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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

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

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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

Dayton Children's Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

One Childrens Plaza Suite

City or town, state or province, country, and ZIP or foreign postal code

Dayton, OH 454041815

D Employer identification number

31-0672132

E Telephone number

(937) 641-3338

G Gross receipts \$ 314,793,019

F Name and address of principal officer

DEBORAH FELDMAN
ONE CHILDRENS PLAZA
DAYTON, OH 454041815

H(a) Is this a group return for subordinates?

☐ Yes ☒ No

H(b) Are all subordinates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

www.childrensdayton.org

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1967

M State of legal domicile

OH

| Part I | Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|---|--------------|---|--------------|----|---|---|-------------|----|--|--|-------------|-------|--|--|-------------|-----|--|--|-----------|--------|--|--|-------------|--------|---|---------|---------|----|---|---|---|----|---|-------------|-------------|-----|---|---|---|---|---|--|--|----|--|------------|------------|----|--|-------------|-------------|----|---|------------|------------|
| Activities & Governance | <div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>TO IMPROVE THE HEALTH STATUS OF ALL CHILDREN THROUGH SERVICE, EDUCATION, RESEARCH AND ADVOCACY</div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | <div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Revenue | <table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>18</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>13</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>5</td><td>2,039</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>6</td><td>940</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>26,914</td></tr><tr><td>b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>25,914</td></tr></table> | 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 18 | 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 13 | 5 | Total number of individuals employed in calendar year 2013 (Part V, line 2a) | 5 | 2,039 | 6 | Total number of volunteers (estimate if necessary) | 6 | 940 | 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 26,914 | b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 25,914 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 18 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Total number of individuals employed in calendar year 2013 (Part V, line 2a) | 5 | 2,039 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 940 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 26,914 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 25,914 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Expenses | <table><tr><th></th><th>Prior Year</th><th>Current Year</th></tr><tr><td>8</td><td>Contributions and grants (Part VIII, line 1h)</td><td>12,375,609</td><td>13,842,373</td></tr><tr><td>9</td><td>Program service revenue (Part VIII, line 2g)</td><td>215,465,646</td><td>222,448,755</td></tr><tr><td>10</td><td>Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td><td>15,316,964</td><td>16,779,095</td></tr><tr><td>11</td><td>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td>4,346,049</td><td>3,476,755</td></tr><tr><td>12</td><td>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td><td>247,504,268</td><td>256,546,978</td></tr><tr><td>13</td><td>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</td><td>214,264</td><td>286,187</td></tr><tr><td>14</td><td>Benefits paid to or for members (Part IX, column (A), line 4)</td><td>0</td><td>0</td></tr><tr><td>15</td><td>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</td><td>109,882,994</td><td>112,612,147</td></tr><tr><td>16a</td><td>Professional fundraising fees (Part IX, column (A), line 11e)</td><td>0</td><td>0</td></tr><tr><td>b</td><td>Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 1,315,240</td><td></td><td></td></tr><tr><td>17</td><td>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</td><td>88,650,772</td><td>95,941,116</td></tr><tr><td>18</td><td>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</td><td>198,748,030</td><td>208,839,450</td></tr><tr><td>19</td><td>Revenue less expenses Subtract line 18 from line 12</td><td>48,756,238</td><td>47,707,528</td></tr></table> | | Prior Year | Current Year | 8 | Contributions and grants (Part VIII, line 1h) | 12,375,609 | 13,842,373 | 9 | Program service revenue (Part VIII, line 2g) | 215,465,646 | 222,448,755 | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 15,316,964 | 16,779,095 | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 4,346,049 | 3,476,755 | 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 247,504,268 | 256,546,978 | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 214,264 | 286,187 | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 109,882,994 | 112,612,147 | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 | b | Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 1,315,240 | | | 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 88,650,772 | 95,941,116 | 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 198,748,030 | 208,839,450 | 19 | Revenue less expenses Subtract line 18 from line 12 | 48,756,238 | 47,707,528 |
| | Prior Year | Current Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Contributions and grants (Part VIII, line 1h) | 12,375,609 | 13,842,373 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Program service revenue (Part VIII, line 2g) | 215,465,646 | 222,448,755 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 4,346,049 | 3,476,755 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 247,504,268 | 256,546,978 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 214,264 | 286,187 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 109,882,994 | 112,612,147 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b | Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 1,315,240 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 88,650,772 | 95,941,116 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 198,748,030 | 208,839,450 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | Revenue less expenses Subtract line 18 from line 12 | 48,756,238 | 47,707,528 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Net Assets or Fund Balances | <table><tr><th></th><th>Beginning of Current Year</th><th>End of Year</th></tr><tr><td>20</td><td>Total assets (Part X, line 16)</td><td>486,852,251</td><td>541,648,879</td></tr><tr><td>21</td><td>Total liabilities (Part X, line 26)</td><td>45,343,582</td><td>46,321,598</td></tr><tr><td>22</td><td>Net assets or fund balances Subtract line 21 from line 20</td><td>441,508,669</td><td>495,327,281</td></tr></table> | | Beginning of Current Year | End of Year | 20 | Total assets (Part X, line 16) | 486,852,251 | 541,648,879 | 21 | Total liabilities (Part X, line 26) | 45,343,582 | 46,321,598 | 22 | Net assets or fund balances Subtract line 21 from line 20 | 441,508,669 | 495,327,281 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Beginning of Current Year | End of Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | Total assets (Part X, line 16) | 486,852,251 | 541,648,879 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | Total liabilities (Part X, line 26) | 45,343,582 | 46,321,598 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 | Net assets or fund balances Subtract line 21 from line 20 | 441,508,669 | 495,327,281 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Part II

Signature Block

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

Sign Here

Signature of officer

DAVID T MILLER VP Finance and CFO

Date

Type or print name and title

2015-05-15

Paid Preparer Use Only

Prnt/Type preparer's name

Christopher B Boggs

Preparer's signature

Date

Check ☐ if self-employed

PTIN P00032493

Firm's name

ERNST & YOUNG US LLP

Firm's EIN

Firm's address

111 MONUMENT CIRCLE SUITE 4000
INDIANAPOLIS, IN 46204

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

Part III

Statement of Program Service Accomplishments

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

☐ Yes ☒ No

1

Briefly describe the organization's mission

TO IMPROVE THE HEALTH STATUS OF ALL CHILDREN THROUGH SERVICE, EDUCATION, RESEARCH AND ADVOCACY

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 195,150,337 including grants of \$ 286,187) (Revenue \$ 226,231,443)

SEE SCHEDULE O

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 195,150,337

Part IV

Checklist of Required Schedules

| | Yes | No |
|---|---------|----|
| 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A  | 1 Yes | |
| 2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?  | 2 Yes | |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I  | 3 | No |
| 4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II  | 4 Yes | |
| 5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III  | 5 | No |
| 6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I  | 6 | No |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II  | 7 | No |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III  | 8 | No |
| 9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV  | 9 | No |
| 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V  | 10 Yes | |
| 11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | |
| a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.  | 11a Yes | |
| b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII  | 11b Yes | |
| c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII  | 11c | No |
| d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX  | 11d | No |
| e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X  | 11e 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 Yes | |
| 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 | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> | 25b | | No |
| 26 | 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 | | No |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | Yes | |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> | 30 | | No |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> | 31 | | No |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> | 32 | | No |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> | 33 | | No |
| 34 | Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> | 34 | Yes | |
| 35a | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35a | Yes | |
| b | If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 35b | Yes | |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 36 | | No |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | | No |
| 38 | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O | 38 | Yes | |

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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. | 79 | |
| 1b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. | 1 | |
| 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. | 2,039 | |
| 2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions). | | Yes | |
| 3a Did the organization have unrelated business gross income of \$1,000 or more during the year? | | Yes | |
| 3b If "Yes," has it filed a Form 990-T for this year? <i>If "No" to line 3b, provide an explanation in Schedule O.</i> | | Yes | |
| 4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | | Yes | |
| b If "Yes," enter the name of the foreign country: BD 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 Organizations that may receive deductible contributions under section 170(c). | | | |
| 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 |
| d If "Yes," indicate the number of Forms 8282 filed during the year. | | 7d | |
| 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 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | | 8 | |
| 9 Sponsoring organizations maintaining donor advised funds. | | | |
| 9a Did the organization make any taxable distributions under section 4966? | | 9a | |
| 9b Did the organization make a distribution to a donor, donor advisor, or related person? | | 9b | |
| 10 Section 501(c)(7) organizations. Enter | | | |
| 10a Initiation fees and capital contributions included on Part VIII, line 12. | | 10a | |
| 10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. | | 10b | |
| 11 Section 501(c)(12) organizations. Enter | | | |
| 11a Gross income from members or shareholders. | | 11a | |
| 11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). | | 11b | |
| 12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | | 12a | |
| b If "Yes," enter the amount of tax-exempt interest received or accrued during the year. | | 12b | |
| 13 Section 501(c)(29) qualified nonprofit health insurance issuers. | | | |
| 13a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O. | | 13a | |
| b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. | | 13b | |
| c Enter the amount of reserves on hand. | | 13c | |
| 14a Did the organization receive any payments for indoor tanning services during the tax year? | | 14a | No |
| b If "Yes," has it filed a Form 720 to report these payments? <i>If "No," provide an explanation in Schedule O.</i> | | 14b | |

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

| | | | |
|--|---|-----|-----|
| | | Yes | No |
| 1a | Enter the number of voting members of the governing body at the end of the tax year | 18 | |
| 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 | 13 | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | 3 | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | 5 | No |
| 6 | Did the organization have members or stockholders? | 6 | No |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | 7a | No |
| b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | 7b | No |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | |
| a | The governing body? | 8a | Yes |
| b | Each committee with authority to act on behalf of the governing body? | 8b | Yes |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | 9 | No |

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

| | | | |
|--|--|-----|-----|
| | | Yes | No |
| 10a | Did the organization have local chapters, branches, or affiliates? | 10a | No |
| b | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | 10b | |
| 11a | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | 11a | Yes |
| b | Describe in Schedule O the process, if any, used by the organization to review this Form 990 | | |
| 12a | Did the organization have a written conflict of interest policy? If "No," go to line 13 | 12a | Yes |
| b | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | Yes |
| c | Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done | 12c | Yes |
| 13 | Did the organization have a written whistleblower policy? | 13 | Yes |
| 14 | Did the organization have a written document retention and destruction policy? | 14 | 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▶OH |
| 18 | Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ✔ Own website ❑ Another's website ✔ Upon request ❑ Other (explain in Schedule O) |
| 19 | Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year |
| 20 | State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶DAVID T MILLER ONE CHILDRENS PLAZA DAYTON,OH 454041815 (937) 641-3338 |

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** key employees, if any See instructions for definition of "key employee "

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

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

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

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

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

[illegible]

Part VII

| | | | | | |
|-----------|--|---|-----------|---------|---------|
| 1b | Sub-Total | ▼ | | | |
| c | Total from continuation sheets to Part VII, Section A | ▼ | | | |
| d | Total (add lines 1b and 1c) | ▼ | 5,328,383 | 520,819 | 899,892 |

2 Total number of individuals (including but not limited to those listed in Item 1) who received or accrued more than \$100,000 of reportable compensation from the organization. 16

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

Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|--|--------------------------------|---------------------|
| CHILDREN'S CARE GROUP, 1 CHILDRENS PLAZA DAYTON OH 45404 | PHYSICIAN SERVICES | 11,890,406 |
| WRIGHT STATE PHYSICIANS, PO BOX 1144 DAYTON OH 45401 | PHYSICIAN SERVICES | 2,038,415 |
| WRIGHT STATE UNIVERSITY, PO BOX 927 DAYTON OH 45401 | PHYSICIAN SERVICES | 1,324,829 |
| ORTHOPAEDIC CENTER FOR SPINAL PED, 1 CHILDRENS PLAZA DAYTON OH 45404 | PHYSICIAN SERVICES | 485,858 |
| MIDWEST LAUNDRY INC, PO BOX 932696 CLEVELAND OH 44193 | LAUNDRY SERVICE | 517,478 |

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 ▶5

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 29,040 | 13,842,373 | | | |
| | b | Membership dues 1b | | | | |
| | c | Fundraising events 1c 17,320 | | | | |
| | d | Related organizations 1d | | | | |
| | e | Government grants (contributions) 1e 573,606 | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above 1f 13,222,407 | | | | |
| | g | Noncash contributions included in lines 1a-1f \$ 94,759 | | | | |
| | h | Total. Add lines 1a-1f | | | | |
| Program Service Revenue | Business Code | | | | | |
| | 2a | PATIENT SERVICE REVENUE 624100 | 142,127,556 | 142,127,556 | | |
| | b | MEDICARE/MEDICAID 624100 | 80,294,285 | 80,294,285 | | |
| | c | SURGERY CENTER 621400 | 26,914 | | 26,914 | |
| | d | | | | | |
| | e | | | | | |
| | f | All other program service revenue | | | | |
| | g | Total. Add lines 2a-2f | 222,448,755 | | | |
| Other Revenue | 3 | Investment income (including dividends, interest, and other similar amounts) | 5,810,260 | | | 5,810,260 |
| | 4 | Income from investment of tax-exempt bond proceeds | 0 | | | |
| | 5 | Royalties | 0 | | | |
| | 6a | (i) Real | | | | |
| | | Gross rents 298,039 | | | | |
| | | b Less rental expenses 852,897 | | | | |
| | | c Rental income or (loss) -554,858 0 | | | | |
| | d | Net rental income or (loss) | -554,858 | | | -554,858 |
| | 7a | (i) Securities | | | | |
| | | Gross amount from sales of assets other than inventory 67,865,741 | | | | |
| | | b Less cost or other basis and sales expenses 55,300,540 | | | | |
| | | c Gain or (loss) 12,565,201 -1,596,366 | | | | |
| | d | Net gain or (loss) | 10,968,835 | | | 10,968,835 |
| | 8a | Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 | | | | |
| | | a 365,795 | | | | |
| | | b Less direct expenses b 116,870 | | | | |
| | c | Net income or (loss) from fundraising events | 248,925 | | | 248,925 |
| | 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 570,624 | | | | |
| | | b Less cost of goods sold b 367,570 | | | | |
| | c | Net income or (loss) from sales of inventory | 203,054 | 203,054 | | |
| | Miscellaneous Revenue | | Business Code | | | |
| | 11a | HITECH MEDICAL RECORDS 900099 | 1,328,423 | 1,328,423 | | |
| | b | CAFETERIA/KIDS CARE 900099 | 1,340,980 | 1,340,980 | | |
| | c | DAY CARE CENTER 812930 | 642,433 | 642,433 | | |
| | d | All other revenue | 267,798 | 267,798 | | |
| | e | Total. Add lines 11a-11d | 3,579,634 | | | |
| | 12 | Total revenue. See Instructions | 256,546,978 | 226,204,529 | 26,914 | 16,473,162 |

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. | 75,000 | 75,000 | | |
| 2 | Grants and other assistance to individuals in the United States. See Part IV, line 22. | 211,187 | 211,187 | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16. | 0 | | | |
| 4 | Benefits paid to or for members. | 0 | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees. | 2,948,942 | | 2,948,942 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). | 0 | | | |
| 7 | Other salaries and wages. | 85,740,375 | 81,180,754 | 3,939,849 | 619,772 |
| 8 | Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions). | 5,521,267 | 5,227,650 | 253,707 | 39,910 |
| 9 | Other employee benefits. | 12,172,291 | 11,622,517 | 461,043 | 88,731 |
| 10 | Payroll taxes. | 6,229,272 | 5,898,004 | 286,240 | 45,028 |
| 11 | Fees for services (non-employees): | | | | |
| a | Management. | 0 | | | |
| b | Legal. | 355,645 | | 355,645 | |
| c | Accounting. | 252,780 | | 252,780 | |
| d | Lobbying. | 246,300 | 246,300 | | |
| e | Professional fundraising services. See Part IV, line 17. | 0 | | | |
| f | Investment management fees. | 0 | | | |
| g | Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O). | 19,699,209 | 19,509,336 | 189,873 | |
| 12 | Advertising and promotion. | 1,027,439 | 1,027,439 | | |
| 13 | Office expenses. | 12,869,990 | 11,611,252 | 1,039,496 | 219,242 |
| 14 | Information technology. | 5,123,834 | 5,123,834 | | |
| 15 | Royalties. | 0 | | | |
| 16 | Occupancy. | 2,586,530 | 2,452,523 | 125,633 | 8,374 |
| 17 | Travel. | 834,700 | 625,388 | 166,480 | 42,832 |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials. | 0 | | | |
| 19 | Conferences, conventions, and meetings. | 107,545 | 107,545 | | |
| 20 | Interest. | 0 | | | |
| 21 | Payments to affiliates. | 0 | | | |
| 22 | Depreciation, depletion, and amortization. | 14,543,516 | 14,072,211 | 430,464 | 40,841 |
| 23 | Insurance. | 172,085 | 172,085 | | |
| 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 | 25,243,208 | 25,332,026 | -88,981 | 163 |
| b | PURCHASED SERVICES | 8,496,089 | 6,273,048 | 2,012,694 | 210,347 |
| c | STATE HOSPITAL ASSESSMENT | 4,381,662 | 4,381,662 | | |
| d | MISCELLANEOUS | 584 | 576 | 8 | |
| e | All other expenses | | | | |
| 25 | Total functional expenses. Add lines 1 through 24e. | 208,839,450 | 195,150,337 | 12,373,873 | 1,315,240 |
| 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 | | 15,010 | 1 | 14,647 |
| | 2 | Savings and temporary cash investments | | 64,551,117 | 2 | 69,523,361 |
| | 3 | Pledges and grants receivable, net | | 782,280 | 3 | 862,058 |
| | 4 | Accounts receivable, net | | 31,715,810 | 4 | 39,566,580 |
| | 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 | | 26,904 | 7 | 14,794 |
| | 8 | Inventories for sale or use | | 1,660,452 | 8 | 1,695,087 |
| | 9 | Prepaid expenses and deferred charges | | 366,730 | 9 | 444,404 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a194,794,035 | | | |
| | b | Less accumulated depreciation | 10b90,713,284 | 98,175,140 | 10c | 104,080,751 |
| | 11 | Investments—publicly traded securities | | 237,371,641 | 11 | 264,538,849 |
| | 12 | Investments—other securities See Part IV, line 11 | | 35,322,456 | 12 | 47,882,926 |
| | 13 | Investments—program-related See Part IV, line 11 | | 2,223,611 | 13 | 3,238,611 |
| | 14 | Intangible assets | | 0 | 14 | 0 |
| | 15 | Other assets See Part IV, line 11 | | 14,641,100 | 15 | 9,786,811 |
| | 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | 486,852,251 | 16 | 541,648,879 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 31,099,908 | 17 | 33,004,777 |
| | 18 | Grants payable | | 0 | 18 | 0 |
| | 19 | Deferred revenue | | 0 | 19 | 0 |
| | 20 | Tax-exempt bond liabilities | | 0 | 20 | 0 |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | | 0 | 21 | 0 |
| | 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | 0 | 22 | 0 |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | 0 | 23 | 0 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | 0 | 24 | 0 |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | | 14,243,674 | 25 | 13,316,821 |
| | 26 | Total liabilities. Add lines 17 through 25 | | 45,343,582 | 26 | 46,321,598 |
| 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 | | 438,462,873 | 27 | 493,785,276 |
| | 28 | Temporarily restricted net assets | | 3,045,796 | 28 | 1,542,005 |
| | 29 | Permanently restricted net assets | | 0 | 29 | 0 |
| | 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 | | 441,508,669 | 33 | 495,327,281 |
| | 34 | Total liabilities and net assets/fund balances | | 486,852,251 | 34 | 541,648,879 |

