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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
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 601 Childrens Lane Suite

Room/suite

City or town, state or province, country, and ZIP or foreign postal code
Norfolk, VA 23507

D Employer identification number
54-0506321

E Telephone number
(757) 668-7000

G Gross receipts $ 363,603,122

F Name and address of principal officer
JAMES D DAHLING
601 CHILDRENS LANE
NORFOLK, VA 23507

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 CHKD ORG

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

L Year of formation 1961

M State of legal domicile VA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
DEDICATED TO THE MISSION OF PROVIDING THE BEST POSSIBLE CARE AND SERVICES FOR ALL CHILDREN WHO COME TO US BECAUSE OF SICKNESS AND INJURY

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	22
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	18
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,988
6	Total number of volunteers (estimate if necessary)	**6**	670
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	344,433
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	247,183

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	13,432,828	14,687,820
9	Program service revenue (Part VIII, line 2g)	309,665,226	316,175,745
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,214,084	4,436,872
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	9,981,332	7,272,927
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	337,293,470	342,573,364
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	71,725	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	144,924,518	151,794,837
16a	Professional fundraising fees (Part IX, column (A), line 11e)	1,388,191	640,112
b	Total fundraising expenses (Part IX, column (D), line 25) ▶2,314,137		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	140,271,445	145,357,554
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	286,655,879	297,792,503
19	Revenue less expenses Subtract line 18 from line 12	50,637,591	44,780,861

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	381,756,065	416,670,984
21	Total liabilities (Part X, line 26)	114,002,227	110,489,692
22	Net assets or fund balances Subtract line 21 from line 20	267,753,838	306,181,292

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 — 2015-05-08 — Date

DENNIS RYAN CHIEF FINANCIAL OFFICER — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
raymond ly KPMG LLP				P01205643
Firm's name ▶ KPMG LLP			Firm's EIN ▶	
Firm's address ▶ 1676 International Drive McLean, VA 22102			Phone no (703) 286-8000	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

SEE SCHEDULE O

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 $ 250,207,279 including grants of $) (Revenue $ 322,736,805)

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** ▶ 250,207,279

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	236		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,988		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a		Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		Yes	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	22		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	18		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

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

▶ DENNIS RYAN 601 CHILDRENS LANE
NORFOLK, VA 23507 (757) 668-7000

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,487,041	2,756,005	2,924,058

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 171

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CHILDREN'S SPECIALTY GROUP, PO BOX 11049 NORFOLK VA 23517	MEDICAL	12,201,796
EASTERN VIRGINIA MED SCHOOL, PO BOX 1980 NORFOLK VA 235011980	MEDICAL	10,287,710
AMERISOURCE BERGEN, PO BOX 642800 PITTSBURG PA 15264	MEDICAL SUPPLIES	8,195,607
MEDLINE INDUSTRIES INC, ONE MEDLINE PLACE MUNDELINE IL 60060	MEDICAL SUPPLIES	6,212,611
SENTARA, 4417 CORPORATION LANE VIRGINIA BEACH VA 23462	MEDICAL	3,810,338

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 ▶ 150

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	196,732			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	2,183,008			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	12,308,080			
	g	Noncash contributions included in lines 1a-1f $		560,320			
	h	**Total.** Add lines 1a-1f			14,687,820		
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES	900099	305,447,898	305,447,898		
	b	OTHER RELATED SVCS	900099	10,383,414	10,383,414		
	c	LAB SERVICES	621500	325,646		325,646	
	d	SPORTS RELATED	900099	18,787		18,787	
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		316,175,745			
	3	Investment income (including dividends, interest, and other similar amounts)		2,359,282			2,359,282
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			

		(i) Real	(ii) Personal				
	6a	Gross rents	3,522,469				
	b	Less rental expenses	3,202,515				
	c	Rental income or (loss)	319,954	0			
	d	Net rental income or (loss)			319,954		319,954

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	9,847,629	5,625			
	b	Less cost or other basis and sales expenses	7,582,737	192,927			
	c	Gain or (loss)	2,264,892	-187,302			
	d	Net gain or (loss)			2,077,590		2,077,590
Other Revenue	8a	Gross income from fundraising events (not including $ 196,732 of contributions reported on line 1c) See Part IV, line 18	a	128,776			
	b	Less direct expenses	b	81,296			
	c	Net income or (loss) from fundraising events			47,480		47,480
	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	13,781,678			
	b	Less cost of goods sold	b	9,970,283			
	c	Net income or (loss) from sales of inventory			3,811,395	3,811,395	

	Miscellaneous Revenue	Business Code				
11a	GRADUATE MEDICAL EDUCATION	900099	2,359,098	2,359,098		
b	EHR MEANINGFUL USE	900099	735,000	735,000		
c						
d	All other revenue					
e	**Total.** Add lines 11a–11d		3,094,098			
12	**Total revenue.** See Instructions		342,573,364	322,736,805	344,433	4,804,306

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	1,374,923	881,681	493,242	
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	127,180,034	115,247,299	11,025,677	907,058
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	500,702		500,702	
9 Other employee benefits	13,682,586	12,387,128	1,187,220	108,238
10 Payroll taxes	9,056,592	8,196,665	785,767	74,160
11 Fees for services (non-employees)				
a Management	871,010		871,010	
b Legal	0			
c Accounting	0			
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	640,112			640,112
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)	21,720,081	20,500,394	1,211,819	7,868
12 Advertising and promotion	115,316	250	74,003	41,063
13 Office expenses	987,574	802,538	172,783	12,253
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	4,437,696	3,692,115	745,581	
17 Travel	245,928	168,078	70,827	7,023
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	940,074	813,736	107,486	18,852
20 Interest	3,240,881	1,016	3,239,865	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	18,931,054	16,107,622	2,792,646	30,786
23 Insurance	1,549,434	571,115	971,146	7,173
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 SUPPLIES	39,190,924	38,785,940	402,088	2,896
b PURCHASED SERVICES	14,531,927	11,559,578	2,767,653	204,696
c EQUIP RENTAL AND MAINT	15,731,262	10,934,551	4,785,440	11,271
d CORPORATE SUPPORT	11,790,230		11,790,230	
e All other expenses	11,074,163	9,557,573	1,275,902	240,688
25 **Total functional expenses.** Add lines 1 through 24e	297,792,503	250,207,279	45,271,087	2,314,137
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		0	1	0
	2	Savings and temporary cash investments		34,159,754	2	31,859,456
	3	Pledges and grants receivable, net		2,188,040	3	3,301,625
	4	Accounts receivable, net		45,952,398	4	52,838,701
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		5,782,946	8	6,381,489
	9	Prepaid expenses and deferred charges		2,875,536	9	3,513,162
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 358,529,264			
	b	Less accumulated depreciation	10b 173,915,387	178,667,970	10c	184,613,877
	11	Investments—publicly traded securities		108,225,506	11	113,633,931
	12	Investments—other securities See Part IV, line 11		0	12	16,441,382
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		3,903,915	15	4,087,361
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		381,756,065	16	416,670,984
Liabilities	17	Accounts payable and accrued expenses		28,180,550	17	26,421,274
	18	Grants payable		0	18	0
	19	Deferred revenue		274,543	19	290,746
	20	Tax-exempt bond liabilities		70,841,942	20	69,041,942
	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		14,705,192	25	14,735,730
	26	**Total liabilities.** Add lines 17 through 25		114,002,227	26	110,489,692
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		237,742,347	27	274,182,539
	28	Temporarily restricted net assets		8,244,751	28	9,971,471
	29	Permanently restricted net assets		21,766,740	29	22,027,282
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		267,753,838	33	306,181,292
	34	Total liabilities and net assets/fund balances		381,756,065	34	416,670,984

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	342,573,364
2	Total expenses (must equal Part IX, column (A), line 25)	2	297,792,503
3	Revenue less expenses Subtract line 2 from line 1	3	44,780,861
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	267,753,838
5	Net unrealized gains (losses) on investments	5	6,981,768
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	-13,335,175
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	306,181,292

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 54-0506321
Name: CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

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			
ELIZABETH M WELLER TREASURER/DIRECTOR	20 20	X		X				0	0	0
BUFFY BAREFOOT DIRECTOR	10 10	X						0	0	0
SARAH BISHOP DIRECTOR	10 10	X						0	0	0
EDWARD A HEIDT JR DIRECTOR	10 10	X						0	0	0
CHRISTINE NEIKIRK DIRECTOR	10 10	X						0	0	0
KEVIN RACK ESQ DIRECTOR THRU 07/16/13	10 10	X						0	0	0
PAMELA COMBS M ED DIRECTOR	10 10	X						0	0	0
ELIZABETH D LANOUE MD DIRECTOR	10 10	X						0	0	0
J CHRISTOPHER PERRY DIRECTOR	10 10	X						0	0	0
KAREN PRIEST DIRECTOR	10 10	X						0	0	0
BRIAN SKINNER DIRECTOR	10 10	X						0	0	0
BETH JOHNSON VICE CHAIRMAN/DIRECTOR	10 10	X		X				0	0	0
CONRAD M HALL SECRETARY/DIRECTOR	20 20	X		X				0	0	0
MARK K WARREN DIRECTOR	10 10	X						0	0	0
ROLF WILLIAMS DIRECTOR	10 10	X						0	0	0
HAROLD J COBB JR DD DIRECTOR THRU 07/16/13	10 10	X						0	0	0
CYNTHIA S KELLY MD DIRECTOR	10 10	X						0	0	0
LLOYD U NOLAND III DIRECTOR THRU 09/18/13	10 10	X						0	0	0
MICHELLE BRENNER MD DIRECTOR	10 41 0	X						0	197,482	22,109
JOHN R LAWSON II CHAIRMAN/DIRECTOR	10 30	X		X				0	0	0
JAMES D DAHLING PRESIDENT/DIRECTOR	10 42 0	X		X				0	961,820	790,796
DONALD NUSS MB CH DIRECTOR	10 10	X						0	0	0
ROBERT OBERMEYER MD DIRECTOR	10 41 0	X						0	580,794	32,351
BLAIR WIMBUSH DIRECTOR	10 10	X						0	0	0
DOUGLAS D ELLIS SR DIRECTOR	10 10	X						0	0	0

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			
DENNIS RYAN CFO/ASST TRES /ASST SEC	1 0 42 0			X				0	482,796	374,394
JOANNA ROGERS VP PHYSICIAN PRACTICE	40 0 0 0				X			306,443	0	337,801
DAVID BOWERS VP SUPPORT SERVICES	40 0 0 0				X			327,702	0	462,555
KATHRYN ABSHIRE VP FINANCE	0 0 40 0				X			0	210,847	71,868
DEBBIE BARNES VP IS OPERATIONS	0 0 40 0				X			0	322,266	230,024
JO-ANN BURKE VP PATIENT CARE SERCES	40 0 0 0				X			345,471	0	158,385
ALLISON SILVA VP ANCILLARY SERVICES	40 0 0 0				X			185,125	0	27,138
SUZANNA STARLING MEDICAL DIRECTOR	40 0 0 0					X		207,425	0	22,092
JOHN HAMILTON VP PHYSICIAN PRACTICE	40 0 0 0					X		260,848	0	104,940
ARNO ZARITSKY VP EXECUTIVE MEDICAL	40 0 0 0					X		478,855	0	230,186
JAMES DICE DIRECTOR PHARMACY	40 0 0 0					X		205,770	0	14,570
SANDIP GODAMBE VP QUALITY IMPROVEMENT	40 0 0 0					X		169,402	0	44,849

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **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
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	14,159,859	13,175,111	10,789,543	13,432,828	14,687,820	66,245,161
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 **Total.** Add lines 1 through 3	14,159,859	13,175,111	10,789,543	13,432,828	14,687,820	66,245,161
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)						1,996,927
6 **Public support.** Subtract line 5 from line 4						64,248,234

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	14,159,859	13,175,111	10,789,543	13,432,828	14,687,820	66,245,161
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	2,690,141	3,583,040	5,369,283	5,864,821	5,881,751	23,389,036
9 Net income from unrelated business activities, whether or not the business is regularly carried on	204,633	159,098	350,371	281,821	247,183	1,243,106
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						0
11 **Total support** (Add lines 7 through 10)						90,877,303

12	Gross receipts from related activities, etc (see instructions)	12	1,522,222,464

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	70 698 %
15	Public support percentage for 2012 Schedule A, Part II, line 14	15	0 %

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☑

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

Employer identification number
54-0506321

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	23,804,262	22,979,768	21,009,069	18,864,330	16,948,282
b	Contributions	454,805	597,930	697,977	73,133	658,921
c	Net investment earnings, gains, and losses	2,103,210	876,135	885,348	2,654,077	1,308,308
d	Grants or scholarships					
e	Other expenditures for facilities and programs	903,782	649,571	-387,374	582,471	51,181
f	Administrative expenses					
g	End of year balance	25,458,495	23,804,262	22,979,768	21,009,069	18,864,330

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 86 520 %
- c Temporarily restricted endowment ▶ 13 480 %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		24,475,054		24,475,054
b Buildings		186,331,732	77,591,352	108,740,380
c Leasehold improvements				
d Equipment		138,038,796	96,096,785	41,942,011
e Other		9,683,682	227,250	9,456,432
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				184,613,877

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
DERIVATIVE INSTRUMENTS	12,657,937
ANNUITY PAYABLE	2,042,303
ACCRUED TAIL COVERAGE	35,490
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	14,735,730

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

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

1	Total revenue, gains, and other support per audited financial statements			1	
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
ASC 740 Footnote from Consolidated Audit Report	CHS RECOGNIZES ANY BENEFITS FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION IF APPLICABLE, THE TAX BENEFITS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS FROM SUCH A POSITION WOULD BE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50% LIKELIHOOD OF BEING REALIZED UPON ULTIMATE RESOLUTION CHS DOES NOT BELIEVE ITS CONSOLIDATED FINANCIAL STATEMENTS INCLUDE ANY UNCERTAIN TAX PROVISIONS
SCHEDULE D, PART V	ENDOWMENT FUNDS ARE USED ACCORDING TO SPECIFIC WRITTEN REQUESTS OF THE DONOR ENDOWMENT AGREEMENT IF NO DIRECT REQUESTS ARE MADE, FUNDS ARE USED IN ACCORDANCE WITH THE OVERALL MISSION OF THE ORGANIZATION

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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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
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

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 Activites 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			Investments		10,310,007
(2)					
(3)					
(4)					
(5)					
3a Sub-total					10,310,007
b Total from continuation sheets to Part I					
c **Totals** (add lines 3a and 3b)					10,310,007

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: 54-0506321
Name: CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

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).

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

▶ 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
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

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

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

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

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

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

	(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
1	Children's miracle network 205 west 700 south salt lake city, UT 84101	GENERAL		No	1,648,285	223,254	1,425,031
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total . . . . . ▶					1,648,285	223,254	1,425,031

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

NC, VA

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

		(a) Event #1 David Wright (event type)	(b) Event #2 Mini Grand Pri (event type)	(c) Other events 0 (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	235,569	89,939		325,508
	2 Less Contributions	106,793	89,939		196,732
	3 Gross income (line 1 minus line 2)	128,776			128,776
Direct Expenses	4 Cash prizes	19,414			19,414
	5 Noncash prizes	1,761	291		2,052
	6 Rent/facility costs	2,347	600		2,947
	7 Food and beverages	32,214	2,954		35,168
	8 Entertainment	6,450			6,450
	9 Other direct expenses	1,205	14,060		15,265
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(81,296)
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				47,480

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

11

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135012455

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 175 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other ____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			2,211,195	0	2,211,195	0 760 %
b Medicaid (from Worksheet 3, column a)			142,637,642	107,124,037	35,513,606	12 280 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			144,848,837	107,124,037	37,724,801	13 040 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			15,495,079	970,726	14,524,352	5 020 %
f Health professions education (from Worksheet 5)			9,502,865	5,640,417	3,862,448	1 340 %
g Subsidized health services (from Worksheet 6)			63,334,449	21,904,176	41,430,272	14 320 %
h Research (from Worksheet 7)			82,683	0	82,683	0 030 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			88,415,076	28,515,319	59,899,755	20 710 %
k **Total.** Add lines 7d and 7j			233,263,913	135,639,356	97,624,556	33 750 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 8,552,866			
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 3,903,240			
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	882,055	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	2,408,013	
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-1,525,958	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
3

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

A

Name of hospital facility or facility reporting group _____

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from 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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW CHKD ORG			
b	☐ Other website (list url) _____			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $_____			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 175 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation

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	CHKD HEALTH CENTER AT OAKBROOKE 500 DISCOVERY DRIVE CHESAPEAKE,VA 23320	OUTPATIENT SERVICES
2	CHKD HEALTH CENTER AT KEMPSVILLE 171 KEMPSVILLE ROAD NORFOLK,VA 23507	OUTPATIENT SERVICES
3	CHKD HEALTH CENTER AT HARBOUR VIEW 5835 HARBOUR VIEW BLVD SUFFOLK,VA 23435	OUTPATIENT SERVICES
4	SATELLITE AT MEDICAL TOWER 400 GRESHAM DRIVE NORFOLK,VA 23507	OUTPATIENT SERVICES
5	HEALTH CENTER AT BURNETT'S WAY 152 BURNETTS WAY SUFFOLK,VA 23456	OUTPATIENT SERVICES
6	CHKD HEALTH CENTER AT STRAWBRIDGE 2117 MCCOMAS WAY SUITE 105 VIRGINIA BEACH,VA 23456	OUTPATIENT SERVICES
7	CHKD CAP 935 REDGATE AVENUE NORFOLK,VA 23507	Outpatient services
8	CHKD AT BUTLER FARM ROAD 421 BUTLER FARM ROAD HAMPTON,VA 23666	Outpatient Services
9	HEALTH CENTER AT MEDICAL CENTER CAMPUS 850 SOUTHAMPTON AVENUE NORFOLK,VA 23510	OUTPATIENT SERVICES
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 1, LINE 3C	N/A

Form and Line Reference	Explanation
PART 1, LINE 6A	N/A

Form and Line Reference	Explanation
PART 1, LINE 7(G)	THE AMOUNT REPORTED ON PART I, LINE 7(G) INCLUDES $31,609,569 OF COSTS ATTRIBUTABLE TO PHYSICIAN CLINICS PART I, LINE 7(F) THE AMOUNT OF BAD DEBT INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) THAT WAS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENT OF TOTAL EXPENSE IN PART I, LINE 7, COLUMN (F) IS $8,552,866

