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Part III

Statement of Program Service Accomplishments

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

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1

Briefly describe the organization's mission

TO MAKE KIDS BETTER TODAY AND HEALTHIER TOMORROW

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 \$ 855,705,316 including grants of \$ 9,969,222 ) (Revenue \$ 1,148,998,217 )

THE CHILDREN'S HEALTHCARE OF ATLANTA FOUNDATION, INC WAS ESTABLISHED IN 2008 AND WORKS TO ENGAGE THE COMMUNITY THROUGH PHILANTHROPY AND VOLUNTEERISM IN SUPPORT OF THE MISSION AND VISION OF CHILDREN'S HEALTHCARE OF ATLANTA IN 2013, THE FOUNDATION HAD 79 PAID STAFF AND 6,500 VOLUNTEERS CHILDREN'S AT EGGLESTON AND CHILDREN'S AT SCOTTISH RITE ASSESS THE HEALTH CARE NEEDS OF THE COMMUNITIES THEY SERVE THROUGH STRATEGIC PLANNING PROCESSES COMPLETED FOR THE CHILDREN'S HEALTHCARE OF ALTANTA SYSTEM AS PART OF A 10-YEAR PLAN LAUNCHED IN 2007, CHILDREN'S IS FOCUSING ON CLINICAL, RESEARCH, TEACHING AND WELLNESS IN ADDITION, IN FEBRUARY 2006, A MANAGEMENT AGREEMENT WAS SIGNED FOR CHILDREN'S AT HUGHES SPALDING, OWNED BY GRADY HEALTH SYSTEM, TO BE OPERATED BY HSOC INC -AN AFFILIATE OF CHILDREN'S THE MISSION OF CHILDREN'S AT HUGHES SPALDING IS TO MAKE KIDS BETTER TODAY AND HEALTHIER TOMORROW CHILDREN'S BROKE GROUND ON A NEW FOUR-STORY FACILITY FOR CHILDREN'S AT HUGHES SPALDING IN AUGUST 2008 THIS NEW FACILITY OPENED IN FALL 2009 AND HOUSES CHILD-FRIENDLY INPATIENT BEDS, AN ENHANCED EMERGENCY DEPARTMENT AND SPECIALTY CLINICS FOR SICKLE CELL DISEASE, ASTHMA, PRIMARY CARE AND CHILD PROTECTION SERVICES IN 2013, THE THREE HOSPITALS OPERATED BY CHILDREN'S HEALTHCARE OF ATLANTA, INC PROVIDED 532 LICENSED BEDS AND MANAGED 860,849 PATIENT VISITS, 361,927 UNIQUE PATIENTS, 25,758 HOSPITAL ADMISSIONS, 144,254 INPATIENT DAYS, 828,882 OUTPATIENT VISITS, 37,995 SURGICAL PROCEDURES (INPATIENT AND OUTPATIENT), 218,231 EMERGENCY DEPARTMENT VISITS, 130,527 URGENT CARE CENTER VISITS AND 42,306 PRIMARY CARE VISITS CHILDREN'S ALSO MANAGED 114,000 CALLS FROM PARENTS ACROSS GEORGIA TO THE CHILDREN'S NURSE ADVICE LINE MARCUS AUTISM CENTER IS A NOT-FOR-PROFIT ORGANIZATION WITH A MISSION TO PROVIDE INFORMATION, SERVICES AND PROGRAMS TO CHILDREN WITH AUTISM AND RELATED DISORDERS, THEIR FAMILIES AND THOSE WHO LIVE AND WORK WITH THEM WE OFFER INTEGRATED ADVANCED CLINICAL, BEHAVIORAL, EDUCATIONAL AND FAMILY SUPPORT SERVICES THROUGH A SINGLE ORGANIZATION TO REDUCE THE STRESS FOR FAMILIES THAT USE OUR SERVICES MARCUS AUTISM CENTER HAD ITS BEGINNINGS AS THE MARCUS DEVELOPMENTAL RESOURCE CENTER AT EMORY UNIVERSITY IN 1991 SINCE THEN, WITH THE HELP OF COMMUNITY SUPPORT, WE HAVE TREATED MORE THAN 40,000 CHILDREN IN 2013, WE TREATED MORE THAN 5,700 INDIVIDUAL PATIENTS WITH OUR MULTIDISCIPLINARY APPROACH, WHICH INCLUDES MEDICINE WITH PSYCHOLOGY, SPEECH THERAPY AND BEHAVIORAL INTERVENTION THROUGH GENEROUS DONATIONS MARCUS AUTISM CENTER HAS BECOME A NATIONALLY RECOGNIZED CENTER FOR EXCELLENCE FOR THE PROVISION OF COORDINATED AND COMPREHENSIVE SERVICES FOR CHILDREN AND ADOLESCENTS WITH DEVELOPMENTAL DISABILITIES SINCE INCEPTION, MARCUS AUTISM CENTER HAS PROVIDED SERVICES TO MORE THAN 40,000 INDIVIDUALS, CONDUCTED RESEARCH, AND PROVIDED EDUCATION AND TRAINING PROGRAMS CHILDREN WITH CONDITIONS, SUCH AS AUTISM, MENTAL ILLNESS, CEREBRAL PALSY, LEARNING DISABILITIES AND DISRUPTIVE BEHAVIOR PROBLEMS ARE AFFORDED SOME OF THE HIGHEST QUALITY SERVICES AND ONE OF THE LARGEST TEAM OF PROFESSIONALS AND SUPPORT STAFF SOLELY DEDICATED TO CHILD DEVELOPMENT IN GEORGIA TOGETHER WITH FAMILIES, SUPPORT GROUPS, GOVERNMENT AGENCIES AND FOUNDATIONS, WE ARE STRENGTHENING THE COMMUNITY THROUGH ADVOCACY AT THE LOCAL AND STATE LEVEL WE STRIVE FOR FULLER INTEGRATION OF INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES INTO SCHOOL AND COMMUNITY LIFE, BETTER ACCESS FOR FAMILIES TO APPROPRIATE CLINICAL AND EDUCATIONAL SERVICES, AND ENHANCED FUNDING FOR RESEARCH AND TRAINING THE CENTER'S SERVICES INCLUDE PROVIDING CHILDREN AND THEIR CAREGIVERS SUPPORT, OPPORTUNITY, ENCOURAGEMENT, PRIDE, COMMITMENT AND DETERMINATION THROUGH SEVEN OUTREACH CLINICS AROUND GEORGIA, HOME-BASED TREATMENT, SCHOOL CONSULTATION AND TELEMEDICINE, WE ARE EXPANDING OUR PROGRAMS TO REACH CHILDREN THROUGHOUT THE STATE WHERE SPECIALIZED CARE IS NOT AVAILABLE MARCUS AUTISM CENTER IS WORKING WITH GEORGIA PARTNERSHIP FOR TELEHEALTH TO IMPROVE CARE IN COMMUNITIES THROUGHOUT GEORGIA USING TELEMEDICINE, MARCUS AUTISM CENTER IS INCREASING ACCESS TO CARE, IMPROVING HOW QUICKLY CHILDREN CAN GET CARE AND EDUCATING COMMUNITY DOCTORS OUR DOCTORS PROVIDE SERVICES TO MEET EACH CHILD'S POTENTIAL OUR GOAL IS TO HELP EACH CHILD LEARN THE SKILLS TO LIVE A MORE INDEPENDENT LIFE BY WORKING WITH FAMILIES TO DEVELOP GOALS IN 2013, THE RESEARCH TEAM AT MARCUS AUTISM CENTER PUBLISHED RESULTS ON A MULTI-YEAR STUDY OF EYE TRACKING IN INFANTS THE PAPER PUBLISHED IN NATURE, THE MOST HIGHLY-CITED GENERAL SCIENCE JOURNAL IN THE WORLD, AND WAS COVERED BY MEDIA OUTLETS WORLDWIDE MARCUS RESEARCHERS WERE ABLE TO SHOW THAT EVEN THOUGH GAZE AVOIDANCE IS A HALLMARK OF AUTISM SPECTRUM DISORDERS, BABIES WITH AUTISM START OUT WITH LEVELS OF GAZE FIXATION THAT ARE SIMILAR TO TYPICALLY DEVELOPING INFANTS THIS COULD LEAD TO EARLIER INTERVENTION IN THE NEUROLOGICAL PROCESSES THAT LEAD TO AUTISM WITHIN A FEW YEARS OF BIRTH

4b

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

4c

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

4d

Other program services (Describe in Schedule O )





















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

4e

Total program service expenses ▶ 855,705,316

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 <b>Section 501(c)(3) organizations.</b> 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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	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? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	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? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .	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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	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? <i>If so, complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> 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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
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)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	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?	Yes	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	Yes	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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		
	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		
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	Yes
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	Yes
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	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	AL , AK , AZ , AR , CA , CO , CT , DC , FL , GA , HI , IL , KS , KY , LA , ME , MD , MA , MI , MN , MS , MO , NH , NJ , NM , NY , NC , ND , OH , OK , OR , PA , RI , SC , TN , UT , VA , WA , WV , WI
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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	Tom Brems 1584 Tullie Circle Atlanta, GA 30329 (404) 785-7944

Check if Schedule O contains a response or note to any line in this Part VII ☒

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

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

[illegible]



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	<b>▼</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	<b>▼</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	<b>▼</b>	6,496,474	3,644,855	1,193,621

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization: 636

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b> Yes	
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>4</b> Yes	
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	<b>5</b>	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
MORRIS DICKSON CO LLC, PO Box 51367 SHREVEPORT LA 71135	Pharmacy Distrib	23,417,353
CVS CAREMARK LLC, PO Box 840336 DALLAS TX 75284	Prescription Svcs	16,661,806
PEDIATRIC EMERGENCY MEDICINE ASSOCI, 2247 Salient Road MARIETTA GA 30064	Emergency Services	15,495,255
THREE ATLANTA LLC, 359 East Paces Ferry Road 300 ATLANTA GA 30305	Mktg and Adv Svcs	7,180,012
EMORY CHILDREN'S CENTER, 2015 Uppergate Drive NE ATLANTA GA 30322	Medical Services	16,098,127

**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 **111**

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					
	b	Membership dues . . . . . 1b					
	c	Fundraising events . . . . . 1c	6,559,401				
	d	Related organizations . . . . . 1d					
	e	Government grants (contributions) 1e	10,016,557				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	74,403,743				
	g	Noncash contributions included in lines 1a-1f \$	1,829,433				
	h	Total. Add lines 1a-1f . . . . .	90,979,701				
Program Service Revenue			Business Code				
	2a	Net Patient Srvc Revenue	621110	1,090,885,105	1,090,885,105	0	0
	b	Graduate Medical Funding	621110	5,148,951	5,148,951	0	0
	c	State Neonate Income	621110	2,939,802	2,939,802	0	0
	d	Management Service Fees	561110	33,177,390	33,177,390	0	0
	e	All other program service revenue		1,102,739	1,102,739	0	0
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		1,133,253,987			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		6,267,881			6,267,881
	4	Income from investment of tax-exempt bond proceeds . . . . .		0			
	5	Royalties . . . . .		0			
	6a	(i) Real					
		(ii) Personal					
		Gross rents					
		Less rental expenses					
	b	Rental income or (loss)		0			
	d	Net rental income or (loss) . . . . .		-546,570			-546,570
	7a	(i) Securities					
		(ii) Other					
		Gross amount from sales of assets other than inventory					
		Less cost or other basis and sales expenses					
	b	Gain or (loss)		0			
	d	Net gain or (loss) . . . . .		6,557,258			6,557,258
	8a	Gross income from fundraising events (not including \$ 6,559,401 of contributions reported on line 1c) See Part IV, line 18 . . . . .					
	a	5,555,511					
	b	Less direct expenses . . . . . b					
	c	Net income or (loss) from fundraising events . . . . .		3,543,539			3,543,539
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .					
	a						
	b	Less direct expenses . . . . . b					
	c	Net income or (loss) from gaming activities . . . . .		0			
	10a	Gross sales of inventory, less returns and allowances . . . . .					
	a						
	b	Less cost of goods sold . . . . . b					
	c	Net income or (loss) from sales of inventory . . . . .		0			
Miscellaneous Revenue		Business Code					
11a	BUILDING PROCEEDS		621110	3,896,215	3,896,215	0	0
b	MEANINGFUL USE		621110	2,237,126	2,237,126	0	0
c	GIFT SHOPS		621110	1,654,750	1,654,750	0	0
d	All other revenue . . . . .			7,956,139	7,956,139	0	0
e	Total. Add lines 11a-11d . . . . .			15,744,230			
12	Total revenue. See Instructions . . . . .			1,255,800,026	1,148,998,217	0	15,822,108

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.	9,951,075	9,951,075		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	18,147	18,147		
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.	5,124,837	251,250	4,181,738	691,849
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.	493,167,461	399,404,519	88,067,236	5,695,706
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	22,805,766	18,291,384	4,514,382	0
9	Other employee benefits.	57,484,719	46,105,669	9,921,935	1,457,115
10	Payroll taxes.	31,983,511	25,652,403	6,331,108	0
11	Fees for services (non-employees):				
a	Management.	0	0	0	0
b	Legal.	624,491	53,766	570,725	0
c	Accounting.	451,110	0	451,110	0
d	Lobbying.	0	0	0	0
e	Professional fundraising services. See Part IV, line 17.	0			0
f	Investment management fees.	51,353	0	51,353	0
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	8,664,378	3,254,685	5,334,048	75,645
12	Advertising and promotion.	9,940,406	2,785,981	6,611,972	542,453
13	Office expenses.	8,986,789	5,479,701	2,928,891	578,197
14	Information technology.	15,849,440	12,931,336	2,912,187	5,917
15	Royalties.	0	0	0	0
16	Occupancy.	21,897,127	17,485,465	4,387,411	24,251
17	Travel.	1,922,823	930,952	888,827	103,044
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0	0	0	0
19	Conferences, conventions, and meetings.	3,687,417	1,807,278	1,754,995	125,144
20	Interest.	20,003,275	65,962	19,937,313	0
21	Payments to affiliates.	0	0	0	0
22	Depreciation, depletion, and amortization.	70,689,294	41,841,328	28,847,966	0
23	Insurance.	14,143,218	5,599,911	8,543,307	0
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	127,728,561	124,491,733	3,233,338	3,490
b	PURCHASED SVCS (MED)	30,889,943	30,889,943	0	0
c	PURCHASED SVCS (NON-MED)	25,275,526	22,940,871	0	2,334,655
d	BAD DEBT EXPENSE	23,341,683	23,341,683		
e	All other expenses	67,067,722	62,130,274	4,459,872	477,576
25	Total functional expenses. Add lines 1 through 24e.	1,071,750,072	855,705,316	203,929,714	12,115,042
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 <input type="checkbox"/> 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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		32,632,307	1	14,828,770
	2	Savings and temporary cash investments		13,231,063	2	2,014,432
	3	Pledges and grants receivable, net		29,410,696	3	54,560,785
	4	Accounts receivable, net		121,817,413	4	138,767,480
	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		11,068,957	8	12,654,093
	9	Prepaid expenses and deferred charges		3,255,318	9	3,776,703
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a1,240,834,183			
	b	Less accumulated depreciation	10b696,610,859	530,530,224	10c	544,223,324
	11	Investments—publicly traded securities		100,554,731	11	123,118,015
	12	Investments—other securities See Part IV, line 11		85,995,017	12	104,878,310
	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		1,723,439,897	15	1,916,660,626
	16	Total assets. Add lines 1 through 15 (must equal line 34)		2,651,935,623	16	2,915,482,538
Liabilities	17	Accounts payable and accrued expenses		144,880,173	17	158,917,730
	18	Grants payable		10,168,546	18	5,093,346
	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		508,570,767	25	503,124,182
	26	Total liabilities. Add lines 17 through 25		663,619,486	26	667,135,258
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		1,585,743,938	27	1,818,064,469
	28	Temporarily restricted net assets		260,497,033	28	267,557,447
	29	Permanently restricted net assets		142,075,166	29	162,725,364
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,988,316,137	33	2,248,347,280
	34	Total liabilities and net assets/fund balances		2,651,935,623	34	2,915,482,538