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 | 256,546,978 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 208,839,450 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 47,707,528 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 441,508,669 |
| 5 | Net unrealized gains (losses) on investments | 5 | 20,028,168 |
| 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 | -13,917,084 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 495,327,281 |

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 | 2a | 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 | 2b | 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 | 2c | 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? | 3a | No |
| 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 | 3b | |

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|------------------------------|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| Renae Phillips | 40 0 | | | | X | | | 253,611 | 0 | 160,186 |
| VP Patient Care CNO | 0 0 | | | | | | | | | |
| Gregory Ramey | 40 0 | | | | X | | | 241,472 | 0 | 111,037 |
| VP Outpatient Services | 0 0 | | | | | | | | | |
| Vicki Giambrone | 40 0 | | | | | X | | 251,609 | 0 | 44,629 |
| VP Maktng External Relations | 0 0 | | | | | | | | | |
| Maragret Hemmen | 40 0 | | | | | X | | 195,976 | 0 | 17,526 |
| CR Nurse Anesthetist | 0 0 | | | | | | | | | |
| Gregory Huff | 40 0 | | | | | X | | 169,524 | 0 | 34,845 |
| Director Pharmacy | 0 0 | | | | | | | | | |
| Erika Green | 40 0 | | | | | X | | 164,629 | 0 | 16,283 |
| CR Nurse Anesthetist | 0 0 | | | | | | | | | |
| Elizabeth Fredette | 40 0 | | | | | X | | 162,966 | 0 | 42,930 |
| Director Info Services CIO | 0 0 | | | | | | | | | |
| DAVID KINSAUL | 0 0 | | | | | | | | | |
| FORMER PRESIDENT AND CEO | 0 0 | | | | | | X | 307,652 | 0 | 9,138 |

SCHEDULE A
(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

| | |
|--|--|
| Name of the organization Dayton Children's Hospital | Employer identification number 31-0672132 |
|--|--|

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 | <input type="checkbox"/> | A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i). |
| 2 | <input type="checkbox"/> | A school described in section 170(b)(1)(A)(ii). (Attach Schedule E) |
| 3 | <input checked="" type="checkbox"/> | A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii). |
| 4 | <input type="checkbox"/> | 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 | <input type="checkbox"/> | 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 | <input type="checkbox"/> | A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v). |
| 7 | <input type="checkbox"/> | 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 | <input type="checkbox"/> | A community trust described in section 170(b)(1)(A)(vi) (Complete Part II) |
| 9 | <input type="checkbox"/> | An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III) |
| 10 | <input type="checkbox"/> | An organization organized and operated exclusively to test for public safety See section 509(a)(4). |
| 11 | <input type="checkbox"/> | 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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated |
| e | <input type="checkbox"/> | 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 | <input type="checkbox"/> | 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 | <input type="checkbox"/> | 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 | <input type="checkbox"/> | 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 | |
|------------------|-------------|--|
|------------------|-------------|--|

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

| | |
|--|--|
| Name of the organization Dayton Children's Hospital | Employer identification number 31-0672132 |
|--|--|

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

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

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

| | | |
|----|---|--|
| 1 | Enter the amount of any excise tax incurred by the organization under section 4955 | ▶ \$ _____ |
| 2 | Enter the amount of any excise tax incurred by organization managers under section 4955 | ▶ \$ _____ |
| 3 | If the organization incurred a section 4955 tax, did it file Form 4720 for this year? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4a | Was a correction made? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| b | If "Yes," describe in Part IV | |

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

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

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

Part II-A

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

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

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

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

| Lobbying Expenditures During 4-Year Averaging Period | | | | | |
|--|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2010 | (b) 2011 | (c) 2012 | (d) 2013 | (e) Total |
| 2a Lobbying nontaxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots nontaxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

Part II-B

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

| For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity. | | (a) | | (b) |
|---|--|-----|----|---------|
| | | Yes | No | Amount |
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| | a Volunteers? | | No | |
| | b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | Yes | | |
| | c Media advertisements? | | No | |
| | d Mailings to members, legislators, or the public? | | No | |
| | e Publications, or published or broadcast statements? | | No | |
| | f Grants to other organizations for lobbying purposes? | Yes | | |
| | g Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | |
| | h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | Yes | | |
| | i Other activities? | | No | |
| j Total Add lines 1c through 1i | | | | 256,682 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | No | |

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

| Return Reference | Explanation |
|-----------------------|--|
| SCHEDULE C, PART II-B | LINE 1F OHIO HOSPITAL ASSOCIATION \$1,906 OHIO CHILDREN'S HOSPITAL ASSOCIATION \$131,696 NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS \$22,426 TOTAL \$156,028 LINE 1G MANAGEMENT TIME \$10,382 NACH 2014 FAMILY ADVOCACY DAYS \$4,476 TOTAL \$14,858 LINE 1H CONSULTING EXPENSE \$85,646 PRINTING AND SUPPLIES \$150 TOTAL \$85,796 TOTAL LINE 1J \$256,682 |
| | |
| | |
| | |
| | |
| | |
| | |

[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No 1545-0047

2013

Open to Public Inspection

| | |
|--|--|
| Name of the organization Dayton Children's Hospital | Employer identification number 31-0672132 |
|--|--|

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

▶ \$ _____

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

| | |
|----|--------|
| | Amount |
| 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 | 145,550,821 | 127,667,969 | 123,741,717 | 97,132,791 | 71,668,979 |
| b Contributions | 7,058,671 | 7,549,823 | 7,937,991 | 7,689,808 | 19,617,386 |
| c Net investment earnings, gains, and losses | 23,383,702 | 14,908,772 | 434,441 | 22,325,672 | 8,980,654 |
| d Grants or scholarships | 4,815,615 | 4,542,192 | 4,446,180 | 3,402,441 | 2,900,616 |
| e Other expenditures for facilities and programs | 37,370 | 33,551 | 0 | 4,113 | 233,612 |
| f Administrative expenses | 0 | 0 | 0 | 0 | 0 |
| g End of year balance | 171,140,209 | 145,550,821 | 127,667,969 | 123,741,717 | 97,132,791 |

- 2

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

a

Board designated or quasi-endowment

100 000 %

b

Permanent endowment

c

Temporarily restricted endowment

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

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes
- b

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

3b

Yes
- 4

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

Part VI

Land, Buildings, and Equipment. 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 | | 5,627,126 | | 5,627,126 |
| b Buildings | | 48,357,579 | 22,960,289 | 25,397,290 |
| c Leasehold improvements | | | | |
| d Equipment | | 127,486,839 | 65,982,696 | 61,504,143 |
| e Other | | 13,322,491 | 1,770,299 | 11,552,192 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 104,080,751 |

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 |
|----------------------------|--|
| Part V, Line 4 | The endowments are held by Dayton Children's Hospital Foundation, a subsidiary of Dayton Children's Hospital. The funds are used exclusively to support Dayton Children's Hospital and its subsidiaries. The intended use of the funds is to support medical research, the child life program and the medical chairs of specific hospital departments. |
| SCHEDULE D, PART X, LINE 2 | ALL SUBSIDIARIES OF THE HOSPITAL EXCEPT CHILDREN'S CARE GROUP (CCG), CHILDREN'S ANESTHESIA GROUP (CAG), AND SELECTED JOINT VENTURE ENTITIES ARE EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE WHOLLY OWNED FOR-PROFIT SUBSIDIARIES CCG AND CAG HAD NO TAXABLE INCOME IN 2014 OR 2013. THE PROVISION FOR INCOME TAXES FOR THE JOINT VENTURE ENTITIES IS NOT SIGNIFICANT TO THE HOSPITAL. THE HOSPITAL COMPLETED AN ANALYSIS OF ITS TAX POSITIONS IN ACCORDANCE WITH APPLICABLE ACCOUNTING GUIDANCE, AND DETERMINED THAT NO AMOUNTS WERE REQUIRED TO BE RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2014 OR 2013. |
| | |
| | |
| | |
| | |

[illegible]

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.
► Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Dayton Children's Hospital

Employer identification number
31-0672132

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

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

| (a) Region | (b) Number of offices in the region | (c) Number of employees, agents, and independent contractors in region | (d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service(s) in region | (f) Total expenditures for and investments in region |
|--|-------------------------------------|--|---|--|--|
| (1) Central America and the Caribbean | 1 | 2 | Investments | | 86,266,352 |
| (2) | | | | | |
| (3) | | | | | |
| (4) | | | | | |
| (5) | | | | | |
| 3a Sub-total | 1 | 2 | | | 86,266,352 |
| b Total from continuation sheets to Part I | | | | | |
| c Totals (add lines 3a and 3b) | 1 | 2 | | | 86,266,352 |

Part II

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

| 1 | (a) Name of organization | (b) IRS code section and EIN (if applicable) | (c) Region | (d) Purpose of grant | (e) Amount of cash grant | (f) Manner of cash disbursement | (g) Amount of non-cash assistance | (h) Description of non-cash assistance | (i) Method of valuation (book, FMV, appraisal, other) |
|-------|--------------------------|--|------------|----------------------|--------------------------|---------------------------------|-----------------------------------|--|---|
| (1) | | | | | | | | | |
| (2) | | | | | | | | | |
| (3) | | | | | | | | | |
| (4) | | | | | | | | | |

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

Part III

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

| (a) Type of grant or assistance | (b) Region | (c) Number of recipients | (d) Amount of cash grant | (e) Manner of cash disbursement | (f) Amount of non-cash assistance | (g) Description of non-cash assistance | (h) Method of valuation (book, FMV, appraisal, other) |
|---------------------------------|------------|--------------------------|--------------------------|---------------------------------|-----------------------------------|--|---|
| (1) | | | | | | | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| (5) | | | | | | | |
| (6) | | | | | | | |
| (7) | | | | | | | |
| (8) | | | | | | | |
| (9) | | | | | | | |
| (10) | | | | | | | |
| (11) | | | | | | | |
| (12) | | | | | | | |
| (13) | | | | | | | |
| (14) | | | | | | | |
| (15) | | | | | | | |
| (16) | | | | | | | |
| (17) | | | | | | | |
| (18) | | | | | | | |

Part IV Foreign Forms

- 1

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

☒ Yes ☐ No
- 2

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

☐ Yes ☒ No
- 3

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

☒ Yes ☐ No
- 4

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

☐ Yes ☒ No
- 5

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

☐ Yes ☒ No
- 6

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

☐ Yes ☒ No

Additional Data

Software ID:

Software Version:

EIN: 31-0672132

Name: Dayton Children's Hospital

Part V Supplemental Information

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

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

| | |
|--|--|
| Name of the organization Dayton Children's Hospital | Employer identification number 31-0672132 |
|--|--|

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.

| Revenue | | (a) Event #1 | (b) Event #2 | (c) Other events | (d) Total events (add col (a) through col (c)) | |
|-----------------|----|---|-----------------------------|----------------------------|--|-----------|
| | | <u>GOLF OUTING</u> (event type) | <u>SFOT</u> (event type) | <u>2</u> (total number) | | |
| | 1 | Gross receipts | 144,695 | 139,346 | 99,074 | 383,115 |
| | 2 | Less Contributions . . . | 9,550 | 7,770 | | 17,320 |
| | 3 | Gross income (line 1 minus line 2) | 135,145 | 131,576 | 99,074 | 365,795 |
| Direct Expenses | 4 | Cash prizes | | 1,073 | | 1,073 |
| | 5 | Noncash prizes . . . | 1,920 | | | 1,920 |
| | 6 | Rent/facility costs . . . | 25,212 | 6,000 | 6,500 | 37,712 |
| | 7 | Food and beverages . | 15,313 | 24,245 | 15,335 | 54,893 |
| | 8 | Entertainment | 200 | 480 | 724 | 1,404 |
| | 9 | Other direct expenses . | 2,471 | 13,071 | 4,326 | 19,868 |
| | 10 | Direct expense summary Add lines 4 through 9 in column (d) ► | | | | (116,870) |
| | 11 | Net income summary Subtract line 10 from line 3, column (d) ► | | | | 248,925 |

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

| | | (a) Bingo | (b) Pull tabs/Instant bingo/progressive bingo | (c) Other gaming | (d) Total gaming (add col (a) through col (c)) |
|-----------------|---|---|---|------------------|--|
| | | | | | |
| Revenue | 1 | Gross revenue | | | |
| | 2 | Cash prizes | | | |
| | 3 | Non-cash prizes | | | |
| | 4 | Rent/facility costs | | | |
| | 5 | Other direct expenses . . . | | | |
| Direct Expenses | 6 | Volunteer labor | | | |
| | 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

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

14

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

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

b

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

c

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

Name

Address

16

Gaming manager information

Name

Gaming manager compensation \$

Description of services provided

☐ Director/officer

☐ Employee

☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

b

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

Part IV

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

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

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
Dayton Children's Hospital

Employer identification number
31-0672132

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

7

Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| a Financial Assistance at cost (from Worksheet 1) | | | 802,770 | | 802,770 | 0 380 % |
| b Medicaid (from Worksheet 3, column a) | | | 105,171,986 | 80,196,130 | 24,975,856 | 11 890 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) . . | | | | | | |
| d Total Financial Assistance and Means-Tested Government Programs . . | | | 105,974,756 | 80,196,130 | 25,778,626 | 12 270 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 564,913 | | 564,913 | 0 270 % |
| f Health professions education (from Worksheet 5) | | | 3,908,997 | 1,381,123 | 2,527,874 | 1 200 % |
| g Subsidized health services (from Worksheet 6) | | | 15,272,819 | 5,927,487 | 9,345,332 | 4 450 % |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 209,366 | | 209,366 | 0 100 % |
| j Total. Other Benefits | | | 19,956,095 | 7,308,610 | 12,647,485 | 6 020 % |
| k Total. Add lines 7d and 7j . . | | | 125,930,851 | 87,504,740 | 38,426,111 | 18 290 % |

Part II

Community Building Activities

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

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|----|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1 | Physical improvements and housing | | | | | |
| 2 | Economic development | | 108,619 | | 108,619 | 0.050 % |
| 3 | Community support | | 7,411 | | 7,411 | |
| 4 | Environmental improvements | | | | | |
| 5 | Leadership development and training for community members | | 4,531 | | 4,531 | |
| 6 | Coalition building | | 3,550 | | 3,550 | |
| 7 | Community health improvement advocacy | | 15,770 | | 15,770 | 0.010 % |
| 8 | Workforce development | | 13,395 | | 13,395 | 0.010 % |
| 9 | Other | | | | | |
| 10 | Total | | 153,276 | | 153,276 | 0.070 % |

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

3,750,725

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

994,720

4

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

Section B. Medicare

5

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

5

316,208

6

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

6

316,208

7

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

7

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐

Cost accounting system

☐

Cost to charge ratio

☐

Other

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number

| | | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) | Facility reporting group |
|--|---------------------------|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|------------------|--------------------------|
| | See Additional Data Table | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
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| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

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)

DAYTON CHILDREN'S HOSPITAL

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)

1

| | Yes | No |
|---|--------------|----|
| Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012) | | |
| 1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply) | 1 Yes | |
| a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility | | |
| b <input checked="" type="checkbox"/> Demographics of the community | | |
| c <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 | | |
| d <input checked="" type="checkbox"/> How data was obtained | | |
| e <input checked="" type="checkbox"/> The health needs of the community | | |
| f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | |
| g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs | | |
| h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests | | |
| i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs | | |
| j <input checked="" type="checkbox"/> Other (describe in Part VI) | | |
| 2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u> | | |
| 3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | 3 Yes | |
| 4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI | 4 | No |
| 5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply) | 5 Yes | |
| a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.CHILDRENSDAYTON.ORG</u> | | |
| b <input type="checkbox"/> Other website (list url) | | |
| c <input checked="" type="checkbox"/> Available upon request from the hospital facility | | |
| d <input checked="" type="checkbox"/> Other (describe in Part VI) | | |
| 6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year) | | |
| a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA | | |
| b <input type="checkbox"/> Execution of the implementation strategy | | |
| c <input type="checkbox"/> Participation in the development of a community-wide plan | | |
| d <input type="checkbox"/> Participation in the execution of a community-wide plan | | |
| e <input type="checkbox"/> Inclusion of a community benefit section in operational plans | | |
| f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA | | |
| g <input checked="" type="checkbox"/> Prioritization of health needs in its community | | |
| h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community | | |
| i <input checked="" type="checkbox"/> Other (describe in Part VI) | | |
| 7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs | 7 | No |
| 8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? | 8a | No |
| b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? | 8b | |
| c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ | | |

Part V

Facility Information (continued)

| Financial Assistance Policy | | Yes | No |
|-----------------------------|---|-----|-----|
| 9 | Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | 9 | Yes |
| 10 | Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 100% If "No," explain in Part VI the criteria the hospital facility used | 10 | Yes |
| 11 | Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 150 % If "No," explain in Part VI the criteria the hospital facility used | 11 | Yes |
| 12 | Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) | 12 | Yes |
| a | <input checked="" type="checkbox"/> Income level | | |
| b | <input type="checkbox"/> Asset level | | |
| c | <input checked="" type="checkbox"/> Medical indigency | | |
| d | <input checked="" type="checkbox"/> Insurance status | | |
| e | <input type="checkbox"/> Uninsured discount | | |
| f | <input type="checkbox"/> Medicaid/Medicare | | |
| g | <input checked="" type="checkbox"/> State regulation | | |
| h | <input type="checkbox"/> Residency | | |
| i | <input type="checkbox"/> Other (describe in Part VI) | | |
| 13 | Explained the method for applying for financial assistance? | 13 | Yes |
| 14 | Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | 14 | Yes |
| a | <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website | | |
| b | <input checked="" type="checkbox"/> The policy was attached to billing invoices | | |
| c | <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms | | |
| d | <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices | | |
| e | <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility | | |
| f | <input checked="" type="checkbox"/> The policy was available upon request | | |
| g | <input type="checkbox"/> Other (describe in Part VI) | | |
| Billing and Collections | | | |
| 15 | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? | 15 | Yes |
| 16 | Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP | | |
| a | <input type="checkbox"/> Reporting to credit agency | | |
| b | <input type="checkbox"/> Lawsuits | | |
| c | <input type="checkbox"/> Liens on residences | | |
| d | <input type="checkbox"/> Body attachments | | |
| e | <input type="checkbox"/> Other similar actions (describe in Section C) | | |
| 17 | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged | 17 | No |
| a | <input type="checkbox"/> Reporting to credit agency | | |
| b | <input type="checkbox"/> Lawsuits | | |
| c | <input type="checkbox"/> Liens on residences | | |
| d | <input type="checkbox"/> Body attachments | | |
| e | <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 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? | 19 | Yes | |
| If "No," indicate why | | | |
| a <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 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 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? | 21 | | No |
| If "Yes," explain in Part VI | | | |
| 22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? | 22 | | No |
| If "Yes," explain in Part VI | | | |

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.

