479	(7,432)	99,615
Professional Fees	569	15,871	18,924	53,610	(1,466)	87,508
Supplies and Other Expenses	66	53,246	52,379	59,042	(6,114)	158,619
Depreciation and Amortization	-	17,794	11,797	274	-	29,865
Impairment Loss	-	2	-	-	-	2
Interest	-	2,028	-	-	-	2,028
Total Operating Expenses	13,737	271,921	224,131	206,892	(19,341)	697,340
Income (Loss) from Operations	-	77,037	182,787	(30,710)	-	229,114
Investment Income	-	3,752	73,446	-	-	77,198
Other Nonoperating Income	-	10	-	-	525	535
Community Support, Net	-	(4,859)	(21,834)	-	-	(26,693)
Net Assets Released from Restrictions, Nonoperating	-	525	-	-	(525)	-
Excess of Revenues over Expenses	$ -	$ 76,465	$ 234,399	$ (30,710)	$ -	$ 280,154

See independent auditor's report

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidating Statements of Operations
For the Year Ended December 31, 2012 (in Thousands)

	LCMC	Touro	Children's	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support					
Net Patient Service Revenues	$ -	$ 302,114	$ 213,934	$ (3,985)	$ 512,063
Provision for Doubtful Accounts	-	9,707	6,415	-	16,122
Net Patient Service Revenues Less Provision for Doubtful Accounts	-	292,407	207,519	(3,985)	495,941
Other Operating Revenues	-	13,682	44,255	(29,226)	28,711
Management Fee Revenue	18,304	-	-	(18,304)	-
Net Assets Released from Restriction, Operating	-	105	-	(105)	-
Total Operating Revenues	18,304	306,194	251,774	(51,620)	524,652
Operating Expenses					
Employee Compensation and Benefits	-	132,219	115,159	(3,742)	243,636
Purchased Services	18,304	92,925	21,264	(49,248)	83,245
Professional Fees	-	-	21,033	-	21,033
Supplies and Other Expenses	-	47,695	49,185	751	97,631
Depreciation and Amortization	-	16,379	11,485	-	27,864
Impairment Loss	-	42	-	-	42
Interest	-	2,237	-	-	2,237
Total Operating Expenses	18,304	291,497	218,126	(52,239)	475,688
Income from Operations	-	14,697	33,648	619	48,964
Investment Income (Loss)	-	7,958	74,543	-	82,501
Other Nonoperating Income (Loss)	-	16,125	(16,000)	(34)	91
Community Support, Net	-	(9,434)	(26,674)	-	(36,108)
Net Assets Released from Restrictions, Nonoperating	-	585	-	(585)	-
Excess of Revenues over Expenses	$ -	$ 29,931	$ 65,517	$ -	$ 95,448

See independent auditor's report

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidating Statements of Changes in Net Assets
For the Year Ended December 31, 2013 (in Thousands)

	LCMC	Touro	Children's	UMCMC	Eliminations	Consolidated
Unrestricted Net Assets						
Excess of Revenues over Expenses	$ -	$ 76,465	$ 234,399	$ (30,710)	$ -	$ 280,154
Noncontrolling Interests in Income of Consolidated Subsidiaries	-	(49)	-	-	-	(49)
Adjustment to Additional Minimum Pension Liability	-	5,385	-	-	-	5,385
Ownership Revisions	-	(2)	-	-	-	(2)
Increase (Deacrease) in Unrestricted Net Assets	-	81,799	234,399	(30,710)	-	285,488
Temporarily Restricted Net Assets						
Contributions and Grants	-	275	2,716	-	-	2,991
Investment Income	-	1,526	-	-	-	1,526
Net Assets Released from Restriction	-	(775)	(3,515)	-	-	(4,290)
Increase (Decrease) in Temporarily Restricted Net Assets	-	1,026	(799)	-	-	227
Change in Permanently Restricted Net Assets	-	-	-	-	-	-
Increase (Decrease) in Net Assets	-	82,825	233,600	(30,710)	-	285,715
Net Assets, Beginning of Year	-	123,466	842,254	1	-	965,721
Net Assets, End of Year	$ -	$ 206,291	$ 1,075,854	$ (30,709)	$ -	$ 1,251,436

See independent auditor's report

LOUISIANA CHILDREN'S MEDICAL CENTER
Consolidating Statements of Changes in Net Assets
For the Year Ended December 31, 2012 (in Thousands)