Form and Line Reference	Explanation
PART 1, LINE 7	A HYBRID APPROACH WAS USED FOR DETERMINING COSTS RELATED TO COMMUNITY BENEFIT ACTUAL COSTS FROM ALL PATIENT SEGMENTS ARE IDENTIFIED BY DEPARTMENT IN THE GENERAL LEDGER AND THEN WERE GROUPED INTO LIKE COMMUNITY BENEFIT PROGRAMS INDIRECT COSTS WERE ADJUSTED FOR COSTS ATTRIBUTABLE TO UNREIMBURSED MEDICAID COSTS REPORTED ELSEWHERE, MARKETING AND GRANT WRITING EXPENSES THE MEDICAID COSTS ADJUSTMENT WAS CALCULATED USING A COST TO CHARGE RATIO OF APPLICABLE EXPENSES DIVIDED BY TOTAL APPLICABLE CHARGES APPLIED TO MEDICAID REVENUE THE REMAINING INDIRECT COSTS WERE ALLOCATED PROPORTIONATELY TO THE DIRECT COSTS REPORTED BY DEPARTMENT IN ADDITION, EXPENSES WERE CALCULATED AT COST AND THEN COSTS RELATED TO CHARITY CARE, BAD DEBT AND MEDICAID WERE REMOVED BEFORE ARRIVING AT THE AMOUNTS FOR COMMUNITY BENEFIT AT COST PART II N/A PART III, LINE 2 BAD DEBT REPORTED IN PART III LINE 2 IS BASED ON THE AMOUNT REPORTED AS BAD DEBT IN THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES THE AMOUNT DOES NOT INCLUDE DISCOUNTS OR OTHER ADMINISTRATIVE WRITE OFFS IF A PATIENT ACCOUNT HAS BEEN WRITTEN OFF TO BAD DEBT AND IS SUBSEQUENTLY COLLECTED, BAD DEBT EXPENSE IS REDUCED IN THAT PERIOD BY THE PAYMENT PART III, LINE 3 THE ESTIMATED AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY IS CALCULATED BASED OF THE PERCENTAGE OF CHARITY CARE EXPENSES AS A PERCENTAGE OF SELF-PAY REVENUE CHKD DOES NOT MAINTAIN RECORDS THAT TRACK PATIENTS WHO COULD HAVE QUALIFIED FOR CHARITY CARE THIS AMOUNT IS AN ESTIMATE OF PATIENTS WHO LIKELY WOULD HAVE QUALIFIED FOR FINANCIAL ASSISTANCE UNDER THE CHARITY CARE POLICY IF SUFFICIENT INFORMATION HAD BEEN AVAILABLE TO DETERMINE THEIR ELIGIBILITY THIS AMOUNT IS NOT INCLUDED AS COMMUNITY BENEFIT

Form and Line Reference	Explanation
PART III, LINE 4	THE AUDITED FINANCIAL STATEMENTS AND RELATED FOOTNOTES FOR CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS DO NOT SPECIFICALLY CONTAIN FOOTNOTES RELATED TO BAD DEBT EXPENSE CHKD PRESENTS BAD DEBT PROVISION ON THE FINANCIAL STATEMENTS AS A DEDUCTION FROM NET PATIENT SERVICE PER ACCOUNTING STANDARDS UPDATE (ASU) 2011-07 THE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES IS MANAGEMENT'S BEST ESTIMATE OF THE AMOUNT OF PROBABLE CREDIT LOSSES IN THE HOSPITAL'S EXISTING RECEIVABLES THE HOSPITAL DETERMINES THE ALLOWANCE BASED ON HISTORICAL WRITE-OFF EXPERIENCE ACCOUNT BALANCES ARE CHARGED OFF AGAINST THE ALLOWANCE, NET OF PAYMENTS AND DISCOUNTS, AFTER ALL MEANS OF COLLECTION HAVE BEEN EXHAUSTED AND THE POTENTIAL FOR THE RECOVERY IS CONSIDERED REMOTE

Form and Line Reference	Explanation
PART III, LINE 8	AS A CHILDREN'S HOSPITAL, THE HOSPITAL HAS A SMALL POPULATION OF MEDICARE PATIENTS AND IS PAID LESS THAN COST DUE TO THE REIMBURSEMENT METHODOLOGY USED BY MEDICARE THE SHORTFALL WAS CALCULATED USING THE HOSPITAL'S OVERALL COST TO CHARGE RATIO APPLIED TO MEDICARE GROSS CHARGES THIS SHORTFALL IS NOT SEPARATELY INCLUDED AS A COMMUNITY BENEFIT AS 100% OF IT HAS ALREADY BEEN CAPTURED IN THE APPROPRIATE CATEGORY ON PART I, LINE 7

Form and Line Reference	Explanation
PART III, LINE 9B	ACCOUNTS WITH AN UNPAID BALANCE OR WITHOUT AN ESTABLISHED PAYMENT PLAN ARE REFERRED TO A COLLECTION AGENCY OR ATTORNEY FOR CONTINUED COLLECTION EFFORTS CHKD MAKES REASONABLE EFFORTS TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE/CHARITY CARE BEFORE REFERRING TO A COLLECTION AGENCY OR AN ATTORNEY REASONABLE EFFORT INCLUDES AND IS NOT LIMITED TO NOTIFICATION ABOUT THE FINANCIAL ASSISTANCE - CHARITY CARE/COLLECTION POLICY POSTED IN ADMISSIONS, EMERGENCY DEPARTMENT OR OTHER DESIGNATED AREAS THE INFORMATION REGARDING THE POLICY IS INCLUDED IN THE ADMISSION PACKAGE AND ON THE PATIENT BILL THE HEALTH BENEFITS ANALYST AND CUSTOMER SERVICE REPRESENTATIVE WHO MAY SPEAK WITH THE GUARANTOR BY PHONE PROVIDE THEM WITH FINANCIAL ASSISTANCE INCLUDING CHARITY CARE INFORMATION THE FINANCIAL ASSISTANCE-CHARITY CARE/COLLECTION POLICY IS AVAILABLE UPON REQUEST AND VIA WWW CHKD ORG CHKD ENSURES ALL COLLECTION PROTOCOLS ARE MET PRIOR TO REFERRAL TO COLLECTIONS AGENCY OR ATTORNEY APPROVED CHARITY CARE AMOUNT WILL NOT BE SUBJECT TO COLLECTION ACTIVITIES THE REMAINING BALANCE WILL BE SUBJECT TO CHKD'S STANDARD COLLECTION PROTOCOLS PART V SECTION B LINE 1J N/A PART V SECTION B LINE 3 IN CONDUCTING THE MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT, INPUT WAS RECEIVED FROM REPRESENTATIVES OF THE COMMUNITY SERVED A COMMUNITY INSIGHT SURVEY WAS CONDUCTED WITH A GROUP OF COMMUNITY STAKEHOLDERS WHERE SURVEY PARTICIPANTS WERE ASKED TO PROVIDE THEIR VIEWPOINTS ON IMPORTANT HEALTH CONCERNS IN THE COMMUNITY, SIGNIFICANT SERVICES GAPS IN THE COMMUNITY AND ADDITIONAL IDEAS OR SUGGESTIONS FOR IMPROVING COMMUNITY HEALTH THE SURVEY WAS SENT TO 441 COMMUNITY STAKEHOLDERS WITH A TOTAL OF 95 (22%) RESPONSES RESPONSES WERE RECEIVED FROM VARIOUS LOCAL SOCIAL SERVICES DEPARTMENTS, POLICE OR OTHER PUBLIC SAFETY OFFICES, PUBLIC SCHOOL DIVISIONS, HOSPITALS, COMMUNITY SERVICES BOARD, FOUNDATIONS, HEALTH ASSOCIATIONS, CITIES & COUNTIES IN THE REGION, UNIVERSITY NURSING PROGRAM, HEALTH DEPARTMENTS, VARIOUS CORPORATE CITIZENS AND OTHER NON-PROFIT ORGANIZATIONS PART V SECTION B LINE 4 A JOINT COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED FOR CHKD'S THREE LICENSED FACILITIES LIST IN PART V, SECTION A PART V SECTION B LINE 5C N/A PART V SECTION B LINE 6I N/A Part V Section B line 7 The following needs were identified in our community health needs assessment but were not addressed in our implementation plan as the services were provided by other community resources dental health/oral health, substance abuse - illegal and/or prescription drugs, teen pregnancy, crime/violence, tobacco use/exposure, high risk pregnancies and birth outcomes, early intervention services, family planning services, housing services, maternal, infant and child health services, food safety net, respite care services, home health services, public health services, durable medical equipment and assistive devices, long term care services, pharmacy services, hospice services, injury prevention services, mental health services PART V SECTION B LINE 10 N/A PART V SECTION B LINE 11 N/A PART V SECTION B LINE 12I N/A PART V SECTION B LINE 14G N/A PART V SECTION B LINE 16E N/A PART V SECTION B LINE 17E N/A PART V SECTION B LINE 18E N/A PART V SECTION B LINE 19C N/A PART V SECTION B LINE 19D N/A PART V SECTION B LINE 20D N/A PART V SECTION B LINE 21 N/A PART V SECTION B LINE 22 N/A

Form and Line Reference	Explanation
NEEDS ASSESSMENT	CHKD USES A VARIETY OF METHODS TO ASSESS THE HEALTH CARE NEEDS OF THE COMMUNITY IT SERVES NEEDS ARE IDENTIFIED THROUGH A FORMAL COMMUNITY HEALTH NEEDS ASSESSMENT, PARTNERSHIPS AND COLLABORATIONS WITH OTHER MEDICAL, NON-PROFIT AND PUBLIC HEALTH AGENCIES AND ORGANIZATIONS AND THROUGH REGIONAL, STATE AND NATIONAL DATA AS THE ONLY HEALTHCARE PROVIDER IN VIRGINIA DEVOTED EXCLUSIVELY TO THE NEEDS OF CHILDREN, CHKD ASSUMES THE RESPONSIBILITY OF LEADING THE REGION IN THE PROVISION OF PEDIATRIC CARE AND THE PROMOTION OF CHILDREN'S HEALTH AND IS TRUSTED THROUGHOUT ITS COMMUNITY AS A RESOURCE READY AND WILLING TO ADDRESS ESTABLISHED AND EMERGENT PEDIATRIC NEEDS WHEREVER AND HOWEVER THEY ARE IDENTIFIED CHKD'S CURRENT COMMUNITY HEALTH NEEDS ASSESSMENT AND IMPLEMENTATION STRATEGY CAN BE FOUND AT HTTP //WWW CHKD ORG/ABOUT/COMMUNITYBENEFIT/DEFAULT ASPX

Form and Line Reference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	CHKDs Charity Care eligibility criteria and procedures for applying are provided to all patients Charity Care information is in included in every inpatient admission packet and distributed during the outpatient during the outpatient registration process An application for Charity Care, along with a letter explaining the process, is sent to any patient or guarantor who requests information on any programs or provisions the hospital may have to help assist patients or guarantors in paying their hospital bill The Charity Care policy and application are prominently displayed on the main "Billing" page of the hospital website, just one click from the home page, at ww chkd org/Billing/Financial-Assistance Printed copies are also available at each registration workstation All billing statements mailed to guarantors include a notice of the availability of charity and how to obtain the information/application Assistance with the application process is available through the Health Benefits Analyst (HBA) The HBA sends out applications via mail and refers families to the Hospitals website The unit social worker is available to provide information or referral to the HBA during an inpatient stay

Form and Line Reference	Explanation
COMMUNITY INFORMATION	CHKD IS THE REGIONAL PEDIATRIC REFERRAL CENTER FOR SOUTHEASTERN VIRGINIA, THE EASTERN SHORE OF VIRGINIA AND NORTHEASTERN NORTH CAROLINA CHKD SERVES THE FOLLOWING REGIONS IN VIRGINIA ACCOMACK COUNTY, CHESAPEAKE CITY, FRANKLIN CITY, GLOUCESTER COUNTY, HAMPTON CITY, ISLE OF WIGHT COUNTY, JAMES CITY COUNTY, MATHEWS COUNTY, NEWPORT NEWS CITY, NORFOLK CITY, NORTHAMPTON COUNTY, POQUOSON CITY, PORTSMOUTH CITY, SOUTHAMPTON COUNTY, SUFFOLK CITY, SURRY COUNTY, SUSSEX COUNTY, VIRGINIA BEACH CITY, WILLIAMSBURG CITY AND YORK COUNTY WITHIN NORTH CAROLINA, CHKD SERVES THE FOLLOWING REGIONS BERTIE COUNTY, CAMDEN COUNTY, CHOWAN COUNTY, CURRITUCK COUNTY, DARE COUNTY, GATES COUNTY, HERTFORD COUNTY, PASQUOTANK COUNTY AND PERQUIMANS COUNTY IN FY 2014, THIS SERVICE REGION INCLUDED 550,000 PERSONS AGE 0-21 COMPARED TO THE COMMONWEALTH OF VIRGINIA AS A WHOLE, THE STUDY REGION IS MORE DENSELY POPULATED, AND PROPORTIONALLY MORE BLACK/AFRICAN AMERICAN THE REGION ALSO HAS LOWER INCOME LEVELS THAN VIRGINIA AS A WHOLE MEDICALLY UNDERSERVED AREAS (MUAS) AND MEDICALLY UNDERSERVED POPULATIONS (MUPS) ARE DESIGNATED BY THE U S HEALTH RESOURCES AND SERVICES ADMINISTRATION AS BEING AT RISK FOR HEALTH CARE ACCESS PROBLEMS THE DESIGNATIONS ARE BASED ON SEVERAL FACTORS INCLUDING PRIMARY CARE PROVIDER SUPPLY, INFANT MORTALITY, PREVALENCE OF POVERTY, AND THE PREVALENCE OF SENIORS AGE 65+ TWENTY-SIX OF THE 29 LOCALITIES THAT ENCOMPASS THE STUDY REGION HAVE BEEN FULLY OR PARTIALLY DESIGNATED AS MUAS/MUPS CHKD'S SERVICE AREA COMPRISES A DIVERSE MIX OF URBAN, SUBURBAN AND RURAL COMMUNITIES, AS WELL AS 10 MILITARY INSTALLATIONS CHKD IS WELL VERSED IN THE SPECIAL NEEDS OF MILITARY FAMILIES AND HAS ONE OF THE HIGHEST TRICARE PAYER PERCENTAGES AMONG THE CHILDREN'S HOSPITALS IN THE NATION

Form and Line Reference	Explanation
PROMOTION OF COMMUNITY HEALTH	CHKD plays a unique role in its community by providing pediatric healthcare services available nowhere else in the region and, at the same time, serving as the safety net provider to the region's indigent children In FY2014, CHKD had 4,602 admissions resulting in 45,727 discharged patient days Approximately 59 5 percent of these days, were covered by Medicaid, which is the highest percentage by far of any acute-care hospital in Virginia CHKD leads the region in efforts to address public health concerns like child abuse and childhood obesity It is the sole provider of pediatric subspecialty care for children with chronic illnesses like cancer and diabetes and employs the region's only pediatric surgeons The hospital's vibrant community outreach program coordinates parent, professional and student programs that bring important health, safety and wellness information to thousands of participants CHKD also takes an active role in the education of pediatricians Comprehensive information on CHKD's efforts to improve the health of children is available at www chkd org/CommunityBenefit

Form and Line Reference	Explanation
AFFILIATED HEALTH CARE SYSTEM	CHKD IS PART OF CHILDREN'S HEALTH SYSTEM, A 501 (C)(3) ORGANIZATION GOVERNED BY A BOARD OF DIRECTORS COMPRISED OF COMMUNITY MEMBERS A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY ARE NOT EMPLOYEES OR CONTRACTORS OF THE ORGANIZATION, NOR FAMILY MEMBERS THEREOF CHKD EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY FOR SOME OR ALL OF ITS DEPARTMENTS SURPLUS FUNDS ARE USED TO MEET THE NEEDS OF THE ORGANIZATION AS DETERMINED BY CHKD SENIOR MANAGEMENT AND THE CHS BOARD OF DIRECTORS HISTORICALLY, SURPLUS FUNDS HAVE BEEN USED FOR A VARIETY OF PURPOSES INCLUDING PATIENT CARE PROGRAMS, CAPITAL IMPROVEMENT NEEDS, RESERVES, ETC ROLES OF ORGANIZATION AND ITS AFFILIATES IN PROMOTING THE HEALTH OF THE COMMUNITIES SERVED THE CHILDREN'S HEALTH SYSTEM IS COMPRISED OF SEVERAL ORGANIZATIONS CHKD PROVIDES INPATIENT AND AMBULATORY CARE SERVICES ACROSS MANY PEDIATRIC SPECIALTIES, INCLUDING everything from primary care and wellness initiatives to neonatal and pediatric intensive care OTHER ENTITIES UNDER THE CHILDREN'S HEALTH SYSTEM UMBRELLA INCLUDE * CHILDREN'S HEALTH FOUNDATION, WHICH RAISES FUNDS, MANAGES INVESTMENTS AND FUNDS EDUCATION, RESEARCH AND OTHER PROGRAMS FOR CHILDREN'S HEALTH SYSTEM * CHILDREN'S MEDICAL GROUP, INC , A VIRGINIA STOCK CORPORATION, WHICH OWNS AND OPERATES PEDIATRIC PHYSICIAN PRACTICES * CMG OF NORTH CAROLINA, INC , A NORTH CAROLINA STOCK CORPORATION, WHICH OWNS AND OPERATES A PEDIATRIC PHYSICIAN PRACTICE IN NORTHEASTERN NORTH CAROLINA * CHILDREN'S SURGICAL SPECIALTY GROUP, INC , A VIRGINIA STOCK CORPORATION, WHICH OWNS AND OPERATES PEDIATRIC SURGICAL SUBSPECIALTY PRACTICES, INCLUDING PEDIATRIC GENERAL SURGERY, PEDIATRIC UROLOGY, PEDIATRIC CARDIAC SURGERY, PEDIATRIC ORTHOPEDIC SURGERY AND SPORTS AND ADOLESCENT MEDICINE, PEDIATRIC NEUROSURGERY AND PEDIATRIC PLASTIC SURGERY * CHSIL, A CAPTIVE INSURANCE COMPANY INCORPORATED IN BERMUDA, WHICH PROVIDES COMMERCIAL GENERAL LIABILITY COVERAGE FOR CHS AND ITS SUBSIDIARIES AND MEDICAL PROFESSIONAL LIABILITY COVERAGE FOR NON-PHYSICIAN PRACTITIONERS EMPLOYED BY CHS AND ITS SUBSIDIARIES * CHKD THRIFT STORES, LLC, A DISREGARDED ENTITY ORGANIZED TO SUPPORT THE CHARITABLE MISSION AND PURPOSE OF CHILDREN'S HEALTH SYSTEM * CHILDREN'S REAL ESTATE, LLC, IS A DISREGARDED ENTITY ORGANIZED TO SUPPORT THE CHARITABLE MISSION AND PURPOSE OF CHILDREN'S HEALTH SYSTEM

Form and Line Reference	Explanation
FACILITY REPORTING GROUP(S)	FACILITY REPORTING GROUP A INCLUDES CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, CHKD HEALTH AND SURGERY CENTER IN NEWPORT NEWS AND CHKD HEALTH AND SURGERY CENTER IN VIRGINIA BEACH