[illegible]

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? 9

| Name and address | | Type of Facility (describe) |
|------------------|---|--|
| 1 | WARREN COUNTY SPECIALTY CARE CENTER 100 CAMPUS LOOP ROAD SUITE A FRANKLIN, OH 45005 | OUTPATIENT CARE CENTER AND OUTPATIENT DIAGNOSTIC CENTER |
| 2 | SPRINGBORO URGENT CARE & OP CARE CENTER 3333 WEST TECH ROAD MIAMISBURG, OH 45342 | URGENT CARE CENTER AND OUTPATIENT DIAGNOSTIC CENTER |
| 3 | DAYTON ORTHOPAEDICS - SOUTH 2350 MIAMI VALLEY DRIVE DAYTON, OH 45459 | OUTPATIENT CARE CENTER |
| 4 | VANDALIA OUTPATIENT TESTING CENTER 810 FALLS CREEK DRIVE SUITE A VANDALIA, OH 45377 | OUTPATIENT DIAGNOSTIC CENTER |
| 5 | BEAVERCREEK OUTPATIENT TESTING CENTER 3224 DAYTON-XENIA ROAD BEAVERCREEK, OH 45431 | OUTPATIENT DIAGNOSTIC CENTER |
| 6 | SUGARCREEK OUTPATIENT TESTING CENTER 6116 WILMINGTON PIKE CENTERVILLE, OH 45459 | OUTPATIENT DIAGNOSTIC CENTER |
| 7 | KETTERING OUTPATIENT TESTING CENTER 4475 FAR HILLS AVENUE KETTERING, OH 45429 | OUTPATIENT DIAGNOSTIC CENTER |
| 8 | SPRINGFIELD SPECIALTY CARE CENTER 30 W MCCREIGHT AVENUE SPRINGFIELD, OH 45504 | OUTPATIENT CARE CENTER |
| 9 | DAYTON ORTHOPAEDICS - TROY 31 STANFIELD ROAD TROY, OH 45473 | OUTPATIENT CARE CENTER |
| 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 |
|-------------------------|--|
| Part VI #1 | DAYTON CHILDREN'S INCLUDED \$15,272,819 OF PHYSICIAN CLINIC COSTS IN THE SUBSIDIZED HEALTH SERVICES CATEGORY PART I LINE 7 THE FOLLOWING COSTING METHODOLOGIES WERE USED IN PREPARATION OF SCHEDULE H PART I, LINE 7 -CHARITY CARE AT COST WAS CALCULATED USING THE COST TO CHARGE RATIO -UNREIMBURSED MEDICAID WAS CALCULATED USING THE COST TO CHARGE RATIO -COMMUNITY HEALTH IMPROVEMENT SERVICES WERE VALUED AT THE ACTUAL CASH COSTS, INCLUDING DIRECTLY ASSIGNABLE PAYROLL COSTS, RELATED TO THESE ACTIVITIES NO OVERHEAD ALLOCATION WAS CHARGED TO ANY AMOUNT INCLUDED IN THIS COMPUTATION -HEALTH PROFESSIONS EDUCATION COSTS WERE DETERMINED USING THE FACILITY'S MEDICARE COST REPORTED, SUPPLEMENTED BY THE ACTUAL CASH COSTS, INCLUDING DIRECTLY ASSIGNABLE PAYROLL COSTS, RELATED TO THESE ACTIVITIES -SUBSIDIZED HEALTH SERVICES COSTS WERE DETERMINED USING THE FACILITY'S INTERNAL COST ACCOUNTING SYSTEM THE COST OF THESE SERVICES INCLUDES DIRECT COSTS ATTRIBUTABLE TO HEALTH SERVICES OPERATIONS, TOGETHER WITH AN ALLOCATION OF FACILITY DIRECT AND INDIRECT OVERHEAD USING A COST FINDING METHODOLOGY PATTERNED AFTER THE MEDICARE COST REPORT -CASH AND IN KIND CONTRIBUTIONS WERE VALUED AT THE ACTUAL CASH COSTS, INCLUDING DIRECTLY ASSIGNABLE PAYROLL COSTS, RELATED TO THESE ACTIVITIES NO OVERHEAD ALLOCATION WAS CHARGED TO ANY AMOUNT INCLUDED IN THIS COMPUTATION PART III, LINE 4 THE COSTING METHODOLOGY USED IN PREPARATION OF BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS IS THE COST TO CHARGE RATIO, RATIO OF PATIENT COST-TO-CHARGE THE DAYTON CHILDREN'S AUDITED FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE DISCUSSING BAD DEBT EXPENSE A PROVISION FOR BAD DEBT EXPENSE IS SHOWN ON THE PROFIT AND LOSS STATEMENT THE CALCULATION OF BAD DEBT EXPENSE IS IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES REQUIRING MANAGEMENT TO MAKE ESTIMATES AND ASSUMPTIONS BASED ON HISTORICAL DATA THAT AFFECT THE REPORTED AMOUNTS OF REVENUE AND EXPENSES DURING THE REPORTED PERIOD LIKEWISE, AN ALLOWANCE FOR BAD DEBT IS SHOWN ON THE BALANCE SHEET UNDER THE SAME PRINCIPLE AFFECTING THE REPORTED AMOUNTS OF ASSETS AND LIABILITIES DURING THE REPORTED PERIOD PART III, LINE 8 THE COSTS REPORTED FOR SERVICES PROVIDED TO MEDICARE PATIENTS COME FROM SCHEDULE E OF THE FACILITY'S COST REPORT AS FILED SINCE DAYTON CHILDREN'S IS REIMBURSED FOR MEDICARE SERVICES UNDER A TEFRA METHODOLOGY, THERE IS NORMALLY NO SHORTFALL, AS ALLOWED COSTS AND PAYMENTS DUE ARE EQUAL PART III, LINE 9B THE HOSPITAL'S POLICIES ON BILLING AND COLLECTIONS ARE POSTED ON OUR WEBSITE UNDER THE "FINANCIAL MATTERS" TAB IT IS THE HOSPITAL'S POLICY TO PUBLICIZE THE AVAILABILITY OF FREE CARE, GOVERNMENT AND OTHER FINANCIAL ASSISTANCE PROGRAMS UP FRONT BEFORE SERVICES ARE PROVIDED THROUGH MEANS SUCH AS ONSITE FINANCIAL COUNSELORS AND BROCHURES PROVIDED IN THE REGISTRATION AREAS EACH OF THESE AVENUES OF COMMUNICATION INCLUDES DETAILED INSTRUCTIONS ON HOW PATIENTS AND FAMILIES MAY APPLY FOR ASSISTANCE THE HOSPITAL'S POLICIES ON BILLING AND COLLECTIONS SPECIFY WHEN COLLECTION ACTION MAY BE TAKEN AND MAKES IT CLEAR THAT THESE MEASURES WILL ONLY OCCUR AFTER DAYTON CHILDREN'S HAS MADE REASONABLE EFFORTS TO CONTACT A FAMILY ABOUT ITS BILL AND THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS THESE PRACTICES APPLY TO ALL PATIENTS IN GENERAL, NOT ONLY PATIENTS WHO MIGHT BE ELIGIBLE FOR FINANCIAL ASSISTANCE IN ADDITION, PATIENTS ARE INFORMED OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS THROUGH SIGNS DISPLAYED IN REGISTRATION AREAS AND THROUGH MESSAGES APPEARING ON BILLING STATEMENTS MAILED BY THE HOSPITAL FINALLY, THE HOSPITAL EMPLOYS ON-SITE FINANCIAL COUNSELORS WHO CONTACT PATIENTS WITHOUT COVERAGE IN ORDER TO DISCUSS THEIR ELIGIBILITY FOR FINANCIAL ASSISTANCE PROGRAMS VIA PHONE OR THROUGH FACE-TO-FACE INTERVIEWS THESE FINANCIAL COUNSELORS WILL ASSIST FAMILIES IN APPLYING FOR FINANCIAL ASSISTANCE PROGRAMS IF DESIRED |

| Form and Line Reference | Explanation |
|-------------------------|--|
| Part VI #2 | <p>#2 Needs Assessment Describe how the organization assesses the health care needs of the communities it serves Improving the health status of children is a key component of the Dayton Children's Hospital mission To help develop meaningful and impactful community engagement and child health programs, Dayton Children's evaluates the status of our region's pediatric health every three years through a Community Health Needs Assessment (CHNA) Dayton Children's CHNA includes feedback from the groups convened by the hospital including community members, experts in public health and clinical practitioners and includes data regarding the health needs of vulnerable pediatric populations, including minorities, those with chronic illnesses, low-income populations and medically-underserved populations The first assessment was conducted in 2002 then in 2005, 2008, and 2011 Our fifth and most current assessment was completed in June 2014 Funded by the Dayton Children's Foundation Board, guided by the Dayton Children's Board of Trustees Advocacy Committee and adopted by the Dayton Children's Board of Trustees, the needs assessment uncovers the highest priority child health and safety issues As the leaders in child health, Dayton Children's provides the assessment report to provide community health advocates insights into the health and well-being of our region's children and to provide a path to work together to develop or refine programs to improve the health status of all children through community benefit investments Dayton Children's approached our needs assessment through a four-part data collection process</p> <ol style="list-style-type: none"> 1 Secondary Data Scan In partnership with the Greater Dayton Area Hospital Association and the Center for Urban and Public Affairs at Wright State University, a report was compiled to paint a detailed picture of the Dayton Children's Hospital primary service area Aggregate hospital ICD9 emergency room and hospital inpatient discharge diagnoses data were obtained from the Ohio Hospital Association via the Greater Dayton Area Hospital Association Cancer data and vital statistics were obtained from the Ohio Department of Health 2 Parent Perception Survey Dayton Children's used an independent research firm to conduct a parent perception survey to better understand top pediatric health and safety needs Six hundred and forty-two parents of children living in the Dayton Children's Hospital general service area were surveyed either online or via telephone interview between January 27 and February 25, 2014 3 Physician Conversations An in-depth interview was done with a representative group of practicing physicians within the Greater Dayton community Physicians serving a variety of demographics and counties within the region were represented including public health clinics These surveys were used to identify and prioritize key pediatric health issues, understand how consumers receive care for these issues today and determine how health professionals believe Dayton Children's Hospital can respond to pediatric health priorities 4 Parent Focus Groups Focus groups were conducted with parents to dig deeper into some of the challenges and barriers associated with their top health and safety concerns To choose priorities for action, the Dayton Children's CHNA multidisciplinary team reviewed the data from all four segments and then rated the needs against criteria including prevalence, seriousness (hospitalization and/or death), impact on other health issues, urgency, prevention, economics/feasibility, acceptability and resources This multidisciplinary team included staff from Dayton Children's along with representatives from local health departments While children are generally healthy, the study pointed to key areas where our community can work to improve the health of children in our community <ol style="list-style-type: none"> 1 Childhood obesity remains at the forefront of child health issues In the 2014 parent survey, 41 percent of children were identified as overweight or obese The majority of parents of overweight and obese children do not perceive their children as having any weight problem Ten percent of parents of obese children believe that their child is underweight and only 5 percent of those parents correctly identify their child as being "very overweight" 2 Mental disorders are the most common inpatient discharge diagnosis for youth ages 5-14 Fifteen percent of parents named chronic and congenital conditions that concern them Of those 15 percent, 25 percent chose developmental or learning disabilities as a top concern and 24 percent chose autism as a top chronic or congenital concern There is an inadequate number of resources for the number of pediatric patients needing mental health support 3 The regional infant mortality rate was substantially lower than Ohio's rate over most of the study period then climbed up to the Ohio's rate in more recent years Sleep-related deaths are a large contributor to infant mort |

| Form and Line Reference | Explanation |
|-------------------------|--|
| Part VI #2 | <p>ality According to the Ohio Child Fatality Review, 2007-2011, 41 percent of infant deaths from 1 month to 1 year are sleep related In that same report, the 819 infant sleep-relat ed deaths accounted for 15 percent of the 5,418 total reviews for infant deaths from 2007 to 2011, more than any single cause of death except prematurity In Montgomery County alone, 16.7 percent of the infant deaths in 2012 were sleep-related incidents Future investme nts are outlined in an implementation strategy adopted by the Dayton Children's Board of T rustees, per IRS requirements The implementation plan includes the following strategies 1 Dayton Children's will focus on decreasing pediatric obesity by working with local pedi atricians and health care providers to make sure they have appropriate resources available to help children and their families choose healthier lifestyles 2 Dayton Children's wil l create a Center for Pediatric Mental Health to increase access and coordinate resources for pediatric mental health in the hospital's primary service area 3 Dayton Children's will invest in education for parents about safe sleep practices for their infants Our asse ssment and implementation plan was shared with the public at a media conference on June 20 , 2014, to disseminate the information In addition, we created a summary report and outli ned the next steps for each of the key issues Finally, our health assessment was publishe d on our hospital website and is available upon request for any interested party</p> |

| Form and Line Reference | Explanation |
|-------------------------|--|
| Part VI #3 | <p>#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 THE HOSPITAL'S POLICIES ON BILLING AND COLLECTIONS ARE POSTED ON OUR WEBSITE UNDER THE "FINANCIAL MATTERS" TAB IT IS THE HOSPITAL'S POLICY TO PUBLICIZE THE AVAILABILITY OF FREE CARE, GOVERNMENT, AND OTHER FINANCIAL ASSISTANCE PROGRAMS BEFORE SERVICES ARE PROVIDED THROUGH MEANS SUCH AS ONSITE FINANCIAL COUNSELORS AND BROCHURES PROVIDED IN THE REGISTRATION AREAS EACH OF THESE AVENUES OF COMMUNICATION INCLUDES DETAILED INSTRUCTIONS ON HOW PATIENTS AND FAMILIES MAY APPLY FOR ASSISTANCE THE HOSPITAL'S POLICIES ON BILLING AND COLLECTIONS SPECIFY WHEN COLLECTION ACTION MAY BE TAKEN AND MAKES IT CLEAR THAT THESE MEASURES WILL ONLY OCCUR AFTER DAYTON CHILDREN'S HAS MADE REASONABLE EFFORTS TO CONTACT A FAMILY ABOUT ITS BILL AND THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS THESE PRACTICES APPLY TO ALL PATIENTS IN GENERAL, NOT ONLY PATIENTS WHO MIGHT BE ELIGIBLE FOR FINANCIAL ASSISTANCE IN ADDITION, PATIENTS ARE INFORMED OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS THROUGH SIGNS DISPLAYED IN REGISTRATION AREAS AND THROUGH MESSAGES APPEARING ON BILLING STATEMENTS MAILED BY THE HOSPITAL FINALLY, THE HOSPITAL EMPLOYS ON-SITE FINANCIAL COUNSELORS WHO CONTACT PATIENTS WITHOUT COVERAGE IN ORDER TO DISCUSS THEIR ELIGIBILITY FOR FINANCIAL ASSISTANCE PROGRAMS VIA PHONE OR THROUGH FACE-TO-FACE INTERVIEWS THESE FINANCIAL COUNSELORS WILL ASSIST FAMILIES IN APPLYING FOR FINANCIAL ASSISTANCE</p> |