	LCMC	Touro	Children's	Eliminations	Consolidated
Unrestricted Net Assets					
Excess of Revenues over Expenses	$ -	$ 29,931	$ 65,517	$ -	$ 95,448
Noncontrolling Interests in Income of Consolidated Subsidiaries	-	(261)	-	-	(261)
Adjustment to Additional Minimum Pension Liability	-	1,184	-	-	1,184
Increase in Unrestricted Net Assets	-	30,854	65,517	-	96,371
Temporarily Restricted Net Assets					
Contributions and Grants	-	519	4,986	-	5,505
Investment Income	-	1,199	-	-	1,199
Net Assets Released from Restriction	-	(690)	(4,705)	-	(5,395)
Increase in Temporarily Restricted Net Assets	-	1,028	281	-	1,309
Change in Permanently Restricted Net Assets	-	(80)	-	-	(80)
Increase in Net Assets	-	31,802	65,798	-	97,600
Net Assets, Beginning of Year	-	91,664	776,456	-	868,120
Net Assets, End of Year	$ -	$ 123,466	$ 842,254	$ -	$ 965,720

See independent auditor's report

LaPorte, APAC
111 Veterans Blvd | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board of Directors
Touro Infirmary and Subsidiaries

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Touro Infirmary and subsidiaries (Touro) which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2014

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Touro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Touro's internal control Accordingly, we do not express an opinion on the effectiveness of Touro's internal control

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses However, material weaknesses may exist that have not been identified

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Touro's internal control or on compliance This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Touro's internal control and compliance Accordingly, this communication is not suitable for any other purpose

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

A Professional Accounting Corporation

Metairie, LA
April 22, 2014

TOURO INFIRMARY

Schedule of Findings and Responses
For the Year Ended December 31, 2013

Part I - Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section - Not applicable

Part II - Financial Statement Findings Section

No findings were noted

TOURO INFIRMARY

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2013

None

LaPorte, APAC
111 Veterans Blvd | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Children's Hospital
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Children's Hospital (the Hospital) which comprise the balance sheet as of December 31, 2013, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2014

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses However, material weaknesses may exist that have not been identified

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control or on compliance This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control and compliance Accordingly, this communication is not suitable for any other purpose

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

LaPorte

A Professional Accounting Corporation

Metairie, LA
April 22, 2014

LAPORTE
CPAs & BUSINESS ADVISORS

LaPorte, APAC
111 Veterans Blvd | Suite 600
Metairie, LA 70005
504 835 5522 | Fax 504 835 5535
LaPorte.com

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Directors
Children's Hospital
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Children's Hospital's (the Hospital) compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2013 The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hospital's major programs based on our audit of the types of compliance requirements referred to above We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program However, our audit does not provide a legal determination of the Hospital's compliance

Opinion on Each Major Federal Program

In our opinion, the Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 Accordingly, this report is not suitable for any other purpose

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

A Professional Accounting Corporation

Metairie, LA
April 22, 2014

CHILDREN'S HOSPITAL

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity No.	Federal Revenue/ Expenditures Recognized
U.S. Department of Health and Human Services			
Research and Development Cluster			
National Institutes of Health direct programs			
Microbial Correlates of Bacterial Vaginosis Treatment Failure and Recurrence in H	93 855		$ 258,456
Synthetic Glycopeptide Vaccines that Enhance Resistance to Candidasis	93 855	1R03AI107536-01	34,622
Impact of Biological Variation in A1c on Mortality, Cardiovascular Event and Hypoglycemia in the ACCORD Study	93 837		145,445
ARRA - Atypical G Protein Signaling in Cryptococcus Neoformans	93 701		227
Pass-through programs from			
The University of Texas Health Science Center at Houston- Safety and Effect of L Reuteri on Biomarkers of Inflammation in Healthy Infants	93 213	5R34AT006727	24,421
Louisiana State University Agricultural and Mechanical College on behalf of Louisiana State University Health Sciences Center - Minority-Based Community Clinical Oncology Program	93 395	5U10CA063845	68,901
The Administrator of the Tulane Education Funds d/b/a Tulane University Health Sciences Center - Potential of Urinary AGT as a Novel Biomarker intrarenal RAS activity in T1DM	93 847	R21DK094006-02	25,831
The Board of Supervisors of Louisiana State University and Agricultural and Mechanical College - Louisiana Clinical and Translational Sciences Center	93 859	GM104940-50346-S6	100,590
University of Kansas Medical Center - A Randomized Controlled Trial of Amitriptyline for Chronic Oral Food Refusal	93 865	QD851460, Q QD851461	1,120
Louisiana State University Health Sciences Center - Host Defense Against HIV-Related Pulmonary Infections	93 838	2P01HL076100-07A1	21,170
Total Research and Development Cluster			680,783