Part XI Reconciliation 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	1,255,800,026
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	1,071,750,072
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	184,049,954
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	1,988,316,137
5	Net unrealized gains (losses) on investments . . . . .	5	
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	75,981,189
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,248,347,280

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











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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization Children's Healthcare of Atlanta Group Return	Employer identification number 90-0779996
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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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

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 IIISupport 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
PUBLIC CHARITY STATUS OF GROUP RETURN AFFILIATES	SCHEDULE A, PART I EGLESTON CHILDREN'S HOSPITAL AT EMORY UNIVERSITY, INC PUBLIC CHARITY STATUS 170(B)(1)(A)(III) - BOX 3 SCOTTISH RITE CHILDREN'S MEDICAL CENTER, INC PUBLIC CHARITY STATUS 170(B)(1)(A)(III) - BOX 3 EGLESTON AFFILIATED SERVICES, INC PUBLIC CHARITY STATUS 170(B)(1)(A)(III) - BOX 3 EGLESTON PEDIATRIC GROUP, INC PUBLIC CHARITY STATUS 170(B)(1)(A)(III) - BOX 3 HSOC, INC PUBLIC CHARITY STATUS 170(B)(1)(A)(III) - BOX 3 MARCUS AUTISM CENTER, INC PUBLIC CHARITY STATUS 509(A)(2) - BOX 9 CHILDREN'S HEALTHCARE OF ATLANTA FOUNDATION PUBLIC CHARITY STATUS 509(A)(1) AND 170(B)(1)(A)(VI) - BOX 7

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](http://www.irs.gov/form990).**

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> Children's Healthcare of Atlanta Group Return	<b>Employer identification number</b> 90-0779996
--	---

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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area  
☐ Protection of natural habitat ☐ Preservation of a certified historic structure  
☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

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

- 1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- Amount

1c

1d

1e

1f
- 2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No
- b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance . . . . .	121,601,928	109,959,265	108,381,422	104,663,778	95,032,323
b Contributions . . . . .					
c Net investment earnings, gains, and losses	12,361,363	11,920,392	1,936,108	4,102,980	11,665,264
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .	297,897	270,848	336,444	335,796	1,900,051
f Administrative expenses . . . . .	5,523	6,881	21,821	49,540	133,763
g End of year balance . . . . .	133,659,871	121,601,928	109,959,265	108,381,422	104,663,773

- 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

93 100 %

c

Temporarily restricted endowment

6 900 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations . . . . .

3a(i)

Yes

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 . . . . .		70,010,858		70,010,858
b Buildings . . . . .		640,903,286	307,896,136	333,007,150
c Leasehold improvements . . . . .		13,990,408	12,266,179	1,724,229
d Equipment . . . . .		337,593,633	238,292,284	99,301,349
e Other . . . . .		178,335,998	138,156,260	40,179,738
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				544,223,324





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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII

Supplemental Information

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
INTENDED USE OF ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4 THE PERMANENTLY RESTRICTED ENDOWMENT BALANCE INCLUDES \$32,562,235 OF EGLESTON'S BENEFICIAL INTEREST IN TRUSTS AND \$91,879,218 OF SCOTTISH RITE'S BENEFICIAL INTEREST IN TRUSTS. CHILDREN'S IS THE PRIMARY BENEFICIARY OF THE PROPORTIONAL INCOME FROM CERTAIN PERPETUAL THIRD-PARTY TRUSTS. CHILDREN'S HAS NO ACCESS TO THE CORPUS OF THESE TRUSTS AND HAS LIMITED INPUT, AND ONLY IN SOME CASES, INTO THE INVESTMENT MIX OF THE UNDERLYING FUNDS HELD BY THE TRUSTS. THE ESTIMATED PRESENT VALUE OF FUTURE DISTRIBUTIONS TO BE RECEIVED FROM THESE TRUSTS IS USED FOR VALUATION PURPOSES. ALL ENDOWMENT FUNDS ARE COMPRISED OF PUBLICLY TRADED AND MARKETABLE SECURITIES, WITH THE EXCEPTION OF THE SCOTTISH RITE BENEFICIAL INTEREST IN TRUSTS, WHICH ARE CLASSIFIED AS OTHER SECURITIES. ENDOWMENT FUNDS SCHEDULE D, PART V, LINE 4 ENDOWMENT FUNDS ARE UTILIZED TO PROVIDE FINANCIAL SUPPORT FOR CLINICAL, RESEARCH, TEACHING, AND WELLNESS INITIATIVES AND PROGRAMS, INCLUDING A DESIGNATED PORTION FOR CHARITY CARE SERVICES.
OTHER LIABILITIES	SCHEDULE D, PART X THE INTERCOMPANY PAYABLE BALANCE INCLUDES THE FILING ORGANIZATION'S ALLOCABLE SHARE OF THE TAX-EXEMPT BOND LIABILITIES AS PART OF THE HEALTH SYSTEM'S OBLIGATED GROUP. DETAILED INFORMATION ABOUT THE OBLIGATED GROUP'S TAX-EXEMPT BONDS IS REPORTED ON THE FORM 990 OF THE GROUP'S PARENT, CHILDREN'S HEALTHCARE OF ATLANTA, INC., EIN 58-2367819.
FIN 48 (ASC 740) FOOTNOTE	SCHEDULE D, PART X, LINE 2 CHILDREN'S HEALTHCARE OF ATLANTA FOLLOWS THE PROVISIONS OF ASC 740 (FIN 48), WHICH ADDRESSES LIABILITY FOR UNCERTAIN TAX POSITIONS. NO RELATED DISCLOSURES HAVE BEEN NECESSARY IN CHOA'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS 2013 AND 2012.

[illegible]

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization Children's Healthcare of Atlanta Group Return	Employer identification number 90-0779996
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**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
- e

☐ Solicitation of non-government grants
- b

☐ Internet and email solicitations
- f

☐ Solicitation of government grants
- c

☐ Phone solicitations
- g

☐ Special fundraising events
- d

☐ In-person solicitations
- 2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes ☐ No
- b

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

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
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	(b) Event #2	(c) Other events	(d) Total events
		Gala (event type)	Big Splash (event type)	115 (total number)	(add col (a) through col (c))
Revenue	1	Gross receipts . . . .	938,195	436,455	10,740,262
	2	Less Contributions . . . .	625,899	246,250	5,687,252
	3	Gross income (line 1 minus line 2) . . . .	312,296	190,205	5,053,010
Direct Expenses	4	Cash prizes . . . .		4,375	4,375
	5	Noncash prizes . . . .		5,155	5,155
	6	Rent/facility costs . . . .	68,766	510,728	579,494
	7	Food and beverages . . . .	23,191	22,152	109,747
	8	Entertainment . . . .	22,364	2,637	28,742
	9	Other direct expenses . . . .	196,541	21,401	996,173
	10	Direct expense summary Add lines 4 through 9 in column (d) . . . . .			(2,011,972)
	11	Net income summary Subtract line 10 from line 3, column (d) . . . . .			3,543,539

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))
Direct Expenses	1	Gross revenue . . . . .			
	2	Cash prizes . . . . .			
	3	Non-cash prizes . . . . .			
	4	Rent/facility costs . . . . .			
	5	Other direct expenses . . . . .			
	6	<div>Volunteer labor . . . . .</div> <div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div>	<div><div></div><div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div></div>	<div><div></div><div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div></div>	
	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 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

<b>a</b>	The organization's facility	<b>13a</b>	%
<b>b</b>	An outside facility	<b>13b</b>	%

**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
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SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.  
► 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  
Children's Healthcare of Atlanta Group Return

Employer identification number  
90-0779996

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  <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>235 %</u>  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>340 %</u>  c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care  4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	5b		No
b	If "Yes," did the organization make it available to the public? . . . . .	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			23,147,472	939,989	22,207,483	2 130 %
b Medicaid (from Worksheet 3, column a) . . . . .			490,291,286	441,787,855	48,503,431	4 660 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .			513,438,758	442,727,844	70,710,914	6 790 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			26,521,064	4,778,296	21,742,767	2 090 %
f Health professions education (from Worksheet 5) . . . .			17,029,968	9,230,190	7,799,778	0 750 %
g Subsidized health services (from Worksheet 6) . . . .			31,075,020	16,183,215	14,891,805	1 430 %
h Research (from Worksheet 7)			39,358,942	17,316,311	22,042,631	2 120 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			8,326,340		8,326,340	0 800 %
j <b>Total</b> Other Benefits . . . .			122,311,334	47,508,012	74,803,321	7 190 %
k <b>Total.</b> Add lines 7d and 7j . .			635,750,092	490,235,856	145,514,235	13 980 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			79,887		79,887	0.010 %
8Workforce development						
9Other						
10Total			79,887		79,887	0.010 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

Yes

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

23,341,683

3Enter 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

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

4,043,000

6Enter Medicare allowable costs of care relating to payments on line 5.

6

3,949,132

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

93,868

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "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 IVManagement 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 %
1SEE PART VI	OUTPATIENT SURGERY CENTER	51.000 %		49.000 %
2				
3				
4				
5				
6				
7				
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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?  
2

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)

GROUP A

Name of hospital facility or facility reporting group

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)

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
<b>3</b> 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	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	<b>4</b>	No
<b>5</b> Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>www.choa.org</u>		
<b>b</b> <input type="checkbox"/> Other website (list url)		
<b>c</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> 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)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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	<b>7</b> Yes	
<b>8a</b> 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)?	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	<b>8b</b>	
<b>c</b> 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		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>235</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>340</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> 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	Yes	
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? . . . . .		
If "No," indicate why		
a	<input type="checkbox"/>	The hospital facility did not provide care for any emergency medical conditions
b	<input type="checkbox"/>	The hospital facility's policy was not in writing
c	<input type="checkbox"/>	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
d	<input type="checkbox"/>	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	<input type="checkbox"/>	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
b	<input checked="" type="checkbox"/>	The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
c	<input type="checkbox"/>	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
d	<input checked="" type="checkbox"/>	Other (describe in Part VI)
21		No
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? . . . . .		
If "Yes," explain in Part VI		
22		No
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? . . . . .		
If "Yes," explain in Part VI		