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, 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
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
SCHEDULE J, LINE 1	IN CONNECTION WITH A RETIREMENT PROGRAM, TAX GROSS-UP PAYMENTS ARE PROVIDED TO CERTAIN DIRECTORS WHOSE EMPLOYER FUNDED CONTRIBUTIONS ARE IMMEDIATELY TAXABLE, IN ORDER TO PROVIDE THEM WITH BENEFITS THAT ARE TAX-EQUIVALENT TO BENEFITS OF PARTICIPANTS WHOSE CONTRIBUTIONS ARE NOT IMMEDIATELY TAXABLE
SCHEDULE J, LINE 4B	CHILDREN'S HEALTH SYSTEM SPONSORS A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ("THE PLAN") THE PLAN IS DESIGNED TO RETAIN EXECUTIVES IN POSITIONS ESSENTIAL TO THE SUCCESS OF CHILDREN'S HEALTH SYSTEM DURING THE YEAR, THE FOLLOWING INDIVIDUALS WERE PARTICIPANTS IN A SPONSORED SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN AND RECEIVED THE FOLLOWING PAYMENTS WHICH ARE INCLUDED IN SCHEDULE J PART II COLUMN (C) KATHY ABSHIRE $ 31,376 DAVID BOWERS $411,905 JO-ANN BURKE $121,428 JAMES DAHLING $679,243 JOHN HAMILTON $ 57,154 JOANN ROGERS $313,782 DENNIS RYAN $300,953 ARNO ZARTSK $194,067 ALLISON SILVA $ 0 SANDIP GODAMBE $ 0
SCHEDULE J, LINE 7	OFFICERS AND VICE PRESIDENTS MAY RECEIVE ADDITIONAL COMPENSATION BASED ON CRITERIA SET UP BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS DEPARTMENT DIRECTORS MAY RECEIVE ADDITIONAL COMPENSATION BASED ON CRITERIA SET BY MANAGEMENT AND APPROVED BY THE BOARD OF DIRECTORS

Additional Data

Software ID:
Software Version:
EIN: 54-0506321
Name: CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

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				
MICHELLE BRENNER MD DIRECTOR	(I) (II)	0 197,482	0 0	0 0	0 8,111	0 13,998	0 219,591	0 0
JAMES D DAHLING PRESIDENT/DIRECTOR	(I) (II)	0 853,124	0 0	0 108,696	0 750,817	0 39,979	0 1,752,616	0 57,393
DENNIS RYAN CFO/ASST TRES /ASST SEC	(I) (II)	0 449,926	0 0	0 32,870	0 331,640	0 42,754	0 857,190	0 18,723
ROBERT OBERMEYER MD DIRECTOR	(I) (II)	0 580,794	0 0	0 0	0 10,200	0 22,151	0 613,145	0 0
JOANNA ROGERS VP PHYSICIAN PRACTICE	(I) (II)	240,973 0	0 0	65,470 0	327,086 0	10,715 0	644,244 0	17,514 0
DAVID BOWERS VP SUPPORT SERVICES	(I) (II)	300,408 0	0 0	27,294 0	433,351 0	29,204 0	790,257 0	10,083 0
KATHRYN ABSHIRE VP FINANCE	(I) (II)	0 193,011	0 0	0 17,836	0 48,265	0 23,603	0 282,715	0 7,632
DEBBIE BARNES VP IS OPERATIONS	(I) (II)	0 291,942	0 0	0 30,324	0 192,986	0 37,038	0 552,290	0 6,528
JO-ANN BURKE VP PATIENT CARE SERCES	(I) (II)	300,669 0	0 0	44,802 0	131,578 0	26,807 0	503,856 0	0 0
ALLISON SILVA VP ANCILLARY SERVICES	(I) (II)	152,333 0	9,127 0	23,665 0	19,300 0	7,838 0	212,263 0	0 0
SUZANNA STARLING MEDICAL DIRECTOR	(I) (II)	196,649 0	0 0	10,776 0	8,073 0	14,019 0	229,517 0	0 0
JOHN HAMILTON VP PHYSICIAN PRACTICE	(I) (II)	216,400 0	0 0	44,448 0	77,972 0	26,968 0	365,788 0	33,259 0
ARNO ZARITSKY VP EXECUTIVE MEDICAL	(I) (II)	461,647 0	0 0	17,208 0	205,364 0	24,822 0	709,041 0	0 0
JAMES DICE DIRECTOR PHARMACY	(I) (II)	150,489 0	13,128 0	42,153 0	6,543 0	8,027 0	220,340 0	0 0
SANDIP GODAMBE VP QUALITY IMPROVEMENT	(I) (II)	165,144 0	0 0	4,258 0	3,964 0	40,885 0	214,251 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	VA SMALL BUSINESS FINANCING ACTIVITY	54-1300845	000000000	09-09-2012	76,400,000	REFUNDING OF 1/31/2006 ISSUE		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	7,358,057			
2	Amount of bonds legally defeased	0			
3	Total proceeds of issue	76,400,000			
4	Gross proceeds in reserve funds	0			
5	Capitalized interest from proceeds	0			
6	Proceeds in refunding escrows	0			
7	Issuance costs from proceeds	0			
8	Credit enhancement from proceeds	0			
9	Working capital expenditures from proceeds	0			
10	Capital expenditures from proceeds	0			
11	Other spent proceeds	76,400,000			
12	Other unspent proceeds	0			
13	Year of substantial completion	2007			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X							
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?	X							
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 586 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 %						
6	Total of lines 4 and 5		0 586 %						
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X						
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?	X							
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
Schedule K, Part II, Line 11	ALL PROCEEDS OF THE BOND WERE USED TO CURRENTLY REFUND A PRIOR ISSUE

Return Reference	Explanation
SCHEDULE K, PART III, LINE 4	BOND COUNSEL DUE DILIGENCE SHOWED ONLY $50,000 OF PRIVATE USE THAT WAS NOT EQUITY FINANCED OR DID NOT QUALIFY FOR A REGULATORY SAFE HARBOR

Return Reference	Explanation
SCHEDULE K, PART IV, LINE 2B	6-MONTH SPENDING EXCEPTION APPLIES

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

Employer identification number
54-0506321

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) CHILDREN'S MEDICAL GROUP	MEMBERS SERVE CHKD & CMG	3,844,520	CORPORATE SUPPORT & RENTAL		No
(2) CHILDREN'S SURGICAL SPECIALTY GROUP	MEMBERS SERVE CHKD & CSSG	1,068,676	CORPORATE SUPPORT & RENTAL		No
(3) WM JORDAN CO INC	MEMBER OWNER	3,256,056	CONSTRUCTION SERVICES		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

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2013

Open to Public Inspection

Name of the organization
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

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	X	16	19,269	Cash on sale
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	35	493,764	AVG FMV on date rec
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 ▶ (Various in-kind items)	X	101	47,287	AVG FMV on date rec
26 Other ▶( )				
27 Other ▶( )				
28 Other ▶ ( )				

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

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1 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?		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	Yes	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	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		

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
Schedule M, Line 32A	CHKD PAYS SYR, INC MANAGEMENT FEES TO MANAGE THRIFT STORES FOR THE BENEFIT OF THE ORGANIZATION CHKD ALSO PAYS TIDEWATER AUTO AUCTION TO AUCTION CARS FOR THE BENEFIT OF THE ORGANIZATION

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

Return Reference	Explanation
FORM 990, PART III	FOR MORE THAN 50 YEARS, CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS (CHKD) HAS BEEN THE ONLY FACILITY OF ITS KIND IN VIRGINIA, SERVING THE MEDICAL AND SURGICAL NEEDS OF CHILDREN THROUGHOUT THE STATE ITS PRIMARY SERVICE AREA ENCOMPASSES GREATER HAMPTON ROADS, THE EASTERN SHORE OF VIRGINIA AND NORTHEASTERN NORTH CAROLINA, A REGION THAT IS HOME TO APPROXIMATELY 500,000 CHILDREN UNDER THE AGE OF 21 CHKD WAS ESTABLISHED AS AN 88-BED, NOT-FOR-PROFIT HOSPITAL IN 1961 BY THE KING'S DAUGHTERS, A WOMEN'S SERVICE ORGANIZATION DEDICATED TO THE HEALTH AND WELL BEING OF THE COMMUNITY'S INDIGENT CHILDREN THE HOSPITAL HAS ALWAYS UPHELD THE CHARITABLE MISSION OF ITS FOUNDERS, AND IN FY 2014, 60 PERCENT OF ITS INPATIENT DAYS WERE COVERED BY MEDICAID OVER THE PAST 50 YEARS, CHKD HAS GROWN INTO A 206-BED TEACHING HOSPITAL THAT IS THE HEART OF AN EXTENSIVE PEDIATRIC HEALTH CARE SYSTEM TODAY, THAT SYSTEM PROVIDES COMPREHENSIVE MEDICAL CARE TO CHILDREN AT THE HOSPITAL AND MULTI-SERVICE HEALTH CENTERS IN VIRGINIA BEACH, NEWPORT NEWS, CHESAPEAKE, HAMPTON, AND SUFFOLK ITS SERVICES INCLUDE EVERYTHING FROM WELLNESS AND PREVENTION INITIATIVES TO PRIMARY CARE, SURGERY AND REHABILITATION MANY OF ITS UNIQUE SERVICES AND PROGRAMS ADDRESS PRESSING PUBLIC HEALTH NEEDS THAT WOULD OTHERWISE GO UNMET AS THE PREMIER PROVIDER OF HEALTHCARE SERVICES TO THE REGION'S CHILDREN, CHKD HAS SECURED A PLACE IN THE HEART OF THE COMMUNITY THE HOSPITAL IS AN EAGER COLLABORATOR WITH OTHER COMMUNITY ORGANIZATIONS AND INSTITUTIONS THAT SHARE ITS CONCERN FOR THE WELL BEING OF YOUNG PEOPLE AND OFFERS A VARIETY OF EDUCATION, RESEARCH AND HEALTH INITIATIVES TO IMPROVE THE HEALTH AND WELL BEING OF CHILDREN IN THIS COMMUNITY AND BEYOND THE HEALTH SYSTEM'S PRIMARY SERVICES CENTER ON INPATIENT AND OUTPATIENT CARE, COMMUNITY OUTREACH PROGRAMS AND MEDICAL EDUCATION/RESEARCH SECTION ONE INPATIENT CARE CHILDREN WITH A VAST RANGE OF MEDICAL PROBLEMS, INCLUDING LIFE-THREATENING ILLNESSES AND INJURIES TURN TO CHKD FOR INPATIENT CARE IN FY 2014, CHKD HAD 4,602 ADMISSIONS RESULTING IN 45,727 DISCHARGED PATIENT DAYS APPROXIMATELY 59 5 PERCENT OF THESE DAYS, WERE COVERED BY MEDICAID CHKD HAS 206 INPATIENT BEDS, AND ALMOST HALF OF THOSE ARE FOR PEDIATRIC INTENSIVE CARE THE HOSPITAL IS HOME TO THE REGION'S HIGHEST LEVEL NEONATAL INTENSIVE CARE UNIT (NICU), WHERE EACH YEAR CRITICALLY ILL NEWBORNS, SOME AS YOUNG AS 23 WEEKS GESTATION, BENEFIT FROM A UNIQUE COMBINATION OF ADVANCED MEDICAL TECHNOLOGY, DEVELOPMENTAL CARE AND FAMILY SUPPORT THERE WERE 500 ADMISSIONS TO THE NICU IN FY 2014 THE HOSPITAL ALSO OPERATES A NEONATAL STEP-DOWN UNIT FOR BABIES FROM OUR NICU WHO REQUIRE A TRANSITIONAL PERIOD BEFORE BEING DISCHARGED HOME THE REGION'S LARGEST AND MOST EXPERIENCED PEDIATRIC INTENSIVE CARE UNIT (PICU) IS AT CHKD IN THIS UNIT, A FULL-TIME STAFF OF BOARD CERTIFIED PEDIATRIC INTENSIVE CARE PHYSICIANS, CRITICAL CARE NURSES AND RESPIRATORY THERAPISTS PROVIDE EXTREMELY SOPHISTICATED, TECHNOLOGICALLY ADVANCED CARE TO CHILDREN WITH LIFE THREATENING INJURIES AND ILLNESSES MEDICAL CARE IS SUPPLEMENTED WITH SUPPORT FROM CHILD LIFE SPECIALISTS, SOCIAL WORKERS AND CHAPLAINS WHO HAVE EXTENSIVE EXPERIENCE HELPING FAMILIES THROUGH THE TRAUMA AND STRESS OF A SEVERE ILLNESS OR INJURY IN A CHILD THERE WERE 1,700 ADMISSIONS TO OUR PICU IN FY 2014 MANY PATIENTS ARE BROUGHT FROM OTHER AREA HOSPITALS TO CHKD BY THE HOSPITAL'S NEONATAL/PEDIATRIC TRANSPORT PROGRAM, WHICH OPERATES OUT OF FOUR FULLY EQUIPPED MOBILE INTENSIVE CARE UNITS TWO TRANSPORT TEAMS ARE AVAILABLE 24 HOURS A DAY, SEVEN DAYS A WEEK TO ALL AREA MEDICAL FACILITIES THAT NEED TO SEND SICK OR INJURED CHILDREN TO CHKD EACH TRANSPORT CALL IS ANSWERED BY A NEONATAL/PEDIATRIC CRITICAL CARE NURSE, A REGISTERED RESPIRATORY THERAPIST AND A CERTIFIED EMT PARAMEDIC TRAINED IN NEONATAL/PEDIATRIC CARE IN FY 2014, THE TEAM TRANSPORTED 1,180 PATIENTS OF THOSE, 278 WERE NEWBORNS COMING TO OUR NEONATAL INTENSIVE CARE UNIT CHKD'S TRANSPORT SERVICE IS ALSO UNDER CONTRACT TO THE NAVAL MEDICAL CENTER, PORTSMOUTH, TO PROVIDE ALL NEONATAL AND PEDIATRIC MILITARY TRANSPORTS IN THE REGION BESIDES GROUND TRANSPORTS IN OUR MOBILE ICUS, THE TEAM CAN RESPOND VIA FIXED WING AIRCRAFT OR HELICOPTER TRANSPORT WHEN MEDICALLY NECESSARY

Return Reference	Explanation	
	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	CHKD OPERATES THE REGION'S ONLY PEDIATRIC SURGERY PROGRAM, OFFERING YOUNG PEOPLE STATE-OF- THE-ART TREATMENT IN A SUPPORTIVE, NON-THREATENING ENVIRONMENT CREATED EXCLUSIVELY TO MEET THEIR NEEDS IN FY 2014, SURGEONS PERFORMED 12,585 SURGERIES AT CHKD FACILITIES FOR A VAS T RANGE OF PROBLEMS, FROM THE SIMPLEST OUTPATIENT PROCEDURES TO COMPLEX ORTHOPEDIC AND GEN ITOURINARY SURGERIES (SEE OUTPATIENT SERVICES AND PROGRAMS FOR MORE INFORMATION OF CHKD'S SURGERY PROGRAM) CHKD EMPLOYS DOZENS OF PROFESSIONALS WHO PROVIDE EMOTIONAL, RECREATIONA L, SPIRITUAL AND PRACTICAL SUPPORT TO CHILDREN AND FAMILIES DURING HOSPITALIZATIONS THE W ORK OF THESE PROFESSIONALS COMPLEMENTS OUR EXPERT MEDICAL CARE TO CREATE A UNIQUE TREATMEN T AND HEALING ENVIRONMENT FOR CHILDREN AND THEIR FAMILIES OUR CHAPLAINCY SERVICES PROVIDE EMOTIONAL SUPPORT, PASTORAL CARE, ETHICAL REFLECTION, BEREAVEMENT RESOURCES FOLLOW-UP AND SPIRITUAL GUIDANCE TO PATIENTS, FAMILIES AND STAFF WITH IN-HOSPITAL PRESENCE SEVEN DAYS A WEEK, WITH 24-HOUR ON-CALL AVAILABILITY THE HOSPITAL EMPLOYS THREE FULL-TIME CHAPLAINS, ONE PART-TIME AND FIVE PER-DIEM CHAPLAINS WHO REFLECT THE DIVERSITY OF THE COMMUNITY AND A RE PROFESSIONALLY TRAINED TO MEET THE VARIED SPIRITUAL NEEDS OF FAMILIES WITH RESPECT AND COMPASSION THE CHAPLAINS ALSO FACILITATE EDUCATIONAL PROGRAMS FOR HOSPITAL STAFF AND PHYS ICIANS, AS WELL AS PLANNING AND PARTICIPATING IN OUTREACH TO THE COMMUNITY IN 2014, THE D EPARTMENT COORDINATED ITS ANNUAL BIOETHICS DAY PROGRAM WITH DISTINGUISHED PHYSICIAN AND PR IZE-WINNING AUTHOR SHERRI FINK AS GUEST SPEAKER THE HOSPITAL EMPLOYS 14 CHILD LIFE STAFF MEMBERS WHO HELP CHILDREN ADJUST AND COPE DURING HOSPITALIZATION THEIR GOAL IS TO MAKE TH E CHILD'S HOSPITAL EXPERIENCE AS NORMAL AS POSSIBLE BY DEVELOPING SUPPORTIVE RELATIONSHIPS WITH PATIENTS AND FAMILIES, PROVIDING AGE-APPROPRIATE PREPARATION FOR MEDICAL PROCEDURES, COPING STRATEGIES AND PLAY OPPORTUNITIES FOR CHILDREN TO RELIEVE STRESS CHILD LIFE STAFF MEMBERS ALSO SCHEDULE AND FACILITATE COMMUNITY GROUP VISITORS TO THE HOSPITAL AND MANAGE APPROXIMATELY 100 VOLUNTEERS WEEKLY THERE ARE THREE POPULAR ACTIVITY AREAS THROUGHOUT THE HOSPITAL, PROVIDING HOSPITALIZED CHILDREN OPPORTUNITIES FOR SOCIALIZATION AND CREATIVE PL AY CHILD LIFE SPECIALISTS WORK WITH CHKD'S VOLUNTEER SERVICES DIVISION TO MANAGE THE HOSP ITAL'S POPULAR PET THERAPY PROGRAM, THE BUDDY BRIGADE, WHICH BRINGS VISITS OF DOG/HANDLER TEAMS TO THE HOSPITAL SEVERAL TIMES EACH WEEK CHILD LIFE STAFF MEMBERS COLLABORATE WITH O THER HOSPITAL STAFF TO PROVIDE A PEDIATRIC INTENSIVE CARE UNIT SUPPORT GROUP FOR PARENTS A ND SIBLINGS, AN ANNUAL TEDDY BEAR CLINIC, INPATIENT DEVELOPMENTAL SCREENINGS AND A POPULAR TEEN NIGHT ACTIVITY CHKD'S DEPARTMENT OF SOCIAL WORK AND BEHAVIORAL HEALTH/LCSW HELPS ME ET SOCIAL, EMOTIONAL AND PSY CHOLOGICAL NEEDS THAT MAY ARISE WHEN A CHILD IS HOSPITALIZED O R WHEN AN EMERGENCY HAPPENS OUR STAFF INCLUDES 10 LICENSED CLINICAL SOCIAL WORKERS, 5 PER -DIEM LCSW'S AND 15 MEDICAL SOCIAL WORKERS, WHO ALSO WORK WITH CHILDREN IN OUR OUTPATIENT SPECIALTY CLINICS, ESPECIALLY FOCUSES ON CHILDREN WITH CHRONIC ILLNESSES AMONG THE SERVIC ES OUR SOCIAL WORKERS PROVIDE ARE THE FOLLOWING * COORDINATE REFERRALS AND ONGOING COMMUN ICATIONS TO OTHER COMMUNITY RESOURCES * FACILITATE SUPPORT GROUPS FOR CHKD FAMILIES DEALI NG WITH CHRONIC ILLNESS AND LOSS * CONDUCT PSY CHOSOCIAL HISTORY AND MENTAL HEALTH ASSESSM ENTS OF PATIENTS OUTPATIENT, ED, AND IN HOUSE * UTILIZED EVIDENCE-BASED PRACTICES TO offe r brief therapy to in-house patients by physician referral to address acute or chronic men tal health issues * offer individualized behavior plans for children w ith medical and beh avioral issues admitted to CHKD for their medical condition * aid in communication w ith f amilies w ith the medical treatment teams by coordinating patient care conferences and team meetings * provide outpatient behavioral health services utilizing evidence-based treatm ent, consisting of individual, family and group therapy * help patients and families deal w ith situational crises resulting from accident, illness or trauma * refer to CHKD's eli gibility w orkers to complete applications for insurance coverage for medical care * 24-HO UR PER-DIEM COVERAGE FOR NIGHTS, WEEKENDS, HOLIDAYS SOCIAL WORKERS ALSO FACILITATE A VARI ETY OF SUPPORT GROUPS THAT HELP PATIENTS AND FAMILIES CONNECT WITH OTHERS IN THE COMMUNITY WHO SHARE THEIR CHALLENGES CHKD SPONSORS SUPPORT GROUPS FOR PATIENTS AND THEIR FAMILIES WITH HEART CONDITIONS, DIABETES, TURNER'S SYNDROME, PRADER-WILLI SYNDROME, CANCER AND SICK LE CELL FAMILIES OF NICU PATIENTS MEET PERIODICALLY TO SHARE INFORMATION, AND OUR RECREAT ION-BASED GROUP FOR BROTHERS AND SISTERS OF CHILDREN WITH SPECIAL NEEDS, CALLED SIBSHOPS, MEETS REGULARLY TO SUPPORT SIBLINGS THE DEPARTMENT OF SOCIAL WORK MANAGES THE HALO FUND O F DONATED MONIES TO ASSIST PARENTS AND PATIENTS WITH THE COST OF TRANSPORTATION, MEALS, ME DICATIONS AND SPECIFIC NEEDS AT DISCHARGE THESE D