| Form and Line Reference | Explanation |
|-------------------------|---|
| Part VI #4 | <p>#4 Community information Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves Dayton Children's Hospital is located in Old North Dayton, northeast of downtown Dayton and the urban core, in Montgomery County in southwestern Ohio The hospital's roots can be traced back to 1919, when philanthropist and activist Anna Barney Gorman planned a North Dayton community center to offer health services, education and recreation The Barney Community Center later developed into the Barney Convalescent Hospital, which cared for polio victims In 1967 a full-service children's hospital, The Barney Children's Medical Center, opened The name was changed in 1970 to The Children's Medical Center of Dayton In spring 2013, the hospital changed its name once again to Dayton Children's Hospital Dayton Children's now serves 20 Ohio counties, including the primary (Montgomery, Greene, Clark and Miami Counties), the northern (Allen, Auglaize and Shelby counties), and the southern (parts of Butler and Warren counties) service areas and our secondary service area including Preble, Darke, Mercer, Van Wert, Clinton, Madison, Hancock, Hardin, Logan, Fayette, Champaign and Wayne County, Indiana Our service area spans 9,000 square miles with a 2.1 million pediatric population that includes poor urban and rural areas We are the only pediatric health care provider and the largest provider of medical care to low-income children in the region Currently, we serve a disproportionate share of children from low-income families Currently over 50 percent of the patients at Dayton Children's are covered by Medicaid In addition, Dayton Children's serves as the pediatric resource for military families stationed at nearby Wright-Patterson Air Force Base Dayton Children's has always believed that infants, children and teens need to be cared for by pediatric specialists With improved access to pediatric specialty services, we were able to provide expert care to over 288,000 children in our 20-county region Our outpatient and alternative services including pediatric laboratory and imaging, complement our inpatient services Many programs have received certifications and accreditations from organizations setting the standards of quality care, our scores from the Joint Commission on Accreditation of Healthcare Organizations are consistently among the highest in the nation In Fall 2013, Dayton Children's Hospital received Magnet designation, meaning the hospital is recognized nationally as the gold standard in patient care and the professional practice of nursing by the American Nurses Credentialing Center (ANCC)</p> |

| Form and Line Reference | Explanation |
|-------------------------|--|
| Part VI #5 | <p>#5 Promotion of community health Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community Through a variety of community-building activities, Dayton Children's staff and senior leadership are working beyond the walls of our hospital to create a healthy community for all children and families in our region As the only children's hospital in the region, we take our pediatric expertise into the community to solve problems and create a healthy community for our children Our community relationships demonstrate our commitment to Dayton and surrounding community - a community we have called home for nearly 50 years Dayton Children's is committed to working with our many valued partners to help ensure Dayton remains a great city to live, work and play Dayton Children's works to educate the community about the uniqueness of pediatric health care Our staff serves on professional organizations and health advisory boards to make sure children's health issues are not forgotten and to educate future clinicians about pediatric issues Professional organizations and advisory boards include American Organization of Nurse Executives, Oakwood Board of Health, Ohio Nutrition Council, Leukemia and Lymphoma Society, Ohio Organization of Nursing Executives, Ohio Adolescent Health Partnership, Epilepsy Foundation of Western Ohio and the Southwest Ohio Hemophilia Foundation Tied directly to the community needs identified through our assessment, Dayton Children's participates in a variety of community building and community outreach initiatives to address the leading health issues affecting children in our community As it is nationally, obesity continues to be a major pediatric health concern for our region According to our 2014 CHNA, childhood obesity and poor nutrition continue to be a significant issue in our community Through community-building activities with organizations such as Get Up Montgomery County, YMCA Healthy Kids Days, Boonshoft Museum of Discovery Exhibits to Go and Girls on the Run, we have worked with partners to address this community issue Dayton Children's provides unique pediatric expertise relating to childhood obesity and its comorbidities in order to give parents and children in our community actionable tips and tools to reduce childhood obesity in our region Many of our experts give presentations throughout the community to give parents, caregivers and children more tools to make healthy lifestyle choices This year Dayton Children's also began efforts to curb Ohio's high infant mortality rate through our Infant Mortality Awareness and Prevention Committee In the community, Dayton Children's focused on education around the ABCs of safe sleep by providing caregivers and physicians information and resources about the importance of safe sleep Dayton Children's staff also attended community events targeting new parents to teach them about safe sleep practices Another finding of our CHNA was that 17 percent of parents were concerned about asthma, 15 percent were concerned about food or airborne allergies, and 17 percent of parents were concerned about developmental delays/learning disabilities In addition to providing community health improvement services to address these issues, Dayton Children's works with a variety of community partners and programs such as the Goodwill Easter Seals and the Asthma Coach Program Training to give parents and children in our service area greater resources to address special needs issues Our experts frequently give educational presentations to parents and community groups to help them care for children with special needs Dayton Children's also receives a Kohl's Cares grant from Kohl's Department Stores that we use to provide public education on key health and safety topics This year our focus was "Green Cleaning" and "Handwashing" Both of these topics were chosen to address childhood illnesses including asthma and flu Unintentional injury is a leading cause of death and disability for children across the country and the statistics are very similar for our service areas as well We work with partners such as SAFE Communities, Ohio Injury Prevention Partnership, Ohio Occupant Protection Regional Coordinator Program, and the Montgomery County Child Fatality Review Board to address some of the key unintentional injuries to children in our community such as motor vehicle accidents, pedestrian accidents and unsafe sleep practices We are the lead agency of Safe Kids Greater Dayton, which is our region's leader in childhood injury prevention programming The Safe Kids Greater Dayton coalition addresses key pediatric safety issues with community programming including child passenger safety, pedestrian safety, home/fire safety, medication poisoning prevention and bicycle helmet education Dayton Children's also works with spor</p> |

| Form and Line Reference | Explanation |
|-------------------------|---|
| Part VI #5 | <p>ts teams and coaches to prevent sports injuries and concussions Beyond participation in o rganizations that directly impact children and children's health, Dayton Children's staff and leadership serve on various coalitions to improve the economic and social health of ou r community including the County Corp, Beavercreek Chamber of Commerce, Homeless Solutions Policy Board, United Way, the National Conference for Community and Justice, University o f Dayton Center for Catholic Education, Urban Child Development Center Board and the Great er Dayton Hospital Association Through these activities, Dayton Children's strives to cre ate a community that is a place where all children and families grow and thrive A signifi cant community building project during fiscal year 2013-2014 was Dayton Children's partici pation in the Da Vinci Neighborhood Revitalization Project Started in 2007 and re-energiz ed in 2013, the Da Vinci project is a comprehensive strategy for neighborhood revitalizati on supported in the Old North Dayton and McCook Field neighborhoods and the business commu nity around it Dayton Children's leads this effort and is joined by partners including th e City of Dayton, Greater Old North Dayton Business Association, The Salvation Army KROC C enter, the University of Dayton Fitz Center of Leadership in Community, St Mary's Communi ty Development Corp and CityWide Development The Da Vinci Project is working on efforts to demolish nuisance buildings, realign streets, build a children's garden, revitalize bus stops, improve wayfinding and beautify the neighborhood so it continues to be attractive to families and businesses Dayton Children's is an indispensable resource to our communit y because we</p> <ul style="list-style-type: none"> -Serve as the community's safety net hospital by caring for all children reg ardless of their ability to pay, while providing and subsidizing hospital and community-ba sed services that are either limited or unavailable elsewhere in our community -Serve as a voice for children through public policy advocacy to change laws, policies or systems le ading to the improvement of health and safety for children and families -Join with commun ity partners and lend support throughout our region to improve the lives of children and t heir families -Train future doctors and health care providers to become the next generati on of high quality, professional pediatric experts, often at a financial loss to the hospi tal <p>At Dayton Children's we are committed to living our mission to improve the health sta tus of all children Our community benefit activities demonstrate this commitment to our c ommunity's children As a not-for-profit hospital, we recognize that we must always do wha t is in the best interest of the patients and the community-that our mission trumps profit At Dayton Children's, we serve a disproportionate share of children from low-income fami lies In fact, over 53 percent of the patients at Dayton Children's are covered by Medicaid Dayton Children's is a leader in improving access to health insurance for children and families through its advocacy efforts We have worked to expand children's coverage statewide and nationally The hospital has provided critical resources and support to efforts to ensure that these gains are translated into actual coverage by enrolling uninsured childr en on-site Dayton Children's Health Clinic is a primary care provider for many of the reg ion's infants, children and teens Not only is Children's Health Clinic a "safety net" for many families with more than 18,000 visits each year, it is also a rich training setting for future pediatricians As a teaching hospital, Dayton Children's is dedicated to traini ng the next generation of pediatricians and pediatic specialists Each year, Dayton Child ren's hosts 50 medical residents from the Wright State University Boonshoft School of Medi cine In addition, Dayton Children's houses this country's only civilian/military integrat ed pediatric residency program with Wrig</p> |

Additional Data

Software ID:
Software Version:
EIN: 31-0672132
Name: Dayton Children's Hospital

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| Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc. | |
| Form and Line Reference | Explanation |
| PART V - 1J | THE DAYTON CHILDREN'S COMMUNITY HEALTH NEEDS ASSESMENT ALSO INCLUDED A PARENT PERCEPTION SURVEY TO BETTER UNDERSTAND TOP PEDIATRIC HEALTH AND SAFETY NEEDS AND HOW PARENTS VIEW THOSE NEEDS IN ORDER TO FORM OUR IMPLEMENTATION STRATEGIES SIX HUNDRED AND FORTY-TWO PARENTS OF CHILDREN LIVING IN THE DAYTON CHILDREN'S HOSPITAL GENERAL SERVICE AREA WERE SURVEYED EITHER ONLINE OR VIA TELEPHONE INTERVIEW BETWEEN JANUARY 27 AND FEBRUARY 25,2014 FOCUS GROUPS WERE CONDUCTED WITH PARENTS TO DIG DEEPER INTO SOME OF THE CHALLENGES AND BARRIERS ASSOCIATED WITH THEIR TOP HEALTH AND SAFETY CONCERNS |

Section C. Supplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

| Form and Line Reference | Explanation |
|-------------------------|---|
| PART V - 3 | IN ADDITION TO THE SECONDARY DATA SCAN, PARENT PERCEPTION SURVEY AND PARENT FOCUS GROUPS USED TO IDENTIFY HEALTH ISSUES AND PRIORITIES AS PART OF OUR COMMUNITY HEALTH NEEDS ASSESSMENT, DAYTON CHILDREN'S HOSPITAL CONDUCTED IN-DEPTH INTERVIEWS WITH A REPRESENTATIVE GROUP OF PRACTICING PHYSICIANS WITHIN THE GREATER DAYTON COMMUNITY PHYSICIANS SERVING A VARIETY OF DEMOGRAPHICS AND COUNTIES WITHIN THE REGION WERE REPRESENTED INCLUDING PUBLIC HEALTH CLINICS THESE SURVEYS WERE USED TO IDENTIFY AND PRIORITIZE KEY PEDIATRIC HEALTH ISSUES, UNDERSTAND HOW CONSUMERS RECEIVE CARE FOR THESE ISSUES TODAY AND DETERMINE HOW HEALTH PROFESSIONALS BELIEVE DAYTON CHILDREN'S HOSPITAL CAN RESPOND TO PEDIATRIC HEALTH PRIORITIES DAYTON CHILDREN'S ALSO ASSEMBLED A MULTIDISCIPLINARY TEAM TO HELP PRIORITIZE OUR FINDINGS THIS TEAM INCLUDED THE FOLLOWING COMMUNITY HEALTH NEEDS ASSESSMENT TEAM BELINDA HUFFMAN, RCP, BS, CPFT, PULMONARY HEALTH AND HEALTH COORDINATOR DAVID MIRKIN, MD, MEDICAL DIRECTOR LABORATORY/PATHOLOGY JACK PASCOE, MD, PROFESSOR WRIGHT STATE UNIVERSITY PEDIATRICS DEPARTMENT LISA SCHWING, RN, TRAUMA PROGRAM MANAGER RACHEL RIDDIFORD, MS, RD, LD, ORGANIZATIONAL NUTRITION AND HEALTHY WAY OFFICER SARA PATON, EPIDEMIOLOGIST, PUBLIC HEALTH DAYTON & MONTGOMERY COUNTY SHERYL WYNN, GREEN COUNTY COMBINED HEALTH DISTRICT ADDITIONAL SUBJECT MATTER EXPERTS CONSULTED ANN MARIE SCHMERSAL, MS, RN, CPNP-AC, NURSE PRACTITIONER, GENERAL PEDIATRICS ELAINE MARKLAND, BSN, RN, CPEN, EMERGENCY DEPARTMENT GREG RAMEY, PhD, EXECUTIVE DIRECTOR, CENTER FOR PEDIATRIC MENTAL HEALTH RESOURCES JIM EBERT, MD, MPH, PEDIATRIC LIPID CLINIC PHYSICIAN |

Section C. Supplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

| Form and Line Reference | Explanation |
|-------------------------|---|
| PART V - 5D | DAYTON CHILDREN'S ASSESSMENT AND IMPLEMENTATION PLAN WAS SHARED WITH THE PUBLIC AT A MEDIA CONFERENCE ON JUNE 20, 2014, TO DISSEMINATE THE INFORMATION IN ADDITION, WE CREATED A SUMMARY REPORT AND OUTLINED THE NEXT STEPS FOR EACH OF THE KEY ISSUES WHICH WAS DISSEMINATED TO LEGISLATORS WE ALSO WRITE A BLOG ARTICLE (FOR THE DAYTON CHILDREN'S BLOG) ABOUT THE HEALTH ASSESSMENT FINDINGS AND CONTINUE TO REFERENCE THE HEALTH ASSESSMENT VIA THAT ONLINE TOOL WE ALSO CREATED AN INFOGRAPHIC IDENTIFYING OUR KEY PRIORITIES WHICH IS A VISUAL REPRESENTATION AS WE CONTINUE TO SHARE OUR FINDINGS FINALLY, OUR HEALTH ASSESSMENT WAS PUBLISHED ON OUR HOSPITAL WEBSITE AND IS AVAILABLE UPON REQUEST FOR ANY INTERESTED PARTY AT WWW.CHILDRENSDAYTON.ORG |

Section C. Supplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

| Form and Line Reference | Explanation |
|-------------------------|--|
| PART V - 6I | INPUT AND APPROVAL WAS GIVEN BY THE BOARD OF TRUSTEES ADVOCACY COMMITTEE AND WAS APPROVED BY THE BOARD OF TRUSTEES IN JUNE, 2014 IMPLEMENTATION WILL BEGIN IN FISCAL YEAR JULY, 2015 |

Section C. Supplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

| Form and Line Reference | Explanation |
|-------------------------|---|
| PART V - 7 | THE CHNA TEAM, WITH THE HELP OF ADDITIONAL SUBJECT MATTER EXPERTS AND PROJECT OWNERS, CREATED AN IMPLEMENTATION PLAN FOR EACH OF THE TOP THREE PRIORITY AREAS EACH IMPLEMENTATION PLAN OUTLINES GOALS AND STRATEGIES FOR THE NEXT THREE YEARS ADDITIONAL NEEDS, ALTHOUGH IDENTIFIED, WILL NOT BE THE TOP PRIORITIES GIVEN THE RESOURCES WE HAVE AVAILABLE |

Section C. Supplemental Information for Part V, Section B.Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

| Form and Line Reference | Explanation |
|-------------------------|---|
| PART V - 20D | ALL PATIENTS ARE CHARGED THE SAME FOR SERVICES RECEIVED HOWEVER, CHARGES BILLED TO ALL FAP ELIGIBLE PATIENTS ARE DISCOUNTED BASED ON THE HOSPITAL'S SLIDING FEE SCALE FOR DISCOUNTED CARE THIS IS BASED ON CURRENT FEDERAL POVERTY LEVELS |

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|--|--|
| Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc. | |
| Form and Line Reference | Explanation |
| PART V | DAYTON CHILDREN'S HAS 9 HEALTH CARE FACILITIES OTHER THAN THOSE REQUIRED TO BE LICENSED, REGISTERED OR SIMILARLY RECOGNIZED AS A HEALTH CARE FACILITY UNDER STATE LAW WE HAVE 5 TESTING CENTERS, 4 OFFSITE CLINICS, AND 1 URGENT CARE CENTER (50% OWNED) |

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Dayton Children's Hospital

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number
31-0672132

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) DAYTON DEVELOPMENT COAL | 31-1423890 | 501(C)(6) | 10,000 | | | | CORP SPONSORSHIP FOR FAMILIES FROM WPAFB AND SPRINGFIELD AIR NATIONAL GUARD |
| (2) RONALD MCDONALD HOUSE | 31-0964793 | 501(C)(3) | 10,000 | | | | CORPORATE DONATION |
| (3) CULTURE WORKS 110 N MAIN STREET SUITE 165 DAYTON, OH 45402 | 23-7412338 | 501(C)(3) | 6,500 | | | | CORPORATE PLEDGE |
| (4) THE LEUKEMIA & LYMPHOMA SOCIETY 1311 MAMARONECK AVENUE WHITE PLAINS, NY 106055221 | 13-5644916 | 501(C)(3) | 7,500 | | | | LLS MAN & WOMAN OF THE YEAR |
| (5) UNITED WAY OF GREATER DAYTON 184 SALEM AVENUE FOUNDATION BUILDING 375 DAYTON, OH 45406 | 31-0536658 | 501(C)(3) | 21,000 | | | | CORPORATE PLEDGE |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2

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

4

3

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

1

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) PHARMACY | 317 | 81,652 | | | |
| (2) MEALS/FOOD | 806 | 35,385 | | | |
| (3) TRANSPORTATION | 1103 | 41,399 | | | |
| (4) RENT/UTILITIES | 87 | 43,619 | | | |
| (5) SPECIAL EQUIPMENT | 2 | 4,308 | | | |
| (6) OTHER | 6 | 4,824 | | | |
| | | | | | |

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 |
|--------------------------|--|
| SUPPLEMENTAL INFORMATION | SCHEDULE 1, PART 1, LINE 2 THE FINANCE COMMITTEE AND COMMUNITY RELATIONS MANAGER APPROVE ALL GRANTS AND CHARITABLE DONATIONS |

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Dayton Children's Hospital

Employer identification number
31-0672132

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 type="checkbox"/> First-class or charter travel</div><div><input checked="" 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 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> | 4aYes | |
| <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 |
|-----------------------------|--|
| SCHEDULE J, PART I, LINE 4A | DAVID KINSAUL - 223,462 SCHEDULE J, PART I, LINE 4B A) PARTICIPANTS IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN AND THE INCREASE IN ACTUARIAL VALUE DEBORAH FELDMAN - 0 ADAM MEZOFF - 0 DAVID T MILLER - 110,373 GREGORY RAMEY - 78,520 VICKI GIAMBRONE - 26,104 MATTHEW GRAYBILL - 125,957 RENAE PHILLIPS - 131,934 LISA COFFEY - 17,860 B) RECEIVED PAYMENT FROM A NONQUALIFIED RETIREMENT PLAN THOMAS MURPHY - 1,234,671 |

Additional Data

Software ID:
Software Version:
EIN: 31-0672132
Name: Dayton Children's Hospital

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 | | | | |
| JEFFREY CHRISTIAN MD TRUSTEE | (i) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (ii) | 484,840 | 0 | 35,979 | 36,351 | 26,059 | 583,229 | 0 |
| ELIZABETH EY MD TRUSTEE | (i) | 158,188 | 0 | 0 | 0 | 0 | 158,188 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DAVID KINSAUL FORMER PRESIDENT AND CEO | (i) | 0 | 0 | 307,652 | 0 | 9,138 | 316,790 | 88,125 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEBORAH FELDMAN PRESIDENT AND CEO | (i) | 364,633 | 150,000 | 26,079 | 15,300 | 0 | 556,012 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| THOMAS MURPHY MDEnd 1031 VP MEDICAL AFFAIRS AND CMO | (i) | 169,042 | 52,191 | 1,473,534 | 7,875 | 8,838 | 1,711,480 | 1,468,372 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DAVID T MILLER VP FINANCE AND CFO | (i) | 213,748 | 49,877 | 57,849 | 120,573 | 21,214 | 463,261 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MATTHEW GRAYBILL VP AND CHIEF OPERATING OFFICER | (i) | 209,332 | 80,015 | 23,147 | 135,125 | 26,512 | 474,131 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adam Mezoff Beg 1101 VP Medical Affairs CMO | (i) | 245,721 | 0 | 1,161 | 4,844 | 12,087 | 263,813 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lisa Coffey VP Corporate Support Services | (i) | 148,489 | 30,167 | 15,275 | 24,557 | 23,983 | 242,471 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Renaе Phillips VP Patient Care CNO | (i) | 189,610 | 39,560 | 24,441 | 140,341 | 19,845 | 413,797 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gregory Ramey VP Outpatient Services | (i) | 165,474 | 43,401 | 32,597 | 86,336 | 24,701 | 352,509 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vicki Giambrone VP Maktnг External Relations | (i) | 165,417 | 39,023 | 47,169 | 34,438 | 10,191 | 296,238 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maragret Hemmen CR Nurse Anesthetist | (i) | 183,687 | 0 | 12,289 | 17,402 | 124 | 213,502 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gregory Huff Director Pharmacy | (i) | 141,429 | 7,526 | 20,569 | 15,254 | 19,591 | 204,369 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Erika Green CR Nurse Anesthetist | (i) | 146,038 | 0 | 18,591 | 9,575 | 6,708 | 180,912 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Elizabeth Fredette Director Info Services CIO | (i) | 137,144 | 8,792 | 17,030 | 15,247 | 27,683 | 205,896 | 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.