**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.

**Schedule H (Form 990) 2013**

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? 28

Name and address	Type of Facility (describe)
1 See Additional Data Table	
2	
3	
4	
5	
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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
COMMUNITY BENEFIT REPORTING	<p>Part I, Line 6A Children's Healthcare of Atlanta, Inc , a related organization, prepares and makes available to the public an annual community benefit report that includes Egleston and Scottish Rite's community benefits Costing Methodology Part I, Line 7 Childrens Healthcare of Atlanta calculation of Financial Assistance and Other Community Benefits includes adoption of the recent IRS guideline effective January 1, 2013 that states that 'Direct Offsetting Revenue' includes restricted grants and contributions used to provide a community benefit Previously, such amounts were explicitly excluded Childrens opinion is similar to that of HFMA (Healthcare Financial Management Association) who filed a comment with IRS, stating that to net direct offsetting revenue is not appropriate and does not provide the users of this information an accurate reporting of the community benefit and obfuscates the activity that the healthcare provider has undertaken As Childrens has substantial restricted donor and grant revenue, the net community benefit reported is significantly reduced With adoption of this new regulation, Childrens net community benefit provided is \$145,514,236 or 14 0% of total expense down by \$27,632,407 from what would have been reported without donor revenue offset of \$173,146,643 or 16 3% of total expense Subsidized Health Services Part I, Line 7G The subsidized health services reported are for hospital based physician clinics, including dental, orthodontic, multi-specialty, etc Bad Debt Expense Part I, Line 7 column (F) Bad debt expense in the amount of \$23,341,683 has been removed from total expense Community Building Part II Children's Healthcare of Atlanta engages in several community building activities Through the Child Wellness department, Children's provided support to the Macon and Columbus communities around childhood obesity work CHOA funded a part time position in Columbus through the Live Healthy Columbus organization Specifically, the position planned and executed nutrition education sessions, maintained community gardens, delivered healthy camps and sponsored a youth leadership program In Macon, Children's has provided support for Community Health Works to increase access to fruit and vegetable consumption in underserved communities This was accomplished by introducing EBT machines at farmers market and operating a veggie van that delivered produce and conducted nutrition education Additionally, Children's participates on the SHAPE advisory board and several workgroups This statewide Governor led initiative brings several partners together to collaborate on childhood obesity Initiatives include training healthcare providers, implementing fitness testing in schools and championing early childcare initiatives Bad Debt Expense Part III, Line 2 and 3 The costing methodology used in determining amounts reported on Lines 2 and 3 was 100% of accounts written off to bad debt as reported on audited financial statements Children's Charity recognition processes are believed to result in appropriate differentiation between charity and bad debt As such, Children's reflects 0 (Zero) on Part III, Section A, Line 3 Part III, Line 4 The provision for bad debts relating to patient service revenue is based on an evaluation of potentially uncollectible portions of accounts receivable The provision considered necessary for such debts is based on an analysis of current and past due accounts, collection experience in relation to amounts billed and other relevant information Explanation of Shortfall as Community Benefit Part III, Line 8 Medicare payment and Medicare charges are isolated based on payments posted/received in the calendar year Cost is estimated using overall cost-to-charge ratio Provisions on Collection Practices for Qualified Patients Part III, Line 9b Initial screenings of all inpatient, emergency, and surgery encounters as well as most outpatient visits are conducted by financial counselors to identify potential insurance or other coverage for each patient Counselors make contact with the families, either in person or letter, to assist the family in identifying any programs for which the patient/service may qualify (including Medicaid, State Children's Health Insurance Program (SCHIP), insurance coverage, and charity assistance) If the family cannot be located or is uncooperative after a period of time, these accounts are transferred to an internal collection area for further attempts to obtain payment or, if the patient may qualify for assistance, to secure a financial assistance application Management Companies and Joint Ventures Part IV, Line 1 Column A, Name of Entity Children's Healthcare of Atlanta Surgery Center at Meridian Mark Plaza, LLC Column B, Description of Primary Activity Outpatient Surgery Center Column C, Organization's profit or ownership % 51% Column D, Officers, Directors, Trustees or Key Employees % 0% Column E, Physicians Profit or Ownership % 49% Billing and Collections Part V, Section B, Line 18e The hospital facility did not engage in any of the efforts listed in Line 17 a through e Other- Provided Free Care Part V, Section B, Line 20D Based on income as attested to by family, provided free care up to 235% of federal poverty guideline, "sliding scale" care up to 340% of federal poverty guideline with minimum write off equivalent to the average of the three lowest negotiated commercial insurance payment rates Non-Hospital Heath Care Facilities Part V, Section C The non-hospital health care facilities listed provide services to patients on an outpatient basis These services vary by location and facility and may include but are not limited to the following urgent care services, rehabilitation, diagnostic and treatment services, surgical services, sports medicine and orthotics and prosthetics services Needs Assessment Part VI, Line 2 The Mission of Children's Healthcare of Atlanta (Egleston Children's Hospital at Emory University, Inc (Egleston) and Scottish Rite Children's Medical Center (Scottish Rite)) is "To make children better today and healthier tomorrow" We achieve this mission through our Best Care Healthier Kids strategy that focuses on Delivering the Best Care, Inspiring the Best in People, Transforming Pediatrics and Engaging and Serving Our Communities As we worked with our board, physicians and leadership to develop this strategy, we asked both how we will meet the needs of Georgia's kids and how we will prepare for delivery system and payment reform To meet the needs of Georgia's kids we prioritized strategies that include continuing to improve our quality of care, patient satisfaction, access, care integration and a focused effort to reduce obesity To prepare for delivery system reform we prioritized demonstrating and improving our value, focusing our research and teaching missions and aligning with our medical staff</p>
DELIVER THE BEST CARE	<p>Children's is the largest pediatric provider in Georgia serving 9 10 Pediatric inpatient cases in the Atlanta MSA and 5 10 statewide In 2013, Children's saw more than 361,927 unique patients originating from all 159 Georgia counties Children's has consistently higher volumes than the other top pediatric hospitals Inspire the Best in People Inspiring the best in people requires us to recruit, retain and develop exceptional talent, create an environment that attracts the best physicians, and to support the training of Georgias pediatric physician workforce In 2013, 70 percent of our pediatric residents stayed in Georgia Of the 26 fellows who graduated from Children's, 50 percent stayed in Georgia Children's is the pediatric physician training site for the Emory University School of Medicine, Morehouse School of Medicine, Medical College of Georgia, Duke University Medical Center, and Atlanta Medical Center Children's has developed a teaching plan that will focus our training efforts in order to meet Georgias projected physician manpower needs identified in key pediatric subspecialties Transform Pediatrics Transforming pediatrics requires Childrens to demonstrate the pediatric differential and the distinctive value of our care, align payment with care delivery and improvement efforts and to conduct research in targeted areas to transform pediatric care Children research efforts are led by Paul Spearman, M D , Chief Research Officer at Children's and Vice Chair for research in the Emory Department of Pediatrics, the Emory-Children's Pediatric Research Center is a partnership between Emory and Children's Healthcare of Atlanta The center creates new opportunities for clinical research at Children's and is available as a resource for physicians from throughout Children's and Emory The center is a new clinical interaction research site of the Atlanta Clinical and Translational Science Institute, a multi-institutional partnership supported by The National Institutes of Health and led by Emory University, along with Morehouse School of Medicine and Georgia Tech Children's, Emory and Georgia Tech are investing in pediatric research together Our research centers are Aflac Cancer Center and Blood Disorders Center, Center for Cardiovascular Biology, Center for clinical and Translational Research, Center for Cystic Fibrosis and Airways Disease Research, Center for Drug Discovery, Center for Pediatric Innovation, Center for Pediatric Nanomedicine Center for Transplantation and Immune-mediated Disorders, Childrens Center for Immunology and Vaccines, Childrens Center for Neurosciences Research, Clinical Outcomes Research and Public Health, Institute for People and Technology, Marcus Autism Center Childrens is affiliated with Emorys Department of Pediatrics, one of the fastest growing recipients of NIH funding in the country It recently moved from No 12 to No 5 in NIH funding The strategic vision behind research is important to the community because, in order to be a world-class pediatric institution and improve the health status of children, Children's determined they must develop a robust research program focused on acquiring new knowledge and expertise Strides in research can have far-reaching implications for patients at Children's and beyond by helping in the development of standards Engage and Serve Our Communities Engaging and servicing our communitys means that Childrens will advocate for childrens health and be the trusted source of pediatric healthcare information, lead efforts to reduce Georgias childhood obesity epidemic and increase community awareness, engagement and support of Childrens Children's recognizes a significant opportunity for the organization to partner with the state and other agencies to improve the health of children in Georgia In 2013, Childrens continued making strides with Strong4Life, a program to lead the fight against childhood obesity in Georgia In 2013, Strong4Life reached and served more than 300,000 Georgia children through physician, camp, school and day care programs In addition, Childrens trained 1,082 healthcare providers The Health4Life Clinic saw more than 1,200 patient visits, and Camp Strong4Life hosted more than 100 campers and family members Children's has a strategic wellness goal to improve the well-being of children in Georgia by focusing on high impact wellness initiatives The organization is working to make a difference by enlisting help from the government, business leaders, school systems and other non-profits Patient Education of Eligibility for Assistance Part VI, Line 3 Annually, a newspaper notice advises the community that the organization's hospitals are Medicaid providers participating in the state's indigent care trust fund and that financial assistance for medically necessary hospital services may be available Similarly, signs at all hospital registration sites provide patients and families with similar notice In addition, hospital financial counselors actively engage families to assist them in securing financial assistance and written notices advise families to contact customer service with any issues concerning their bills and potential assistance Community Information Part VI, Line 4 Geographic Children's is the largest pediatric provider in the state caring for children from all 159 Georgia counties in 2013 Demographics Of the 10 0 million people who live in Georgia, 2 5 million (25 percent) of those are children, defined as those less than 18 years of age Approximately 1 4 million children live in the Atlanta MSA, making it the sixth largest pediatric population among the top 10 largest metro areas The largest population of children in the Atlanta MSA was children ages Ten to fourteen years old (397,217 ) The population of the Atlanta MSA is predominantly white at 47 7 percent, 33 2 percent are black or African American, 11 4 percent are Hispanic or Latino, 5 3 percent are Asian/Pacific Islander, and 2 3 percent are other The estimated average household income for Georgia residents was \$62,738 as compared to \$71,015 for residents in the Atlanta MSA In 2013, approximately 60 4 percent (Egleston) and 53 0 percent (Scottish Rite) of patients were uninsured or Medicaid recipients</p>

Form and Line Reference	Explanation
PROMOTION OF COMMUNITY HEALTH	<p>Part VI, Line 5 The Children's Healthcare of Atlanta Board of Trustees is the governing body of Children's. It is comprised of voluntary community leaders who share a commitment to serving the community by enhancing the lives of children. A majority of this governing body is comprised of board members who reside in the organization's primary service area. They are not employees or contractors of the organization, nor family members thereof. Children's Healthcare of Atlanta extends medical staff privileges to all qualified physicians in the community for some or all of our departments. Children's provides access to more than 1,800 pediatric physicians. Children's is also the pediatric physician teaching site for Emory University School of Medicine and Morehouse School of Medicine. New physicians are encouraged to participate in fellowship programs, which are available in a variety of specialties. Children's Healthcare of Atlanta applies surplus funds to improvements in patient care, medical education and research. Affiliated Health Care System Part VI, Line 6 Egleston Children's Hospital at Emory University, Inc. (Egleston) and Scottish Rite Children's Medical Center, Inc. (Scottish Rite) are part of an affiliated health care system. Egleston and Scottish Rite are wholly-owned by Children's Healthcare of Atlanta, Inc. (Children's). Children's controls, either directly or indirectly, several other entities which, together, make up the system. Egleston and Scottish Rite play a major role in promoting the health of the community through the specialty pediatric services offered, including Orthopaedic, Neurosciences, and Craniofacial to name a few. Approximately 3,332 and 2,960 of Children's Healthcare of Atlanta's more than 8,900 total employees work at Scottish Rite and Egleston providing care for the 361,927 patient visits they managed in 2013. In 2013, Children's Healthcare of Atlanta, Inc. promoted the health of the overall community and provided 529 licensed beds and managed 828,882 patient visits, 361,927 unique patients (from all 159 counties in Georgia), 25,758 hospital admissions, 144,254 inpatient days, 828,882 outpatient visits, 37,995 surgical procedures, 218,231 Emergency Department visits, 130,527 Urgent Care Center visits, and 42,306 Primary Care visits. In addition, Children's managed 114,000 calls from parents across Georgia to the Children's nurse advice line. Examples of specific programs offered at Children's to promote the health of the communities served by the system include:</p> <ul style="list-style-type: none"> <li>- A concussion program that provides treatment for and education about concussions to children, parents, coaches and healthcare professionals. A dedicated concussion nurse helps coordinate each child's care. The program also provides return-to-play guidelines and a Concussion Toolkit to help increase awareness and understanding of concussions.</li> <li>- A school program where Children's employs teachers so that patients can receive instruction during hospitalizations and long clinic visits.</li> <li>- A special needs car seat program that is hospital based and designed to educate and assist parents and families with children who have special transportation needs.</li> <li>- The Health Law Partnership (HELP), which is an interdisciplinary community collaboration among Georgia State University's College of Law, The Atlanta Legal Aid Society, and Children's Healthcare of Atlanta to improve the health and well-being of low-income children and their families. HELP has a law office on the Scottish Rite campus.</li> <li>- A Level I trauma program at Egleston and a Level II trauma program at Scottish Rite that provides high quality trauma care to pediatric patients. There are six designated trauma centers in metro Atlanta. Of those, Children's is one of only two that have the resources needed for injured children. Trauma is the number 1 cause of death in children from one to 21 years of age.</li> </ul> <p>State Filing of Community Benefit Report Part VI, Line 7 Children's Healthcare of Atlanta is not required to file a Community Benefit Report under Georgia law. However, we produce an annual report illustrating our benefit to the community and make that public on our website <a href="http://www.choa.org">www.choa.org</a>. This report is posted in the "Children's In Your Community" section. There is also a section titled "Our Impact on Georgia" to show our broader impact on the state.</p>

Additional Data

Software ID:

Software Version:

EIN: 90-0779996

Name: Children's Healthcare of Atlanta Group Return

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

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?

Name and address	Type of Facility (describe)
1 Marcus Autism Center 1920 Briarcliff Road Atlanta, GA 30289	Outpatient Services
2 CHILDREN'S OUTPTIENT SURG CTR SAT BLVD 2620 Satellite Boulevard DULUTH, GA 30096	Outpatient Services
3 Children's Medical Office Building 5455 Meridian Mark Road ATLANTA, GA 30342	Outpatient Services
4 Children's Specialty Services 2015 Uppergate Drive ATLANTA, GA 30322	Outpatient Services
5 Children's at Meridian Mark LLC 5445 Meridian Mark Road Atlanta, GA 30342	Outpatient Services
6 Children's at North Druid Hills 1605 Chantilly Drive Suite 200 Atlanta, GA 30324	Outpatient Services
7 Children's at Forsyth 410 Peachtree Parkway Cumming, GA 30041	Outpatient Services
8 Children's at Satellite Boulevard 2660 Satellite Boulevard Duluth, GA 30316	Outpatient Services
9 Children's at Town Center 625 Big Shanty Road NW Kennesaw, GA 30144	Outpatient Services
10 Children's at Webb Bridge 3155 North Point Parkway Bldg A Alpharetta, GA 30005	Outpatient Services
11 Children's at Sandy Plains 3618 Sandy Plains Road Marietta, GA 30066	Outpatient Services
12 Children's at Fayette 1265 Highway 54 West FAYETTEVILLE, GA 30214	Outpatient Services
13 Children's at Mount Zion 2201 Mount Zion Parkway MORROW, GA 30260	Outpatient Services
14 Children's at Alpharetta Highway 11835 Alpharetta Highway ROSWELL, GA 30076	Outpatient Services
15 Children's at Cobb 1371 Church Street Extension Atlanta, GA 30060	Outpatient Services
16 Children's at Hudson Bridge 1510 Hudson Bridge Road STOCKBRIDGE, GA 30281	Outpatient Services
17 Children's at North Point 3795 Mansell Road ALPHARETTA, GA 30202	Outpatient Services
18 Primary Care Center of Chamblee 4166 Buford Highway ATLANTA, GA 30345	Outpatient Services
19 Day Rehabilitation Center 993-F Johnson Ferry Road ATLANTA, GA 30342	Outpatient Services
20 Children's at Hamilton Mill 2108 Teron Trace DACULA, GA 30019	Outpatient Services
21 Children's at Duluth 2270 Duluth Highway Suite 200 DULUTH, GA 30097	Outpatient Services
22 Children's at Snellville 2220 Wisteria Drive Snellville, GA 30078	Outpatient Services
23 Children's at Executive Park 6 Executive Park Drive Suite 50 ATLANTA, GA 30329	Outpatient Services
24 Chldrn Orthotics & Prosthetics Marietta 175 White Street Suite 350 MARIETTA, GA 30060	Outpatient Services
25 CHLDRN ORTHO & PROSTH AT OLD MILTON PWY 3300 Old Milton Parkway Suite 370 Alpharetta, GA 30005	Outpatient Services
26 Children's at Suwanee 3640 Burnette Road SUWANNEE, GA 30024	Outpatient Services
27 Northside Professional Center 975 Johnson Ferry Road Atlanta, GA 30342	Outpatient Services
28 Children's at Century Boulevard 1975 Century Boulevard Atlanta, GA 30345	Outpatient Services



Schedule I  
(Form 990)

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Children's Healthcare of Atlanta Group Return

Employer identification number  
90-0779996

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) Emory University 1440 Clifton Road Atlanta, GA 30322	58-0566256	501(c)(3)	3,506,598	0			
(2) Children's HC of Atlanta at Hughes Spalding 35 Jesse Hill Jr Drive Atlanta, GA 30303	26-2037695	501(c)(3)	1,624,736	0			support for capital & op's expenditures
(3) Children's HC of Atlanta at Hughes Spalding 35 Jesse Hill Jr Drive Atlanta, GA 30303	26-2037695	501(c)(3)	2,630,815	0			fund working capital deficit, per mgt agmt
(4) Emory Children's Center Inc 2015 Uppergate Drive NE Atlanta, GA 30322	58-2298500	501(c)(3)	2,188,926	0			support exempt org purpose