Return Reference	Explanation	
	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	ONATED FUNDS MAY ALSO BE USED IN EMERGENCY SITUATIONS TO ASSIST WITH SPECIAL NEEDS, WHICH HAVE CONSISTED OF PARTIAL OR ONE-TIME PAYMENTS FOR UTILITY SERVICES NEEDED TO ENSURE THAT PATIENTS ARE DISCHARGED TO A HOME WITH A WAY TO SUPPORT THEIR MEDICAL NEEDS ON DISCHARGE. SOME OTHER EXAMPLES OF USAGES FOR THE FUNDS INCLUDE COPAYMENTS FOR PRESCRIPTIONS, CORRECTIVE SHOES, HEARING AIDS OR OTHER ITEMS FOR FAMILIES WHO COULD NOT AFFORD THEM. THIS FUND HELPED MORE THAN 750 FAMILIES IN FY 2014 During 2014, the CHKD's cultural/language services department continued to meet the needs of patients and families with limited English proficiency by coordinating sign language interpreters, providing face-to-face Spanish interpretation and increasing access to 24/7 telephonic interpretation throughout the health system. This has improved customer service and consistency of care. In 2014, CHKD provided interpretation services in 18 different languages for our limited English population through 5,201 outpatient visits. At the main hospital, the language services department provided Spanish medical interpretation for 1,758 inpatient and outpatient visits. The cultural/language services department added a full-time supervisor and a part-time cultural liaison/Spanish medical interpreter at the main campus. Twenty-three dual-role staff members continue to assist with Spanish medical interpretation within their departments AS THE REGIONAL PROVIDER OF PEDIATRIC CARE, CHKD IS AN INTEGRAL PART OF THE COMMUNITY'S NATURAL OR MAN-MADE DISASTER PLANNING EFFORTS. THE HEALTH SYSTEM RECOGNIZES THE IMPORTANCE OF A NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS) COMMUNITY INTEGRATED, ALL-HAZARD EMERGENCY OPERATIONS PLAN. THIS PLAN IS PREPARED, EXERCISED AND SHARED INTERNALLY AND EXTERNALLY WITH COMMUNITY, STATE, AND FEDERAL EMERGENCY RESPONSE AGENTS

Return Reference	Explanation	
	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	SECTION TWO OUTPATIENT SERVICES AND PROGRAMS CHKD ALSO OFFERS THE COMMUNITY MANY IMPORTAN T PEDIATRIC SERVICES ON AN OUTPATIENT BASIS IN 2014, CHILDREN MADE APPROXIMATELY 600,000 OUTPATIENT VISITS TO CHKD, ITS COMMUNITY-BASED HEALTH CENTERS AND AFFILIATED PHYSICIAN PRA CTICES THEY MADE 357,448 VISITS TO THE PRIMARY CARE PEDIATRICIANS OF CHKD'S MEDICAL GROUP , WHICH OFFERS CARE IN 17 PRACTICES WHO HAVE 28 OFFICES THROUGHOUT OUR SERVICE AREA CHKD' S SURGICAL SPECIALTY GROUP MAKES THE SERVICES OF THE REGION'S ONLY PEDIATRIC GENERAL, UROL OGICAL, CARDIAC, NEUROSURGICAL, PLASTIC AND ORTHOPEDIC SURGEONS AVAILABLE TO THOUSANDS OF CHILDREN WHO MIGHT OTHERWISE HAVE TO TRAVEL OUTSIDE OF THE AREA FOR SURGERY CHILDREN MADE 43,900 VISITS TO THE SURGICAL GROUP PRACTICES IN FY 2014 THE SURGEONS PERFORMED 5,539 SU RGICAL CASES THE HOSPITAL ALSO PROVIDES CARE TO CHILDREN FACING HEALTH CONDITIONS SUCH AS CANCER, GENETIC DISORDERS, OBESITY, HEART PROBLEMS, DEVELOPMENTAL DISABILITIES, ASTHMA/AL LERGIES AND DIABETES THROUGH MORE THAN 50 OUTPATIENT SPECIALTY CLINICS OFFERING SPECIALIZE D PEDIATRIC CARE IN FY 2014, CHILDREN MADE 145,037 VISITS TO OUR OUTPATIENT CLINICS CHIL DREN'S HOSPITAL WAS FOUNDED ON THE PREMISE THAT ALL CHILDREN DESERVE EQUAL ACCESS TO QUALI TY PEDIATRIC CARE AS OUR POPULATION GREW AND SETTLED INTO THE FAR CORNERS OF OUR BRIDGE A ND TUNNEL LACED REGION, TRAVEL TO CHKD'S MAIN FACILITY IN NORFOLK BECAME MORE OF A HARDSHI P FOR FAMILIES TO EASE THAT BURDEN AND IMPROVE CHILDREN'S ACCESS TO CARE IN EVERY CORNER OF OUR SERVICE AREA, CHKD HAS ESTABLISHED MULTI-SERVICE HEALTH CENTERS IN STRATEGIC LOCATI ONS * THE CHKD HEALTH AND SURGERY CENTER AT OYSTER POINT OFFERS FAMILIES WHO LIVE NORTH O F THE HAMPTON ROADS BRIDGE TUNNEL A WEALTH OF IMPORTANT SERVICES IN A CONVENIENT LOCATION THE CENTER IS HOME TO THE REGION'S FIRST PEDIATRIC AMBULATORY SURGERY CENTER OTHER SERVI CES OFFERED AT THE SITE INCLUDE PRIMARY, SURGICAL AND SUB-SPECIALTY PEDIATRICS, LAB AND RA DIOLOGY (INCLUDING ULTRASOUND AND MRI), AUDIOLOGY TESTING AND OCCUPATIONAL, SPEECH AND PHY SICAL THERAPY SPORTS MEDICINE PHYSICAL THERAPY, AQUATIC THERAPY AND CHILD ABUSE PROGRAM S ERVICES ARE ALSO AVAILABLE THERE * THE CHKD HEALTH CENTER AT OAKBROOKE SERVES FAMILIES IN CHESAPEAKE AND NORTHEASTERN NORTH CAROLINA IT IS HOME TO A PRIMARY CARE PEDIATRIC PRACTI CE, PHYSICAL, OCCUPATIONAL AND SPEECH THERAPY, X-RAY AND LAB SERVICES, A SPORTS MEDICINE G YM, SLEEP STUDIES UNIT AND THERAPY POOL, AS WELL AS CLINIC SPACE FOR A VARIETY OF PEDIATRI C SPECIALISTS AND SURGEONS PROVIDING EVALUATION, TREATMENT AND FOLLOW-UP * THE CHKD HEALT H AND SURGERY CENTER AT PRINCESS ANNE SERVES THE GROWING MEDICAL NEEDS OF FAMILIES IN VIRG INIA BEACH THE CENTER IS HOME TO VIRGINIA BEACH'S FIRST AMBULATORY SURGERY CENTER EXCLUSI VELY FOR CHILDREN BEACH FAMILIES CAN ALSO FIND PRIMARY CARE PEDIATRICIANS AND IN-HOUSE LA B AND RADIOLOGY SERVICES, INCLUDING MRI, AT THE CENTER OTHER SERVICES INCLUDE SPECIALTY C ARE PEDIATRICS FOR HELP WITH CHRONIC PROBLEMS SUCH AS ASTHMA AND DIABETES, CHKD'S CHILD AB USE PROGRAM AND PHYSICAL, SPEECH, OCCUPATIONAL AND SPORTS MEDICINE THERAPY * The CHKD Hea lth Center at Butler Farm Road offers state of the art pediatric lab and X-ray services to families in Hampton The center offers a full range of diagnostic testing, physical, occu pational and speech therapy, and sports medicine physical therapy to children and teens on the Peninsula The new Health Center marks the Health System's 34th location and is part of CHKD's commitment to provide convenient access to specialized pediatric care for the ne arly 500,000 children in Hampton Roads * The CHKD Health Center at Harbour View North off ers specialized pediatric care to families in Suffolk The addition of the facility at Har bour View North marks the Health System's 35th location The new site offers appointments in pediatric dermatology, allergy, gastroenterology, cardiology and nephrology, as well as developmental pediatrics CHKD'S CHILD ABUSE PROGRAM COORDINATES THE REGION'S EFFORTS TO ACCURATELY IDENTIFY, TREAT AND PROTECT CHILDREN WHO HAVE BEEN ABUSED OR NEGLECTED THE PRO GRAM PROVIDES COMPREHENSIVE ASSESSMENT, EVALUATION AND TREATMENT SERVICES TO SUSPECTED VIC TIMS OF ABUSE AND NEGLECT THESE SERVICES INCLUDE FORENSIC INTERVIEWING, MEDICAL EXAMINATI ONS AND CONSULTATIONS, WHICH INCLUDE 24/7 COVERAGE OF ACUTE SEXUAL ASSAULTS OF CHILDREN, A ND AN ARRAY OF EVIDENCE-BASED MENTAL HEALTH SERVICES THE PROGRAM ALSO HELPS COORDINATE TH E EFFORTS OF INVESTIGATIVE AGENCIES INVOLVED IN THE INVESTIGATION AND PROSECUTION OF ABUSE CHILDREN MADE 3,645 VISITS TO THE PROGRAM IN FY 2014 SERVICES ARE ALSO AVAILABLE AT CHK D'S OUTPATIENT CENTERS IN VIRGINIA BEACH AND NEWPORT NEWS THE PROBLEM OF CHILDHOOD OBESIT Y POSES A SIGNIFICANT THREAT TO THE CURRENT AND FUTURE HEALTH OF OUR CHILDREN IN RESPONSE TO THIS ALARMING PUBLIC HEALTH CRISIS, THE HOSPITAL PROVIDES A MULTI-DISCIPLINARY PEDIATR IC WEIGHT MANAGEMENT PROGRAM FOR CHILDREN BETWEEN

Return Reference	Explanation	
	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	3 AND 16 YEARS OF AGE CALLED "HEALTHY YOU FOR LIFE" THE PROGRAM OFFERS CLINICAL AND PSYCH OSOCIAL EVALUATION AND PLANNING, ONGOING CLASSES TO HELP OVERWEIGHT YOUTH AND THEIR PARENT S MAKE LIFESTYLE CHANGES AND FOLLOW UP CLINICS FOR UP TO A YEAR THE EXERCISE COMPONENT OF THE PROGRAM IS STRENGTHENED BY THE ADDITION THIS YEAR OF AN EXERCISE SPECIALIST WHO CONDU CTS PERSONAL TRAINING SESSIONS AS WELL AS GROUP FITNESS CLASSES FOR THE WHOLE FAMILY EXER CISE OPPORTUNITIES LISTED ON OUR FITNESS CALENDAR ARE AVAILABLE WEEKDAYS AND WEEKENDS AROU ND THE HAMPTON ROADS REGION TO ENHANCE A PATIENT'S ABILITY TO EMBRACE A HEALTHIER LIFESTYL E. WE ALSO HAVE A REGIONAL PARTNERSHIP WITH THE YMCA WHICH OFFERS FAMILIES A SIX-WEEK TRIA L MEMBERSHIP ONCE THEY HAVE COMPLETED THE EIGHT-WEEK LIFESTYLE CLASS THE HEALTHY YOU FOR LIFE PROGRAM OFFERS INDIVIDUAL COUNSELING SESSIONS, USE OF MULTI-MEDIA COMMUNICATION SUCH AS E-MAILS, TEXT MESSAGES AND A FACEBOOK PAGE AS A WAY TO KEEP CONNECTED WITH OUR PATIENTS AND ENCOURAGE POSITIVE LIFESTYLE CHANGES IN FY 2014, 260 PATIENTS GENERATED 584 CLINIC V ISITS CHKD'S DIABETES EDUCATION PROGRAM HELPS APPROXIMATELY 1,300 LOCAL CHILDREN WHO LIVE WITH THE CHRONIC DISEASE TWO CERTIFIED DIABETES EDUCATORS, A SOCIAL WORKER, NURSE AND DE PARTMENT COORDINATOR HELP PATIENTS AND FAMILIES AT THE ONSET OF THE DISEASE AND UNTIL ADUL THOOD THE DIABETES CENTER PROVIDES INPATIENT AND OUTPATIENT CLINICAL MANAGEMENT, DIABETES EDUCATION, SUPPORT GROUPS, AND PROFESSIONAL AND COMMUNITY EDUCATION PROGRAMS A TRANSITIO N PROGRAM HELPS THE OLDER TEENS AND YOUNG ADULTS BEGIN TRANSFERRING CARE TO ADULT PROVIDER S IN THE COMMUNITY CHILDREN MADE 756 VISITS TO THE DIABETES CENTER IN FY 2014 THE CHILDR EN'S CANCER AND BLOOD DISORDERS CENTER IS ONE OF THE HOSPITAL'S BUSIEST OUTPATIENT SPECIAL TY CLINICS WITH 11,046 PATIENT VISITS IN FY 2014 THE PROGRAM PROVIDES CARE TO YOUNG PEOPL E WITH CANCER, SICKLE CELL DISEASE, BLEEDING AND OTHER BLOOD DISORDERS THROUGH TREATMENT P ROGRAMS THAT ENCOMPASS CHILDREN'S PHYSICAL, EMOTIONAL AND EDUCATIONAL NEEDS AND INCORPORAT ES THE WHOLE FAMILY THE REGION'S ONLY PEDIATRIC EMERGENCY CENTER IS LOCATED AT CHKD IN 2 014, CHILDREN MADE 44,801 VISITS TO OUR EMERGENCY CENTER CHILDREN'S HOSPITAL OFFERS THE O NLY PEDIATRIC RENAL DIALYSIS SERVICE IN THE AREA DIALYSIS IS A TIME-CONSUMING PROCESS AND CHILDREN APPRECIATE THE CHANCE TO HAVE THE SERVICE IN A SETTING WHERE THEY CAN MEET WITH FRIENDS THEIR OWN AGES AS WELL AS HOSPITAL SUPPORT STAFF AND SCHOOLTEACHERS CHILDREN MADE 2,908 RENAL AND DIALYSIS VISITS IN FY 2014 ONE MARK OF CHKD'S DISTINCTIVE PEDIATRIC CARE HAS ALWAYS BEEN CHILD-CENTERED DIAGNOSTIC SERVICES, SUCH AS RADIOLOGY AND LABORATORY OVE R THE PAST SEVERAL YEARS, CHKD HAS WORKED HARD TO MAKE THESE UNIQUE SERVICES MORE ACCESSIB LE TO FAMILIES THROUGHOUT OUR SERVICE REGION THE HOSPITAL NOW HAS LABORATORIES IN ITS OYS TER POINT, PRINCESS ANNE AND OAKBROOKE HEALTH CENTERS AS WELL AS DRAW SITES AT PEDIATRIC P RACTICES IN NORFOLK AND WILLIAMSBURG THE LABORATORY ALSO OPERATES A COURIER SERVICE THAT FACILITATES QUICK TURNAROUND OF SPECIMENS OF THE 720,566 TESTS PERFORMED IN FY 2014, MORE THAN 60 PERCENT WERE FOR OUTPATIENTS CHKD RADIOLOGY SERVICES ARE ALSO AVAILABLE TO FAMIL IES AT OUR CHKD FACILITIES IN NEWPORT NEWS, CHESAPEAKE, SUFFOLK, HAMPTON, NORFOLK AND VIRG INIA BEACH THE RADIOLOGY DEPARTMENT IS A FULLY-INTEGRATED DIGITAL IMAGING CENTER THAT ALL OWS DIAGNOSTIC IMAGES AND REPORTS TO BE TRANSMITTED AND VIEWED ELECTRONICALLY IN 2014, 85 ,949 DIAGNOSTIC EXAMS WERE PERFORMED, INCLUDING X-RAYS, FLUOROSCOPIC TESTS, URODYNAMICS AN D BONE DENSITY TESTS, CT AND MRI SCANS, ULTRASOUND AND NUCLEAR MEDICINE STUDIES APPROXIMA TELY 75 PERCENT WERE OUTPATIENT BASED