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization
Dayton Children's Hospital

Employer identification number
31-0672132

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 |
|-------------------------------|---|--------------------------|------------------------|---------------------------|
| | | | | |
| | | | | |
| | | | | |
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| | | | | |
| | | | | |
| | | | | |

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) CARRELL PICKOFF | SPOUSE OF TRUSTEE | 14,173 | EMPLOYMENT | | No |
| (2) JARED BARNETT | TRUSTEE & OFFICER | 261,695 | BUILDING CONSTRUCTION | | No |
| (3) JARED BARNETT | TRUSTEE & OFFICER | 86,623 | LEASING PROPERTY | | No |
| | | | | | |
| | | | | | |
| | | | | | |

Part V Supplemental Information

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

| Return Reference | Explanation |
|------------------|-------------|
|------------------|-------------|

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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Dayton Children's Hospital

Employer identification number
31-0672132

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 | 3 | 94,759 | 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

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?

30a

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?

31

Yes

32a

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

32a

Yes

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

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

Cat No 51227J

Schedule M (Form 990) (2013)

Part II

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 |
|--------------------------|---|
| SUPPLEMENTAL INFORMATION | ALL STOCK DONATIONS ARE TRANSFERRED TO EITHER MORGAN STANLEY/SMITH BARNEY OR Dayton CHILDREN'S Hospital KEY BANK TRUST ACCOUNT TO SELL STOCK MORGAN STANLEY/SMITH BARNEY SENDS CHECK FOR CASH RECEIVED TO CHILDREN'S KEY BANK DIRECTLY DEPOSITS PROCEEDS INTO CHILDREN'S CHECKING ACCOUNT |

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2013

Open to Public
Inspection

| | |
|--|--|
| Name of the organization Dayton Children's Hospital | Employer identification number 31-0672132 |
|--|--|

990 Schedule O, Supplemental Information

| Return Reference | Explanation |
|------------------------------------|--|
| FORM 990, PART III, LINE 4A | |
| Form 990, Part VI, lines 15a & 15b | Compensation for the hospital's Chief Executive Officer (CEO) is set by an Executive Compensation Committee (the Committee) made up of three independent trustees who are also officers of the Board. This Committee also approves compensation levels, incentive plan payouts and executive benefits for each executive employed by the hospital. The Committee operates under a formal charter and keeps contemporaneous minutes of its proceedings. The Committee uses a total compensation philosophy to guide all decisions related to executive compensation at Dayton Children's Hospital (DCH), and as such determines and approves all aspects of the CEO's total compensation package, including benefits and expense allowances. These are detailed in a written employment agreement for the CEO. The Committee uses an outside consultant to conduct periodic reviews of the executive compensation levels of the organization versus those of similarly sized and situated organizations using published surveys. These survey results are used by the Committee in setting executive levels and the CEO's compensation in particular. The Committee follows a formal calendar of meetings and the chairman of the Committee reports to the Board of Trustees at least annually on the Committee's activities and on details of the CEO's compensation and benefits package. The Committee also reviews and approves disclosures related to executive compensation made as part of IRS Form 990. Availability of Financial statements, conflict of interest, organizing documents Form 990, Part VI, Line 19 Dayton Children's Hospital's conflict of interest policy is made available on our website. The financial statements and the organizing documents are made available as required by the extent of the law. Form 990, Part VII -Jeffrey Christman MD works 40 hours per week for the subsidiary, Children's Care Group. -Elizabeth EY MD is employed by Dayton Pediatric imaging. Dayton Children's Hospital contracts with Dayton Pediatric imaging for Dr. EY to provide services at Dayton Children's Hospital as the Medical Director of Radiology. Dr. EY is also paid to be chairperson of our medical staff. -Arthur Pickoff MD is employed by Wright State University. Dayton Children's Hospital contracts with Wright State University for Dr. Pickoff to provide services at Dayton Children's Hospital as the chairman of the department of pediatrics. |
| Form 990, Part XI | Transfer to Dayton Children's Hospital Foundation (7,318,732) Restricted net assets used for purchase of pp&e 3,407,541 Temporarily restricted net assets (5,243,811) Change in pension benefit obligation and plan assets (4,762,111) Other 29 Total adjustment (13,917,113) |

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Dayton Children's Hospital

Employer identification number
31-0672132

Part I Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

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

Part II Identification of Related Tax-Exempt Organizations

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? | |
|--|-------------------------|--|----------------------------|---|----------------------------------|--|----|
| | | | | | | Yes | No |
| (1) CHILDREN'S HOME CARE OF DAYTON ONE CHILDRENS PLAZA DAYTON, OH 45404 31-1356037 | HOME CARE | OH | 501(C)(3) | 9 | DCH | Yes | |
| (2) DAYTON CHILDREN'S HOSPITAL FOUNDATION ONE CHILDRENS PLAZA DAYTON, OH 45404 31-1045247 | SUPPORT | OH | 501(C)(3) | 11a | DCH | Yes | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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) Disproportionate allocations? | | (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|--|-------------------------|--|--|--|---------------------------------|--|---|----|--|---|----|--------------------------------|
| | | | | | | | Yes | No | | Yes | No | |
| (1) MIDDLETOWN SURGERY CENTER LLC 5950 INNOVATION DRIVE MIDDLETOWN, OH 45005 20-5160579 | SURGERY CTR | OH | NA | | | | | No | 0 | | | 10 000 % |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

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) CHILDREN'S CARE GROUP ONE CHILDRENS PLAZA DAYTON, OH 45404 31-1411364 | SPEC PHYS GRO | OH | DCH | C-CORP | 15,454,159 | 9,099,596 | 100 000 % | Yes | |
| (2) CHILDREN'S ANESTHESIA GROUP ONE CHILDRENS PLAZA DAYTON, OH 45404 26-0887231 | ANESTHESIA SV | OH | DCH | C-CORP | 6,282,003 | 2,237,653 | 100 000 % | Yes | |
| (3) PEDIATRIC ASSURANCE COMPANY LTD BUTTERFIELD BANK BLDG 6TH FLOOR HAMILTON, BERMUDA HM12 BD 98-0478183 | SELF-INSURANC | BD | DCH | N/A | 1,317,957 | 50,888,773 | 100 000 % | Yes | |
| (4) DAYTON CHILDREN'S ORTHOPAEDIC ONE CHILDRENS PLAZA DAYTON, OH 45404 45-3934418 | ORTHO SERVICE | OH | DCH | C-CORP | 6,727,447 | 320,599 | 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?

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

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

| | Yes | No |
|----|-----|----|
| | | |
| 1a | | No |
| 1b | Yes | |
| 1c | Yes | |
| 1d | Yes | |
| 1e | | No |
| 1f | | No |
| 1g | | No |
| 1h | | No |
| 1i | | No |
| 1j | Yes | |
| 1k | Yes | |
| 1l | Yes | |
| 1m | Yes | |
| 1n | | No |
| 1o | Yes | |
| 1p | | No |
| 1q | Yes | |
| 1r | Yes | |
| 1s | | No |

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

| (a) Name of related organization | (b) Transaction type (a-s) | (c) Amount involved | (d) Method of determining amount involved |
|-------------------------------------|----------------------------------|------------------------|--|
| See Additional Data Table | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

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 |
|------------------|-------------|
|------------------|-------------|

Additional Data

Software ID:

Software Version:

EIN: 31-0672132

Name: Dayton Children's Hospital

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

| (a) Name of other organization | (b) Transaction type(a-s) | (c) Amount Involved | (d) Method of determining amount involved |
|---------------------------------------|---------------------------------|------------------------|---|
| DAYTON CHILDREN'S HOSPITAL FOUNDATION | B | 7,318,732 | FMV |
| DAYTON CHILDREN'S HOSPITAL FOUNDATION | C | 6,015,972 | CASH |
| DAYTON ORTHOPAEDICS | J | 143,579 | CASH |
| CHILDREN'S HOME CARE OF DAYTON | M | 404,291 | CASH |
| DAYTON CHILDREN'S HOSPITAL FOUNDATION | L | 75,550 | FMV |
| CHILDREN'S CARE GROUP | M | 11,932,554 | CASH |
| CHILDREN'S ANESTHESIA GROUP | M | 6,279,002 | CASH |
| CHILDREN'S CARE GROUP | O | 151,736 | FMV |
| CHILDREN'S ANESTHESIA GROUP | O | 913,704 | FMV |
| CHILDREN'S HOME CARE OF DAYTON | Q | 11,274,942 | CASH |
| CHILDREN'S CARE GROUP | Q | 2,247,345 | CASH |
| DAYTON ORTHOPAEDICS | Q | 580,000 | CASH |
| CHILDREN'S ANESTHESIA GROUP | R | 295,000 | FMV |
| CHILDREN'S HOME CARE OF DAYTON | R | 162,493 | FMV |
| DAYTON ORTHOPAEDICS | R | 499,249 | FMV |
| DAYTON CHILDREN'S HOSPITAL FOUNDATION | D | 2,232,000 | FMV |
| CHILDREN'S HOME CARE OF DAYTON | R | 2,714,889 | FMV |
| DAYTON ORTHOPAEDICS | K | 109,428 | CASH |

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2013 Category 3 filer statement

Name: Dayton Children's Hospital

EIN: 31-0672132

| Amount Of Indebtedness | Type Of Indebtedness | Name | Address | Identifying Number | Number Of Shares |
|------------------------------|----------------------------|------|---------|-----------------------|------------------|
| | NONE | NONE | | | |

**TY 2013 Earnings and Profits Other
Adjustments Statement**

Name: Dayton Children's Hospital

EIN: 31-0672132

| Description | Amount |
|-------------------------------|---------|
| PREMIUMS PAID (NON-INSURANCE) | 113,612 |

TY 2013 Earnings and Profits Other Adjustments Statement

Name: Dayton Children's Hospital

EIN: 31-0672132

| Description | Amount |
|-------------------------------|-----------|
| UNREALIZED GAIN ON INVESTMENT | 3,324,232 |
| OTHER INCOME | 1,317,957 |

TY 2013 Itemized Other Assets Schedule

Name: Dayton Children's Hospital

EIN: 31-0672132

| Corporation Name | Corporation EIN | Other Assets Description | Beginning Amount | Ending Amount |
|------------------|-----------------|--------------------------|------------------|---------------|
| | | PREPAID EXPENSE | 15,522 | 50,171 |

TY 2013 Itemized Other Current Assets Schedule

Name: Dayton Children's Hospital

EIN: 31-0672132

| Corporation Name | Corporation EIN | Other Current Assets Description | Beginning Amount | Ending Amount |
|------------------|-----------------|----------------------------------|------------------|---------------|
| | | REINSURANCE RECEIVABLE | 3,491,475 | 3,693,794 |

TY 2013 Other Deductions Schedule**Name:** Dayton Children's Hospital**EIN:** 31-0672132

| Description | Foreign Amount (should only be used when attached to 5471 Schedule C Line 16) | Amount |
|----------------------------|---|----------|
| MANAGEMENT FEES | | 45,000 |
| LEGAL AND SECRETARIAL FEES | | 9,190 |
| AUDIT FEES | | 26,344 |
| ACTUARIAL FEES | | 19,635 |
| BERMUDA COMPANY TAX | | 4,069 |
| BERMUDA REGISTRATION FEES | | 2,750 |
| COMMUNICATIONS | | 617 |
| BANK CHARGES | | 1,007 |
| INVESTMENT MANAGEMENT FEES | | 69,893 |
| COMPUTER EXPENSES | | 32,907 |
| TRAVEL | | 23,267 |
| CLAIMS AND CLAIMS EXPENSE | | 344,727 |
| MOVEMENT IN CLAIM RESERVE | | -258,115 |
| CONSULTING FEES | | 27,000 |

TY 2013 Itemized Other Investments Schedule**Name:** Dayton Children's Hospital**EIN:** 31-0672132

| Corporation Name | Corporation EIN | Other Investments Description | Beginning Amount | Ending Amount |
|------------------|-----------------|-------------------------------|------------------|---------------|
| | | US GOVERNMENT DEBT SECURITIES | 2,655,593 | 2,726,384 |
| | | CORPORATE DEBT SECURITIES | 1,132,627 | 1,245,767 |
| | | MUTUAL FUND | 7,494,664 | 9,234,075 |
| | | INTEREST RECEIVABLE | 26,657 | 27,727 |
| | | U S EQUITIES | 22,977,705 | 27,791,233 |
| | | HEDGE FUND | 2,909,430 | 3,043,858 |
| | | PRIVATE EQUITY FUND | 499,294 | 1,338,068 |

TY 2013 Itemized Other Liabilities Schedule

Name: Dayton Children's Hospital

EIN: 31-0672132

| Corporation Name | Corporation EIN | Other Liabilities Description | Beginning Amount | Ending Amount |
|------------------|-----------------|-------------------------------|------------------|---------------|
| | | LOSSES AND LOSS EXPENSE | 11,576,640 | 11,520,844 |
| | | ACCRUED EXPENSES | 61,507 | 79,991 |

TY 2013 Other Income Statement**Name:** Dayton Children's Hospital**EIN:** 31-0672132

| Description | Foreign Amount | Amount |
|-------------------------------|----------------|-----------|
| UNREALIZED LOSS ON INVESTMENT | | 3,324,232 |
| OTHER INCOME | | 1,317,957 |

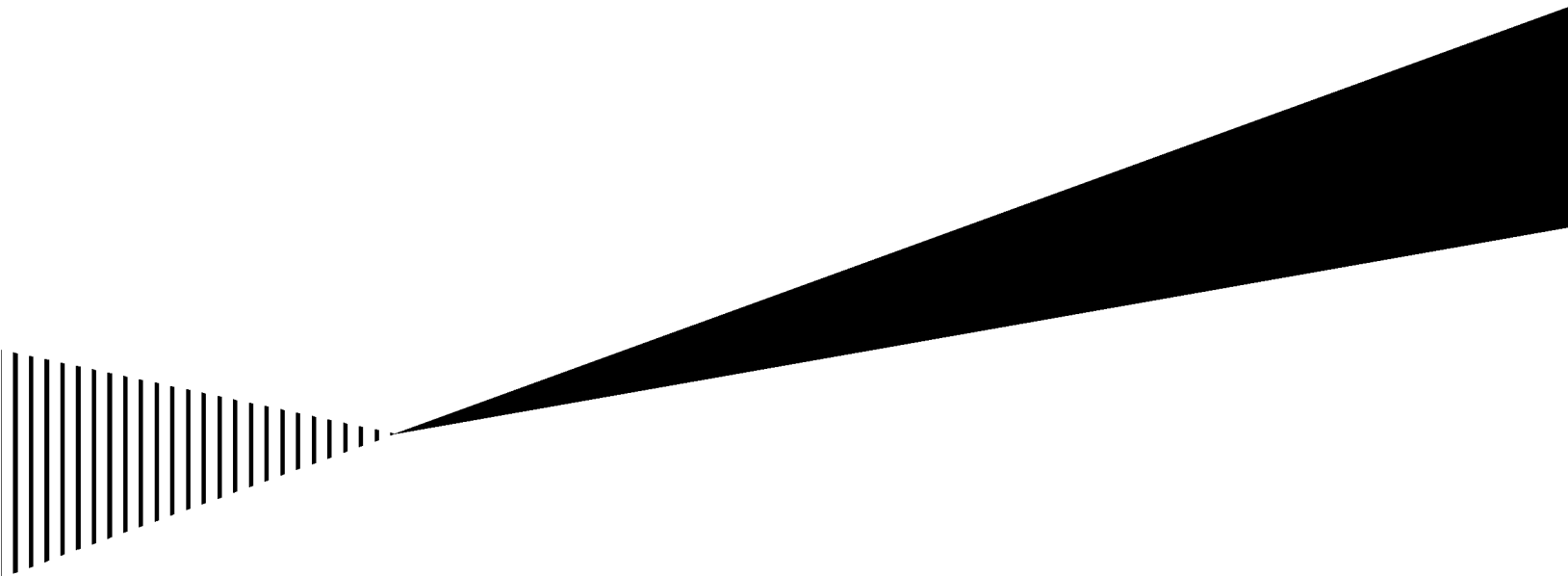
TY 2013 Paid-In or Capital Surplus Reconciliation Statement**Name:** Dayton Children's Hospital**EIN:** 31-0672132

| Description | Beginning Amount | Ending Amount |
|----------------------------|------------------|---------------|
| ADDITIONAL PAID IN CAPITAL | 834,453 | 834,453 |