2

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

3

3

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

**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
(1) NURSING SCHOLARSHIPS	3	18,147			

**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
DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	SCHEDULE I, PART I, LINE 2 CHANCES GRANTS PROVIDE TUITION EQUIVALENT ASSISTANCE FOR UP TO TWO YEARS APPLICANTS MUST BE ACCEPTED INTO A BACHELOR OF SCIENCE IN NURSING PROGRAM AND BE BILINGUAL IN ENGLISH AND SPANISH CHANCES SCHOLARSHIP RECIPIENTS AGREE TO WORK FOR CHILDREN'S HEALTHCARE OF ATLANTA FOR A PERIOD OF 18 MONTHS FOR EACH ACADEMIC YEAR THEY HAVE RECEIVED SUPPORT IN ADDITION, CURRENT CHILDREN'S HEALTHCARE OF ATLANTA EMPLOYEES THAT ARE ENROLLED IN AN ACCREDITED NURSING PROGRAM ARE ELIGIBLE FOR THE CANDLISH NURSING SCHOLARSHIP PER MANAGEMENT AGREEMENT, HSOC INC HAS OVERSIGHT OF ALL HUGHES SPALDING OPERATIONS, INCLUDING THE USE OF GRANT FUNDS THE AMOUNT OF FUNDS PROVIDED ANNUALLY TO HUGHES SPALDING FROM HSOC, INC IS GOVERNED BY AGREED UPON TERMS OF THE MANAGEMENT CONTRACT PER MANAGEMENT AGREEMENT, FUNDS PROVIDED TO EMORY UNIVERSITY IS GOVERNED BY AGREED UPON TERMS OF THE MANAGEMENT CONTRACT

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Children's Healthcare of Atlanta Group Return

Employer identification number  
90-0779996

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input checked="" type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>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</div></div>	1bYes	
<div><div>2</div><div>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?</div></div>	2Yes	
<div><div>3</div><div>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</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4a	No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4bYes	
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div><div>6</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div><div>7</div><div>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</div></div>	7	No
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	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
SUPPLEMENTAL COMPENSATION INFORMATION	EMPLOYEES OF CHILDREN'S HEALTHCARE OF ATLANTA, INC HAVE THE OPTION TO PARTICIPATE IN THE 403(B) PLAN OFFERED BY THE ORGANIZATION CHILDREN'S PROVIDES AN ANNUAL DISCRETIONARY CONTRIBUTION TO A 401(A) RETIREMENT PLAN FOR EMPLOYEES WHO WORK AT LEAST 1,000 HOURS IN THE CALENDAR YEAR AND ARE EMPLOYED ON 12/31/13 ALL INDIVIDUALS ARE EMPLOYEES OF CHILDREN'S HEALTHCARE OF ATLANTA, INC (THE "PARENT" EIN 58-2367819) WITH CHILDREN'S HEALTHCARE OF ATLANTA GROUP RETURN (THE "GROUP" EIN 5857) ACTING AS THE COMMON PAYROLL AGENT FOR THE PARENT AND ALL ENTITIES WITHIN THE GROUP
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINE 1A PURSUANT TO THE ORGANIZATION'S TRAVEL AND REIMBURSEMENT POLICY, THE CEO IS ENTITLED TO TRAVEL FIRST OR BUSINESS CLASS ON FLIGHTS LONGER THAN TWO HOURS TO ENABLE THE CEO TO GET WORK DONE MORE EFFICIENTLY AND EFFECTIVELY ON LONGER FLIGHTS HOWEVER, THE CEO MUST GIVE STRONG CONSIDERATION TO THE FINANCIAL IMPLICATIONS OF TRAVELING FIRST OR BUSINESS CLASS CHOA DOES NOT TREAT THE PAYMENTS FOR FIRST CLASS TRAVEL AS TAXABLE TO THE CEO GIVEN THE BUSINESS PURPOSE ASSOCIATED WITH SUCH FLIGHTS SCHEDULE J, PART I, LINE 4B IN 2012, THE COMPENSATION AND BENEFITS COMMITTEE ELECTED TO OFFER AN ADDITIONAL RETIREMENT PLAN TO CERTAIN EXECUTIVES THE BOARD APPROVED THIS RECOMMENDATION IN EARLY 2013, WITH THE DECISION TO INCLUDE EARNINGS RETROACTIVE TO 2012 FOR THE RETIREMENT PLAN CONTRIBUTIONS ALTHOUGH THE PLAN WAS RETROACTIVE TO 2012, ALL FUNDING WAS COMPLETED IN 2013 DUE TO THE TIMING OF THE APPROVAL AS A RESULT, THE 2013 CONTRIBUTION FOR PARTICIPATING EXECUTIVES REFLECTS THEIR 2012 TOTAL CASH COMPENSATION (BASE SALARY PLUS INCENTIVE) AND 2013 BASE SALARY BELOW ARE THE PARTICIPANTS AND THE TOTAL AMOUNT CONTRIBUTED TO THE PLAN FOR EACH DURING 2013 DONNA HYLAND \$436,989 RUTH FOWLER \$157,868 REX ADAMS \$ 44,712
SUPPLEMENTAL COMPENSATION INFORMATION	SCHEDULE J, PART I, LINES 5A & 5B EXECUTIVES ARE ELIGIBLE FOR AN ANNUAL INCENTIVE, WHICH INCLUDES A MEASUREMENT FOR ACHIEVEMENT OF BUDGETED OPERATING MARGIN THESE INCENTIVES ARE CALCULATED AS A CERTAIN PERCENTAGE OF THE EXECUTIVE'S BASE COMPENSATION APPROVED BY THE COMPENSATION AND BENEFITS COMMITTEE

Additional Data

Software ID:  
Software Version:  
EIN: 90-0779996  
Name: Children's Healthcare of Atlanta Group Return

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				
Scott Hodoval VP Dev Ann Corp Giving - Fdn	(i)	178,297	40,531	8,664	7,421	18,698	253,611	0
	(ii)	0	0	0	0	0	0	0
Robert Bentley VP Corporate Development - FDN	(i)	199,894	18,000	20,159	6,257	16,169	260,479	0
	(ii)	0	0	0	0	0	0	0
Donald Mueller VP Operations MAC	(i)	198,495	49,103	1,930	7,175	26,475	283,178	0
	(ii)	0	0	0	0	0	0	0
Roy Sanders Medical Director - MAC	(i)	171,671	0	2,272	5,615	16,269	195,827	0
	(ii)	0	0	0	0	0	0	0
Julia Jones VP Operations - HSOC	(i)	181,364	41,269	2,686	6,379	19,553	251,251	0
	(ii)	0	0	0	0	0	0	0
Andrew Reisner Neurosurgeon	(i)	699,421	7,800	22,626	10,495	20,307	760,649	0
	(ii)	0	0	0	0	0	0	0
William Boydston Prac Dir Neursurgical Svcs	(i)	757,256	62,794	22,947	10,200	17,166	870,363	0
	(ii)	0	0	0	0	0	0	0
David Wrubel Neurosurgeon	(i)	638,917	55,609	19,671	10,200	17,923	742,320	0
	(ii)	0	0	0	0	0	0	0
Barunashish Brahma Neurosurgeon	(i)	616,431	50,359	1,246	10,200	22,910	701,146	0
	(ii)	0	0	0	0	0	0	0
Paul Parker Surgeon	(i)	575,632	160,000	22,846	10,200	18,200	786,878	0
	(ii)	0	0	0	0	0	0	0
Michelle Reid Director HR - SR	(i)	138,155	21,080	18,586	6,085	6,554	190,460	0
	(ii)	0	0	0	0	0	0	0
Raymond Reynolds VP Dev Fdn Major/Planned Gifts	(i)	173,438	0	719	6,369	1,509	182,035	0
	(ii)	0	0	0	0	0	0	0
Rex Adams Indiv Trstee - HSOC COO- ECH	(i)	0	0	0	0	0	0	0
	(ii)	282,872	15,000	24,300	44,712	10,380	377,264	0
Donna Hyland Pres/CEO - ECH/SR/EAS/EPG/MAC	(i)	0	0	0	0	0	0	0
	(ii)	935,952	313,459	29,280	447,139	18,158	1,743,988	0
Ruth Fowler Treas ECH/SR/FDN/EAS/EPG/MAC	(i)	0	0	0	0	0	0	0
	(ii)	458,845	154,019	12,437	168,068	18,165	811,534	0
Leslie Jones Sec - ECH/SR/EAS/EPG/MAC/HSOC	(i)	0	0	0	0	0	0	0
	(ii)	319,093	80,475	5,126	10,200	24,004	438,898	0
Eugene Hayes President Foundation - FDN	(i)	0	0	0	0	0	0	0
	(ii)	292,687	72,957	15,597	9,916	15,135	406,292	0
Carolyn Kenny Chief Operating Officer	(i)	0	0	0	0	0	0	0
	(ii)	248,501	207,718	6,613	6,328	6,670	475,830	0
Beth Boatwright Sr Dir Financial Oper ECH/SR	(i)	161,974	32,136	1,645	5,745	17,667	219,167	0
	(ii)	0	0	0	0	0	0	0
Patrick Wagner Dir HR - ECH	(i)	0	0	0	0	0	0	0
	(ii)	142,700	19,833	7,391	5,065	12,528	187,517	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Mary Beth Bova SVP Operations - ECH	(i)	229,845	56,016	23,483	8,490	14,149	331,983	0
	(ii)	0	0	0	0	0	0	0
Linda Cole SVP Operations - SR	(i)	228,931	51,921	3,042	6,929	19,416	310,239	0
	(ii)	0	0	0	0	0	0	0
George Rauschbaum Former Trst, Staff Physician	(i)	117,469	0	0	0	0	117,469	0
	(ii)	0	0	0	0	0	0	0

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons  
▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.  
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
Open to Public Inspection

Name of the organization  
Children's Healthcare of Atlanta Group Return

Employer identification number  
90-0779996

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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



**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SUNTRUST BANKS INC	SEE SCHEDULE L, PART V	337,398	SEE SCHEDULE L, PART V		No
(2) PEDIATRIC EMERGENCY MEDICINE ASSOC	SEE SCHEDULE L, PART V	15,495,255	SEE SCHEDULE L, PART V		No
(3) COMPASS GROUP	SEE SCHEDULE L, PART V	6,702,969	SEE SCHEDULE L, PART V		No
(4) STAR OVERTON	SEE SCHEDULE L, PART V	69,794	SEE SCHEDULE L, PART V		No
(5) ATLANTA FALCONS	SEE SCHEDULE L, PART V	129,238	SEE SCHEDULE L, PART V		No
(6) THE COCA COLA COMPANY	SEE SCHEDULE L, PART V	120,504	SEE SCHEDULE L, PART V		

**Part V Supplemental Information**

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

Return Reference	Explanation
Business Transactions Involving Interested Persons	SCHEDULE L, PART IV (A) SUNTRUST BANKS, INC (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION - MARK CHANCY, AN OFFICER OF SUNTRUST BANKS, INC , AND DAVID RATCLIFFE, A DIRECTOR OF SUNTRUST BANKS, INC , ALSO SERVE AS CURRENT TRUSTEES FOR CHOA, ECH, SR, EAS AND EPG (C) \$337,398 (D) DESCRIPTION OF TRANSACTION - SUNTRUST BANKS, INC PROVIDES GENERAL BANKING SERVICES TO CHOA (A) PEDIATRIC EMERGENCY MEDICINE ASSOCIATION, LLC (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION - CEDRIC MILLER, AN OFFICER OF PEDIATRIC EMERGENCY MEDICINE ASSOCIATES, LLC, ALSO SERVES AS CURRENT TRUSTEE FOR CHOA, ECH, SR, EAS AND EPG (C) \$15,495,255 (D) DESCRIPTION OF TRANSACTION - PEDIATRIC EMERGENCY MEDICINE ASSOCIATES, LLC PROVIDES EMERGENCY DEPARTMENT PHYSICIAN AND MID-LEVEL STAFF TO CHOA ON A CONTRACTUAL BASIS (A) COMPASS GROUP (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION - SCOTT MACLELLAN, AN OFFICER OF COMPASS GROUP, ALSO SERVES AS CURRENT TRUSTEE FOR THE FOUNDATION (C) \$6,702,969 (D) DESCRIPTION OF TRANSACTION - MORRISON, WHICH WAS ACQUIRED BY COMPASS GROUP, PROVIDES FOOD MANAGEMENT SERVICES TO CHILDREN'S (A) STAR OVERTON (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION - STAR MILLER, AN EMPLOYEE OF CHOA, IS THE SPOUSE OF CEDRIC MILLER, WHO IS A TRUSTEE FOR CHOA, ECH, SR, EAS AND EPG (C) \$69,794 (D) DESCRIPTION OF TRANSACTION - STAR OVERTON RECEIVED COMPENSATION AS AN EMPLOYEE OF CHOA (A) ATLANTA FALCONS (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION - THE PRESIDENT & CEO OF THE ATLANTA FALCONS (RICH MCKAY) ALSO SERVES AS CURRENT TRUSTEE FOR FOUNDATION (C) \$129,238 (D) DESCRIPTION OF TRANSACTION - CHOA RECEIVED DONATIONS FROM THE ATLANTA FALCONS (A) THE COCA COLA COMPANY (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION - AN OFFICER OF THE COCA COLA COMPANY (BEA PEREZ), ALSO SERVES AS A CURRENT TRUSTEE FOR THE FOUNDATION (C) \$120,504 (D) DESCRIPTION OF TRANSACTION - THE COCA COLA COMPANY HAS PROVIDED FINANCIAL GIFTS AND SPONSORSHIPS TO CHOA

SCHEDULE M  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Noncash Contributions

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

►Information about Schedule M (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Children's Healthcare of Atlanta Group Return

Employer identification number  
90-0779996

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art . . . . .				
2 Art—Historical treasures . . . . .				
3 Art—Fractional interests . . . . .				
4 Books and publications . . . . .				
5 Clothing and household goods . . . . .				
6 Cars and other vehicles . . . . .				
7 Boats and planes . . . . .				
8 Intellectual property . . . . .				
9 Securities—Publicly traded . . . . .	X	61	1,829,433	Cost/Selling Price
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .				
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ► ( )				
26 Other ►( )				
27 Other ►( )				
28 Other ► ( )				
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . .			29	
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .				Yes No
b If "Yes," describe the arrangement in Part II				
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?				Yes No
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .				No
b If "Yes," describe in Part II				
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II				