Return Reference	Explanation	
	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	CHKD'S REHABILITATIVE THERAPY SERVICES ARE OFFERED IN LOCATIONS THROUGHOUT THE COMMUNITY, INCLUDING NORFOLK, CHESAPEAKE, VIRGINIA BEACH, SUFFOLK, HAMPTON, AND NEWPORT NEWS IN ADDI TION TO ITS HIGHLY SPECIALIZED PEDIATRIC PHYSICAL, OCCUPATIONAL AND SPEECH THERAPY, THE DE PARTMENT ALSO OFFERS * AQUATIC THERAPY - PHYSICAL AND OCCUPATIONAL THERAPISTS WORK WITH C HILDREN IN THE WATER TO HELP RELAX TIGHT MUSCULATURE, INCREASE RANGE OF MOTION AND IMPROVE STRENGTH, BALANCE AND ENDURANCE * ASSISTIVE TECHNOLOGY/AUGMENTATIVE PROGRAM - SERVICES P ROVIDED FOR CHILDREN WHO ARE UNABLE TO COMMUNICATE VERBALLY OR THROUGH GESTURES DUE TO VAR IOUS MEDICAL CONDITIONS IN FY 2014, WE DID 202 AUGMENTATIVE COMMUNICATION EVALUATIONS * CAR SEAT PROGRAM - SPECIALLY TRAINED THERAPISTS OFFER CAR SEAT SAFETY RESTRAINT EVALUATION S FOR PATIENTS WITH SPECIAL NEEDS IN FY 2014, WE DID 253 CAR SEAT EVALUATIONS, DISTRIBUTE D 327 SPECIAL NEEDS CAR SEATS AND PARTICIPATED IN SIXTEEN COMMUNITY-BASED CAR SEAT SAFETY CHECKS THROUGH THIS PROGRAM * WHEELCHAIR CLINIC - CERTIFIED THERAPISTS COMPLETE A COMPREH ENSIVE EVALUATION TO DETERMINE AND PRESCRIBE THE APPROPRIATE WHEELCHAIR AND SEATING SYSTEM CHILDREN MADE ALMOST 944 VISITS TO THIS CLINIC IN FY 2014 FOR EVALUATION AND TECHNICAL A DJUSTMENTS SECTION THREE COMMUNITY OUTREACH CHKD REACHED FAMILIES IN THEIR HOMES, DOCTOR S' OFFICES, NEIGHBORHOODS AND COMMUNITY CENTERS WITH A WIDE VARIETY OF PROGRAMS AND PUBLIC ATIONS THAT PROMOTE WELLNESS, PREVENT INJURIES AND STRENGTHEN FAMILIES OUR COMMUNITY OUTR EACH EXPERTS COORDINATED A TOTAL OF 390 PARENT, PROFESSIONAL, AND STUDENT PROGRAMS THAT BR OUGHT IMPORTANT HEALTH, SAFETY AND WELLNESS INFORMATION TO MORE THAN 42,091 PARTICIPANTS THROUGH THE KOHL'S CARES FUNDING, THE KOHL'S FITKIDS PROGRAM AND EDUCATIONAL MATERIALS HAV E REACHED MORE THAN 20,944 FAMILIES CHKD IS A SITE OF THE NATIONAL "REACH OUT AND READ" L ITERACY PROGRAM, WHICH ENCOURAGES READING BY DISTRIBUTING FREE BOOKS TO CHILDREN AT THEIR WELL CHILD VISITS TO THEIR PEDIATRICIANS THROUGH THE DONOR FUNDED PROGRAM, CHKD'S PRIMARY CARE PEDIATRICIANS GAVE MORE THAN 64,889 BOOKS TO CHILDREN IN FY 2014 In FY14, CHKD rede signed its website, www chkd org, and continues to be a popular and effective method of co mmunication, averaging more than 100,000 unique visitors a month The new site migrated an d condensed 2,016 pages and created a fresh, modern look and feel, thus making it easier t o navigate and more user-friendly A new content management system allows multiple users t o create and update content as needed And while so many of our families use smart phones and tablets, it only made sense to build a responsive design site, which automatically for mats itself to any device - no app needed Clickable phone numbers and interactive maps ma ke it easy for our patients to call or find any practice, and families now have easy acces s to test results, shot records, and can even request prescription refills and make appoin tments online straight from the homepage by accessing the MyCHKD patient portal Enhanced physician profiles, including clickable phone numbers, interactive maps, biographical info rmation and a link to the physician's practice make it easier than ever to choose the doct or that's right for you CHKD continues to utilize social media outlets such as Facebook a nd Twitter to increase direct interaction with our patients and their families The websit e continues to be a resource for our services and health information CHKD IS ONE OF SIX L OCATIONS IN THE STATE FOR THE CARE CONNECTION FOR CHILDREN (CCC), THE STATE FUNDED TITLE V PROGRAM THAT PROVIDES COMPREHENSIVE CARE COORDINATION, INFORMATION AND REFERRAL FOR CHILD REN AND YOUTH WITH SPECIAL HEALTHCARE NEEDS THERE ARE APPROXIMATELY 12,000 CHILDREN WITH SPECIAL HEALTHCARE NEEDS IN THE REGION'S PUBLIC HEALTH DISTRICTS IN FY 2014, CARE CONNECT ION ASSISTED WITH 577 INFORMATION AND REFERRAL CALLS AND PROVIDED CASE MANAGEMENT SERVICES TO APPROXIMATELY 500 FAMILIES FINANCIAL ASSISTANCE WAS PROVIDED FOR 59 CHILDREN, AND YOU TH WHO WERE UNINSURED OR UNDER INSURED, AND 164 FAMILIES WERE ASSISTED IN APPLYING FOR STA TE HEALTH PROGRAMS, to include Virginia's Waiver services The CCC staff hosted a webinar on children with ADHD for Spanish speaking families and, in conjunction with PEATC, hosted two training sessions for Spanish speaking families on understanding special education an d bullying prevention Two resident trainings were held on Medicaid waivers and the power of language and, our Families as Educators program celebrated 10 years at their annual din ner with 25 family members and staff attending CHKD'S PHYSICIANS, ADMINISTRATORS AND STAF F MEMBERS LEND THEIR KNOWLEDGE AND TIME AS VOLUNTEERS TO MANY NATIONAL, STATE AND LOCAL OR GANIZATIONS THAT SHARE OUR CONCERN FOR CHILDREN THESE INCLUDE THE NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS AND RELATED INSTITUTIONS, THE AMERICAN ACADEMY OF PEDIATRICS, THE CH ILDREN'S MIRACLE NETWORK, THE NATIONAL SAFE KIDS C

Return Reference	Explanation	
	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	AMPAIGN, THE UNITED WAY, THE VIRGINIA HOSPITAL ASSOCIATION AS WELL AS LOCAL ORGANIZATIONS SUCH AS VOLUNTEER HAMPTON ROADS AND THE AMERICAN RED CROSS SECTION FOUR MEDICAL EDUCATIO N AND RESEARCH CHKD INVESTS IN THE PRESENT AND FUTURE HEALTH OF OUR CHILDREN THROUGH A VAR IETY OF RESEARCH PROGRAMS AND EDUCATIONAL ACTIVITIES CHILDREN'S HOSPITAL IS HOME TO EASTE RN VIRGINIA MEDICAL SCHOOL'S (EVMS) PEDIATRIC RESIDENCY PROGRAM, WHERE NEW PHYSICIANS BECO ME SPECIALISTS IN THE FIELD OF PEDIATRICS MANY OF THEM STAY IN THIS COMMUNITY OR IN THE S TATE TO PRACTICE PEDIATRICS AFTER THEY COMPLETE THEIR RESIDENCIES CHKD ALSO SERVES AS THE EXCLUSIVE PEDIATRIC TEACHING SITE FOR RESIDENTS IN FAMILY MEDICINE PRACTICE, EMERGENCY PR ACTICE, ENT AND PHYSICIAN ASSISTANTS, AS WELL AS THE EXCLUSIVE SITE FOR SOME 120 THIRD-YEA R MEDICAL SCHOOL STUDENTS FOR THEIR EIGHT WEEK PEDIATRIC ROTATION CHKD PROVIDES A SETTING FOR MANY CLINICAL RESEARCH TRIALS HIGHLIGHTS OF THE BASIC SCIENCE RESEARCH INCLUDE PROTE CTION OF THE NEWBORN BRAIN FROM THE EFFECTS OF HYPOXIC INJURY, NEW INNOVATIONS TO COMBAT S ERIOUS INVASIVE INFECTION, MANAGEMENT OF AUTISM, AND EMERGENCY INTERVENTIONS FOR ASTHMA I N ADDITION, RESEARCH INCLUDES NEW MEDICATIONS AND OTHER THERAPIES, CLINICAL OUTCOMES ANALY SES AND EPIDEMIOLOGICAL STUDIES SANCTIONED BY THE EASTERN VIRGINIA MEDICAL SCHOOL INSTITUT IONAL REVIEW BOARD (IRB) THERE WERE 175 IRB APPROVED ACTIVE FUNDED STUDIES IN FY 2014 TO PICS OF STUDY INCLUDED HEMATOLOGY/ONCOLOGY, ALLERGY/ASTHMA, INFECTIOUS DISEASE, NEUROLOGY, PEDIATRIC SURGERY, CARDIOLOGY, OTOLARYNGOLOGY, PULMONOLOGY, GASTROENTEROLOGY, CHILD ABUSE , ENDOCRINOLOGY, DERMATOLOGY, NEONATOLOGY AND MENTAL HEALTH MANY OF THESE STUDIES ARE STA GE THREE CLINICAL TRIALS THAT BRING CUTTING EDGE TREATMENTS TO CHKD PATIENTS YEARS BEFORE THEY ARE AVAILABLE TO THE PUBLIC IN ADDITION, THERE IS AN INCREASED FOCUS ON REGISTRY STU DIES ACROSS ALL DISCIPLINES DATA COLLECTED IN THESE REGISTRIES IS INTENDED TO STANDARDIZE OPTIMAL LEVELS OF CARE AND LEAD TO IMPROVED PATIENT OUTCOMES Our Division of Community H ealth and Research has focused on conditions and issues impacting children's health w ith a n emphasis on health disparities in the cities of the Hampton Roads region, w estern Tidew a ter, and the rural Eastern Shore Current areas of emphasis include childhood obesity, ast hma, immunization, infant and child passenger safety, teen alcohol abuse, and autism

Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	THE NUSS PROCEDURE FOR THE CORRECTION OF PECTUS EXCAVATUM, DEVELOPED AT CHKD MORE THAN 20 YEARS AGO, CONTINUES TO DRAW NATIONAL ATTENTION FROM BOTH PATIENTS AND SURGEONS IN FY 2014, CHKD'S SURGEONS HOSTED THE 12TH ANNUAL WORKSHOP ON THE SURGICAL PROCEDURE, TEACHING A KINDER, GENTLER CORRECTION FOR THIS COMMON BIRTH DEFECT TO MORE THAN 30 SURGEONS FROM ALL OVER THE UNITED STATES, EUROPE, ASIA AND THE MIDDLE EAST In 2009, CHKD initiated bracing therapy for the treatment of pectus carinatum, a defect that is the opposite of pectus excavatum Since this initiation, the hospital has treated more than 275 patients with a brace, 85 percent of those patients have experienced a correction of their chest wall deformity and have not needed surgery In FY14, the hospital expanded services to include a non-invasive treatment therapy for less severe pectus excavatum cases The hospital continues its endeavors on multiple research studies in an effort to further understand chest wall deformities To date, more than 1,900 surgical patients have undergone the Nuss Procedure at CHKD The hospital will host its Advanced Pectus Course in March 2015, a two-day, intensive workshop for pediatric and cardiothoracic surgeons, which will include demonstrations and discussions about surgical and non-surgical treatment of pectus excavatum and pectus carinatum CHKD IS A MEMBER OF CHILDREN'S ONCOLOGY GROUP (COG), AN INTERNATIONAL RESEARCH GROUP THAT CONDUCTS CLINICAL TRIALS FOR CHILDREN WITH CANCER AS A MEMBER, CHKD HAS ACCESS TO THE LATEST PROTOCOLS FOR TREATMENT OF CHILDHOOD CANCER, PROVIDING THE COMMUNITY AND REGION WITH THE BEST PRACTICES AND TREATMENT RESULTS FROM MORE THAN 240 COG-MEMBER HOSPITALS IN NORTH AMERICA, AUSTRALIA, NEW ZEALAND AND EUROPE IN FY 2014, CHKD HAD 92 COG STUDIES OPEN TO ENROLLMENT OR UNDERGOING DATA ANALYSIS SEVERAL OF THESE STUDIES WERE INCLUDED IN COG'S LONG-TERM FOLLOW-UP STUDY, WHICH COLLECTS DATA ON PATIENTS WHO HAVE PARTICIPATED IN STUDIES THAT ARE NO LONGER OPEN TO ENROLLMENT In all, approximately 220 CHKD patients participated in either open or follow-up COG studies in FY14 In addition, 82 patients enrolled on the COG Cancer Registry study only The Hematology/Oncology division had 35 research studies open that were not COG studies IN FY 2014, CHKD HOSTED 82 INDIVIDUAL CONTINUING MEDICAL EDUCATION EVENTS IN VARIOUS LOCATIONS THROUGHOUT THE REGION, HELPING CHILD HEALTH EXPERTS IN OUR REGION KEEP UP WITH THEIR SKILLS AND THEIR ACCREDITATION

Return Reference	Explanation
PART VI, SECTION A LINES 6, 7A, 7B & 11	LINE 6 CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, INCORPORATED IS A VIRGINIA NON-STOCK CORPORATION WITH A SOLE MEMBER THE SOLE MEMBER OF CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, INCORPORATED IS CHILDREN'S HEALTH SYSTEM, INC , A VIRGINIA NON-STOCK NOT-FOR-PROFIT CORPORATION PURSUANT TO SECTION 13 1-852 1 OF THE CODE OF VIRGINIA, CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, INCORPORATED IS MANAGED BY ITS SOLE MEMBER, CHILDREN'S HEALTH SYSTEM, INC LINE 7A CHILDREN'S HEALTH SYSTEM, INC , THE SOLE MEMBER OF CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, INCORPORATED, IS A VIRGINIA NON-STOCK NOT-FOR-PROFIT CORPORATION PURSUANT TO SECTION 13 1-852 1 OF THE CODE OF VIRGINIA, CHILDREN'S HEALTH SYSTEM, INC , THE SOLE MEMBER OF CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, INCORPORATED, MANAGES CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS ACCORDINGLY, THE BOARD OF DIRECTORS OF CHILDREN'S HEALTH SYSTEM, INC IS THE GOVERNING BODY FOR CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, INCORPORATED AS A VIRGINIA NON-STOCK CORPORATION, CHILDREN'S HEALTH SYSTEM, INC HAS MEMBERS THAT ELECT THE BOARD OF DIRECTORS OF CHILDREN'S HEALTH SYSTEM, INC THE MEMBERS OF CHILDREN'S HEALTH SYSTEM, INC THAT ELECT THE BOARD OF DIRECTORS OF CHILDREN'S HEALTH SYSTEM, INC ARE THE CLASS A MEMBERS OF CHILDREN'S HEALTH SYSTEM, INC (I E, THE THEN CURRENT MEMBERS IN GOOD STANDING OF THE NORFOLK CITY UNION OF THE KING'S DAUGHTERS, INC , A VIRGINIA NON-STOCK NOT-FOR-PROFIT CORPORATION) AND THE CLASS B MEMBERS OF CHILDREN'S HEALTH SYSTEM INC (I E, THE THEN CURRENT DIRECTORS ON THE BOARD OF DIRECTORS OF CHILDREN'S HEALTH SYSTEM, INC) LINE7B THE FOLLOWING DECISIONS OF THE BOARD OF DIRECTORS OF CHILDREN'S HEALTH SYSTEM, INC , WHICH IS THE GOVERNING BODY FOR CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS, INCORPORATED, ARE SUBJECT TO APPPROVAL BY THE CLASS A AND CLASS B MEMBERS OF CHILDREN'S HEALTH SYSTEM, INC 1) ANY AMENDMENTS TO THE ARTICLES OF INCORPORATION OF THE CORPORATION, AND 2) ANY PROPOSED MERGER OR CONSOLIDATION OF THE CORPORATION, OR ANY SALE, LEASE, EXCHANGE, MORTGAGE, PLEDGE OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF THE PROPERTY AND ASSETS OF THE CORPORATION LINE 11 THE 990 IS PREPARED USING THE ANNUAL FINANCIAL STATEMENTS THAT ARE REVIEWED BY THE BOARD AND AUDITED ANNUALLY AS A PART OF THE CONSOLIDATED FINANCIAL STATEMENTS OF CHILDREN'S HEALTH SYSTEM, INC UPON COMPLETION OF THE DRAFT OF THE RETURN A DETAIL REVIEW IS PERFORMED BY SEVERAL MEMBERS OF STAFF AND MANAGEMENT PRIOR TO FILING WITH THE IRS, THE BOARD IS PROVIDED A COPY TO REVIEW

Return Reference	Explanation
990 PART VI SECTIONS B & C	CONFLICT POLICY CONSIDERATIONS CHKD CONFLICT OF INTEREST POLICY INCLUDES OFFICERS, MEMBERS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES, KEY EMPLOYEES, ALL OTHER EMPLOYEES, PROFESSIONAL STAFF AND SUBSTANTIAL DONORS ANNUALLY, A QUESTIONNAIRE IS DISTRIBUTED AND COLLECTED FROM OFFICERS, MEMBERS OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES AND KEY EMPLOYEES THE QUESTIONNAIRES ARE REVIEWED BY THE LEGAL DEPARTMENT FOR KNOWN CONFLICTS, THE PERSON INVOLVED RECUSES HIMSELF OR HERSELF FROM DELIBERATIONS REGARDING THE TRANSACTION VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY ARE REPORTED TO THE CHKD BOARD CHAIR OR THE CHKD COMPLIANCE OFFICER, AS APPLICABLE, AND MAY REQUIRE CORRECTIVE ACTION UP TO AND INCLUDING TERMINATION OF EMPLOYMENT COMPENSATION PROCESS CONSIDERATIONS CHILDREN'S HEALTH SYSTEM ESTABLISHES THE COMPENSATION OF THE CEO JAMES DAHLING CHILDREN'S HEALTH SYSTEM AND CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS USE THE FOLLOWING PROCESS TO ESTABLISH COMPENSATION FOR OFFICERS AND KEY EMPLOYEES AN INDEPENDENT COMPENSATION CONSULTANT APPROVED AND RETAINED BY THE COMPENSATION COMMITTEE OF THE BOARD ANNUALLY, USUALLY IN APRIL, PROVIDES EDUCATION AND PRESENTS TO THE FULL BOARD COMPARATIVE SALARIES AND SALARY RANGES FROM A DATABASE COMPRISED OF CHILDREN'S HOSPITALS AND OTHER APPLICABLE HOSPITALS FOR OFFICERS & EXECUTIVES FOR THE BOARD TO REVIEW THE COMPENSATION COMMITTEE WITH THE AID OF THE CONSULTANT REVIEWS AND MAKES DECISIONS AS TO EXECUTIVE SALARIES OF CHKD AND ITS SUBSIDIARIES THOSE SALARY CHANGES AND APPROVALS ARE CONTEMPORANEOUSLY DOCUMENTED BY MINUTES MAINTAINED BY THE COMPENSATION COMMITTEE AND SIGNED BY THE CHAIRMAN OF THE BOARD PART VI, C, LINE 19 FINANCIAL STATEMENTS (PART OF THE CONSOLIDATED FINANCIAL STATEMENTS OF CHILDREN'S HEALTH SYSTEM, INC) ALONG WITH GOVERNING DOCUMENTS OF THE ORGANIZATION INCLUDING THE CONFLICT OF INTEREST POLICY ARE AVAILABLE TO THE PUBLIC THROUGH DIRECT INQUIRY AND REQUEST

Return Reference	Explanation
FORM 990, PART XI, LINE 9	OTHER CHANGES IN NET ASSETS IS MADE UP OF TRANSFERS OUT ($13,356,994), UNREALIZED GAIN ON DERIVATIVE $21,356, AND $463 OF CONTRIBUTION OF SERVICES

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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
CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

Employer identification number
54-0506321

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) CHILDREN'S MEDICAL TOWER LLC 601 CHILDRENS LANE NORFOLK, VA 23507 45-2907147	LESSOR	VA	1,937,792	22,933,005	CHILDREN'S H

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) CHILDREN'S HEALTH SYSTEM INC 601 CHILDRENS LANE NORFOLK, VA 23507 54-1278830	HEALTHCARE	VA	501 (C) (3)	11C	NA		No
(2) CHILDREN'S HEALTH FOUNDATION INC 601 CHILDRENS LANE NORFOLK, VA 23507 54-1278865	FUNDRAISING	VA	501 (C) (3)	11A	NA		No