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Dayton Children's Hospital and Subsidiaries
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



**Building a better
working world**

Dayton Children's Hospital and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2014 and 2013

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Report of Independent Auditors

The Board of Trustees
Dayton Children's Hospital

We have audited the accompanying consolidated financial statements of Dayton Children's Hospital and Subsidiaries, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dayton Children's Hospital and Subsidiaries at June 30, 2014 and 2013, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended in conformity with U S generally accepted accounting principles

Ernst + Young LLP

September 15, 2014

Dayton Children's Hospital and Subsidiaries

Consolidated Balance Sheets

| | June 30 | |
|---|----------------|----------------|
| | 2014 | 2013 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 75,576,690 | \$ 67,446,415 |
| Accounts receivable, net of allowances for doubtful accounts of (\$13,273,000 in 2014 and \$12,808,000 in 2013) | 23,231,093 | 18,418,590 |
| Pledges receivable from donors | 374,717 | 429,115 |
| Inventories | 1,794,497 | 1,767,719 |
| Prepaid expenses and other assets | 447,455 | 366,730 |
| Total current assets | 101,424,452 | 88,428,569 |
| Investments and assets whose use is limited | | |
| Investments | 40,541,406 | 13,278,673 |
| By board for self-insurance and additions to property, plant and equipment | 271,880,369 | 259,415,424 |
| By board and donors for endowments and research | 248,403,915 | 215,211,929 |
| Pledges receivable from donors, net | 487,341 | 353,165 |
| | 561,313,031 | 488,259,191 |
| Prepaid pension | 5,229,379 | 10,128,533 |
| Other assets | 18,458,231 | 13,137,366 |
| Property, plant, and equipment | | |
| Land and land improvements | 8,963,102 | 7,463,786 |
| Buildings | 49,872,161 | 48,992,501 |
| Equipment | 129,610,128 | 132,783,233 |
| Construction-in-progress | 10,012,860 | 1,871,882 |
| Accumulated depreciation | (91,582,889) | (92,737,619) |
| | 106,875,362 | 98,373,783 |
| Total assets | \$ 793,300,455 | \$ 698,327,442 |

| | June 30 | |
|---|----------------|--------------|
| | 2014 | 2013 |
| Liabilities and net assets | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 8,159,630 | \$ 7,551,545 |
| Salaries, wages, and withholdings | 7,250,507 | 6,249,305 |
| Accrued compensated absences | 13,076,895 | 12,582,661 |
| Estimated reimbursement due to Medicare and Medicaid programs | 282,960 | 549,766 |
| Total current liabilities | 28,769,992 | 26,933,277 |
| Reserve for professional liability | 8,883,715 | 8,914,321 |
| Loan payable | 3,920,000 | — |
| Other liabilities | 14,278,193 | 12,826,127 |
| Total liabilities | 55,851,900 | 48,673,725 |
| Net assets | | |
| Unrestricted | 734,210,103 | 645,075,620 |
| Temporarily restricted | 3,238,452 | 4,578,097 |
| Total net assets | 737,448,555 | 649,653,717 |

| | | |
|----------------------------------|------------------------------|------------------------------|
| Total liabilities and net assets | <u><u>\$ 793,300,455</u></u> | <u><u>\$ 698,327,442</u></u> |
|----------------------------------|------------------------------|------------------------------|

See accompanying notes.

Dayton Children's Hospital and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

| | Year Ended June 30 | |
|---|---------------------------|----------------|
| | 2014 | 2013 |
| Unrestricted revenue and other support | | |
| Net patient service revenue (net of contractual provision) | \$ 252,979,759 | \$ 244,707,890 |
| Provision for bad debts | (5,715,481) | (5,402,842) |
| Net patient service revenue less provision for bad debts | 247,264,278 | 239,305,048 |
| Other operating revenue | 3,355,868 | 5,410,640 |
| Unrestricted contributions and net assets released from restrictions used for operations | 4,905,930 | 5,704,184 |
| Total unrestricted revenue and other support | 255,526,076 | 250,419,872 |
| Expenses | | |
| Salaries and benefits | 141,406,016 | 136,972,537 |
| Depreciation | 14,715,406 | 14,808,919 |
| Professional fees | 4,999,880 | 4,981,329 |
| Drugs | 25,158,188 | 22,075,255 |
| General supplies | 7,228,774 | 6,324,710 |
| Utilities | 2,418,754 | 2,435,708 |
| Equipment repair and rentals | 8,475,779 | 7,864,049 |
| Medical supplies | 9,583,509 | 10,515,905 |
| Purchased services | 13,877,277 | 12,202,442 |
| State assessment | 4,381,662 | 4,091,364 |
| Other expenses | 5,877,681 | 5,826,854 |
| Total expenses | 238,122,926 | 228,099,072 |
| Excess of unrestricted revenue and other support over expenses before investment income | 17,403,150 | 22,320,800 |
| Investment income | 73,085,903 | 46,594,749 |
| Excess of unrestricted revenue and other support over expenses | 90,489,053 | 68,915,549 |

Continued on next page.

Dayton Children's Hospital and Subsidiaries

Consolidated Statements of Operations
and Changes in Net Assets (continued)

| | Year Ended June 30 | |
|---|---------------------------|-----------------------|
| | 2014 | 2013 |
| Unrestricted net assets | | |
| Excess of unrestricted revenue and other support over expenses | \$ 90,489,053 | \$ 68,915,549 |
| Change in pension plan obligation and plan assets | (4,762,111) | 10,773,966 |
| Net assets released from restrictions used for purchase of property and equipment | 3,407,541 | 183,572 |
| Increase in unrestricted net assets | <u>89,134,483</u> | <u>79,873,087</u> |
| Temporarily restricted net assets | | |
| Contributions | 3,740,020 | 3,367,167 |
| Net assets released from restrictions | (5,243,811) | (2,171,516) |
| Change in market value of investments held | 164,146 | 94,769 |
| (Decrease) increase in temporarily restricted net assets | <u>(1,339,645)</u> | <u>1,290,420</u> |
| Increase in net assets | 87,794,838 | 81,163,507 |
| Net assets at beginning of year | 649,653,717 | 568,490,210 |
| Net assets at end of year | <u>\$ 737,448,555</u> | <u>\$ 649,653,717</u> |

See accompanying notes.

Dayton Children's Hospital and Subsidiaries

Consolidated Statements of Cash Flows

| | Year Ended June 30 | |
|---|---------------------------|---------------|
| | 2014 | 2013 |
| Operating activities | | |
| Increase in net assets | \$ 87,794,838 | \$ 81,163,507 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation | 14,715,406 | 14,808,919 |
| Provisions for bad debt | 5,715,481 | 5,402,842 |
| Change in market value of investments | (37,824,614) | (17,070,995) |
| Change in pension plan obligation and plan assets | 4,762,111 | (10,773,966) |
| Changes in assets and liabilities | | |
| Accounts receivable | (10,527,984) | (5,861,374) |
| Pledges receivable | (79,778) | 798,964 |
| Assets whose use is limited and investments | (35,095,050) | (35,235,633) |
| Inventories and other current assets | (107,503) | 466,667 |
| Other assets | (5,320,865) | (1,558,263) |
| Estimated reimbursement due/from Medicare and Medicaid programs | (266,806) | 298,691 |
| Accounts payable and other current liabilities | 2,103,521 | 386 |
| Other liabilities | 1,558,503 | 394,919 |
| Net cash provided by operating activities | 27,427,260 | 32,834,664 |
| Investing activities | | |
| Additions to property, plant, and equipment, net of nominal disposals | (23,216,985) | (13,253,330) |
| Financing activities | | |
| New borrowings | 3,920,000 | — |
| Increase in cash and cash equivalents | 8,130,275 | 19,581,334 |
| Cash and cash equivalents at beginning of year | 67,446,415 | 47,865,081 |
| Cash and cash equivalents at end of year | \$ 75,576,690 | \$ 67,446,415 |

See accompanying notes.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements

Years Ended June 30, 2014 and 2013

1. Accounting Policies

Consolidation

The consolidated financial statements include the accounts of Dayton Children's Hospital (previously called The Children's Medical Center, Dayton, Ohio), Dayton Children's Hospital Foundation, Pediatric Assurance Company, Ltd., Children's Care Group, Children's Anesthesia Group and Children's Home Care of Dayton, Ohio. These entities (collectively, the Hospital) provide service to patients who reside primarily in the local geographic region. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

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

Fair Value Measurements

The Hospital follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be reached to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. ASC 820 defines a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumption in fair value measurements, and as noted above, ASC 820 defines a three-level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Accounting Policies (continued)

The three levels are defined as follows

- Level 1 – inputs utilize quoted market prices in active markets for identical assets or liabilities that the Hospital has the ability to access
- Level 2 – inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset and liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals
- Level 3 – inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Hospital's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

In order to meet requirements of ASC 820, the Hospital utilizes three basic valuation approaches to determine the fair value of its assets and liabilities required to be recorded at fair value. The first approach is the cost approach. The cost approach is generally the value a market participant would expect to replace the respective asset or liability. The second approach is the market approach. The market approach looks at what a market participant would consider an exact or similar asset or liability to that of the Hospital, including those traded on exchanges, to be valued at. The third approach is the income approach. The income approach uses estimation techniques to determine the estimated future cash flows of the Hospital's respective asset or liability expected by a market participant and discounts those cash flows back to present value (more typically referred to as a discounted cash flow approach).

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Accounting Policies (continued)

Any changes to the valuation methodology are reviewed by management to confirm the changes are justified. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of deposits with financial institutions and short-term liquid investments with minimal risk of change in value, such as certificates of deposit, banker's acceptances, and money market funds, which are held for use in operations and have original maturities of 90 days or less. The carrying amounts reported in the balance sheet for cash and cash equivalents approximate its fair value.

Investments

The Hospital has designated its investment portfolio as trading. Investment income or loss (including realized gains and losses on investments, changes in market value of investments, interest and dividends) is included in excess of unrestricted revenue and other support over expenses unless the income or loss is restricted by donor or by law.

Investments in equity securities and debt securities have been measured at fair value in the consolidated balance sheets. The Hospital accounts for alternative investments (equity and fixed income hedge funds and private equity fund) held in operating investments using the equity method of accounting based on the net asset value (NAV) provided by the administrators. Amounts recorded represent the percentage ownership in the NAV of the respective alternative investment. The valuation is determined by the investment manager or general partner. Therefore the components of the individual investments within these funds are not readily determinable and are accounted for under the equity method. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. The equity method reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The investments may indirectly expose the Hospital to securities lending, short sales of securities, and trading in futures and forwards contracts, options, swap contracts and other derivative products. While these financial instruments may contain varying degrees of risk, the Hospital's risk with respect to such transactions is limited to its capital balance in each investment. The financial statements of the investees are audited annually by independent auditors.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Accounting Policies (continued)

Hospital management believes the carrying amount of these financial instruments, approximately \$50,361,000 and \$38,477,000 at June 30, 2014 and 2013, respectively, is a reasonable estimate of fair value, based on the fact that the funds are audited and accounted for at fair value by the administrator of the funds. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Net Patient Accounts Receivable

Net patient accounts receivable and net patient service revenue less the provision for bad debts are recorded at estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience of self-pay accounts receivable including those balances after insurance payments and not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for doubtful accounts. For the year ended June 30, 2014, the Hospital adjusted its provision rates to reflect the anticipated effect of a system conversion as of July 1, 2014. There have been no other significant changes in the current year to the underlying assumptions used by the Hospital to estimate the allowance for doubtful accounts.

After satisfaction of amounts due from insurance and reasonable efforts to collect from the patients themselves have been exhausted, the Hospital may place certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Hospital. Patient accounts receivable are written off after collection efforts have been followed in accordance with the Hospital's policies. The total write-offs for charity care and for uncollectible accounts and allowances on self-pay patient accounts, as a percentage of net patient services revenue for the fiscal year ended June 30, 2014, are consistent with prior years' results.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost or market. The Hospital values its inventories using the first-in, first-out method.

Assets Whose Use Is Limited

Assets limited as to use primarily represent funds designated for a specific purpose by the Board of Trustees over which the Board retains control and may at its discretion subsequently use for other purposes. The Hospital's Board has established several of those funds which represent designations for future capital improvements, self-insurance and research. Other designated funds are also used to provide annual income to support educational activities, as well as the salaries of certain subspecialty physicians who serve in key roles or whom meet critical community needs. These funds are invested using guidelines similar to those described in Note 6, and pay out income to the Hospital annually of between 3.5% and 5% of the average market value of the fund assets.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. The cost of additions and improvements are capitalized and expenditures for repairs and maintenance, including the cost of replacing minor items not considered substantial enhancements, are expensed as incurred. The Hospital provides for depreciation using the straight-line method over the following estimated useful lives:

| | |
|-----------|-------------|
| Buildings | 15-40 years |
| Equipment | 3-25 years |

The Hospital removes property, plant and equipment and the associated accumulated depreciation from its books in the year after the assets become fully depreciated.

The Hospital reviews property, equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such impairment indicators are present, the Hospital recognizes a loss on the basis of whether these amounts are fully recoverable.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Accounting Policies (continued)

Net Assets

Unrestricted net assets are those assets whose use has not been restricted by donors or for which restrictions have expired. Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose.

Temporarily restricted net assets are available for the following purposes:

| | June 30 | |
|---|---------------------|---------------------|
| | 2014 | 2013 |
| Purchase of equipment and other capital | \$ 144,000 | \$ 1,997,809 |
| Health care services and research | 3,094,452 | 2,580,288 |
| | <u>\$ 3,238,452</u> | <u>\$ 4,578,097</u> |

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, and discounted charges. Net patient service revenue is 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 the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital qualifies for the Children's Hospitals Graduate Medical Education Payment Program and is entitled to grant awards to reimburse the cost of operating a pediatric graduate medical education (residency) program. The grants are made annually through a process administered by the Health Resources and Services Administration (HRSA) according to rules and regulations established by that agency. The Hospital must re-qualify for its grant annually. The Hospital includes grant funds in net patient service revenue as grant proceeds are received (see Note 2).

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Accounting Policies (continued)

Uncompensated Care

The Hospital has a policy of treating certain patients regardless of their ability to pay. Patients are classified as charity patients based on their ability to pay as defined by established policies of the Hospital. Charity care amounts are not included in net patient service revenue. The cost to the Hospital to provide charity care was approximately \$2,027,000 and \$1,284,000 for the years ended June 30, 2014 and 2013, respectively. The cost to the Hospital to provide charity care was determined through the application of the ratio of patient cost to charges, consistent with Schedule H of Form 990 filed with the Internal Revenue Service, to current-year charity care write-offs.

Excess of Unrestricted Revenue and Other Support over Expenses

The consolidated statement of operations includes the excess of unrestricted revenue and other support over expenses. Changes in unrestricted net assets for contributions of long-lived assets or donations for this purpose, as well as changes in pension plan obligations and plan assets for the Hospital's defined benefit plan, are excluded from the excess of unrestricted revenue and other support over expenses.

Pledges Receivable From Donors

Pledges receivable include bequests and charitable remainder annuity trust agreements whereby the Hospital is a beneficiary. Amounts pledged pursuant to certain charitable remainder annuity trust agreements are reported at amounts, which approximate the present value of future cash flows and are included as assets whose use is limited by donor in the balance sheet. The Hospital believes that all amounts pledged will be fully collected and, therefore, does not consider an allowance for uncollectible pledges necessary.

Other Operating Revenue

The American Recovery and Reimbursement Act of 2009 established incentive payments under the Medicaid program for certain professionals and hospitals that meaningfully use certified electronic health record technology. Payments under the Medicaid program are calculated based upon estimated discharges, charity care and other input data and are predicated upon the Hospital's attainment of program and attestation criteria and are subject to regulatory audit. The

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Accounting Policies (continued)

Hospital has opted to follow a gain contingency accounting method, under ASC 450, *Contingencies*, which provides for recognition once attainment of program and attestation criteria has been achieved and amounts can be reasonably estimated. As a result, management estimated and recognized revenue of approximately \$1,328,000 and \$1,642,000 within other revenue for the years ended June 30, 2014 and 2013, respectively. Amounts recognized are subject to change, with such changes impacting operations in the period in which they occur.

Tax-Exempt Status

All subsidiaries of the Hospital except Children's Care Group (CCG), Children's Anesthesia Group (CAG), and selected joint venture entities are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The wholly owned for-profit subsidiaries CCG and CAG had no taxable income in 2014 or 2013. The provision for income taxes for the joint venture entities is not significant to the Hospital.

The Hospital completed an analysis of its tax positions in accordance with applicable accounting guidance, and determined that no amounts were required to be recognized in the consolidated financial statements at June 30, 2014 or 2013.

Reclassification

Certain reclassifications were made to the 2014 consolidated financial statement presentation to conform to the 2013 presentation.

2. Net Patient Service Revenue

Revenue from Medicaid and Medicare programs accounted for approximately 52% and 1%, respectively, of the Hospital's gross patient service revenue for the years ended June 30, 2014 and 2013.