**Part III**

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

Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.  
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at  
[www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization Children's Healthcare of Atlanta Group Return	Employer identification number 90-0779996
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Return Reference	Explanation
VOLUNTEERS	FORM 990, PART I, LINE 6 CHILDREN'S RELIES ON VOLUNTEER SUPPORT TO RAISE FUNDS IN OUR COMMUNITY THROUGH ORGANIZING OR VOLUNTEERING AT EVENTS INDIVIDUALS AND CORPORATIONS WORK WITH CHILDREN'S TO HOST AND SUPPORT NUMEROUS COMMUNITY, SPORTS AND HOLIDAY EVENTS, ALL TO BENEFIT OUR NOT-FOR-PROFIT ORGANIZATION IN 2013, MORE THAN 6,000 VOLUNTEERS SUPPORTED CHILDREN'S IN THIS CAPACITY VOLUNTEERS ALSO PLAY SUCH AN IMPORTANT ROLE IN CLINICAL SETTINGS WITHIN OUR NOT-FOR-PROFIT HEALTHCARE SYSTEM THAT WE CALL THEM FRIENDS THEY HELP BY BRINGING A SENSE OF ENTHUSIASM AND WARMTH THAT IS IMPORTANT TO OUR PATIENTS, THEIR FAMILIES AND OUR STAFF WITH THE GUIDANCE OF THE CHILDREN'S STAFF, CHILDREN'S VOLUNTEERS WORK A SET WEEKLY SCHEDULE WITHIN ONE OF THE FOLLOWING HOSPITAL AREAS DIRECT PATIENT CARE, CUSTOMER SERVICE AND ADMINISTRATIVE SUPPORT HOSPITAL VOLUNTEERS CAN BE FOUND WORKING ON ALL OF OUR HOSPITAL CAMPUSES AS WELL AS SEVERAL OF OUR NEIGHBORHOOD LOCATIONS APPROXIMATELY 1,400 ACTIVE VOLUNTEERS ASSIST AT OUR MEDICAL FACILITIES FOR MORE INFORMATION ON VOLUNTEER OPPORTUNITIES IN FUNDRAISING AND OTHER SUPPORT TO OUR PATIENTS AND FAMILIES, PLEASE VISIT <a href="http://WWW.CHOA.ORG/VOLUNTEER">WWW.CHOA.ORG/VOLUNTEER</a> DESCRIPTION OF SIGNIFICANT CHANGES TO ORGANIZING OR ENABLING DOCUMENT FORM 990, PART VI, QUESTION 4 DURING THE CURRENT FISCAL YEAR, THE CHILDREN'S HEALTHCARE OF ATLANTA, INC BOARD AMENDED ITS BYLAWS TO CAUSE THE BOARD OF TRUSTEES TO BE COMPROMISED OF CEO, CFO, AND GENERAL COUNSEL AS EX-OFFICIO, VOTING MEMBERS THE MARCUS AUTISM CENTER AMENDED ITS BYLAWS TO ADD EX-OFFICIO TRUSTEES AND CREATE A SEPARATE CHAIR EMERITUS CATEGORY DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS FORM 990, PART VI, QUESTION 6 CHILDREN'S HEALTHCARE OF ATLANTA, INC IS THE SOLE MEMBER OF ALL SUBORDINATES EXCEPT HSOC EGLESTON CHILDREN'S HOSPITAL IS THE SOLE CORPORATE MEMBER OF HSOC DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS FORM 990, PART VI, QUESTION 7A THE BYLAWS OF EGLESTON CHILDREN'S HOSPITAL AT EMORY UNIVERISTY, INC , SCOTTISH RITE CHILDREN'S MEDICAL CENTER, INC , EGLESTON AFFILIATED SERVICES, INC AND EGLESTON PEDIATRIC GROUP, INC , PROVIDE THAT ITS TRUSTEES SHALL BE THE PERSONS THEN SERVING AS THE TRUSTEES OF CHILDREN'S HEALTHCARE OF ATLANTA, INC THE BYLAWS OF MARCUS AUTISM CENTER AND CHILDREN'S HEALTHCARE OF ATLANTA FOUNDATION, INC PROVIDE THAT THE TRUSTEES OF THESE ORGANIZATIONS ARE SUBJECT TO THE APPROVAL AND REMOVAL BY CHILDREN'S HEALTHCARE OF ATLANTA DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS FORM 990, PART VI, QUESTION 7B CHILDREN'S HEALTHCARE OF ATLANTA, INC (CHOA), A SECTION 501(C)(3) PUBLIC CHARITY, IS THE CORPORATE PARENT OF THE SUBORDINATES INCLUDED IN THIS GROUP RETURN UNDER THE SUBORDINATES' BYLAWS, CERTAIN CORPORATE ACTIONS ARE SUBJECT TO THE DIRECT OR INDIRECT APPROVAL OF CHOA THESE ACTIONS INCLUDE APPOINTMENT OR REMOVAL OF DIRECTORS, ADOPTION OR AMENDMENT OF A STRATEGIC PLAN, ADOPTION AND/OR AMENDMENT OF THE ANNUAL BUDGET, APPROVAL OF MAJOR CAPITAL EXPENDITURES, APPROVAL OR AMENDMENT OF MAJOR CONTRACTS, THE ADDITION OR DISCONTINUATION OF SIGNIFICANT HEALTHCARE SERVICES, INCURRENCE OF DEBT IN EXCESS OF \$1 MILLION, APPROVAL OF PURCHASES, LEASES OR DISPOSALS OF ASSETS IN EXCESS OF \$250,000, PARTICIPATION IN JOINT VENTURES OR OTHER STRATEGIC RELATIONSHIPS, CREATION OF NEW AFFILIATES, MERGER, CONSOLIDATION, LIQUIDATION, OR DISSOLUTION OF THE ORGANIZATION, SIGNIFICANT DISPOSITIONS OF THE ORGANIZATION'S ASSETS, AND AMENDMENT OR RESTATEMENT OF THE ORGANIZATION'S GOVERNING DOCUMENTS DESCRIBE THE PROCESS USED BY MANAGEMENT AND/OR GOVERNING BODY TO REVIEW 990 FORM 990, PART VI, QUESTION 11B THE ORGANIZATION'S FORM 990 IS REVIEWED IN DETAIL BY THE MEMBERS OF THE AUDIT AND FINANCE COMMITTEES, AFTER WHICH THE ENTIRE BOARD OF DIRECTORS IS PROVIDED A COPY PRIOR TO FINAL APPROVAL AND FILING

Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	<p>FORM 990, PART VI, QUESTION 12C CHILDREN'S BOARD OF TRUSTEES ADOPTED A CONFLICT OF INTEREST POLICY THAT APPLIES TO AN "INTERESTED PERSON" AN INTERESTED PERSON WOULD BE EVERY DIRECTOR, TRUSTEE, MEMBER OF A BOARD COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS, OFFICER OR "KEY MANAGEMENT EMPLOYEE" OF A CHILDREN'S ORGANIZATION WHOM HAS A DIRECT OR INDIRECT FINANCIAL INTEREST A KEY MANAGEMENT EMPLOYEE WOULD BE THE CHIEF EXECUTIVE OFFICER OF A CHILDREN'S ORGANIZATION, ANY MANAGERS WHO REPORT DIRECTLY TO THE CHIEF EXECUTIVE OFFICER OR THE BOARD OF A CHILDREN'S ORGANIZATION, ANY EMPLOYEE OTHERWISE LISTED AS A CURRENT OR FORMER "KEY EMPLOYEE" ON THE MOST RECENTLY FILED IRS FORM 990 OF A CHILDREN'S ORGANIZATION, OR ANY OTHER PERSONNEL SO DESIGNATED BY THE CHIEF EXECUTIVE OFFICER IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICT OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF THE FINANCIAL INTEREST AND BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS OR TRUSTEES AND MEMBERS OF COMMITTEES WITH GOVERNING BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT AFTER DISCLOSURE OF THE FINANCIAL INTEREST AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE INTERESTED PERSON, SUCH INTERESTED PERSON SHALL LEAVE THE GOVERNING BOARD OR COMMITTEE MEETING WHILE THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON THE REMAINING BOARD OR COMMITTEE MEMBERS SHALL DECIDE IF A CONFLICT EXISTS AFTER EXERCISING DUE DILIGENCE, THE GOVERNING BOARD OR COMMITTEE SHALL DETERMINE WHETHER A) THE TRANSACTION OR ARRANGEMENT IS IN THE CHILDREN'S ORGANIZATION BEST INTEREST, AND IS FAIR AND REASONABLE OR B) WHETHER THE CHILDREN'S ORGANIZATION CAN OBTAIN WITH REASONABLE EFFORTS AN EQUAL OR MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST THE GOVERNING BOARD OR COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE OF THE DISINTERESTED DIRECTORS OR TRUSTEES WHETHER A) TO ENTER INTO THE TRANSACTION OR ARRANGEMENT, OR B) TO ENTER INTO AN EQUAL OR MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT WITH A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST, OR C) TAKE NO ACTION EACH INTERESTED PERSON OF A CHILDREN'S ORGANIZATION SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON A) HAS RECEIVED A COPY OF THE CONFLICT OF INTEREST POLICY, B) HAS READ AND UNDERSTANDS THE POLICY, AND C) HAS AGREED TO COMPLY WITH THE POLICY ANNUALLY, INTERESTED PERSONS WILL COMPLETE A QUESTIONNAIRE TO PROVIDE INFORMATION NEEDED IN CONNECTION WITH THE CHILDREN'S ORGANIZATION'S FILING OF ITS IRS FORM 990 WITH THE INTERNAL REVENUE SERVICE. RESULTS OF THE QUESTIONNAIRE ARE REVIEWED BY SENIOR LEADERSHIP OFFICES &amp; POSITIONS FOR WHICH PROCESS WAS USED, &amp; YEAR PROCESS WAS BEGUN FORM 990, PART VI, QUESTIONS 15A AND 15B CHILDREN'S BOARD OF TRUSTEES (BOARD) HAS ULTIMATE DECISION-MAKING OVER EXECUTIVE COMPENSATION, AND THE COMPENSATION AND BENEFITS COMMITTEE (COMMITTEE) IS RESPONSIBLE FOR PROGRAM OVERSIGHT AND ADMINISTRATION AND FOR MAKING RECOMMENDATIONS TO THE BOARD THE COMMITTEE IS COMPRISED OF INDEPENDENT BOARD MEMBERS AND CHARGED WITH EVALUATING THE TOTAL COMPENSATION PACKAGE OF SELECTED EMPLOYEES (CALLED "DISQUALIFIED PERSONS"), AND OTHER EXECUTIVES AND LEADERS TO CARRY OUT THIS CHARGE, THE COMMITTEE ENGAGES AN INDEPENDENT THIRD PARTY EXECUTIVE COMPENSATION CONSULTING FIRM TO COMPLETE AN ANNUAL ASSESSMENT OF THE COMPETITIVENESS AND REASONABLENESS OF THE TOTAL COMPENSATION PACKAGE FOR "DISQUALIFIED PERSONS" AND OTHER EXECUTIVES AND LEADERS TO THE BOARD USING MARKET DATA PROVIDED BY THE THIRD PARTY RELATING TO THE PAY, BENEFITS AND PERQUISITES PAID TO FUNCTIONALLY COMPARABLE POSITIONS IN ORGANIZATIONS COMPARABLE TO CHILDREN'S HEALTHCARE OF ATLANTA, THE COMMITTEE PROVIDES TOTAL COMPENSATION RECOMMENDATIONS PAY RECOMMENDATIONS FOR "DISQUALIFIED PERSONS", AND OTHER EXECUTIVES AND LEADERS ARE MADE IN DECEMBER AND BOARD APPROVED CHANGES, IF ANY, ARE EFFECTIVE IN THE FIRST PAY PERIOD OF THE COMING YEAR INCENTIVE PAYOUTS ARE APPROVED IN FEBRUARY, FOR THE PRIOR YEAR'S PERFORMANCE, AND ISSUED IN MARCH ALL COMMITTEE RECOMMENDATIONS AND BOARD DECISIONS (RELATED TO EXECUTIVE COMPENSATION) ARE DOCUMENTED IN THE APPLICABLE MEETING MINUTES A VAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, &amp; FIN STMTS TO GEN PUBLIC FORM 990, PART VI, QUESTION 19 THE ORGANIZATION DOES NOT MAKE THESE DOCUMENTS AVAILABLE, CONSISTENT WITH IRS REQUIREMENTS</p>

Return Reference	Explanation
DESCRIPTION OF PERSONS TITLES	FORM 990, PART VII, SECTION A ABBREVIATION DEFINITIONS CHOA - CHILDREN'S HEALTHCARE OF ATLANTA, INC FDN - CHILDREN'S HEALTHCARE OF ATLANTA FOUNDATION, INC MAC - MARCUS AUTISM CENTER, INC ECH - EGLESTON CHILDREN'S HOSPITAL AT EMORY UNIVERSITY, INC SRCH - SCOTTISH RITE CHILDREN'S MEDICAL CENTER, INC HSOC - HSOC, INC EAS - EGLESTON AFFILIATED SERVICES, INC EPG - EGLESTON PEDIATRIC GROUP, INC NAME AND TITLES RUTH FOWLER - SVP FINANCE & CFO AT CHOA, TREASURER FND/MAC/ECH/SRCH/HSOC/EAS/EPG DONNA HYLAND - PRESIDENT & CEO AT MAC/ECH/SRCH/EAS/EPG/HSOC - CHAIRMAN HOURS DEVOTED TO RELATED ORGANIZATIONS FORM 990, PART VII ALL MEMBERS OF CHILDREN'S HEALTHCARE OF ATLANTA EXECUTIVE TEAM WORK A MINIMUM OF 50 HOURS PER WEEK THE SPLIT OF THESE HOURS BETWEEN THE PARENT AND GROUP RETURNS IS DETERMINED BY THE INDIVIDUAL'S ROLE AND RESPONSIBILITIES AS WELL AS THE LOCATION OF THE INDIVIDUAL'S PAYROLL EXPENSE INDIVIDUALS WHOSE PAYROLL EXPENSE IS LOCATED AT THE PARENT SPEND 80% OR 40 HOURS OF THEIR WORK WEEK DEVOTED TO CARRYING OUT THE GOALS AND OBJECTIVES OF THE CHOA ORGANIZATION AS A WHOLE THE REMAINING 20% OR 10 HOURS IS DEVOTED TO SPECIFIC GOALS AND TASKS ASSOCIATED WITH ONE OR MORE OF THE ORGANIZATIONS REPRESENTED IN THE GROUP RETURN INDIVIDUALS WHOSE PAYROLL EXPENSE IS LOCATED AT THE SUPPORT ZONE SPEND 80% OR 40 HOURS OF THEIR WORK WEEK DEVOTED TO CARRYING OUT THE GOALS AND OBJECTIVES OF ONE OR MORE OF THE ENTITIES REPRESENTED IN THE GROUP RETURN THE REMAINING 20% OR 10 HOURS IN DEVOTED TO TASKS OR OBJECTIVES RELATED TO THE CHOA ORGANIZATION AS A WHOLE Reconciliation of Net Assets Form 990, Part XI, Line 9 Other Changes in Net Assets or Fund Balance Unrealized Gains \$47,467,120 Transfers between Entities \$29,188,084 Other Reconciling Items \$ (674,015) Total Other Changes \$75,981,189

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Children's Healthcare of Atlanta Group Return

Employer identification number  
90-0779996

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
(1) Children's Sedation Services LLC 1584 Tullie Circle Atlanta, GA 30329 81-0582607	Phy Services	GA	1,529,745	0	Egleston Ped
(2) Children's Anesthesia Services LLC 1584 Tullie Circle Atlanta, GA 30329 20-0044124	Phy Services	GA	12,127,821	0	Egleston Ped
(3) CHOA Center for Pain Relief LLC 1584 Tullie Circle Atlanta, GA 30329 32-0185406	Phy Services	GA	408,795	0	Egleston Ped
(4) CHOA Pediatric Neurology LLIC 1584 Tullie Circle Atlanta, GA 30329 37-1575334	Phy Services	GA	996,705	0	Egleston Ped
(5) Pediatric Neurosurgery Associates 1584 Tullie Circle Atlanta, GA 30329 26-0833842	Phy Services	GA	4,702,997	0	Egleston Ped