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

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

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" 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	(i) No
(1) CHILDREN'S SURGICAL SPECIALTY GROUP INC 601 CHILDRENS LANE NORFOLK, VA 23507 31-1610834	HEALTHCARE	VA	NA	C CORP					
(2) CHILDREN'S MEDICAL GROUP INC 601 CHILDRENS LANE NORFOLK, VA 23507 54-1778786	HEALTHCARE	VA	NA	C CORP					
(3) CMG OF NORTH CARLOINA INC 601 CHILDRENS LANE NORFOLK, VA 23507 56-1960102	Healthcare	NC	NA	C CORP					
(4) CHILDREN'S HEALTH SYSTEM INSURANCE LTD 4TH FLOOR 41 CEDAR AVENUE HAMILTON HM12 BD	INSURANCE	BD	NA	C CORP					

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

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

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 54-0506321
Name: CHILDREN'S HOSPITAL OF THE KING'S DAUGHTERS

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
CHILDREN'S SPECIALTY SURGICAL GROUP INC	a, j	781,548	BOOK VALUE
CHILDREN'S MEDICAL GROUP INC	a, j	701,216	BOOK VALUE
CHILDREN'S HEALTH SYSTEM INC	p	11,790,233	BOOK VALUE
CHILDREN'S HEALTH SYSTEM INC	e	662,009	BOOK VALUE
CMG OF NORTH CAROLINA INC	q	152,684	BOOK VALUE
CHILDREN'S MEDICAL GROUP INC	q	2,990,620	BOOK VALUE
CHILDREN'S SURGICAL SPECIALTY GROUP INC	b	3,547,218	BOOK VALUE
CHILDREN'S HEALTH FOUNDATION INC	B, r	5,859,776	BOOK VALUE
CHILDREN'S SURGICAL SPECIALTY GROUP INC	B, r	3,950,000	BOOK VALUE
CHILDREN'S MEDICAL GROUP INC	d	768,645	BOOK VALUE

KPMG

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Consolidated Financial Statements and
Supplemental Schedules

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Table of Contents

KPMG LLP
Suite 1900
440 Monticello Avenue
Norfolk, VA 23510

Independent Auditors' Report

The Board of Directors
Children's Health System, Inc

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Children's Health System, Inc 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 consolidated financial statements in accordance with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Children's Health System, Inc and subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with U S generally accepted accounting principles

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

KPMG LLP

October 22, 2014

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2014 and 2013

(Dollars in thousands)

Assets		2014	2013
Current assets			
Cash and cash equivalents	$	52,311	52,110
Receivables, net		45,608	46,898
Pledges receivable, net		1,575	1,560
Supplies inventory		6,381	5,783
Prepaid expenses and other current assets		16,551	6,487
Total current assets		122,426	112,838
Pledges receivable, net		1,159	628
Investments and assets whose use is limited		304,089	256,909
Property, plant and equipment, net		186,761	181,124
Other assets, net		25,877	6,194
Total assets	$	640,312	557,693
Liabilities and Net Assets			
Current liabilities			
Accounts payable	$	14,962	15,900
Accrued expenses		20,292	21,926
Current installment of long-term debt		1,900	1,800
Total current liabilities		37,154	39,626
Long-term debt		67,142	69,042
Other long-term liabilities		56,532	34,244
Total liabilities		160,828	142,912
Net assets			
Unrestricted		447,486	384,769
Temporarily restricted		9,971	8,245
Permanently restricted		22,027	21,767
Total net assets		479,484	414,781
Total liabilities and net assets	$	640,312	557,693

See accompanying notes to consolidated financial statements

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Changes in Net Assets

Years ended June 30, 2014 and 2013

(Dollars in thousands)

	2014	2013
Unrestricted operating revenues, gains, and other support		
Net patient service revenue	$ 384,985	373,898
Provision for bad debts	(9,268)	(5,653)
Net patient service revenue less provision for bad debts	375,717	368,245
Other operating revenue	19,609	16,252
Net assets released from restrictions for operations	1,819	1,528
Total operating revenues, gains, and other support	397,145	386,025
Operating expenses		
Salaries and employee benefits	225,416	215,125
Supplies	51,562	50,264
Purchased services	36,642	35,189
Professional fees	24,222	23,794
Other	13,193	13,355
Depreciation and amortization	21,511	20,370
Interest expense	3,243	3,418
Research and development expense	936	1,297
Total operating expenses	376,725	362,812
Operating income	20,420	23,213
Nonoperating income		
Contributions	11,389	12,937
Investment income, net	6,130	12,825
Net realized gains on sale of investments	9,389	9,892
Total nonoperating income	26,908	35,654
Excess of revenues over expenses	47,328	58,867
Net unrealized gains on investments	14,688	967
Other changes in pension liability	223	2,740
Net assets released from restrictions for capital acquisitions	478	252
Other changes	—	27
Increase in unrestricted net assets	62,717	62,853
Temporarily restricted net assets		
Contributions	1,497	164
Endowment appreciation	2,302	1,057
Change in value of trusts	232	41
Net assets released from restrictions	(2,297)	(1,780)
Other	(8)	(20)
Increase (decrease) in temporarily restricted net assets	1,726	(538)
Permanently restricted net assets		
Contributions	455	598
Change in value of trusts	(199)	(181)
Other	4	(7)
Increase in permanently restricted net assets	260	410
Increase in net assets	64,703	62,725
Net assets at beginning of year	414,781	352,056
Net assets at end of year	$ 479,484	414,781

See accompanying notes to consolidated financial statements

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(Dollars in thousands)

		2014	2013
Cash flows from operating activities			
Increase in net assets	$	64,703	62,725
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Provision for bad debts		9,268	5,653
Depreciation and amortization		21,511	20,370
Net realized and unrealized gains on investments		(24,077)	(10,859)
Change in fair value of derivative instrument		(21)	(6,799)
Loss on refunding of long-term debt		—	430
Loss on disposal of property, plant and equipment		216	1,087
Other changes in pension liability		(223)	(2,740)
Restricted contributions		(1,952)	(762)
Changes in			
Receivables		(7,978)	(13,987)
Pledges receivable		(546)	1,260
Supplies inventory		(598)	(572)
Prepaid expenses and other current assets		(10,064)	4,791
Accounts payable		(938)	1,996
Accrued expenses		5,652	1,442
Other noncurrent assets		(19,750)	(334)
Other long-term liabilities		15,246	3,109
Net cash provided by operating activities		50,449	66,810
Cash flows from investing activities			
Proceeds from sales of investments and assets whose use is limited		36,963	39,899
Purchases of investments and assets whose use is limited		(61,376)	(64,082)
Returns of investment from equity method investee		1,310	—
Proceeds from disposal of property, plant and equipment		6	29
Purchases of property, plant and equipment		(27,303)	(22,935)
Net cash used in investing activities		(50,400)	(47,089)
Cash flows from financing activities			
Payment on long-term debt		(1,800)	(5,558)
Restricted contributions received		1,952	762
Net cash provided by (used in) financing activities		152	(4,796)
Increase in cash and cash equivalents		201	14,925
Cash and cash equivalents at beginning of year		52,110	37,185
Cash and cash equivalents at end of year	$	52,311	52,110
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	$	3,105	3,492
Supplemental disclosure of noncash financing activity			
Refunding and issuance of long-term debt by financial institutions	$	—	76,400

See accompanying notes to consolidated financial statements

(1) Corporate Organization and Principles of Consolidation

(a) Corporate Organization

Children's Health System, Inc (CHS or the Health System) is a nonstock, nonprofit Virginia corporation formed to coordinate, promote and plan for the provision of healthcare services, medical education, and healthcare-related educational development for the community To fulfill its corporate purpose, CHS is the parent holding company of six controlled subsidiary corporations, Children's Hospital of The King's Daughters, Inc (the Hospital), Children's Health Foundation, Inc (the Foundation), Children's Medical Group, Inc (CMG), CMG of North Carolina, Inc , a wholly owned subsidiary of CMG (CMG-NC), Children's Surgical Specialty Group, Inc (CSSG) and Children's Health System Insurance Limited (CHSIL) CHS is the sole member of the Hospital and the Foundation and the sole shareholder of CMG, CSSG and CHSIL As the sole member or sole shareholder of these subsidiaries, CHS has those rights and powers prescribed by law and the rights and powers provided in the Articles of Incorporation and Bylaws of the subsidiaries, including the power to approve any alteration or amendment of the Articles of Incorporation and Bylaws and the adoption of new Bylaws

(b) Principles of Consolidation

The consolidated financial statements include the accounts of CHS and the following subsidiaries.

- The Hospital, a Virginia nonstock, nonprofit corporation, which provides a wide range of healthcare services for children The Hospital provides inpatient and ambulatory care services across many pediatric specialties, including a high percentage of neonatal and pediatric intensive care services It is Virginia's only free-standing, full-service pediatric hospital treating children from birth through age 21 The Hospital is not only a healthcare facility, but a teaching hospital licensed for 206 beds Included in the financial statements of the Hospital is Children's Medical Tower, LLC (CMT), a single member LLC (a disregarded entity) whose sole member is the Hospital CMT generates rental income through leased spaces within a medical office building as well as parking fees
- The Foundation, a Virginia nonstock, nonprofit corporation, which was established to raise funds, manage investments and fund education, research and other programs for Children's Health System,
- CMG, a Virginia stock corporation, which owns and operates pediatric physician practices,
- CMG-NC, a North Carolina stock corporation, which owns and operates a pediatric physician practice in northeastern North Carolina,
- CSSG, a Virginia stock corporation, which owns and operates pediatric surgical subspecialty practices, including pediatric general surgery, pediatric urology, pediatric cardiac surgery, pediatric orthopedic surgery and sports and adolescent medicine, pediatric neurosurgery and pediatric plastic surgery, and
- CHSIL, a captive insurance company incorporated in Bermuda, which provides commercial general liability coverage for CHS and its subsidiaries and medical professional liability coverage for nonphysician practitioners employed by CHS and its subsidiaries

All significant intercompany balances and transactions have been eliminated in consolidation

(2) Summary of Significant Accounting Policies

(a) Healthcare Industry Reporting Practices

The financial statement presentation and significant accounting policies adopted by CHS conform to general practice within the healthcare industry, as published by the American Institute of Certified Public Accountants in its audit and accounting guide, *Health Care Entities*.

(b) Net Patient Service Revenue

Net patient service revenue is reported in the period healthcare services are provided 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, including revisions to estimated settlements as a result of audits by the intermediary, are accrued on an estimated basis in the period their related services are rendered and adjusted in future periods as final settlements are determined

Payments to the Hospital are at amounts differing from its established rates Payments are under the provisions of reimbursement arrangements in effect for each payor A summary of the payment arrangements with major third-party payors follows

Medicaid Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates based on a blend of per patient day and per discharge payments Beginning January 1, 2014, a transition period began to also reimburse outpatient services at prospectively determined rates based on diagnosis and procedures The transition period to change from a cost reimbursement methodology to prospective rates will be four years in 25% increments The transition rate will be a blend of the two types of reimbursements The Hospital is reimbursed at a tentative rate with final settlements determined after submission of annual cost reports by the Hospital and audits thereof by Medicaid The reports for all years through June 30, 2013 for Virginia Medicaid and June 30, 2006 for North Carolina Medicaid have been substantially resolved with the respective fiscal intermediary. Additionally, CHKD must comply with the federal regulation regarding disproportionate share hospital (DSH) payments issued by the Centers for Medicare & Medicaid Services The regulation mandates auditing and reporting requirements for DSH payments under state Medicaid programs At June 30, 2014, audits for the 2011 through 2014 DSH years have not been substantially completed

Anthem. Inpatient services rendered to Anthem subscribers are reimbursed at prospectively determined per diem rates and outpatient services are reimbursed at prospectively determined discounted rates The amounts reimbursed are not subject to retroactive adjustment

Optima Health Plan. Inpatient services are reimbursed on a rate per discharge basis. Outpatient services are reimbursed at prospectively determined discounted rates

Tricare Inpatient services are reimbursed based on a rate per discharge basis, along with retrospectively determined amounts for capital and medical education costs

Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. CHS believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on the consolidated financial statements. Compliance with such laws and regulations is subject to government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicaid program.

CHS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because CHS does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue, however, the expenses incurred in providing these services are included in CHS' operating expenses.

(c) Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CHS and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of CHS and/or by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that are required to be maintained in perpetuity by CHS.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Releases of temporarily restricted net assets used for operating purposes are included as unrestricted support in the period the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished. Releases of temporarily restricted net assets used for the purchase of long-lived assets are included as unrestricted support and are excluded from the excess of revenues over expenses.

(d) Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become substantially unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions that are to be received after one year are discounted at a risk-free interest rate commensurate with the year the contribution was received. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund-raising activity. Similarly, unconditional promises to make contributions are recognized as expenses in the period the promise is made.

(e) Excess of Revenues over Expenses

The accompanying consolidated statements of operations and changes in net assets include excess of revenues over expenses (the performance indicator) Changes in unrestricted net assets, which are excluded from the performance indicator, consistent with industry practice, include unrealized gains or losses on investments other than trading securities, changes in pension liability and net assets released from restrictions for the purchase of property, plant and equipment

(f) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash held in checking accounts and money market funds with original maturities of three months or less

(g) Receivables

Receivables are primarily comprised of patient receivables and are presented net of allowances for contractual adjustments and uncollectible receivables The allowances for uncollectible receivables are $10,708 and $9,393 (of which the Hospital's allowance for uncollectible receivables are $7,668 and $7,294) at June 30, 2014 and 2013, respectively In evaluating the collectability of accounts receivable, CHS analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts For receivables associated with services provided to patients who have third-party coverage, CHS analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third party coverage exists for part of the bill), CHS records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts The Hospital's allowance for doubtful accounts increased from 6 0% of gross receivables at June 30, 2013 to 6 2% of gross receivables at June 30, 2014 The increase is due to more self pay accounts in gross receivables at June 30, 2014 The Hospital has not changed its charity care policy during fiscal year 2014 or 2013, but charity care charges have decreased by $1,257 from 2013 to 2014 and increased by $1,967 from 2012 to 2013. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant writeoffs from third party payors during fiscal years 2014 or 2013

(h) Supplies Inventory

Inventories, primarily consisting of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out) or market

(i) Derivative Financial Instrument

CHS recognizes the fair value of its derivative financial instrument, an interest rate swap agreement, as an asset or liability in the accompanying consolidated balance sheets Management has elected not to treat the agreement as a hedge, and as such, the change in the fair value of this instrument is

included in investment income, net Net cash settlement amounts are included in interest expense in the accompanying consolidated statements of operations and changes in net assets

(j) Investments

All investments, except for the portion required for payment of current liabilities, are classified as noncurrent assets Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value Investment income (including realized gains and losses) is included in the performance indicator Unrealized losses on investments due to other-than-temporary declines in value are considered realized with the cost basis of the underlying investments being reduced and the loss recognized in the performance indicator Unrealized gains and losses on readily marketable investments are excluded from the performance indicator unless the investments are designated as trading securities

Investments with losses of more than 25% of cost basis that have been in a loss position for more than nine months are deemed to be other-than-temporarily impaired

CHS' investments include various types of investment securities and investment vehicles These investments are exposed to several risks, such as interest rate, currency, market and credit risks Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in estimated values will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements

Investments in hedge funds and real estate funds, included in investments, are accounted for under the equity method using net asset value These amounts represent CHS' contribution to the investment plus or minus CHS' portion of the investment's gains and losses, which are allocated according to CHS' ownership percentage Because of the inherent uncertainties in the valuation of nonreadily marketable investments, the carrying values of these investments could differ materially from the values that would have been used had a ready market for the investments existed CHS' equity in the earnings of these investments is included in investment income, net in the accompanying statements of operations and changes in net assets.

(k) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost Donated property, plant, and equipment are recorded at fair market value at date of donation, which is then treated as cost Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets Gains or losses on disposal are included in operating income Repairs and maintenance are expensed as incurred Leasehold improvements are amortized on the straight-line method over the shorter of the lease term or the estimated useful life The estimated useful lives of each major class of depreciable assets are as follows

Buildings and improvements	5–40 years
Leasehold improvements	2–20 years
Fixed equipment	2–30 years
Movable equipment	2–20 years

The carrying value of property, plant, and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value

(l) Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported

(m) Research and Development Costs

CHS expenses its research and development costs as incurred

(n) Income Taxes

CHS, the Hospital and the Foundation have been recognized by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 (the Code) and as a public charity under Section 509(a) of the Code CMG, CMG-NC, and CSSG are taxable corporations

CHS' for-profit subsidiaries have cumulative net operating loss carryforwards of approximately $92,307 through June 30, 2014 for income tax purposes, which expire in various years from 2019 through 2033 A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized Due to historical losses of the for-profit subsidiaries, CHS has recorded a full valuation allowance against its net operating loss carryforwards in the accompanying consolidated financial statements

CHSIL is incorporated in Bermuda and is generally not subject to income or capital gains taxes in the United States of America or Bermuda Accordingly, no provision for income taxes is made in the accompanying consolidated financial statements for this entity

CHS recognizes any benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position If applicable, the tax benefits recognized in the consolidated financial statements from such a position would be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. CHS does not believe its consolidated financial statements include any uncertain tax provisions

(o) Use of Estimates

The preparation of consolidated financial statements in conformity with U S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from these estimates Significant items subject to such estimates and assumptions include valuation allowances for receivables,

self-insurance liabilities, third-party settlement liabilities, retirement obligations, tax asset valuation allowances, and the carrying amount of property, plant and equipment and investments

(p) Electronic Medical Health Records Incentive Payments

In an effort to improve the quality, safety, and efficiency of care, the Health Information Technology for Economic and Clinical Health (HITECH) Act established programs under Medicare and Medicaid to provide incentive payments for the meaningful use of certified Electronic Health Record (EHR) technology

The Health System accounts for these EHR incentive payments using the grant accounting model of cliff recognition Under this method, the Health System recognizes income after it has complied with the meaningful use requirements The revenue is reported as a component of "Other operating revenues" on the consolidated statements of operations and changes in net assets The Health System recognized $2,796 and $1,961 in EHR incentive revenue in fiscal years 2014 and 2013, respectively

The amounts recognized are subject to change and such changes are recorded in the period in which they occur Additionally, the amounts recorded are subject to audit by the federal government or its designee

(q) New or Recent Accounting Pronouncements

On July 1, 2012, the Health System adopted Accounting Standards Update (ASU) 2011-07, *Health Care Entities Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* This ASU changes the Health System's presentation of provision for bad debts in the consolidated statements of operations and changes in net assets from operating expenses to a deduction from net patient service revenue It also expands disclosures regarding policies for recognizing revenue, assessing contra revenue line items, and activity in the allowance for bad debts

In October 2012, Financial Accounting Standards Board (FASB) issued ASU 2012-05, *Statement of Cash Flows (Topic 230) Not-for-Profit Entities Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* The guidance requires the Not for Profit (NFP) to classify in the statement of cash flows cash receipts from the sale of donated financial assets consistently with cash donations received if those cash receipts were from the sale of donated financial assets that, upon receipt, were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the NFP. The Health System adopted this ASU effective July 1, 2013

(3) Charity Care and Other Mission-Related Costs

(a) Charity

CHS is committed to providing quality healthcare to all, regardless of their ability to pay. Patients who meet the criteria of its charity care policy receive services without charge or at amounts less than its established rates. The criterion for charity care considers the family income as defined by the Internal Revenue Service in relation to the federal poverty guidelines. CHS provides services without charge for patients with family income equal to or less than 175% of the federal poverty limit. A sliding scale discount may be allowed if the family income is more than 175% but less than 400% of the federal poverty limit.