Net patient service revenue includes amounts estimated by management to be reimbursable by the Ohio Department of Job and Family Services (ODJFS) under the Medicaid program. Final determination of revenue earned is subject to audit by the fiscal intermediary. ODJFS reports have been audited and settled through 2008. In the opinion of management, adequate provision has been made in the consolidated financial statements for any adjustments, which might result from the respective intermediary audits. The Hospital settled prior year's Medicare and Medicaid

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

cost reports for amounts different than previously estimated. The effect of these settlements was to decrease net patient service revenue by approximately \$240,300 in fiscal year 2014 and increase net patient service revenue by approximately \$146,400 in fiscal 2013.

Reimbursement for the majority of state Medicaid inpatient services is based on a prospectively determined fixed price, which varies based on the illness or diagnostic related group (DRG). The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates.

The ODJFS administers a program (Hospital Care Assurance Program) which subsidizes hospitals in proportion to the amount of Medicaid and other indigent care they provide.

The Hospital qualifies as a disproportionate share provider in accordance with the State of Ohio's Medicaid regulations, and as such is entitled to additional payments under the Hospital Care Assurance Program. The Medicaid disproportionate share regulations are established by the ODJFS and are subject to review and approval by the Center for Medicare and Medicaid Services (CMS). The continuation of the present Hospital Care Assurance Program methodology is subject to change by ODJFS and/or CMS in the future.

The Hospital has included approximately \$4,163,000 for Hospital Care Assurance Program in net patient service revenue for the year ended June 30, 2014 (\$3,310,000 in 2013).

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including, fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

The Hospital believes that it is in compliance with all applicable laws and regulations. In the opinion of management, adequate provision has been made in the consolidated financial statements for any adjustments that may result from the respective intermediary reviews.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Net patient service revenue for the years ended are summarized as follows

| | Year Ended June 30 | |
|--|------------------------------|------------------------------|
| | 2014 | 2013 |
| Inpatient revenue | \$ 180,620,369 | \$ 173,548,251 |
| Outpatient revenue | 237,346,491 | 227,262,272 |
| Patient service revenue at established rates | <u>417,966,860</u> | <u>400,810,523</u> |
| Net deductions from revenue | | |
| Third-party allowances | (168,928,529) | (158,603,500) |
| Children's Hospitals Graduate Medical Education grant | 3,505,856 | 1,568,869 |
| Charity care at established rates | (3,727,687) | (2,377,707) |
| Hospital Care Assurance Program | <u>4,163,259</u> | <u>3,309,705</u> |
| Net deductions from revenue | <u>(164,987,101)</u> | <u>(156,102,633)</u> |
| Net patient service revenue (net of contractual provision) | <u><u>\$ 252,979,759</u></u> | <u><u>\$ 244,707,890</u></u> |

Net patient service revenue is derived from services provided to patients who are directly responsible for payment or are covered by various commercial insurance or other programs. The Hospital receives payments from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies, and from patients themselves. A summary of payment arrangements with major third-party payors as follows:

Medicaid and Medicaid related plans – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan and are paid at prospectively determined rates per discharge. Certain outpatient services are reimbursed primarily based on fee schedules.

Anthem, Commercial, and other – The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes discounts from established charges, and fee schedules for professional services.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

The Hospital's Medicaid and other payors (including managed care and self-pay) net patient service revenue, is summarized as follows for the years ended June 30

| | <u>2014</u> | <u>2013</u> |
|---|-----------------------|-----------------------|
| Medicaid and Medicaid related plans | \$ 96,162,086 | \$ 81,487,727 |
| Anthem | 77,875,775 | 69,007,625 |
| Self-pay | 897,884 | 978,832 |
| Commercial and other | 78,044,014 | 93,233,706 |
| Net patient service revenue, less provision for bad debts | <u>\$ 252,979,759</u> | <u>\$ 244,707,890</u> |

The Hospital classifies its net patient service revenue based on the primary payor at the time a patient presents for services. As a result, commercial and other include certain amounts that were ultimately directly billed to the patient after the primary insurance payment (self-pay after insurance)

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements

The following table presents the investments and assets limited as to use carried at fair value as of June 30, 2014 and 2013, by ASC 820 valuation hierarchy defined above

| | June 30, 2014 | | | Total Fair Value |
|--|----------------|----------------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash and cash equivalents | \$ 18,928,794 | \$ — | \$ — | \$ 18,928,794 |
| Equity mutual funds | | | | |
| US stocks-large cap value fund | 55,646,745 | — | — | 55,646,745 |
| US stocks-large cap growth fund | 69,781,318 | — | — | 69,781,318 |
| US stocks-small cap fund | 11,749,850 | — | — | 11,749,850 |
| Foreign stocks-developed markets fund | 134,523,341 | — | — | 134,523,341 |
| Foreign stocks- emerging markets fund | 39,703,655 | — | — | 39,703,655 |
| Commodities fund | 34,643,114 | — | — | 34,643,114 |
| Real estate fund | 6,537,195 | — | — | 6,537,195 |
| Bond mutual funds | | | | |
| Fixed income opportunity fund | — | 29,074,789 | — | 29,074,789 |
| Treasury inflation protected securities fund | — | 30,085,852 | — | 30,085,852 |
| Corporate bonds | — | 18,085,409 | — | 18,085,409 |
| U S government securities | — | 41,144,228 | — | 41,144,228 |
| Mortgage-backed securities | | | | |
| Governmental agencies | — | 6,923,118 | — | 6,923,118 |
| Private issuers | — | 13,636,839 | — | 13,636,839 |
| Total assets at fair value | \$ 371,514,012 | \$ 138,950,235 | \$ — | \$ 510,464,247 |

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements (continued)

| | June 30, 2013 | | | Total Fair Value |
|--|----------------|----------------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Cash and cash equivalents | \$ 27,110,429 | \$ – | \$ – | \$ 27,110,429 |
| Equity mutual funds | | | | |
| US stocks-large cap value fund | 50,627,300 | – | – | 50,627,300 |
| US stocks-large cap growth fund | 57,106,793 | – | – | 57,106,793 |
| US stocks-small cap fund | 9,584,637 | – | – | 9,584,637 |
| Foreign stocks-developed markets fund | 112,639,200 | – | – | 112,639,200 |
| Foreign stocks- emerging markets fund | 30,878,237 | – | – | 30,878,237 |
| Commodities fund | 28,718,343 | – | – | 28,718,343 |
| Real estate fund | 5,950 | – | – | 5,950 |
| Bond mutual funds | | | | |
| Fixed income opportunity fund | – | 29,036,163 | – | 29,036,163 |
| Treasury inflation protected securities fund | – | 25,000,011 | – | 25,000,011 |
| Corporate bonds | – | 18,534,092 | – | 18,534,092 |
| U S government securities | – | 37,459,069 | – | 37,459,069 |
| Mortgage-backed securities | | | | |
| Governmental agencies | – | 13,753,726 | – | 13,753,726 |
| Private issuers | – | 8,975,324 | – | 8,975,324 |
| Total assets at fair value | \$ 316,670,889 | \$ 132,758,385 | \$ – | \$ 449,429,274 |

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Fair Value Measurements (continued)

The Hospital's cash and cash equivalents, and investments are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. The types of financial instruments based on quoted market prices in active markets include mutual funds and cash equivalents (money market securities). Such instruments are generally classified within Level 1 of the fair value hierarchy. The Hospital does not adjust the quoted market price for such financial instruments.

The types of financial instruments valued based on quoted market prices in markets that are not active, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency include corporate, and other marketable debt securities. Such financial instruments are generally classified within Level 2 for the fair market value hierarchy. Primarily all of the Hospital's marketable debt securities are actively traded and the recorded fair value reflects current market conditions. However, due to the inherent volatility in the investment market there is at least a possibility that recorded investment values may change by a material amount in the near term.

Following is the summary of the inputs and valuation techniques as of June 30, 2014 and 2013 used for valuing Level 2 securities in the portfolio:

| <u>Securities</u> | <u>Input</u> | <u>Valuation Technique</u> |
|----------------------------|---------------|----------------------------|
| Bond mutual funds | Broker/Dealer | Market |
| Corporate bonds | Broker/Dealer | Market |
| U S government securities | Broker/Dealer | Market |
| Mortgage-backed securities | Broker/Dealer | Market |

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

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Investments and Assets Whose Use is Limited (AWUIL)

Investments and AWUIL at June 30 are summarized as follows

| | 2014 | 2013 |
|---|-----------------------|-----------------------|
| Investments | \$ 40,541,406 | \$ 13,278,673 |
| Assets whose use is limited | | |
| By board for self-insurance and additions to property, plant, and equipment | 271,880,369 | 259,415,424 |
| By board for endowments and research | 245,165,463 | 210,633,832 |
| By donors for endowments and research | 3,238,452 | 4,578,097 |
| | <u>\$ 560,825,690</u> | <u>\$ 487,906,026</u> |
| Cash and cash equivalents | \$ 18,928,795 | \$ 27,110,429 |
| Equity mutual funds | | |
| US stocks-large cap value fund | 55,646,745 | 50,627,300 |
| US stocks-large cap growth fund | 69,781,318 | 57,106,793 |
| US stocks-small cap fund | 11,749,850 | 9,584,637 |
| Foreign stocks-developed markets fund | 134,523,341 | 112,639,200 |
| Foreign stocks-emerging markets fund | 39,703,655 | 30,878,237 |
| Commodities fund | 34,643,114 | 28,718,343 |
| Real estate fund | 6,537,195 | 5,950 |
| Bond mutual funds | | |
| Fixed income opportunity fund | 29,074,789 | 29,036,163 |
| Treasury inflation protected securities fund | 30,085,852 | 25,000,011 |
| Real estate fund | | — |
| Corporate bonds | 18,085,409 | 18,534,092 |
| U S government securities | 41,144,228 | 37,459,069 |
| Mortgage-backed securities | | |
| Governmental agencies | 6,923,118 | 13,753,726 |
| Private issuers | 13,636,839 | 8,975,324 |
| Alternative investments | | |
| Equity hedge | 24,259,503 | 22,673,306 |
| Fixed income hedge | 10,636,024 | 10,175,754 |
| Private equity | 15,465,915 | 5,627,692 |
| | <u>\$ 560,825,690</u> | <u>\$ 487,906,026</u> |

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Investments and Assets Whose Use is Limited (AWUIL) (continued)

Total investment income from securities, cash and equivalents, and other investments is comprised of the following

| | June 30 | |
|---|-----------------------------|----------------------|
| | 2014 | 2013 |
| Interest and dividend income | \$ 11,226,582 | \$ 10,333,914 |
| Net realized gains on sales of securities | 24,198,853 | 19,284,609 |
| Investment gain from the change in market value of trading securities | 37,660,468 | 16,976,226 |
| Total investment gain | <u>\$ 73,085,903</u> | <u>\$ 46,594,749</u> |

At June 30, 2014, the Hospital has committed capital yet to be called of approximately \$43,600,000 to private equity funds over the next one to six years

5. Leases

The Hospital leases office equipment, medical equipment, and office space under operating leases

Future minimum payments of the Hospital's non-cancelable operating leases as of June 30, 2014 are as follows

| | |
|------------------------------|----------------------------|
| 2015 | \$ 1,872,930 |
| 2016 | 1,640,085 |
| 2017 | 1,509,001 |
| 2018 | 1,133,518 |
| 2019 | 891,804 |
| Subsequent years | 2,416,214 |
| Total minimum lease payments | <u>\$ 9,463,552</u> |

Rent expense was approximately \$1,803,000 for the year ended June 30, 2014 (\$1,576,000 in 2013)

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Pension Plan

The Hospital has a defined benefit pension plan (the Plan) covering the majority of all employees. Participants' benefits are calculated based upon a percentage of each participant's eligible earnings. The Hospital's funding policy is to contribute amounts to the Plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974.

The net loss and prior service credit recognized in unrestricted net assets for the year ended June 30, 2014, were \$20,703,466 and \$10,798,302 respectively (\$17,510,108 and \$12,080,760 in 2013). Included in unrestricted net assets at June 30, 2014 are the following amounts that have not yet been recognized in the net periodic benefit cost: unrecognized actuarial loss of \$5,541,563, prior service credit of \$1,282,458, and \$1,643,896 amortization of net actuarial loss (unrecognized actuarial gain of \$9,016,041, prior service credit of \$1,298,954, and \$2,335,304 amortization of net actuarial gain in 2013). The actuarial loss and prior service cost expected to be recognized during the year ended June 30, 2015, are \$2,013,890 and \$1,282,458, respectively.

The following chart summarizes the benefit obligations, plan assets, and funded status associated with the plan as of June 30.

| | 2014 | 2013 |
|--|-----------------|-----------------|
| Projected benefit obligations | | |
| Benefit obligation at beginning of year | \$ (69,334,705) | \$ (70,343,041) |
| Service cost | (4,022,347) | (4,616,595) |
| Interest cost | (3,615,476) | (3,312,681) |
| Actuarial (loss) gain | (11,591,738) | 6,393,093 |
| Benefits paid | 6,552,126 | 2,544,519 |
| Benefit obligation at end of year | (82,012,140) | (69,334,705) |
| Fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 79,463,238 | 68,997,137 |
| Actual return on plan assets | 12,330,407 | 8,010,620 |
| Employer contributions | 2,000,000 | 5,000,000 |
| Benefits paid | (6,552,126) | (2,544,519) |
| Fair value of plan assets at end of year | 87,241,519 | 79,463,238 |
| Funded status of the plan | \$ 5,229,379 | \$ 10,128,533 |

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Pension Plan (continued)

The accumulated benefit obligation was \$80,000,654 and \$68,175,199 at June 30, 2014 and 2013, respectively

Net periodic pension cost includes the following components for the year ended June 30

| | 2014 | 2013 |
|---|----------------------------|----------------------------|
| Service cost | \$ 4,022,347 | \$ 4,616,595 |
| Interest cost | 3,615,476 | 3,312,681 |
| Expected return on plan assets | (5,566,923) | (4,977,154) |
| Amortization of prior service cost | (1,282,458) | (1,282,458) |
| Recognized net actuarial gain | 1,634,896 | 2,335,304 |
| Benefit cost included in employee benefit expense | <u>\$ 2,423,338</u> | <u>\$ 4,004,968</u> |

Actuarial assumptions at June 30 were as follows

| | 2014 | 2013 |
|--|--------------|-------------|
| Weighted-average assumptions used to determine benefit obligations at year end | | |
| Discount rate | 4.69% | 5.36% |
| Rate of compensation increases | 3.50 | 3.50 |
| Expected long-term return on plan assets | 7.80 | 7.80 |
| Weighted-average assumptions used to determine net periodic pension cost | | |
| Discount rate | 5.36 | 4.85 |
| Rate of compensation increase | 3.50 | 3.50 |
| Expected long-term return on plan assets | 7.80 | 7.80 |

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Pension Plan (continued)

The Plan assets are allocated as follows

| Asset category | Allowable Allocation Range | Percentage of Plan Assets at June 30 | |
|-------------------|----------------------------------|---|-------------|
| | | 2014 | 2013 |
| Equity securities | 50–70% | 69% | 68% |
| Debt securities | 30–50% | 31 | 32 |
| Total | | <u>100%</u> | <u>100%</u> |

The fair values of the Pension Plan's assets by asset category are as follows

| | June 30, 2014 | | | |
|--|----------------------|----------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total Fair Value |
| Cash and cash equivalents | \$ 8,313,127 | \$ — | \$ — | \$ 8,313,127 |
| Equity mutual funds | | | | |
| US stocks-large cap value fund | 7,783,614 | — | — | 7,783,614 |
| US stocks-large cap growth fund | 10,730,371 | — | — | 10,730,371 |
| US stocks-small cap fund | 1,920,883 | — | — | 1,920,883 |
| Foreign stocks-developed markets fund | 21,511,284 | — | — | 21,511,284 |
| Foreign stocks- emerging markets fund | 7,113,709 | — | — | 7,113,709 |
| Commodities fund | 5,832,994 | — | — | 5,832,994 |
| Real estate | 1,228,499 | — | — | 1,228,499 |
| Bond mutual funds | | | | |
| Fixed income opportunity fund | — | 5,329,400 | — | 5,329,400 |
| Corporate bonds | — | 8,746,790 | — | 8,746,790 |
| U S government securities | — | 1,539,734 | — | 1,539,734 |
| Mortgage-backed securities | | | | |
| Governmental agencies | — | 2,201,185 | — | 2,201,185 |
| Private issuers | — | 1,098,084 | — | 1,098,084 |
| Equity hedge | — | 3,891,845 | — | 3,891,845 |
| Total assets at fair value | <u>\$ 64,434,481</u> | <u>\$ 22,807,038</u> | <u>\$ —</u> | <u>\$ 87,241,519</u> |

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Pension Plan (continued)

| | June 30, 2013 | | | |
|---------------------------------------|---------------|---------------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total Fair Value |
| Cash and cash equivalents | \$ 7,511,862 | \$ — | \$ — | \$ 7,511,862 |
| Equity mutual funds | | | | |
| US stocks-large cap value fund | 8,874,979 | — | — | 8,874,979 |
| US stocks-large cap growth fund | 10,073,572 | — | — | 10,073,572 |
| US stocks-small cap fund | 1,589,491 | — | — | 1,589,491 |
| Foreign stocks-developed markets fund | 19,485,591 | — | — | 19,485,591 |
| Foreign stocks-emerging markets fund | 5,378,635 | — | — | 5,378,635 |
| Commodities fund | 4,875,472 | — | — | 4,875,472 |
| Bond mutual funds | | | | |
| Fixed income opportunity fund | — | 5,117,422 | — | 5,117,422 |
| Corporate bonds | — | 5,963,400 | — | 5,963,400 |
| U S government securities | — | 1,665,156 | — | 1,665,156 |
| Mortgage-backed securities | | | | |
| Governmental agencies | — | 2,837,914 | — | 2,837,914 |
| Private issuers | — | 2,371,327 | — | 2,371,327 |
| Equity hedge | — | 3,718,417 | — | 3,718,417 |
| Total assets at fair value | \$ 57,789,602 | \$ 21,673,636 | \$ — | \$ 79,463,238 |

Fair value methodologies for cash and cash equivalents, marketable debt securities, marketable equity securities and mutual funds sections included in Level 1 and Level 2 are consistent with the inputs described in Note 3

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Pension Plan (continued)

Following is the summary of the inputs and valuation techniques used for valuing Level 2 securities in the portfolio

| Securities | Input | Valuation Technique |
|----------------------------|---------------|---------------------|
| Bond mutual funds | Broker/Dealer | Market |
| Corporate bonds | Broker/Dealer | Market |
| U S government securities | Broker/Dealer | Market |
| Mortgage-backed securities | Broker/Dealer | Market |
| Equity hedge | NAV | Market/Income |

The Hospital's equity hedge is not necessarily readily marketable, however, management has determined that the NAV is an appropriate estimate of the fair value of this investment at June 30, 2014 and 2013, based on the fact that the equity hedge is audited and accounted for at fair value by the administrator of the equity hedge. Since the Hospital has the ability to redeem its investment in the equity hedge at NAV with no significant restrictions on the redemption at the consolidated balance sheet date, the Hospital has categorized the equity hedge as a Level 2 measurement in the fair value hierarchy.