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	No
(1) Children's Healthcare of Atlanta Inc  1584 Tullie Circle  Atlanta, GA 30329 58-2367819	Hlthcare Mgmt	GA	501(c)(3)	11 Type II	na		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	
(1) Mendian Mark LLC  1584 Tullie Cir Atl, GA 30329 01-0723254	Surgery Center	GA	Scottish Rite	Related	6,008,271	11,802,536		No			No	51 000 %

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) Emory-Egleston Children's Heart Center  2835 Brandywine Road Suite 300 Atlanta, GA 30329 58-1871713	Cardiac Services	GA	CHOA	C Corp	0	0	100 000 %	Yes	
(2) The Children's Health Network Inc  1584 Tullie Circle Atlanta, GA 30329 58-2133795	Healthcare Svcs	GA	CHOA	C Corp	0	0	100 000 %	Yes	



Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

<b>a</b>	Receipt of <b>(i)</b> interest <b>(ii)</b> annuities <b>(iii)</b> royalties or <b>(iv)</b> rent from a controlled entity	<b>1a</b>		<b>No</b>
<b>b</b>	Gift, grant, or capital contribution to related organization(s)	<b>1b</b>	<b>Yes</b>	
<b>c</b>	Gift, grant, or capital contribution from related organization(s)	<b>1c</b>	<b>Yes</b>	
<b>d</b>	Loans or loan guarantees to or for related organization(s)	<b>1d</b>		<b>No</b>
<b>e</b>	Loans or loan guarantees by related organization(s)	<b>1e</b>	<b>Yes</b>	
<b>f</b>	Dividends from related organization(s)	<b>1f</b>		<b>No</b>
<b>g</b>	Sale of assets to related organization(s)	<b>1g</b>		<b>No</b>
<b>h</b>	Purchase of assets from related organization(s)	<b>1h</b>		<b>No</b>
<b>i</b>	Exchange of assets with related organization(s)	<b>1i</b>		<b>No</b>
<b>j</b>	Lease of facilities, equipment, or other assets to related organization(s)	<b>1j</b>		<b>No</b>
<b>k</b>	Lease of facilities, equipment, or other assets from related organization(s)	<b>1k</b>		<b>No</b>
<b>l</b>	Performance of services or membership or fundraising solicitations for related organization(s)	<b>1l</b>	<b>Yes</b>	
<b>m</b>	Performance of services or membership or fundraising solicitations by related organization(s)	<b>1m</b>	<b>Yes</b>	
<b>n</b>	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	<b>1n</b>		<b>No</b>
<b>o</b>	Sharing of paid employees with related organization(s)	<b>1o</b>	<b>Yes</b>	
<b>p</b>	Reimbursement paid to related organization(s) for expenses	<b>1p</b>	<b>Yes</b>	
<b>q</b>	Reimbursement paid by related organization(s) for expenses	<b>1q</b>		<b>No</b>
<b>r</b>	Other transfer of cash or property to related organization(s)	<b>1r</b>	<b>Yes</b>	
<b>s</b>	Other transfer of cash or property from related organization(s)	<b>1s</b>		<b>No</b>

**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

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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# Children's Healthcare of Atlanta, Inc. and Affiliates

Consolidated Financial Statements as of and for the  
Years Ended December 31, 2013 and 2012, and  
Independent Auditors' Report

# CHILDREN'S HEALTHCARE OF ATLANTA, INC. AND AFFILIATES

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Statements of Operations	4
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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Children's Healthcare of Atlanta, Inc. and Affiliates  
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of Children's Healthcare of Atlanta, Inc., and affiliates (a Georgia not-for-profit corporation) ("Children's"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to consolidated financial statements

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 Children'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 Children's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

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

*Deloitte & Touche LLP*

May 19, 2014

# CHILDREN'S HEALTHCARE OF ATLANTA, INC. AND AFFILIATES

## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2013 AND 2012 (In thousands)

	2013	2012
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 22,561	\$ 39,544
Patient accounts receivable — less allowance for uncollectible accounts of \$3,122 and \$3,751 in 2013 and 2012, respectively	133,055	119,777
Assets whose use is limited (Note 4)	36,477	36,812
Contributions receivable — net	20,336	13,410
Other receivables	21,315	26,400
Supplies and prepaid expenses	19,903	17,185
Total current assets	253,647	253,128
ASSETS WHOSE USE IS LIMITED (Note 4)	3,087,002	2,558,985
PROPERTY AND EQUIPMENT — Net (Note 1)	566,736	552,811
OTHER NONCURRENT ASSETS		
Bond issuance costs — net	3,553	3,788
Deposits and other assets	2,691	838
Noncurrent contributions receivable — net	31,988	9,560
Total other noncurrent assets	38,232	14,186
BENEFICIAL INTERESTS IN TRUSTS	124,688	113,530
TOTAL	\$4,070,305	\$3,492,640
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 9,719	\$ 9,500
Long-term debt classified as current (Note 6)	36,477	36,812
Current research pledges (Note 1)	11,240	14,963
Accounts payable and other	138,051	127,355
Salaries, related taxes, and benefits	43,422	37,158
Accrued interest	2,403	2,490
Total current liabilities	241,312	228,278
LONG-TERM DEBT — Net of portion classified as current (Note 6)	413,102	423,000
NONCURRENT RESEARCH PLEDGES (Note 1)	73,467	77,705
OTHER NONCURRENT LIABILITIES	95,376	146,362
Total noncurrent liabilities	581,945	647,067
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS		
Unrestricted	2,767,960	2,211,562
Temporarily restricted	316,363	254,218
Permanently restricted	162,725	151,515
Total net assets	3,247,048	2,617,295
TOTAL	\$4,070,305	\$3,492,640

See notes to consolidated financial statements



# CHILDREN'S HEALTHCARE OF ATLANTA, INC. AND AFFILIATES

## CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (In thousands)

	2013	2012
OPERATING REVENUES AND SUPPORT		
Patient service revenue (net of contractual and other discounts)	\$ 1,138,617	\$ 1,072,275
Provision for bad debts	<u>(25,216)</u>	<u>(17,770)</u>
Net patient service revenue	1,113,401	1,054,505
Other operating revenue	38,952	33,731
Unrestricted contributions	9,719	9,719
Net assets released from restriction for operations	<u>36,494</u>	<u>37,090</u>
Total operating revenues and support	<u>1,198,566</u>	<u>1,135,045</u>
OPERATING EXPENSES		
Salaries and wages	519,971	488,808
Employee benefits	114,858	99,837
Purchased services	121,663	121,459
Supplies	133,095	119,556
Other expenses	78,321	63,235
Interest expense	20,092	20,387
Depreciation and amortization	<u>74,369</u>	<u>73,996</u>
Total operating expenses	<u>1,062,369</u>	<u>987,278</u>
OPERATING INCOME	136,197	147,767
INVESTMENT INCOME AND OTHER (Note 4) — Including unrealized gains on securities of \$203,601 and \$130,027 in 2013 and 2012, respectively	318,521	239,572
NET CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS (Notes 1 and 6)	54,778	4,517
CONTRIBUTIONS TO HUGHES SPALDING (Note 1)	(2,631)	(2,337)
EQUITY IN INCOME OF UNCONSOLIDATED INVESTMENTS (Note 4)	57,043	16,252
EQUITY IN LOSS OF UNCONSOLIDATED AFFILIATES	(2,189)	(4,728)
NONCONTROLLING INTEREST IN EARNINGS OF SURGERY CENTER (Note 1)	<u>(5,791)</u>	<u>(6,195)</u>
REVENUES OVER EXPENSES	<u>\$ 555,928</u>	<u>\$ 394,848</u>

See notes to consolidated financial statements.

# CHILDREN'S HEALTHCARE OF ATLANTA, INC. AND AFFILIATES

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (In thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS — December 31, 2011	<u>\$ 1,813,445</u>	<u>\$238,433</u>	<u>\$141,170</u>	<u>\$ 2,193,048</u>
Revenues over expenses	394,848	-	-	394,848
Contributions and other	4	43,941	3,611	47,556
Investment income (loss) and other	-	24,492	(481)	24,011
Net assets released from restriction for operations	-	(37,090)	-	(37,090)
Net assets released from restriction for Emory pediatric research building (Note 1)	-	(11,219)	-	(11,219)
Net assets released from restriction for Hughes Spalding (Notes 1 and 2)	-	(1,961)	-	(1,961)
Net assets released from restriction for property additions	2,378	(2,378)	-	-
Noncontrolling interest in Surgery Center	887	-	-	887
Increase in beneficial interest in trusts	-	-	7,215	7,215
	<u>398,117</u>	<u>15,785</u>	<u>10,345</u>	<u>424,247</u>
NET ASSETS — December 31, 2012	<u>2,211,562</u>	<u>254,218</u>	<u>151,515</u>	<u>2,617,295</u>
Revenues over expenses	555,928	-	-	555,928
Contributions and other	-	76,650	52	76,702
Investment income and other	-	28,002	-	28,002
Net assets released from restriction for operations	-	(36,494)	-	(36,494)
Net assets released from restriction for Emory pediatric research building (Note 1)	-	(3,507)	-	(3,507)
Net assets released from restriction for Hughes Spalding (Notes 1 and 2)	-	(1,625)	-	(1,625)
Net assets released from restriction for property additions	960	(960)	-	-
Noncontrolling interest in Surgery Center	529	-	-	529
Increase in beneficial interest in trusts	-	-	11,158	11,158
Other	(1,019)	79	-	(940)
	<u>556,398</u>	<u>62,145</u>	<u>11,210</u>	<u>629,753</u>
NET ASSETS — December 31, 2013	<u>\$ 2,767,960</u>	<u>\$316,363</u>	<u>\$162,725</u>	<u>\$ 3,247,048</u>

See notes to consolidated financial statements

# CHILDREN'S HEALTHCARE OF ATLANTA, INC. AND AFFILIATES

## 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	\$ 629,753	\$ 424,247
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	74,369	73,996
Bond premium amortization	(596)	(736)
Net change in unrealized gains on investments	(203,601)	(130,027)
Gains on sale of securities	(91,618)	(82,852)
Net change in fair value of interest rate swaps	(54,778)	(4,517)
Equity in income of unconsolidated investments	(57,043)	(16,252)
Equity in loss of unconsolidated affiliates	2,189	4,728
Provision for bad debts	25,216	17,770
Restricted contributions and investment income	(104,783)	(71,562)
Noncontrolling interest in earnings of Surgery Center	5,791	6,195
Changes in assets and liabilities		
Patient accounts receivable and other receivables	(33,419)	(40,909)
Supplies and prepaid expenses	(2,718)	(793)
Other noncurrent assets	(12,994)	(11,702)
Accounts payable and accrued liabilities	10,961	(20,188)
Other noncurrent liabilities	(477)	20,855
Total adjustments	(443,501)	(255,994)
Net cash provided by operating activities	186,252	168,253
CASH FLOWS FROM INVESTING ACTIVITIES		
Property additions	(88,059)	(68,253)
Purchase of shares in Surgery Center	(479)	(585)
Purchase of assets whose use is limited	(1,854,704)	(2,503,452)
Proceeds from disposal of assets whose use is limited	1,679,367	2,311,141
Net cash used in investing activities	(263,875)	(261,149)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of long-term debt	-	1,220
Repayments of long-term debt	(9,417)	(9,221)
Distributions to noncontrolling shareholders of Surgery Center	(5,439)	(5,609)
Proceeds from sale of shares to noncontrolling shareholders of Surgery Center	157	225
Cash proceeds from restricted contributions and investment income	75,339	83,808
Net cash provided by financing activities	60,640	70,423
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,983)	(22,473)
CASH AND CASH EQUIVALENTS — Beginning of year	39,544	62,017
CASH AND CASH EQUIVALENTS — End of year	\$ 22,561	\$ 39,544

See notes to consolidated financial statements

# CHILDREN'S HEALTHCARE OF ATLANTA, INC. AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

**Organization** — Children's Healthcare of Atlanta, Inc. ("Children's"), was formed in 1998 when Egleston Children's Health Care System and Scottish Rite Children's Medical Center effectively merged by creating Children's as the controlling company for both the hospitals. Today, Children's is a pediatric health care system based in Atlanta, Georgia, and includes the following organizations.

- a Egleston Children's Hospital at Emory University, Inc. ("Egleston"), operates as Children's Healthcare of Atlanta at Egleston and provides inpatient and outpatient pediatric health care services
- b Scottish Rite Children's Medical Center, Inc. ("Scottish Rite"), operates as Children's Healthcare of Atlanta at Scottish Rite and provides inpatient and outpatient pediatric health care services
- c Egleston Affiliated Services, Inc., operates as Children's Affiliated Services and provides immediate and urgent pediatric care services
- d Egleston Pediatric Group, Inc., operates as Children's Pediatric Group and provides pediatric physician services. Children's Pediatric Group is the sole member of seven limited liability companies: Children's Anesthesia Services, LLC, Children's Sedation Services, LLC, Children's Healthcare of Atlanta Center for Pain Relief, LLC, Children's Healthcare of Atlanta Pediatric Neurology, LLC, Pediatric Neurosurgery Associates at Children's, LLC, CHOA-Hospital Based, LLC, and CHOA-Multispecialty, LLC
- e Children's Healthcare of Atlanta Foundation, Inc., promotes Children's in the community and raises financial support for Children's services through fund-raising activities
- f Emory-Egleston Children's Heart Center, Inc., operates as Sibley Heart Center and provides cardiac physician services
- g The Children's Health Network is a physician hospital organization
- h HSOC, Inc. (HSOC), a subsidiary of Egleston, provides management, administrative, and related services to Hughes Spalding Children's Hospital ("Hughes Spalding"), a pediatric hospital wholly owned by Grady Health System, Inc. ("Grady"). Pursuant to a management agreement, HSOC may be required to provide minimum capital investments and other financial support. HSOC may terminate the management agreement with 60 days' notice to Grady.
- i Marcus Autism Center, Inc., is a provider of outpatient therapy and counseling services for children with autism and other behavioral disorders.
- j Children's Healthcare of Atlanta Surgery Center at Meridian Mark Plaza, LLC ("Surgery Center") is a 51% joint venture with physicians to operate an outpatient surgery center. Noncontrolling interests of \$6,550,000 and \$6,021,000 at December 31, 2013 and 2012, respectively, are included in

unrestricted net assets in the accompanying consolidated balance sheets. Noncontrolling owners' share of Surgery Center's net income for the years ended December 31, 2013 and 2012, of \$5,791,000 and \$6,195,000, respectively, has been recorded in the accompanying consolidated statements of operations.

- k. Emory-Children's Center (E-CC) is a 49% joint venture with Emory University for a pediatric physician faculty group. Pursuant to a financial support agreement, Children's may make annual financial support payments to E-CC. Children's accounts for this investment under the equity method of accounting. The accompanying consolidated statements of operations reflect equity losses related to Children's investment in this joint venture of approximately \$2,189,000 and \$4,728,000 for the years ended December 31, 2013 and 2012, respectively. Effective July 1, 2013, Children's withdrew from the E-CC joint venture.

Egleston and Scottish Rite (collectively, the "Hospitals") were organized for the purposes of treating sick children, encouraging and supporting scientific investigation into the medical problems of children, and providing instruction in the diseases and care of children.