Due to the complexity of the eligibility process, CHS provides eligibility services to patients free of charge to assist in the qualification process. These eligibility services include, but are not limited to, the following:

- Financial assistance brochures and other information are posted at each point of service. When patients have questions or concerns, they are encouraged to call customer service representatives during the business day. Financial assistance programs are also published on the CHS website and included on the statements provided to patients.
- CHS employs financial counselors who are available to help patients complete applications for Medicaid or other government payment assistance programs, or apply for care under CHS charity care policy, if applicable. CHS also employs benefits analysts to assist in the eligibility process.
- Any patient whether covered by insurance or not, may meet with a CHS representative and receive financial counseling from CHS dedicated financial assistance unit.

CHS maintains detailed records to identify and monitor the level of charity care it provides to its patients. These records include the amount of charges foregone and estimated direct and indirect costs incurred for services furnished under its charity care policy. Costs incurred are estimated based on the ratio of certain operating expenses to gross charges applied to charity care charges. CHS received temporarily restricted gifts of $57 and $9 during fiscal years 2014 and 2013, respectively, to subsidize charity care services provided. The following information measures the level of charity care provided during the years ended June 30:

		2014	2013
Charges foregone, based on established rates	$	6,084	7,469
Estimated costs incurred		2,232	2,739

As part of its mission, CHS continually underwrites much of the cost of training physicians and residents in its emergency rooms, clinics and inpatient facilities.

CHS has a long-standing commitment to providing free or low-cost outreach, educational and clinical programs as a benefit back to the community. Community benefit programs include full-service medical and psychosocial evaluative services for victims of abuse and neglect,

(Continued)

special-needs car safety seat distribution, community-wide school-age field trips to CHS, programs tackling childhood obesity, parent education classes, a literacy program supplying books to children, numerous support groups and a multitude of associations and partnerships with community groups and agencies

(b) Medical Education and Other Community Benefits

In addition to charity and uncompensated care, CHS provides other community benefits These benefits include, among other items, educational activities, research and health services in the communities served CHS recognizes its responsibility to provide other healthcare services and programs for the benefit of the community, at reduced rates or free CHS' vibrant community outreach program coordinates parent, professional and student programs that bring important health, safety and wellness information to thousands of participants Costs are incurred throughout the Health System and accumulated and include salaries and other operating expenses

CHS also underwrites much of the cost of training allied health professionals, physicians and residents in its emergency room, clinics and inpatient facility CHS maintains a dynamic partnership with Eastern Virginia Medical School to train residents and support medical education

The following is a summary of CHS' community commitment as measured by financial assistance and other community benefit costs

		2014	2013
Nonreimbursed cost of uncompensated care *	$	78,905	71,089
Medical education		4,114	6,071
Community health programs		14,409	14,205
Research		82	107
Total community benefits, at cost	$	97,510	91,472

* Includes estimated costs incurred of $2,232 and $2,739 under CHS' charity care policy for the years ended June 30, 2014 and 2013, respectively

(4) Concentration of Credit Risk

CHS financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and assets whose use is limited and patient accounts receivable.

CHS cash and cash equivalents and restricted cash are held by large financial institutions, and CHS investment policy limits its exposure to concentrations of credit risk In the normal course of business, CHS maintains cash balances in excess of the Federal Deposit Insurance Corporation's insurance limit CHS routinely reviews the credit ratings of the financial institutions in which it hold funds, management believes that this related credit risk is minimal

Patient receivables and net patient service revenue consist of amounts earned for patient care whereby payments are made either directly or indirectly by patients or by third-party payors, including state (Medicaid) governments, Tricare and private insurance carriers Services are generally provided without

requiring collateral from patients or third-party payors A breakdown of net patient accounts receivable of the Hospital by significant type of payor follows as of June 30, 2014 and 2013

	2014	2013
Medicaid	29%	28%
Anthem (Blue Cross)	28	23
Optima Health Plan	11	11
Tricare	9	10
All others (none more than 10%)	23	28
	100%	100%

(5) Pledges Receivable

As of June 30, 2014 and 2013, CHS contributors have made written and oral unconditional promises to give of $3,345 and $2,623, respectively, to CHS These amounts are recorded at net present value using discount rates of approximately 3 1% and 2 5% as of June 30, 2014 and 2013, respectively CHS projects that contributors will remit these contributions as follows.

		2014	2013
Due within one year	$	1,575	1,560
Due within two to five years		1,130	1,050
Due after five years		640	13
Total pledges receivable		3,345	2,623
Less allowance for uncollectible pledges and discount		(611)	(435)
Pledges receivable, net	$	2,734	2,188

(Continued)

(6) Investments and Assets Whose Use Is Limited

The composition of investments and assets whose use is limited at June 30, 2014 and 2013 is as follows

		2014	2013
Investments			
Fixed income mutual funds	$	80,022	74,171
Equity mutual funds		93,584	75,872
Real estate funds		9,164	8,052
Hedge funds		17,987	12,458
Other		24,955	19,028
		225,712	189,581
Assets whose use is limited			
Investments related to restricted net assets			
Fixed income mutual funds		9,520	9,179
Equity mutual funds		10,633	9,565
Real estate funds		1,144	1,103
Hedge funds		2,080	1,653
Other		3,065	2,475
		26,442	23,975
Investments related to unrestricted charitable gift annuities			
Fixed income mutual funds		887	842
Equity mutual funds		1,050	920
Real estate funds		97	105
Hedge funds		212	155
Other		279	222
		2,525	2,244
Investments related to board designation.			
Fixed income mutual funds		12,943	11,974
Equity mutual funds		27,767	22,641
Real estate funds		1,466	1,413
Hedge funds		3,195	1,985
Other		4,039	3,096
		49,410	41,109
Total investments	$	304,089	256,909

Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other than temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors and the length of time and extent to which the fair value was less than cost. No losses were recognized for other-than-temporary declines in the fair market value of investments during the year ended June 30, 2014 or 2013.

(Continued)

The following tables show the gross unrealized losses and fair value of the investments with unrealized losses that are deemed to be not other-than-temporarily impaired, as the total loss is not more than 25% of the investments' cost basis, aggregated by length of time that individual securities have been in a continuous unrealized loss position, at June 30, 2014 and 2013

	2014			
	Less than 12 months		12 months or greater	
	Fair value	Unrealized losses	Fair value	Unrealized losses
Fixed income mutual funds	$ 1,786	(12)	21,930	(930)
Equity mutual funds	1,005	(5)	31,782	(1,158)
Other	8,939	(25)	13,225	(1)
Total	$ 11,730	(42)	66,937	(2,089)

	2013			
	Less than 12 months		12 months or greater	
	Fair value	Unrealized losses	Fair value	Unrealized losses
Fixed income mutual funds	$ 33,243	(917)	37,130	(1,535)
Equity mutual funds	17,489	(898)	1,875	(190)
Real estate funds	6,104	(246)	—	—
Other	13,779	(436)	10,957	(464)
Total	$ 70,615	(2,497)	49,962	(2,189)

The temporary declines in value of mutual funds are primarily due to market volatility and interest rate fluctuations

Investment return is comprised of the following for the years ended June 30, 2014 and 2013

	2014	2013
Nonoperating income		
Investment income, net of related fees	$ 6,109	6,026
Change in fair value of derivative instruments	21	6,799
Equity in gains of alternative investments	2,773	2,200
Net realized gains on investment sales	6,616	7,692
	15,519	22,717
Other changes in unrestricted net assets		
Net unrealized gains on investments	14,688	967
Changes in temporarily restricted net assets		
Endowment appreciation	2,302	1,057
Total investment return	$ 32,509	24,741

(Continued)

(7) Fair Value Measurements

The fair value of a financial instrument represents management's best estimate of the amount that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects CHS' own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by CHS based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, receivables, net, accounts payable, and accrued expenses: The carrying amounts materially approximate fair value because of the short maturity of these instruments.

Pledges receivable, net: CHS values contributions receivable using the present value of future cash flows as described in note 5.

Investments and assets whose use is limited – Equity and Fixed Income Mutual Funds: Investments in this category are based on the market approach. Each fund is measured using daily net asset valuations at the reporting date.

Investments and assets whose use is limited – Hedge and Real Estate Funds: CHS uses net asset value per share as provided by the external investment managers without further adjustment as the practical expedient estimate of the fair value of its hedge and real estate funds consistent with the provisions of ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820) Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. Accordingly, such values may differ from values that would have been used had a ready market for the investments existed. The net asset values provided by the investment managers are monitored on a quarterly basis and the carrying value is adjusted based on CHS' percentage of ownership.

Debt: Debt is carried at the principal amount outstanding. The fair value of debt is presented in note 10. The fair value of variable rate debt approximates the carrying value because the financial instruments bear interest rates, which approximate current market rates for loans with similar maturities and credit quality.

Interest rate swaps: The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and CHS.

ASC 820 establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability.

(Continued)

Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value The hierarchy requires the use of observable market data when available The levels of the hierarchy are defined as follows

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market corroborated inputs

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement

The following table presents the balances of assets and liabilities measured at fair value in the consolidated balance sheet on a recurring basis as of June 30, 2014, by level within the fair value hierarchy

		Fair value measurements at June 30, 2014 using		
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds				
Index funds	$ 70,791	70,791	—	—
Balanced funds	52	52	—	—
Growth funds	70,948	70,948	—	—
Fixed income funds	94,614	83,920	10,694	—
Other funds	40,596	40,596	—	—
Total	$ 277,001	266,307	10,694	—
Liabilities:				
Interest rate swap agreement	$ 12,658	—	—	12,658

(Continued)

The following table presents the balances of assets and liabilities measured at fair value in the consolidated balance sheet on a recurring basis as of June 30, 2013, by level within the fair value hierarchy:

			Fair value measurements at June 30, 2013 using		
		Total	Level 1	Level 2	Level 3
Assets					
Mutual funds:					
Index funds	$	63,824	63,824	—	—
Balanced funds		10,197	10,197	—	—
Growth funds		50,101	50,101	—	—
Fixed income funds		81,043	72,571	8,472	—
Other funds		30,925	30,925	—	—
Total	$	236,090	227,618	8,472	—
Liabilities:					
Interest rate swap agreement	$	12,679	—	—	12,679

The following table summarizes changes in Level 3 liabilities:

		Interest rate swap agreement	
		2014	2013
Liabilities:			
Beginning balance as of July 1	$	12,679	19,478
Total gains included in change in net assets		(21)	(6,799)
Ending balance as of June 30	$	12,658	12,679
Net unrealized gains included in change in net assets for the period relating to assets held at June 30	$	21	6,799

The Health System's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, 2 and 3 during the years ended June 30, 2014 and 2013.

(Continued)

A summary of hedge and real estate funds accounted for under the equity method included in investments in the accompanying June 30 consolidated balance sheets is as follows

	Ownership percentage	2014	2013
Mercer Hedge Fund Investors Segregated Portfolio I	2.55%	$ 23,474	16,251
Blackrock Diamond Property Fund	0.42	1,870	1,744
ING Clarion Partners Lion Value Fund	0.69	1,744	2,824
Total hedge and real estate funds		$ 27,088	20,819

CHS' hedge and real estate funds are reported on the equity method based on the underlying net asset value of the investment Due to the nature of the underlying investments held, changes in market conditions and the economic environment may significantly impact the investments' net asset value and the carrying value of CHS' interest

The Mercer and Blackrock Funds are redeemable quarterly at their net asset value under the current terms of the subscription agreements, and therefore, their carrying value approximates their estimated fair value However, it is possible that these redemption rights may be restricted or eliminated by the funds in accordance with the underlying agreements in the future

During April 2012, investors approved the dissolution of the ING Clarion Partners Lion Value Fund pursuant to the underlying agreement, which resulted in the fund being closed to new investors and restricting redemptions by current investors The liquidation of the assets of the fund is expected to take place through 2016 with distributions made to investors on a pro rata ownership basis CHS received $1,310 and $0 in distributions during fiscal years 2014 and 2013, respectively

(8) Derivative Instruments

CHS has only limited involvement with derivative financial instruments and does not use them for trading purposes In October 2005, CHS entered into an interest rate swap agreement having a notional amount of $78,000 to reduce interest rate risk on variable rate Revenue and Refunding Bonds Under terms of the swap agreement, CHS receives amounts based upon 64% of the one-month LIBOR (approximately 0 10% and 0 12% at June 30, 2014 and 2013, respectively) and makes payments at 3 39% and settles with the counterparty on a monthly basis The swap agreement carries a 30-year term, and the agreement provides that the notional amount will be reduced in the same amount, and at the same time, the principal of the bonds is scheduled to be paid upon redemption or at maturity The net cash settlement amounts incurred on the swap agreement totaled approximately $2,423 and $2,458 for the years ended June 30, 2014 and 2013, respectively, and are included in interest expense in the accompanying consolidated statements of operations and changes in net assets

In order to manage the credit risk of the interest rate swap agreement, CHS is required to provide collateral in the event that the fair value of the swap agreement exceeds $(20,000) The collateral posting

requirements are based upon the rating classification of CHS long-term debt securities as assigned by a relevant rating agency. As of June 30, 2014 and 2013 there was no posted collateral.

The fair value of the interest rate swap agreement is the estimated amount that CHS would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparty. The fair value of the interest rate swap agreement at June 30, 2014 and 2013 was a liability of $12,658 and $12,679, respectively, and is included in other long-term liabilities in the accompanying consolidated balance sheets. The changes in the fair market value of the interest rate swap agreement for the years ended June 30, 2014 and 2013 was an increase of $21 and $6,799, respectively, and are included in investment income, net in the accompanying consolidated statements of operations and changes in net assets. CHS is exposed to credit loss in the event of nonperformance by the swap counterparty. CHS monitors the credit standing of its counterparty.

(9) Property, Plant and Equipment

Property, plant and equipment as of June 30, 2014 and 2013 are summarized as follows:

	2014	2013
Land	$ 24,481	20,863
Land improvements	248	248
Buildings and leasehold improvements	189,772	182,204
Fixed equipment	18,573	17,560
Movable equipment	123,417	112,611
	356,491	333,486
Less accumulated depreciation and amortization	179,306	160,370
	177,185	173,116
Construction in progress	9,576	8,008
	$ 186,761	181,124

Depreciation expense for the years ended June 30, 2014 and 2013 totaled $21,444 and $20,308, respectively. At June 30, 2014 and 2013, accumulated amortization for assets acquired under capital lease was $1,737 and $1,448, respectively.

At June 30, 2014, the estimated cost to complete projects under construction approximated $14,279 and relate primarily to renovations and upgrades to the Hospital and outpatient facilities. There is no capitalized interest included in construction in progress for the years ended June 30, 2014 and 2013.

In fiscal year 2013, CHS performed a complete physical fixed asset inventory including tagging all assets. The inventory resulted in retirement of assets with $20,874 of acquisition costs and $19,910 in accumulated depreciation in 2013 and the addition of assets with $1,003 of acquisition costs and $588 in accumulated depreciation in 2014. The resulting $964 loss and the $415 gain are included in other operating expenses in the accompanying consolidated financial statements for fiscal years 2013 and 2014, respectively.

(Continued)

(10) Long-Term Debt

Long-term debt as of June 30, 2014 and 2013 is summarized as follows

	2014	2013
Bonds payable		
Hospital Revenue and Refunding Bonds Series 2012	$ 69,042	70,842

The fair value of all bonds at June 30, 2014 and 2013 was approximately $69,042 and $70,842, respectively

The principal maturities of the bonds payable for each fiscal year ending June 30 are as follows

	Bonds payable
2015	$ 1,900
2016	2,000
2017	2,100
2018	2,200
2019	2,300
Thereafter	58,542
	$ 69,042

On September 19, 2012, the Health System issued a Revenue and Refunding Bond (Series 2012) in the amount of $76,400 The bond was issued through the Virginia Small Business Financing Authority with PNC Bank, N A (PNC) as the sole bond holder The issuance of the Series 2012 bond refunded and replaced the Series 2006 bonds and removed the letter of credit backing those bonds The Series 2012 bond matures in 10 years and bears interest at a variable rate of 70% of one-month LIBOR, plus 1 10% The interest rate at June 30, 2014 was 1 156% The Series 2012 bonds are repayable in varying annual installments ranging from $1,900 due January 1, 2015 to $50,842 due September 1, 2022 There is no required collateral The $430 loss on refunding in fiscal year 2013, is included in other operating expenses on the accompanying consolidated financial statements

Pursuant to the Master Trust Indenture and the 2012 Bond Purchase and Refinancing Agreement, PNC (as the sole bond holder) shall have the benefit of a valid and perfected, first priority security interest held by the Master Trustee in the total revenues pledged under the Master Trust Indenture and in any other security interest granted by the Master Trust Indenture The Master Trust Indenture and the 2012 Bond Purchase and Refinancing Agreement places certain restrictions relative to operating ratios, incurrence of additional indebtedness, maintenance of tax-exempt status and financial reporting requirements

(11) Bank Line of Credit

At June 30, 2014 and 2013, CHS had an unsecured bank line of credit with no amount outstanding and could borrow a total of $12,000 on the line of credit with Bank of America, N A , which expires on January 31, 2015 Interest on outstanding amounts accrues at the LIBOR Rate plus 0 70%

(12) Post-Retirement Benefits

(a) Pension Plan

CHS maintains an unfunded supplemental executive retirement plan (the retirement plan) for certain executives. The retirement plan is informally funded and no assets are set aside on a formal basis in the participant's name. CHS's assets to fund the benefit obligation are held in a rabbi trust and are subject to the claims of CHS' creditors in the event of corporate insolvency. The benefits of the retirement plan are based on years of service and the executive's compensation during the last five years of employment. In fiscal years 2014 and 2013, pension expense of $2,284 and $2,580, respectively, was recorded as operating expense. CHS does not expect to contribute any amount to this plan in fiscal year 2015 to cover benefit payments.

No pension benefits are expected to be paid in 2015. Pension benefits expected to be paid in each year from 2016 to 2019 are $11, $1,154, $3,162 and $1,703, respectively. The aggregate benefits expected to be paid in the five years from 2020 to 2024 are $8,892. The expected benefits to be paid include estimated future employee service for the executives covered under the Plan. CHS pays all benefits on a current basis. $495 was paid out during fiscal year 2014.

Benefit obligations of the plan are included as other long-term liabilities in the consolidated balance sheets. The following table provides a reconciliation of the changes in the retirement plan's benefit obligation for the years ended June 30:

		2014	2013
Reconciliation of benefit obligation			
Benefit obligation at July 1	$	15,372	15,533
Service cost		1,208	1,306
Interest cost		692	582
Benefits paid from plan		(495)	—
Actuarial (gain) loss		160	(2,049)
Benefit obligation at June 30	$	16,937	15,372

The following table provides the components of net periodic benefit cost for the retirement plan for the years ended June 30:

		2014	2013
Service cost	$	1,208	1,306
Interest cost		692	582
Prior service cost recognized		257	257
Recognized losses		127	435
Net periodic pension cost	$	2,284	2,580

(Continued)

The amounts included in unrestricted net assets that have yet to be recognized in net periodic benefit expense as of June 30, 2014 are as follows

Prior service cost	$	385
Net accumulated actuarial loss		2,582
	$	2,967

The net actuarial loss and prior service credit for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are $120 and $150, respectively

Unrecognized prior service costs are amortized on a straight-line basis over the average remaining service period of active participants Gains and losses in excess of 10% of the benefit obligation are amortized over the expected working lifetime of active participants

The assumptions used in the measurement of CHS' benefit obligation as of June 30 are shown in the following table.