CHILDREN'S HOSPITAL

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity No.	Federal Revenue/ Expenditures Recognized
Health Resources and Services Administration direct programs			
Ryan White Title IV Program	93 153		1,039,618
Pass-through programs from			
City of New Orleans			
Ryan White Medical Case Management	93 914	K12-466	66,283
Ryan White Mental Health Therapy	93 914	K12-466	25,590
Ryan White Medical Transportation	93 914	K12-466	521
Ryan White Non Medical Case Management	93 914	K12-466	14,868
State of Louisiana			
HHS Emergency Preparedness	93 889		19,811
Community Based Family Resources Support Grant	93 590	705945	7,891
Louisiana State University Health Sciences Center-New Orleans			
Enhancing Cancer Registries for Early Case Capture of Pediatric and Young Adults	93 283	5U58DP003805-02	3,671
Louisiana Public Health Institute			
Crescent City Beacon Community QI Funding Subaward	93 727	90BC0014	258,456
Total U.S. Department of Health and Human Services			**2,117,492**
U.S. Department of Education			
Passed through from Louisiana Department of Education			
Children's Hospital, Ventilator Assisted Care Project	84 027A	714496	177,597
U.S. Department of Justice			
Passed through from Louisiana Commission on Law Enforcement			
New Orleans Children's Advocacy Center	16 575	C12-9-006	62,038
U.S. Department of Homeland Security:			
Federal Emergency Management Assistance	97 036		493,107
Total Expenditures of Federal Awards			**$ 2,850,234**

CHILDREN'S HOSPITAL

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Note 1. Basis of Presentation

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

CHILDREN'S HOSPITAL

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Part I - Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

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

Identification of Major Programs

Title	CFDA Number
Ryan White Title IV Program	93.153
Crescent City Beacon Community QI Funding Subaward	93.727

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

Part II - Schedule of Financial Statement Findings Section

No findings were noted

Part III - Federal Awards Findings and Questioned Costs Section

No findings were noted

CHILDREN'S HOSPITAL

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2013

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None

LaPorte, APAC
111 Veterans Blvd | Suite 600
Metairie, LA 70005
504 835.5522 | Fax 504 835 5535
LaPorte.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
University Medical Center Management Corporation
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University Medical Center Management Corporation (the Corporation) which comprise the balance sheet as of December 31, 2013, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2014

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses However, material weaknesses may exist that have not been identified

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance Accordingly, this communication is not suitable for any other purpose

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

LaPorte

A Professional Accounting Corporation

Metairie, LA
April 22, 2014

LaPorte, APAC
111 Veterans Blvd | Suite 600
Metairie, LA 70005
504 835.5522 | Fax 504 835 5535
LaPorte.com

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Directors
University Medical Center Management Corporation
New Orleans, Louisiana

Report on Compliance For Each Major Federal Program

We have audited University Medical Center Management Corporation's (the Corporation) compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2013 The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major programs based on our audit of the types of compliance requirements referred to above We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program However, our audit does not provide a legal determination of the Corporation's compliance

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 Accordingly, this report is not suitable for any other purpose

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

A Professional Accounting Corporation

Metairie, LA
April 22, 2014

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity No.	Federal Revenue/ Expenditures Recognized
U.S. Department of Transportation			
Passed through from Louisiana Highway Safety Commission			
Highway Planning and Construction	20 205	726640	$ 30,500
Alcohol Impaired Driving Countermeasures Incentive Grants I	20 601	721404	23,234
Occupation Protection Incentive Grants	20 602	722673	44,789
Alcohol Open Container Requirements	20 607	726664	5,509
Total U.S. Department of Transportation			104,032
U.S. Department of Health and Human Services			
Health Resources and Services Administration direct programs			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93 918		322,859
Pass-through programs from			
City of New Orleans			
HIV Emergency Relief Project	93 914	K13-894	696,410
Total U.S. Department of Health and Human Services			1,019,269
Total Expenditures of Federal Awards			$ 1,123,301

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Note 1. Basis of Presentation

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

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Part I - Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

Internal Control Over Major Programs	
Material Weaknesses Identified?	No
Significant Deficiencies Identified not Considered to be Material Weaknesses?	No
Type of Auditor's Report on Compliance for Major Programs	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with OMB Circular A-133 (Section 510(a))?	No

Identification of Major Programs

Title	CFDA Number
HIV Emergency Relief Project	93.914
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918

Dollar Threshold Used to Determine Type A Programs	$300,000
Auditee Qualified as Low-Risk Auditee?	No

Part II - Financial Statement Findings Section

None noted

Part III - Federal Awards Findings and Questioned Costs

None noted

UNIVERSITY MEDICAL CENTER MANAGEMENT CORPORATION

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2013

Financial Statement Findings

2012-1 - Drafting of Financial Statements and Related Notes

Criteria	The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Corporation, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP) Internal control over financial reporting should also include policies and procedures that ensure that controls over the accounting function are segregated to serve as a check and balance
Condition	As part of the audit process, we assisted management in drafting the financial statements and related note disclosures required for the year-end financial reporting The fact that our role is a key part of the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP) is an indication that the internal control over year-end GAAP financial statements by Corporation personnel is not sufficient We also noted that one person was responsible for issuing the checks and compiling the financial information This is a repeat finding from the prior year
Current Status	Resolved

Federal Award Findings and Questioned Costs

None