The investment objective with regard to the plan assets is one of long-term growth and current income. This balanced approach is expected to earn long-term total returns comprised of capital appreciation and current income that are commensurate with the expected rates of return used by the Plan.

The investment policy, as established by the Investment Committee, is to invest assets per the target allocations stated above. The assets will be reallocated periodically to meet the above target allocations. The investment policy will be reviewed periodically, under the advisement of a certified investment advisor, to determine if the policy should be changed.

The Committee's focus regarding fund assets combines both preservation of capital and moderate risk taking. The Committee recognizes that risk, volatility, and the potential of loss is inherent to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the investment manager the opportunity to achieve satisfactory results consistent with the stated objectives and long-term nature of the fund.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Pension Plan (continued)

Prohibited investments include, but are not limited to, securities on margin, naked call options, short sale transactions, lettered stock, private placements, direct placements, and direct holdings of commodities

The Hospital does not expect to make contributions to the plan in 2015

The estimated future benefit payments reflecting expected future service for the future fiscal years are expected to be paid

| | |
|-------------|--------------|
| 2015 | \$ 4,834,000 |
| 2016 | 4,854,000 |
| 2017 | 5,489,000 |
| 2018 | 5,540,000 |
| 2019 | 5,654,000 |
| 2020 – 2024 | 32,831,000 |

In January, 2012, the Hospital merged their defined contribution thrift (401a) plan into a new 401(k) plan. All assets in the defined contribution plan were transferred over to the 401(k) plan. The Hospital's contributions to the 401(k) plan are based on each participant's salary together with certain voluntary contributions made by participants. The 401(k) plan covers substantially all employees. Pension expense related to this plan was \$3,191,600 in 2014 and \$2,876,111 in 2013.

7. Commitments and Contingencies

The Hospital is subject to legal proceedings and claims which arise in the ordinary course of providing medical services. Such legal proceedings and claims are either specifically covered by the insurance in Note 8 or are deemed to be immaterial. While the outcomes of the legal proceedings and claims cannot be determined at this time, management believes that any loss which may arise from these legal proceedings and claims will not materially affect the financial position of the Hospital.

The Hospital began construction on a \$140 million facilities renovation project in 2014, consisting primarily of a 7 story replacement patient tower, a data center, and associated other renovations. As of June 30, 2014, \$66 million in firm contracts had been extended in conjunction with this project.

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Professional Liability Self-Insurance

Prior to July 30, 1992, the Hospital maintained a combination of claims-made and occurrence-based coverage for professional and general liability claims through a commercial insurance carrier. Effective July 30, 1992, the Hospital self-insured its professional and general liability risks for certain claims asserted after July 30, 1988.

The reserve for professional liability claims reflect the estimated liability (undiscounted) for such claims based on an actuarial assessment of the data. Management believes that the self-insurance reserve, \$8,883,715 and \$8,914,321 at June 30, 2014 and 2013, respectively, including a receivable estimated for reinsurance recoveries of \$2,848,281 and \$2,688,529 respectively, is adequate to settle claims currently filed against the Hospital and claims which may be asserted based on the occurrence of events which are not known to management or legal counsel at this time.

9. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services at June 30 are as follows:

| | 2014 | 2013 |
|-------------------------------|------------------------------|------------------------------|
| Health care services | | |
| Direct patient care | \$ 148,983,276 | \$ 142,263,633 |
| Support services | 52,393,715 | 50,521,765 |
| | 201,376,991 | 192,785,398 |
| Fiscal and administration | 18,203,653 | 16,960,670 |
| Education and research | 2,812,985 | 2,897,605 |
| Fund raising | 1,013,891 | 646,480 |
| Depreciation | 14,715,406 | 14,808,919 |
| | <u>\$ 238,122,926</u> | <u>\$ 228,099,072</u> |

Dayton Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party agreements. The mix of receivables from patients and third-party payors as of June 30 was as follows:

| | 2014 | 2013 |
|-------------------------------------|-------------|-------------|
| Medicaid and Medicaid related plans | 39% | 35% |
| Anthem | 27 | 25 |
| Commercial | 31 | 38 |
| Other federal | 3 | 2 |
| | 100% | 100% |

11. Subsequent Events

The Hospital has evaluated and disclosed subsequent events through September 15, 2014, which is the date the consolidated financial statements were issued and made available. No events have occurred, except those disclosed below, were identified for recognition or disclosure in the consolidated financial statements.

In conjunction with the facilities renovation project described in Note 7, the Hospital issued a tax exempt direct placement bond issue in August, 2014. The bonds, which were placed directly with one financial institution, carry interest at a variable rate based on LIBOR, mature in ten years, and contain an early prepayment option. The total amount issued is \$115 million, which will be drawn as construction expenditures are incurred.

Supplementary Information



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Report of Independent Auditors on Supplementary Information

The Board of Trustees
Dayton Children's Hospital

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

Ernst & Young LLP

September 15, 2014

Dayton Children's Hospital and Subsidiaries

Details of Consolidated Balance Sheet

June 30, 2014

| | Dayton Children's Hospital and Pediatric Assurance Company, Ltd. | Children's Care Group/ Anesthesia Group | Children's Home Care of Dayton, Ohio | Dayton Children's Hospital Foundation | Eliminations | Consolidated |
|--|---|--|--|--|-----------------|----------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 69,538,008 | \$ 439,250 | \$ 5,506,521 | \$ 92,911 | \$ – | \$ 75,576,690 |
| Accounts receivable, net of allowances for doubtful accounts | 39,566,580 | 66,972 | 684,156 | 120,851 | (17,207,466) | 23,231,093 |
| Pledges receivable from donors | 374,717 | – | – | – | – | 374,717 |
| Inventories | 1,695,087 | – | 99,410 | – | – | 1,794,497 |
| Prepaid expenses and other assets | 444,404 | 3,051 | – | – | – | 447,455 |
| Total current assets | 111,618,796 | 509,273 | 6,290,087 | 213,762 | (17,207,466) | 101,424,452 |
| Investments and assets whose use is limited | | | | | | |
| Investments | 40,541,406 | – | 6,740,279 | – | (6,740,279) | 40,541,406 |
| By board for self-insurance and additions to property, plant, and equipment | 271,880,369 | – | – | – | – | 271,880,369 |
| By board and donors for endowments and research | – | – | – | 248,403,915 | – | 248,403,915 |
| Pledges receivable from donors, net | 487,341 | – | – | – | – | 487,341 |
| | 312,909,116 | – | 6,740,279 | 248,403,915 | (6,740,279) | 561,313,031 |
| Prepaid pension | 5,229,379 | – | – | – | – | 5,229,379 |
| Other assets | 7,810,837 | 11,051,909 | 297,773 | 2,232,000 | (2,934,288) | 18,458,231 |
| Property, plant, and equipment | | | | | | |
| Land and land improvements | 8,936,757 | – | 26,345 | – | – | 8,963,102 |
| Buildings | 48,357,579 | – | 1,514,582 | – | – | 49,872,161 |
| Equipment | 127,486,839 | 223,146 | 1,900,143 | – | – | 129,610,128 |
| Construction-in-progress | 10,012,860 | – | – | – | – | 10,012,860 |
| Accumulated depreciation | (90,713,284) | (126,480) | (743,125) | – | – | (91,582,889) |
| | 104,080,751 | 96,666 | 2,697,945 | – | – | 106,875,362 |
| Total assets | \$ 541,648,879 | \$ 11,657,848 | \$ 16,026,084 | \$ 250,849,677 | \$ (26,882,033) | \$ 793,300,455 |

Dayton Children's Hospital and Subsidiaries

Details of Consolidated Balance Sheet (continued)

| | Dayton Children's Hospital and Pediatric Assurance Company, Ltd. | Children's Care Group/ Anesthesia Group | Children's Home Care of Dayton, Ohio | Dayton Children's Hospital Foundation | Eliminations | Consolidated |
|--|---|--|--|--|---------------------|--------------------|
| Liabilities and net assets | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued expenses | \$ 13,850,946 | \$ 13,790,661 | \$ 4,735,489 | \$ 143,183 | \$ (24,360,649) | \$ 8,159,630 |
| Salaries, wages, and withholdings | 6,225,266 | 975,088 | 50,153 | — | — | 7,250,507 |
| Accrued compensated absences | 12,928,565 | — | 148,330 | — | — | 13,076,895 |
| Estimated reimbursement due to Medicare and Medicaid programs | 282,960 | — | — | — | — | 282,960 |
| Total current liabilities | 33,287,737 | 14,765,749 | 4,933,972 | 143,183 | (24,360,649) | 28,769,992 |
| Reserve for professional liability | 8,883,715 | — | — | — | — | 8,883,715 |
| Loan payable | — | — | 3,920,000 | — | — | 3,920,000 |
| Other liabilities | 4,150,146 | 10,128,047 | — | — | — | 14,278,193 |
| Total liabilities | 46,321,598 | 24,893,796 | 8,853,972 | 143,183 | (24,360,649) | 55,851,900 |
| Net assets (deficit) | | | | | | |
| Unrestricted | 493,785,276 | (13,235,948) | 7,172,112 | 249,010,047 | (2,521,384) | 734,210,103 |
| Temporarily restricted | 1,542,005 | — | — | 1,696,447 | — | 3,238,452 |
| Total net assets (deficit) | 495,327,281 | (13,235,948) | 7,172,112 | 250,706,494 | (2,521,384) | 737,448,555 |
| Total liabilities and net assets (deficit) | \$ 541,648,879 | \$ 11,657,848 | \$ 16,026,084 | \$ 250,849,677 | \$ (26,882,033) | \$ 793,300,455 |

Dayton Children's Hospital and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets

Year Ended June 30, 2014

| | Dayton Children's Hospital and Pediatric Assurance Company, Ltd. | Children's Care Group/ Anesthesia Group | Children's Home Care of Dayton, Ohio | Dayton Children's Hospital Foundation | Eliminations | Consolidated |
|---|---|--|---|--|---------------------|---------------------|
| Unrestricted revenue and other support | | | | | | |
| Net patient service revenue (net of contractual allowance) | \$ 227,272,958 | \$ 18,882,466 | \$ 12,216,382 | \$ — | \$ (5,392,047) | \$ 252,979,759 |
| Provision for bad debts | (5,715,481) | — | — | — | — | (5,715,481) |
| Net patient service revenue less provision for bad debts | 221,557,477 | 18,882,466 | 12,216,382 | — | (5,392,047) | 247,264,278 |
| Other operating revenue | 7,881,651 | 9,578,142 | 114,115 | — | (14,218,040) | 3,355,868 |
| Unrestricted contributions and net assets released from restrictions used for operations | 6,185,922 | — | — | — | (1,279,992) | 4,905,930 |
| Total unrestricted revenue and other support | 235,625,050 | 28,460,608 | 12,330,497 | — | (20,890,079) | 255,526,076 |
| Expenses | | | | | | |
| Salaries and benefits | 113,221,239 | 25,960,270 | 2,224,507 | — | — | 141,406,016 |
| Depreciation | 14,543,516 | 77,895 | 93,995 | — | — | 14,715,406 |
| Professional fees | 19,610,796 | — | — | — | (14,610,916) | 4,999,880 |
| Drugs | 16,347,846 | — | 8,810,342 | — | — | 25,158,188 |
| General supplies | 6,907,785 | 301,066 | 19,923 | — | — | 7,228,774 |
| Utilities | 2,413,128 | — | 5,626 | — | — | 2,418,754 |
| Equipment repair and rentals | 8,265,560 | 306,189 | 13,458 | — | (109,428) | 8,475,779 |
| Medical supplies | 9,158,079 | — | 425,430 | — | — | 9,583,509 |
| Purchased services | 10,544,959 | 2,241,782 | 626,304 | 6,556,819 | (6,092,587) | 13,877,277 |
| State assessment | 4,381,662 | — | — | — | — | 4,381,662 |
| Other expenses | 4,665,348 | 906,174 | 383,307 | — | (77,148) | 5,877,681 |
| Total expenses | 210,059,918 | 29,793,376 | 12,602,892 | 6,556,819 | (20,890,079) | 238,122,926 |
| Excess (deficiency) of unrestricted revenue and other support over expenses before investment income | 25,565,132 | (1,332,768) | (272,395) | (6,556,819) | — | 17,403,150 |
| Investment income | 38,430,573 | 3,001 | 165,914 | 34,486,415 | — | 73,085,903 |
| Excess (deficiency) of unrestricted revenue and other support over expenses | 63,995,705 | (1,329,767) | (106,481) | 27,929,596 | — | 90,489,053 |

Continued on next page

Dayton Children's Hospital and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)

| | Dayton Children's Hospital and Pediatric Assurance Company, Ltd. | Children's Care Group/ Anesthesia Group | Children's Home Care of Dayton, Ohio | Dayton Children's Hospital Foundation | Eliminations | Consolidated |
|---|---|--|--|--|----------------|----------------|
| Unrestricted net assets | | | | | | |
| Excess (deficiency) of unrestricted revenue and other support over expenses | \$ 63,995,705 | \$ (1,329,767) | \$ (106,481) | \$ 27,929,596 | \$ – | \$ 90,489,053 |
| Change in pension plan obligation and plan assets | (4,762,111) | – | – | – | – | (4,762,111) |
| Capital contribution | – | – | 297,773 | – | (297,773) | – |
| Transfers | (7,318,732) | – | – | 7,318,732 | – | – |
| Net assets released from restrictions used for purchase of property and equipment | 3,407,541 | – | – | – | – | 3,407,541 |
| Increase (decrease) in unrestricted net assets | 55,322,403 | (1,329,767) | 191,292 | 35,248,328 | (297,773) | 89,134,483 |
| Temporarily restricted net assets | | | | | | |
| Contributions | 3,740,020 | – | – | – | – | 3,740,020 |
| Net assets released from restrictions | (5,243,811) | – | – | – | – | (5,243,811) |
| Change in market value of investments held | – | – | – | 164,146 | – | 164,146 |
| Increase in temporarily restricted net assets | (1,503,791) | – | – | 164,146 | – | (1,339,645) |
| Increase (decrease) in net assets | 53,818,612 | (1,329,767) | 191,292 | 35,412,474 | (297,773) | 87,794,838 |
| Net assets (deficit) at beginning of year | 441,508,669 | (11,906,181) | 6,980,820 | 215,294,020 | (2,223,611) | 649,653,717 |
| Net assets (deficit) at end of year | \$ 495,327,281 | \$ (13,235,948) | \$ 7,172,112 | \$ 250,706,494 | \$ (2,521,384) | \$ 737,448,555 |

Dayton Children's Hospital and Subsidiaries

Details of Consolidated Statement of Cash Flows

Year Ended June 30, 2014

| | Dayton Children's Hospital and Pediatric Assurance Company, Ltd | Children's Care Group/ Anesthesia Group | Children's Home Care of Dayton, Ohio | Dayton Children's Hospital Foundation | Eliminations | Consolidated |
|---|--|--|--|--|--------------|---------------|
| Operating activities | | | | | | |
| Change in net assets | \$ 53,818,612 | \$ (1,329,767) | \$ 191,292 | \$ 35,412,474 | \$ (297,773) | \$ 87,794,838 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | | | | | |
| Depreciation | 14,543,516 | 77,895 | 93,995 | — | — | 14,715,406 |
| Provisions for bad debt | 5,715,481 | — | — | — | — | 5,715,481 |
| Change in market value of investments | (20,028,198) | — | — | (17,796,416) | — | (37,824,614) |
| Change in pension Plan obligation and plan assets | 4,762,111 | — | — | — | — | 4,762,111 |
| Accounts receivable | (13,566,251) | 21,128 | 187,159 | (120,851) | 2,950,831 | (10,527,984) |
| Pledges receivable, net | (79,778) | — | — | — | — | (79,778) |
| Assets whose use is limited and investments | (19,699,480) | — | (162,493) | (15,395,570) | 162,493 | (35,095,050) |
| Inventories and other current assets | (112,309) | (3,051) | 7,857 | — | — | (107,503) |
| Other assets | (1,047,755) | (2,037,293) | (297,773) | (2,232,000) | 293,956 | (5,320,865) |
| Estimated reimbursement due from Medicare and Medicaid programs | (266,806) | — | — | — | — | (266,806) |
| Accounts payable and other current liabilities | 1,904,869 | 382,114 | 2,784,732 | 141,313 | (3,109,507) | 2,103,521 |
| Other liabilities | (523,004) | 2,081,507 | — | — | — | 1,558,503 |
| Net cash provided by operating activities | 25,421,008 | (807,467) | 2,804,769 | 8,950 | — | 27,427,260 |
| Investing activities | | | | | | |
| Additions to property, plant, and equipment, net of nominal disposals | (20,449,127) | (13,810) | (2,754,048) | — | — | (23,216,985) |
| Financing activities | | | | | | |
| New borrowings | — | — | 3,920,000 | — | — | 3,920,000 |
| Increase in cash and cash equivalents | 4,971,881 | (821,277) | 3,970,721 | 8,950 | — | 8,130,275 |
| Cash and cash equivalents at beginning of year | 64,566,127 | 1,260,527 | 1,535,800 | 83,961 | — | 67,446,415 |
| Cash and cash equivalents at end of year | \$ 69,538,008 | \$ 439,250 | \$ 5,506,521 | \$ 92,911 | \$ — | \$ 75,576,690 |

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