	2014	2013
Discount rate	4 25%	4 50%
Rate of compensation increase	4 00	4 00

The assumptions used in the measurement of CHS' net periodic benefit cost as of June 30 are shown in the following table

	2014	2013
Discount rate	4 50%	3 75%
Rate of compensation increase	4 00	5 00

(b) Defined Contribution Employee Benefit Plans:

Prior to December 31, 2013, CHS sponsored a 401(a) Profit Sharing Plan and a 403(b) Defined Contribution Plan for eligible employees of CHS and CHKD and CMG sponsored a 401(k) Defined Contribution Plan for eligible employees of CMG, CMG-NC and CSSG

Effective December 31, 2013, CMG transferred legal sponsorship of the 401(k) Plan to CHS and the Profit Sharing Plan was merged into the 401(k) Plan All employees within CHS (excluding those identified in the Plan document) are eligible to participant in the 401(k) Plan Additionally, CHS froze the 403(b) Defined Contribution Plan and will maintain it as a frozen plan going forward The Plan's assets remain available to the participants for distributions and loans, as specified in the plan document CHS' total expenses for the Defined Contribution Plan and the Profit Sharing Plan were $2,506 and $2,950 for the years ended June 30, 2014 and 2013, respectively.

(Continued)

The CMG 401(k) Plan was amended effective January 1, 2014, changing the name to Children's Health System, Inc. 401(k) Defined Contribution Plan. Additionally, all employees of CHS (excluding those identified in the plan document) are eligible to participate in the plan. Employees are eligible to make deferrals immediately upon hire, subject to Internal Revenue Service (IRS) limitations and they become eligible for matching contributions after completing one year of service. CHS matches 100% of eligible employee's contributions up to 3% of the employee's income and matches an additional 50% of their next 2% contribution, the matching contribution cannot exceed 4% of the employee's income. CHS' total expenses under the 401(k) Plan were $1,306 and $1,471 for the years ended June 30, 2014 and 2013, respectively.

(c) Nonqualified Deferred Compensation Plans

CHS maintains a 457(b) and a Nonqualified Deferred Annuity Plan (NQDA Plan). The 457(b) Plan is available for directors and senior management employee deferrals and employer contributions attributable to the Director's Retirement Plan. The NQDA Plan is available for employer contributions attributable to the Director's Retirement Plan. Participants must complete three years of service as a director to be eligible to receive employer contributions into these Plans. CHS' expenses under the Director's Retirement Plan were $543 and $656 for the years ended June 30, 2014 and 2013, respectively.

Employee deferrals and employer contributions to the 457(b) Plan are subject to IRS limitations. All deferred compensation amounts are invested in mutual funds that are actively traded and valued using level 1 inputs. These assets are recorded in other assets on CHS' consolidated balance sheet as they are subject to the claims of CHS' creditors in the event of corporate insolvency. The corresponding liability represents the amounts deferred by the plan participants plus or minus any earnings or losses on the assets and is recorded in other long-term liabilities on CHS' consolidated balance sheet. The assets and associated deferred compensation liability totaled $4,522 at June 30, 2014.

CHS also maintains a Nonqualified Deferred Compensation Plan (the Top Hat Plan). The Top Hat Plan was established to provide an opportunity for select employees, whose contributions are typically restricted under a qualified plan, to save for retirement needs on a tax-deferred basis. It is an employer provided retirement savings plan that does not satisfy the IRS requirements applicable to tax qualified plans. Because the Plan is informally funded, no assets are set aside on a formal basis in the participant's name. All deferred compensation amounts are held in a "rabbi trust" and are invested in mutual funds that are actively traded and valued using level 1 inputs. These trust assets are recorded in other assets on CHS' consolidated balance sheet as they are subject to the claims of CHS' creditors in the event of corporate insolvency. The corresponding liability represents the amounts deferred by the plan participants plus or minus any earnings or losses on the trust assets and is recorded in other long-term liabilities on CHS' consolidated balance sheet. The trust's assets and associated deferred compensation liability totaled $8,879 at June 30, 2014.

(13) Endowment Net Assets

CHS' endowments consist of approximately 160 individual funds established for a variety of purposes including both donor-restricted endowment funds and term endowments. The portion of a term endowment that must be maintained for a specified term is classified as temporarily restricted net assets. Net assets

associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

(a) Interpretation of Relevant Law

CHS has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, CHS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CHS in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, CHS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Health System and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation or depreciation of investments.
6. Other resources of the Health System.
7. The investment policies of the Health System.

Endowment net assets consist of the following at June 30, 2014:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	3,431	22,027	25,458

Endowment net assets consist of the following at June 30, 2013:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	2,038	21,767	23,805

(Continued)

Changes in endowment net assets for the year ended June 30, 2014 are as follows

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2013	$ —	2,038	21,767	23,805
Contributions	—	—	455	455
Investment gain and net appreciation (depreciation)	—	2,302	(199)	2,103
Appropriation of endowment assets for expenditure	—	(954)	—	(954)
Other	—	45	4	49
Endowment net assets, June 30, 2014	$ —	3,431	22,027	25,458

Changes in endowment net assets for the year ended June 30, 2013 are as follows

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, July 1, 2012	$ —	1,623	21,357	22,980
Contributions	—	—	598	598
Investment gain and net appreciation (depreciation)	—	1,057	(181)	876
Appropriation of endowment assets for expenditure	—	(569)	—	(569)
Other	—	(73)	(7)	(80)
Endowment net assets, June 30, 2013	$ —	2,038	21,767	23,805

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires CHS to retain as a fund of perpetual duration There were no deficiencies reported in unrestricted net assets as of June 30, 2014 and 2013

(c) Return Objectives and Risk Parameters

CHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the

(Continued)

purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period CHS attempts to manage the endowments to provide long-term real returns that compare favorably with the returns of other endowments on a risk-adjusted basis The long-term expected return equals 6 5% The returns and risks are frequently measured against a comparable universe

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, CHS relies on a portfolio benchmark comprised of public market indices The strategic asset allocation is prudently diversified across asset classes and lies near the efficient frontier of portfolios that provide the highest expected return per unit of risk and the lowest risk per unit of expected return CHS relies on the risk controls based on tolerance for volatility, but also to ensure adequate liquidity The Foundation Board selects an asset allocation that falls within the asset allocation parameters identified below:

	Minimum policy allocation	Maximum policy allocation
Total stocks	20%	60%
Total fixed income (including TIPS)	25	65
Total alternatives/other	—	30

(e) Spending Policy and How the Investment Objectives Relate to Spending Policy

CHS has a policy of appropriating for distribution each year a target of 5% or less of the endowment funds In establishing this policy, CHS considered the expected return on its endowment Accordingly, the Health System expects the current spending policy to allow the endowment to maintain its purchasing power by growing at a rate equal to planned spending and the underlying inflation rate Additional real growth will be provided through new gifts and any excess investment return The endowment spending rate is monitored at each Foundation Board meeting and evaluated annually as part of the Health System's operating budget approval process Donor spending restrictions accepted by the Health System shall be honored unless the donor consents or when a change is permitted by the gift instrument or applicable law.

(14) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013

	2014	2013
Charitable remainder trusts	$ 3,012	2,780
Community outreach	463	723
Research	213	165
Nursing education	186	167
Cancer program	61	91
Child abuse program	95	141
Satellite health centers	18	63
Various other specific purpose projects	5,923	4,115
	$ 9,971	8,245

Permanently restricted net assets at June 30, 2014 and 2013 are restricted to

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support		
Healthcare services for the child abuse program	$ 7,888	7,486
Healthcare services for the neonatal intensive care unit	2,666	2,654
Healthcare services for pediatric research	2,000	2,000
Healthcare services for cancer programs	1,635	1,615
Various other healthcare services	7,838	8,012
	$ 22,027	21,767

(15) Net Patient Service Revenue

CHS consolidated net patient service revenue, before provision for bad debts, is summarized as follows for the years ended June 30, 2014 and 2013

	2014	2013
Gross patient service revenue	$ 932,581	911,080
Less contractual and administrative adjustments	(574,979)	(564,289)
Disproportionate share payments	27,383	27,107
Net patient service revenue before provision for bad debts	$ 384,985	373,898

Net patient service revenue was increased by approximately $7,024 and $1,464 for the years ended June 30, 2014 and 2013, respectively, as a result of changes in estimates associated with settlements and other revisions to prior years for third-party settlement amounts The estimated amounts due from

third-party payors at June 30, 2014 and 2013 were approximately $10,958 and $1,452, respectively, and are included in prepaid expenses and other current assets in the accompanying consolidated balance sheets The estimated amounts due to third-party payors at June 30, 2014 and 2013 were approximately $1,928 and $2,242, respectively, and are included in accrued expenses in the accompanying consolidated balance sheets

Net patient service revenue for the Hospital includes payments for services provided to beneficiaries of various plans before provision for bad debts, for the years ended June 30, 2014 and 2013, as follows

		2014	2013
Virginia and North Carolina Medical Assistance Programs and Medicaid managed care plans (Medicaid)	$	115,998	111,635
Anthem Services, Inc (Anthem)		74,959	62,454
Tricare		32,674	34,630
Optima Health Plan		30,240	31,481
All others		51,921	59,281
Net patient service revenue before provision for bad debts	$	305,792	299,481

Revenues from the Medicaid and Anthem programs accounted for approximately 38% and 25%, respectively, of the Hospital's net patient service revenue for the year ended June 30, 2014 (37% and 21%, respectively, for the year ended June 30, 2013)

(16) Functional Expenses

CHS provides pediatric healthcare services to residents of the Hampton Roads area of Virginia and the surrounding areas Expenses related to providing these services are classified as follows for the years ended June 30, 2014 and 2013

		2014	2013
Healthcare services	$	326,744	293,769
General and administrative		47,277	66,648
Fund raising		2,704	2,395
	$	376,725	362,812

(17) Reclassifications

Certain reclassifications have been made to the 2013 consolidated financial statements to conform to the 2014 consolidated financial statement presentation. The reclassifications had no effect on net assets or excess of revenues over expenses for the year ended June 30, 2013

(Continued)

(18) Commitments and Contingencies

(a) Malpractice Insurance

The Hospital's malpractice insurance is obtained through CHS' wholly owned captive insurance company, CHSIL. CHSIL is in compliance with minimum statutory capital requirements pursuant to its license as of June 30, 2014 and 2013. Under the terms of the Hospital's malpractice policy, coverage is subject to annual limits of $250 per occurrence and $1,000 in the aggregate.

CHS maintains a separate malpractice insurance policy for its physicians. The policy is on a claims-made basis. CHS is insured for losses up to $2,100 per claim and $6,300 in the aggregate for Virginia physicians and $2,000 per claim and $4,000 in the aggregate for North Carolina physicians. Should CHS not renew its policy or replace it with equivalent insurance, occurrences during its term but asserted after its term will be uninsured unless CHS obtains tail coverage. CHS management believes that the accompanying consolidated financial statements will not be materially affected by retrospective adjustments or the ultimate cost related to unasserted claims, if any, at June 30, 2014.

CHS also maintains a primary, secondary and third layer excess general and professional liability umbrella policies through Homeland Insurance Company of New York, Darwin and Lloyds of London, which are each subject to annual limits of $10,000 per occurrence and in the aggregate.

(b) Litigation

The Company is involved in litigation arising during the normal course of business. There are known claims and incidents that may result in assertion of additional claims, as well as claims from unknown incidents arising from services provided to patients that may be asserted. However, management does not believe that the asserted or unasserted claims will exceed the total amount of insurance coverage.

(c) Industry and Regulatory Environment

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental healthcare program participation requirements, reimbursement for patient services and Medicare fraud and abuse. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Health System is in compliance with fraud and abuse and other applicable government laws and regulations.

(d) Minimum Lease Payments

Several of the subsidiaries of CHS have entered into operating leases for office space and equipment. Rental expense for the years ended June 30, 2014 and 2013 was $7,761 and $7,601, respectively, and is included in other operating expenses and purchased services in the accompanying consolidated statements of operations and changes in net assets.

(Continued)

The following is a schedule of future minimum lease payments expected to be paid in the following years ending June 30:

2015	$	9,231
2016		8,055
2017		7,495
2018		6,412
2019		4,260
Thereafter		13,248
	$	48,701

(e) Employee Health Benefits

The Health System is self-insured for employee health benefits. CHS maintains stop loss coverage to protect the Health System from claims in excess of $200 per participant per year. The total liability associated with the claims of the Health System totaled $1,028 and $1,438 at June 30, 2014 and 2013, respectively.

(19) Subsequent Events

CHS has evaluated subsequent events for potential recognition and/or disclosure through October 22, 2014, the date of issuance of these consolidated financial statements.

Schedule 1

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2014

(Dollars in thousands)

Assets	Children's Hospital of The King's Daughters, Inc.	Children's Health Foundation, Inc.	Children's Surgical Specialty Group, Inc.	Children's Medical Group, Inc.	Children's Health System, Inc.	Children's Health System Insurance Limited	Eliminations	Consolidated
Current assets								
Cash and cash equivalents	$ 31,859	3,641	881	7,641	4,184	4,105	—	52,311
Receivables, net	41,174	—	1,379	3,055	—	—	—	45,608
Pledges receivable, net	1,575	—	—	—	—	—	—	1,575
Supplies inventory	6,381	—	—	—	—	—	—	6,381
Intercompany receivable	153	—	—	—	709	—	(862)	—
Prepaid expenses and other current assets	15,745	45	128	366	262	5	—	16,551
Total current assets	96,887	3,686	2,388	11,062	5,155	4,110	(862)	122,426
Pledges receivable, net	1,159	—	—	—	—	—	—	1,159
Investments and assets whose use is limited	130,075	161,299	—	—	12,715	—	—	304,089
Property, plant and equipment, net	184,614	—	555	1,381	211	—	—	186,761
Other assets, net	3,936	—	66	10,853	11,022	—	—	25,877
Investments in subsidiaries	—	—	—	—	41,147	—	(41,147)	—
Total assets	$ 416,671	164,985	3,009	23,296	70,250	4,110	(42,009)	640,312

(Continued)

Schedule 1

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2014

(Dollars in thousands)

Liabilities and Net Assets	Children's Hospital of The King's Daughters, Inc.	Children's Health Foundation, Inc.	Children's Surgical Specialty Group, Inc.	Children's Medical Group, Inc.	Children's Health System, Inc.	Children's Health System Insurance Limited	Eliminations	Consolidated
Current liabilities								
Accounts payable	$ 12,136	52	227	1,785	692	70	—	14,962
Accrued expenses	14,286	23	577	4,894	512	—	—	20,292
Intercompany liability	—	3	42	817	—	—	(862)	—
Current installment of long-term debt	1,900	—	—	—	—	—	—	1,900
Total current liabilities	28,322	78	846	7,496	1,204	70	(862)	37,154
Long-term debt	67,142	—	—	—	—	—	—	67,142
Other long-term liabilities	15,026	—	739	10,360	29,397	1,010	—	56,532
Total liabilities	110,490	78	1,585	17,856	30,601	1,080	(862)	160,828
Net assets								
Common stock	—	—	13,850	27,047	—	250	(41,147)	—
Unrestricted net assets and retained deficit	274,183	164,907	(12,426)	(21,607)	39,649	2,780	—	447,486
Temporarily restricted	9,971	—	—	—	—	—	—	9,971
Permanently restricted	22,027	—	—	—	—	—	—	22,027
Total net assets	306,181	164,907	1,424	5,440	39,649	3,030	(41,147)	479,484
Total liabilities and net assets	$ 416,671	164,985	3,009	23,296	70,250	4,110	(42,009)	640,312

See accompanying independent auditors' report

Schedule 2

CHILDREN'S HEALTH SYSTEM, INC. AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information

Year ended June 30, 2014

(Dollars in thousands)

	Children's Hospital of The King's Daughters, Inc	Children's Health Foundation, Inc	Children's Surgical Specialty Group, Inc	Children's Medical Group, Inc	Children's Health System, Inc	Children's Health System Insurance Limited	Eliminations	Consolidated
Operating revenues, gains, and other support								
Net patient service revenue	$ 305,792	—	12,499	66,694	—	—	—	384,985
Provision for bad debts	(8,553)	—	(706)	(9)	—	—	—	(9,268)
Net patient service revenue less provision for bad debts	297,239	—	11,793	66,685	—	—	—	375,717
Other operating revenues	18,790	—	1,706	5,260	13,134	637	(19,918)	19,609
Net assets released from restrictions	1,819	—	—	—	—	—	—	1,819
Total operating revenues, gains, and other support	317,848	—	13,499	71,945	13,134	637	(19,918)	397,145
Operating expenses								
Salaries and employee benefits	151,827	—	16,726	48,297	8,566	—	—	225,416
Supplies	40,186	—	374	10,969	33	—	—	51,562
Purchased services	33,804	—	570	1,769	772	—	(273)	36,642
Professional fees	22,924	247	1,042	482	1,381	147	(2,001)	24,222
Depreciation and amortization	20,862	—	140	484	25	—	—	21,511
Other	6,909	—	1,254	4,677	2,358	193	(2,198)	13,193
Interest expense	3,241	—	—	2	—	—	—	3,243
Research and development expense	—	943	—	—	—	—	(7)	936
Corporate support allocation	11,790	—	506	3,143	—	—	(15,439)	—
Total operating expenses	291,543	1,190	20,612	69,823	13,135	340	(19,918)	376,725
Operating income (loss)	26,305	(1,190)	(7,113)	2,122	(1)	297	—	20,420
Contributions	11,389	—	—	—	—	—	—	11,389
Investment income, net	2,381	3,394	—	—	355	—	—	6,130
Net realized gains on sales of investments	2,265	4,783	—	—	2,341	—	—	9,389
Excess (deficiency) of revenues over expenses	42,340	6,987	(7,113)	2,122	2,695	297	—	47,328
Transfers	(13,357)	5,860	7,497	—	—	—	—	—
Net unrealized gains (losses) on investments	6,982	9,054	—	—	(1,348)	—	—	14,688
Other changes in pension liability	—	—	—	—	223	—	—	223
Net assets released from restrictions for capital acquisitions	478	—	—	—	—	—	—	478
Increase in unrestricted net assets	36,443	21,901	384	2,122	1,570	297	—	62,717
Temporarily restricted net assets								
Contributions	1,497	—	—	—	—	—	—	1,497
Endowment appreciation	2,302	—	—	—	—	—	—	2,302
Change in value of trusts	232	—	—	—	—	—	—	232
Net assets released from restrictions	(2,297)	—	—	—	—	—	—	(2,297)
Other	(8)	—	—	—	—	—	—	(8)
Increase in temporarily restricted net assets	1,726	—	—	—	—	—	—	1,726
Permanently restricted net assets								
Contributions	455	—	—	—	—	—	—	455
Change in value of trusts	(199)	—	—	—	—	—	—	(199)
Other	4	—	—	—	—	—	—	4
Increase in permanently restricted net assets	260	—	—	—	—	—	—	260
Increase in net assets	$ 38,429	21,901	384	2,122	1,570	297	—	64,703

See accompanying independent auditors' report