**Summary of Significant Accounting and Reporting Policies** — A summary of the significant accounting and reporting policies followed by Children's in the preparation of its consolidated financial statements is presented below.

*Principles of Consolidation* — The consolidated financial statements include the accounts of Children's and all its wholly owned, majority-owned, and controlled organizations. All material intercompany transactions and account balances have been eliminated in consolidation.

*Cash and Cash Equivalents* — Cash and cash equivalents include highly liquid instruments with original maturities of three months or less at the date of purchase and are recorded at cost, which approximates market value. Children's invests cash that is not required for immediate operating needs in major financial institutions in amounts that exceed Federal Deposit Insurance Corporation limits.

*Assets Whose Use is Limited* — Assets whose use is limited primarily include assets restricted by donors and assets set aside by the Board of Trustees (the "Board") over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Investments in marketable equity and other securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Generally, investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues over expenses as investment income. Investments in nonmarketable securities (which primarily include investments in partnerships and limited liability companies) without readily determinable fair values are accounted for using the cost method of accounting where Children's owns less than 5% of the ownership interest or the equity method of accounting where Children's owns between 5% and 50% of the ownership interest.

*Derivative Instruments* — Children's occasionally uses derivative financial instruments to manage movements in interest rates. Interest rate swaps are contractual agreements between two parties for the exchange of interest payments on a notional principal amount at agreed-upon fixed or floating rates for defined periods. Children's does not enter into derivative financial instruments for trading purposes. Credit risk related to the derivative financial instruments is considered minimal and is managed by requiring high credit standards for its counterparties and periodic settlements. Any change in the fair value of these derivative instruments is included in revenues over expenses.

*Property and Equipment* — Property and equipment are recorded at cost. Children's policy is to capitalize major additions, including interest costs during construction, and to remove retired items from the accounts. Depreciation is provided using the straight-line method over the estimated service lives of the depreciable property and equipment. The depreciable lives applied are generally 16 to 40 years for buildings and renovations, 15 years for fixed equipment, 10 years for movable equipment, and three to five years for computer software and hardware.

A detail of property, equipment, and accumulated depreciation as of December 31, 2013 and 2012, is as follows (in thousands).

	<b>2013</b>	<b>2012</b>
Land and land improvements	\$ 79,685	\$ 75,287
Buildings and fixed equipment	663,306	631,297
Movable equipment and computer software	527,346	587,408
Construction in progress	<u>16,928</u>	<u>8,208</u>
Total property and equipment	1,287,265	1,302,200
Less accumulated depreciation	<u>(720,529)</u>	<u>(749,389)</u>
Property and equipment — net	<u>\$ 566,736</u>	<u>\$ 552,811</u>

*Bond Issuance Costs* — Costs incurred in issuing long-term debt are amortized over the life of the underlying debt. The gross amount of bond issuance costs as of December 31, 2013 and 2012, totaled \$4,772,000 and the related accumulated amortization totaled \$1,219,000 and \$984,000, respectively.

*Beneficial Interests in Trusts* — Children's is the beneficiary of the proportional income from certain perpetual third-party trusts. Children's has no access to the corpus of these trusts and has only limited input into the investment mix of the funds in the trusts in some cases. The estimated fair value of these trusts has been recorded as an asset and as a component of restricted net assets in the accompanying consolidated balance sheets. Management's estimate of fair value is updated annually, the effect of which is included in the accompanying consolidated statements of changes in net assets as an increase in restricted net assets.

*Net Patient Service Revenue, Patient Accounts Receivable, and Bad Debts* — Children's has agreements with third-party payors that provide for payments to Children's at amounts different from its established rates. Payment arrangements may include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue and patient accounts receivable 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. Retroactive adjustments are accrued on an estimated basis in the period that related services are rendered and adjusted in future periods as final settlements are determined.

A summary of the payment arrangements with major third-party payors is as follows:

*Medicaid and Other Governmental Programs* — Payments for inpatient services rendered to Medicaid patients are based on prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Payments for outpatient services rendered under this program are generally based on the reasonable cost of providing care or fee schedules.

Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. Net patient service revenue increased approximately \$4,520,000 and \$5,408,000 in 2013 and 2012, respectively, due to cash payments and the removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to reviews, audits, or investigation. Children's recognizes that net patient service revenue and patient accounts receivable from government agencies are significant to its operations.

Children's receives funding from a variety of federal, state, and local agencies. Under provisions of the Indigent Care Trust Fund Act (ICTF), qualifying Georgia public hospitals contribute funds, supplemented by federal and state funds, to compensate Georgia hospitals that serve a disproportionate share of Medicaid and uninsured patients. While Children's expects continued funding from ICTF in the near term, there can be no assurances that any such funding will continue, or continue at the levels experienced in recent years.

*Managed Care and Commercial Programs* — Children's has entered into payment arrangements with certain commercial insurance companies and managed care providers. The basis for payment to Children's under these agreements may include prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Children's recognizes patient service revenue for patients that do not qualify for charity care based on standard rates for services provided. A significant portion of the patients that do not qualify for charity care will be unable or unwilling to pay for services provided. Thus, Children's records a provision for doubtful accounts related to these patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for doubtful accounts), recognized for the years ended December 31, 2013 and 2012, by payor, was approximately (dollars in thousands):

	<b>2013</b>		<b>2012</b>	
Medicaid	\$ 182,097	16 %	\$ 170,065	16 %
Medicaid Managed Care	267,901	24	248,660	23
Managed Care	648,658	57	624,937	58
Commercial and other	<u>39,961</u>	<u>3</u>	<u>28,613</u>	<u>3</u>
Total	<u>\$ 1,138,617</u>	<u>100 %</u>	<u>\$ 1,072,275</u>	<u>100 %</u>

The provision for bad debts relating to patient service revenue is based on an evaluation of potentially uncollectible portions of accounts receivable. The provision considered necessary for such bad debts is based on an analysis of current- and past-due accounts, collection experience in relation to amounts billed, and other relevant information. The allowance for uncollectible accounts represents the estimated uncollectible portion of patient accounts receivable. Children's allowance for uncollectible accounts was approximately 54% and 53% of self-pay accounts receivable as of December 31, 2013 and 2012, respectively. Bad debt write-offs totaled approximately \$40,100,000 and \$34,360,000 for the years ended December 31, 2013 and 2012, respectively.

A summary of activity in Children's provision for doubtful accounts for the years ended December 31, 2013 and 2012 is as follows (in thousands)

	2013	2012
Balance at beginning of year	\$ 3,751	\$ 3,724
Provision for doubtful accounts	25,216	17,770
Accounts written off — net of recoveries	<u>(25,845)</u>	<u>(17,743)</u>
Balance at end of year	<u>\$ 3,122</u>	<u>\$ 3,751</u>

*Contributions* — Contributions are recorded at fair value upon receipt of cash or other assets or when unconditional promises to contribute are received and are included in contributions receivable and noncurrent contributions receivable in the accompanying consolidated balance sheets. Conditional promises to give are reported at fair value at the date the gift is received or at the time the condition is substantially met. Promises to pay are discounted to their present value using an interest rate commensurate with the collection risk involved. Gifts, bequests, and promises to pay, which are restricted by donors as to use or to be received in excess of one year, are recorded as temporarily restricted net assets until used in the manner designated or upon expiration of the time period over which the assets are to be received.

Assets released from restrictions for their intended purposes are included in operating revenues in the accompanying consolidated statements of operations or as a transfer to unrestricted net assets in the accompanying consolidated statements of changes in net assets if the use is for a capital item. Donated property and equipment are recorded as temporarily restricted net assets at fair market value on the date of receipt. When donated property and equipment are used for their intended purposes, the applicable amount is transferred to unrestricted net assets.

Contributions receivable as of December 31, 2013 and 2012, are as follows (in thousands)

	2013	2012
Due in less than one year	\$ 20,614	\$ 13,775
Due between one and five years	<u>34,640</u>	<u>10,489</u>
Total contributions receivable	55,254	24,264
Allowance for uncollectible amounts	<u>(2,930)</u>	<u>(1,294)</u>
Contributions receivable — net	<u>\$ 52,324</u>	<u>\$ 22,970</u>

Children's had no material conditional promises to contribute outstanding at December 31, 2013 and 2012.

*Research Pledges* — To further its mission of encouraging scientific investigation into the medical problems of children, Children's periodically makes irrevocable research funding commitments to third parties. At December 31, 2013, Children's had outstanding funding commitments of approximately \$101,012,000 to fund pediatric research in the Atlanta, Georgia, area. These irrevocable research commitments were recorded as a component of purchased services in the year of commitment. Purchased services for the years ended December 31, 2013 and 2012, included funding commitments of \$5,541,000 and \$23,478,000, respectively. The commitments will be paid over the next 20 years.



*Income Taxes* — Children's is primarily composed of organizations that have been recognized by the Internal Revenue Service as tax exempt under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated statements of operations. Sibley Heart Center and The Children's Health Network are taxable entities and the provision for income taxes was not material for the years ended December 31, 2013 and 2012.

*Consolidated Statements of Cash Flows* — Cash payments for interest totaled approximately \$20,060,000 and \$19,740,000 for the years ended December 31, 2013 and 2012, respectively.

*Use of Estimates* — The preparation of the consolidated 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 as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS**

Temporarily restricted net assets are those net assets whose use has been limited by donors to a specific time or purpose. Temporarily restricted net assets of approximately \$316,363,000 and \$254,218,000 as of December 31, 2013 and 2012, respectively, are available for various purposes, including charity care for children, investment in medical technology and facilities, and the expansion of medical services.

Children's receives restricted contributions on behalf of strategic partners for specific capital purposes. Such restricted contributions are recorded as contributions to temporarily restricted net assets and are reclassified from restriction when the amounts are sent to the intended recipient. For the years ended December 31, 2013 and 2012, Children's released from temporarily restricted net assets \$5,132,000 and \$13,180,000, respectively.

Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Investment income on permanently restricted net assets is generally available for unrestricted purposes. Permanently restricted net assets as of December 31, 2013 and 2012, were approximately \$162,725,000 and \$151,515,000, respectively.

Children's follows authoritative guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This guidance also requires enhanced disclosures for all endowment funds, including funds designated as endowments by the Board. Children's has interpreted UPMIFA as requiring the preservation of fair value of the original gift absent explicit donor stipulations to the contrary. As a result, Children's classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment, the income derived from which is expendable to support the various programs sponsored by Children's in accordance with the donor's wishes. The remaining portion of the donor-restricted endowment funds that is not classified as permanently restricted assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by Children's consistent with the donor's wishes. Losses on the investments of donor-restricted endowment funds are recorded as a reduction of temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets and are excluded from revenues over expenses.

Children's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by the endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Children's must hold in perpetuity and the unexpended appreciation on those funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the market average, after fees, while assuming a moderate level of investment risk. Children's expects its endowment funds, over time, to provide a real rate of return of 5% (net of fees and adjusted for inflation) as calculated based on rolling five-year periods. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, Children's relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). Children's targets a diversified asset allocation intended to achieve its long-term return objectives within prudent risk constraints.

Children's has a policy of appropriating, for distribution each year, no more than 5% of its endowment funds based on a 12-quarter rolling average market value. In establishing this policy, Children's considered the long-term expected return on its endowments.

Endowment net asset composition by type of fund as of December 31, 2013 and 2012, is as follows (in thousands)

	2013			2012		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted funds	\$ -	\$172,069	\$162,725	\$ -	\$149,320	\$151,515
Board-designated funds	<u>9,401</u>	<u>-</u>	<u>-</u>	<u>6,592</u>	<u>-</u>	<u>-</u>
Total funds	<u>\$9,401</u>	<u>\$172,069</u>	<u>\$162,725</u>	<u>\$6,592</u>	<u>\$149,320</u>	<u>\$151,515</u>

Endowment net asset balances and activities for the years ended December 31, 2013 and 2012, are as follows (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance — December 31, 2011	\$6,101	\$126,890	\$141,170	\$274,161
Investment income (loss) and other	757	21,493	(481)	21,769
Increase in beneficial interest in trusts	-	-	7,215	7,215
Contributions and other	-	5,926	3,611	9,537
Appropriations for expenditures	(266)	(4,989)	-	(5,255)
Balance — December 31, 2012	6,592	149,320	151,515	307,427
Investment income and other	968	24,998	-	25,966
Increase in beneficial interest in trusts	-	-	11,158	11,158
Contributions and other	2,000	3,637	52	5,689
Appropriations for expenditures	(159)	(5,886)	-	(6,045)
Balance — December 31, 2013	<u>\$9,401</u>	<u>\$172,069</u>	<u>\$162,725</u>	<u>\$344,195</u>

### 3. COMMUNITY BENEFIT AND CHARITY CARE

In accordance with its mission, Children's commits significant resources to promote the health and well-being of children. In support of this endeavor, Children's recognizes that some of its most fragile constituents are children whose families are financially or medically indigent. To that end, Children's provides medical treatment to children whose family or custodians are unable to pay for such treatment. Children's ensures that charity care, indigent care, education, research, and other sponsored community programs ("Community Benefit") benefit all children, regardless of economic status. Therefore, Children's maintains Community Benefit programs, within limits, that are available to the entire community, with equal consideration for those who are poor and underserved. Total Community Benefit for the year ended December 31, 2013, is estimated to be \$173,200,000. Total Community Benefit for the year ended December 31, 2012, as reported in annual filings to the Internal Revenue Service, was \$137,652,000.

Charity care, a component of Community Benefit, is unreimbursed costs for charity care and Medicaid services calculated using a cost-to-charge ratio times the amount of unreimbursed charges, net of funding from the state of Georgia for ICTF and neonatal care, and other funding provided to defray these costs. Children's estimates charity care to be approximately \$97,500,000 for the year ended December 31, 2013. Total charity care for the year ended December 31, 2012, as reported in annual filings to the Internal Revenue Service, was \$81,200,000.

#### 4. ASSETS WHOSE USE IS LIMITED

The composition of assets limited as to use as of December 31, 2013 and 2012, is set forth in the following table (in thousands):

	2013	2012
Board-designated for asset acquisition, uncompensated care, debt service, strategic, and operational activities:		
Cash and cash equivalents	\$ 446,721	\$ 285,894
Equity securities	1,740,016	1,373,762
Debt securities	185,905	179,760
Investments in nonmarketable securities accounted for under the equity method	280,369	252,770
Investments in nonmarketable securities carried at cost	168,327	200,855
Cash, cash equivalents, and debt securities held for interest rate swap agreement	-	33,450
Subtotal	<u>2,821,338</u>	<u>2,326,491</u>
Donor-restricted for special purposes, such as uncompensated child care:		
Cash and cash equivalents	56,887	41,899
Equity securities	221,580	201,062
Debt securities	23,674	26,345
Subtotal	<u>302,141</u>	<u>269,306</u>
Total assets whose use is limited	3,123,479	2,595,797
Less portion classified as current (Note 6)	<u>(36,477)</u>	<u>(36,812)</u>
Total assets whose use is limited — noncurrent	<u>\$3,087,002</u>	<u>\$2,558,985</u>

**Investment Income and Other** — Significant components of investment income (loss) on securities for the years ended December 31, 2013 and 2012, are as follows (in thousands)

	2013	2012
Investment income		
Interest and dividends — net of fees	\$ 29,196	\$ 32,671
Realized gains on sales of securities	91,618	82,852
Net change in unrealized gains on securities	203,601	130,027
Losses on unassociated interest rate swaps	<u>(5,894)</u>	<u>(5,978)</u>
Total	<u>\$318,521</u>	<u>\$239,572</u>

**Investments in Nonmarketable Securities Carried at Cost** — Children’s investments in nonmarketable securities carried at cost consist primarily of partnerships and limited liability companies created for the purpose of investing in privately held companies. The gross unrealized losses and fair values of Children’s investments in nonmarketable securities carried at cost with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2013, are as follows (in thousands).

	<b>Less Than 12 Months</b>		<b>12 Months or Greater</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized (Losses)</b>	<b>Fair Value</b>	<b>Unrealized (Losses)</b>	<b>Fair Value</b>	<b>Unrealized (Losses)</b>
Investments in nonmarketable securities carried at cost	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,196</u>	<u>\$ (1,415)</u>	<u>\$ 10,196</u>	<u>\$ (1,415)</u>

Losses on nonmarketable securities carried at cost that are deemed to be other-than-temporarily impaired of \$12,494,000 are included in investment income in the accompanying consolidated statements of operations for the year ended December 31, 2013.

**Investments in Nonmarketable Securities Accounted for Under the Equity Method** — The accompanying consolidated statements of operations reflect equity income related to Children’s investment in nonmarketable securities required to be accounted for under the equity method of accounting of approximately \$57,043,000 and \$16,252,000 for the years ended December 31, 2013 and 2012, respectively.

Summarized unaudited financial information for the entities represented by the nonmarketable securities Children’s accounts for under the equity method as of and for the years ended December 31, 2013 and 2012, is as follows (in thousands):

	<b>2013</b>	<b>2012</b>
Total assets	\$3,699,033	\$3,090,857
Total liabilities	148,598	96,865
Equity	3,550,465	2,993,991
Revenue	52,031	55,861
Net unrealized income	700,376	170,601
Net income	836,067	295,680

At December 31, 2013, Children’s had outstanding funding commitments to purchase general investment partnership interests of approximately \$168,015,000. These commitments will be met over the next five years.

## 5. FAIR VALUE MEASUREMENTS

Children’s uses fair value to measure certain financial assets and financial liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, Children's uses various valuation approaches. The hierarchy of those valuation approaches is broken down into three levels based on the reliability of inputs, as follows:

*Level 1* — Inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The valuation under this approach does not entail a significant degree of judgment.

*Level 2* — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves observable at commonly quoted intervals or current market) and contractual prices for the underlying financial instrument, as well as other relevant economic measures.

*Level 3* — Inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value table presents information about Children's assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012, as follows (in thousands):

<b>Fair Value — December 31, 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets whose use is limited:				
Cash and cash equivalents	\$ 503,608	\$ -	\$ -	\$ 503,608
Equity securities:				
U.S. equities	557,140	-	-	557,140
Non U.S. equities	131,917	-	-	131,917
Real estate investments trusts	27,582	-	-	27,582
Debt securities:				
U.S. Treasuries	2,929	-	-	2,929
Government agencies	-	9,666	-	9,666
Corporate bonds	-	73,798	-	73,798
Secured bank loans	-	-	123,186	123,186
Mutual funds				
Equity funds	719,035	245,095	-	964,130
Hedge funds	-	-	243,380	243,380
Fixed-income funds	-	37,447	-	37,447
Beneficial interests in trusts	-	-	124,688	124,688
Total assets at fair value	<u>\$ 1,942,211</u>	<u>\$ 366,006</u>	<u>\$ 491,254</u>	<u>\$ 2,799,471</u>
Liabilities — interest rate swap agreements	<u>\$ -</u>	<u>\$ 51,638</u>	<u>\$ -</u>	<u>\$ 51,638</u>

<b>Fair Value — December 31, 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets whose use is limited:				
Cash and cash equivalents	\$ 361,243	\$ -	\$ -	\$ 361,243
Equity securities				
U S equities	429,517	101	-	429,618
Non U S. equities	12,193	-	-	12,193
Real estate investments trusts	65,403	-	-	65,403
Debt securities				
U S Treasuries	4,273	10,692	-	14,965
Government agencies	-	2,010	-	2,010
Corporate bonds	-	63,639	-	63,639
Secured bank loans	-	-	125,491	125,491
Mutual funds				
Equity funds	443,438	391,202	-	834,640
Hedge funds	-	-	202,588	202,588
Fixed-income funds	-	30,382	-	30,382
Beneficial interests in trusts	-	-	113,530	113,530
Total assets at fair value	<u>\$ 1,316,067</u>	<u>\$ 498,026</u>	<u>\$ 441,609</u>	<u>\$ 2,255,702</u>
Liabilities — interest rate swap agreements	<u>\$ -</u>	<u>\$ 106,416</u>	<u>\$ -</u>	<u>\$ 106,416</u>

Certain investments' estimated fair value is based on unobservable inputs that are not corroborated by observable market data and are thus classified as Level 3. These investments include hedge funds, secured bank loans, and beneficial interests in trusts. Investments in hedge funds are valued using reported net asset values as of December 31. Secured bank loans are valued based on market rates for debt instruments with similar characteristics. Beneficial interests in trusts are primarily valued based on expected discounted cash flows or, in some cases, on the value of underlying assets.

As of December 31, 2013 and 2012, Children's held approximately \$243,380,000 and \$202,588,000, respectively, in hedge funds that pursue multiple strategies to diversify risk and reduce volatility. These funds typically allow redemptions quarterly, annually, or biannually and require a redemption notification period of 45–90 days. No unfunded commitments existed with respect to these hedge funds as of December 31, 2013.

The changes in assets classified as Level 3 for the years ended December 31, 2013 and 2012, are as follows (in thousands)

	<b>Beneficial Interest in Trust</b>	<b>Secured Bank Loans</b>	<b>Hedge Funds</b>	<b>Total</b>
Balance — December 31, 2011	\$ 81,743	\$ 82,942	\$ -	\$ 164,685
Additions	-	33,118	184,000	217,118
Disposals	(276)	-	-	(276)
Realized and unrealized gains and losses net of fees	7,048	9,411	18,588	35,047
Transfer in/(out)	<u>25,015</u>	<u>20</u>	<u>-</u>	<u>25,035</u>
Balance — December 31, 2012	113,530	125,491	202,588	441,609
Additions	-	35,225	-	35,225
Disposals	(661)	(31,596)	-	(32,257)
Realized and unrealized gains and losses net of fees	<u>11,819</u>	<u>(5,934)</u>	<u>40,792</u>	<u>46,677</u>
Balance — December 31, 2013	<u>\$ 124,688</u>	<u>\$ 123,186</u>	<u>\$ 243,380</u>	<u>\$ 491,254</u>

**Cash and Cash Equivalents, Accounts Receivables, Accounts Payable, and Accrued Expenses —**  
The carrying amount approximates fair value because of the short-term nature of these instruments

**Long-Term Debt —** The fair value of long-term debt is estimated based on quoted market prices for the same issues. The estimated fair values of long-term debt are \$482,319,000 and \$506,610,000 at December 31, 2013 and 2012, respectively.



## 6. LONG-TERM DEBT

A summary of long-term debt as of December 31, 2013 and 2012, is as follows (in thousands)

	2013	2012
2008 Certificates & Bonds — 2008 variable rate revenue anticipation certificates and bonds due July 2042. Interest rates range from 0.0975% to 0.13% for the year ended December 31, 2013. Mandatory sinking fund redemption beginning July 2009	\$ 184,060	\$ 185,770
2009 Certificates & Bonds — 2009 fixed rate revenue anticipation certificates and bonds due November 2039. Interest rates range from 3.25% to 5.25%, payable semiannually — net of unamortized premium of \$918 in 2013 and \$323 in 2012. Mandatory sinking fund redemption beginning November 2024	272,981	280,462
2013 Surgery Center Commercial Note — term note payable to bank due March 2021. Interest rate of 4%. Principal and interest payable monthly	<u>2,257</u>	<u>3,080</u>
Subtotal	459,298	469,312
Less current maturities of long-term debt	(9,719)	(9,500)
Less long-term debt classified as current due to terms of standby purchase agreements	<u>(36,477)</u>	<u>(36,812)</u>
Long-term debt — net of portion classified as current	<u>\$ 413,102</u>	<u>\$ 423,000</u>

In February 2008, the DeKalb Private Hospital Authority (the “DeKalb Authority”) issued approximately \$120,000,000 in tax-exempt revenue anticipation certificates and the Development Authority of Fulton County (the “Fulton Authority”) issued approximately \$72,965,000 of tax-exempt revenue bonds (collectively, the “2008 Certificates & Bonds”) pursuant to a trust indenture by and among the DeKalb Authority, the Fulton Authority, and certain investment banks. The proceeds were loaned to Children’s pursuant to loan agreements between the DeKalb Authority and Children’s and the Fulton Authority and Children’s and were used to make capital additions and renovations at the Hospitals.

The 2008 Certificates & Bonds are remarketed on a weekly basis and the bondholders have the ability to tender any or all of the certificates and bonds at each remarketing date. Children’s has standby bond purchase agreements (SBPAs) with a financial institution to serve as security for the payment of 2008 Certificates & Bonds. In the event bondholders elect to tender any or all of the 2008 Certificates & Bonds for purchase and the revenue anticipation certificates are not able to be remarketed, the SBPAs are utilized to purchase the revenue anticipation certificates. Any amounts outstanding on the SBPAs are repayable by Children’s over a five-year term in quarterly installments. As a result, Children’s has included \$36,477,000 and \$36,812,000 in current liabilities as of December 31, 2013 and 2012, respectively. The SBPAs expire February 2018 and there were no amounts outstanding at December 31, 2013 or 2012.

In December 2009, the DeKalb Authority issued approximately \$249,260,000 in tax-exempt revenue anticipation certificates and the Fulton Authority issued approximately \$50,720,000 in tax-exempt revenue bonds (collectively, the “2009 Certificates & Bonds”) pursuant to a trust indenture by and

among DeKalb Authority, the Fulton Authority, and certain investment banks. The proceeds were loaned to Children's pursuant to loan agreements between the DeKalb Authority and Children's and the Fulton Authority and Children's and were used to extinguish certain tax-exempt revenue anticipation certificates and bonds.

In connection with certain bond issues, Children's entered into interest rate swap agreements with three banks effectively converting Children's interest rate exposure on a portion of this debt from a variable to a fixed rate. Children's does not follow hedge accounting for these interest rate swaps. The interest rate swaps had an aggregate notional amount of approximately \$371.410.000 and \$375.995.000 at December 31, 2013 and 2012, respectively. As of December 31, 2013 and 2012, Children's has recorded a liability of approximately \$51.638.000 and \$106.416.000, respectively, related to these interest rate swaps in other noncurrent liabilities in the accompanying consolidated balance sheets. The change in fair value of these interest rate swaps of approximately \$54.778.000 and \$4.517.000 is included in revenues over expenses in the accompanying consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively.

The portion of the interest rate swap agreements, discussed above, that were associated with the revenue anticipation certificates and bonds refunded by the 2009 Certificates & Bonds are now held as an investment ("Unassociated Interest Rate Swaps"). The Unassociated Interest Rate Swaps had a notional amount of \$187.350.000 and \$190.225.000 outstanding as of December 31, 2013 and 2012, respectively. Losses on Unassociated Interest Rate Swaps of \$5.894.000 and \$5.978.000 are included in investment income (loss) in the accompanying consolidated statements of operations for the years ended December 31, 2013 and 2012, respectively.

In August 2013, the Surgery Center modified the Surgery Center Commercial Note to reduce the interest rate to 4% for the remaining term of the loan.

**Debt Maturities** — Future scheduled maturities of long-term debt as of December 31, 2013, are as follows (in thousands)

**Years Ending  
December 31**

2014	\$ 9.252
2015	9.667
2016	10.097
2017	10.533
2018	11.009
Thereafter	<u>409.656</u>
Total	<u>\$ 460.214</u>

**7. RETIREMENT BENEFITS**

Children's maintains defined contribution retirement plans. Contributions to the plans were \$25.215.000 and \$26.087.000 for the years ended December 31, 2013 and 2012, respectively.

## 8. COMMITMENTS AND CONTINGENCIES

**Insurance Arrangements** — Children's is self-insured for a substantial portion of its general and professional medical malpractice risks. Children's maintains coverage in excess of its self-insurance plan limits (currently \$1,000,000 per occurrence for general liability/\$3,000,000 per medical incident for professional liability with a \$14,600,000 combined annual aggregate). General liability coverage is subject to an occurrence-based policy and professional liability coverage is limited to claims made rather than claims incurred during its term. In addition, claims incurred but not reported prior to January 1, 2001, are covered under a commercial insurance policy subject to a \$250,000 per occurrence and \$750,000 aggregate retention.

The accrual for self-insured general and professional medical malpractice losses, including loss adjustment expense, is based on actuarial estimates using historical claims experience adjusted for current industry trends. The actual claim settlements and expenses may differ from amounts provided, but in the opinion of management, an adequate accrual has been made for such claims at December 31, 2013 and 2012.

Children's self-insures its health insurance and workers' compensation programs, supplemented with certain stop-loss coverages. Estimates are made for known claims outstanding and claims incurred but not reported under the programs and are recorded as accrued liabilities in the accompanying consolidated balance sheets.

**Leases** — Children's leases office space and equipment under various operating leases. Total rent expense for all operating leases amounted to approximately \$13,266,000 and \$12,382,000 for the years ended December 31, 2013 and 2012, respectively.

Future aggregate minimum rental commitments under all noncancelable operating leases as of December 31, 2013, are as follows (in thousands):

**Years Ending  
December 31**

2014	\$ 7,431
2015	6,419
2016	5,204
2017	3,584
2018	2,178
Thereafter	<u>7,211</u>
Total	<u>\$ 32,027</u>

**Litigation** — Certain lawsuits have been filed against Children's claiming alleged personal and punitive damages. While the outcome of these lawsuits is not presently determinable, it is the opinion of management that the claims will not have a material adverse effect on Children's consolidated financial position, results of operations, or cash flows.

## 9. FUNCTIONAL EXPENSES

Children's primarily provides inpatient and outpatient medical care for pediatric residents in the Atlanta metropolitan area. Expenses relating to providing these services for the years ended December 31, 2013 and 2012, are as follows (in thousands):

	2013	2012
Healthcare services	\$ 866,772	\$ 811,278
General and administrative	<u>195,597</u>	<u>176,000</u>
Total	<u>\$ 1,062,369</u>	<u>\$ 987,278</u>

## 10. SUBSEQUENT EVENTS

Children's has evaluated events and transactions for potential recognition or disclosure through May 19, 2014, the date the consolidated financial statements were issued, and noted no significant subsequent events or transactions requiring recognition or disclosure.

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