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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

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

OMB No 1545-0047

2014

Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 01-01-2014 , and ending 12-31-2014

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Phoenix Children's Hospital		D Employer identification number 86-0422559
	% DENNIS V BRUNS Doing business as		
	Number and street (or P O box if mail is not delivered to street address) Room/suite 1919 E THOMAS ROAD Suite		E Telephone number (602) 512-8132
	City or town, state or province, country, and ZIP or foreign postal code PHOENIX, AZ 85016		G Gross receipts \$ 985,301,813
F Name and address of principal officer Robert L Meyer 1919 E THOMAS RD Phoenix, AZ 85016		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: ▶ WWW.PHOENIXCHILDRENS.org			

K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	L Year of formation 1983	M State of legal domicile AZ
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Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities WE PROVIDE HOPE, HEALING, AND THE BEST HEALTHCARE FOR CHILDREN AND THEIR FAMILIES		
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
3 Number of voting members of the governing body (Part VI, line 1a)	3	14	
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11	
5 Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	4,550	
6 Total number of volunteers (estimate if necessary)	6	626	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 11,199,117	Current Year 14,152,142
	9 Program service revenue (Part VIII, line 2g)	638,264,617	707,011,311
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,700,926	15,859,564
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	655,164,660	737,023,017
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	321,700	410,600
	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)	307,062,667	325,130,682
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	315,928,276	335,764,514
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	623,312,643	661,305,796
	19 Revenue less expenses Subtract line 18 from line 12	31,852,017	75,717,221
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	1,051,324,162	1,099,783,522
	21 Total liabilities (Part X, line 26)	772,228,687	795,406,550
	22 Net assets or fund balances Subtract line 21 from line 20	279,095,475	304,376,972

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	<div>Signature of officer</div> <div>DENNIS V BRUNS VP, FINANCE</div>		<div>2015-08-12</div> <div>Date</div>		
	Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name BRENDA GRIESEMER	Preparer's signature BRENDA GRIESEMER	Date	Check <input type="checkbox"/> if self-employed	PTIN P00264669
	Firm's name ▶ ERNST & YOUNG US LLP			Firm's EIN ▶	
	Firm's address ▶ TWO NORTH CENTRAL AVENUE STE 2300 PHOENIX, AZ 85004			Phone no (602) 322-3000	

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

WE PROVIDE HOPE, HEALING AND THE BEST HEALTHCARE FOR CHILDREN AND THEIR FAMILIES

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 \$ 524,507,843 including grants of \$ 410,600) (Revenue \$ 707,011,311)

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 ▶ 524,507,843

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	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), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9a	Did the sponsoring organization make any taxable distributions under section 4966?		
9b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	14	
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			
1b	Enter the number of voting members included in line 1a, above, who are independent	11	
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
7b	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		
8a	a The governing body?	8a	Yes
8b	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
10b	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
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	a The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	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▶AZ
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, address, and telephone number of the person who possesses the organization's books and records ▶DENNIS V BRUNS 1919 E THOMAS RD Phoenix, AZ 85016 (602) 512-8132

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

(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)	13,842,043	0	813,486

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 ▶564

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SODEXO INC AFFILIATES, 9801 WASHINGTON BOULEVARD GAITHERSBURG, MD 20878	OUTSOURCING	14,311,547
JOHNSON CONTROLS INC, 111 CABIN GATE PEACHTREE, GA 30269	OUTSOURCING	3,869,486
ALLSCRIPTS HEALTHCARE LLC, 8259 SIX FORKS ROAD RALEIGH, NC 27609	CONSULTING	3,659,540
PEDIATRIC SURGEONS OF PHOENIX, 1920 CAMBRIDGE AVENUE SUITE 201 PHOENIX, AZ 85006	MEDICAL SERVICES	2,668,258
TRIDENT SECURITY SERVICES, 2085 S COTTONWOOD DRIVE TEMPE, AZ 85282	OUTSOURCING	2,493,396

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 ▶91

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	0			
	d	Related organizations	1d	11,751,370			
	e	Government grants (contributions)	1e	2,400,772			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$		0			
	h	Total. Add lines 1a-1f		14,152,142			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 622110	691,749,888	691,749,888	0	0
	b	Other operating revenue	900099	12,969,883	12,969,883	0	0
	c	Research revenue	541700	2,291,540	2,291,540	0	0
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		707,011,311			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		12,666,880		
4		Income from investment of tax-exempt bond proceeds		0			
5		Royalties		0			
6a		(i) Real					
		(ii) Personal					
b		Less rental expenses					
c		Rental income or (loss)		0	0		
d		Net rental income or (loss)		0			
7a		(i) Securities					
		(ii) Other					
b		Less cost or other basis and sales expenses		251,460,981	10,499		
c		Gain or (loss)		248,271,696	7,100		
d		Net gain or (loss)		3,189,285	3,399		
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
b		Less direct expenses					
c		Net income or (loss) from fundraising events		0			
9a	Gross income from gaming activities See Part IV, line 19						
b	Less direct expenses						
c	Net income or (loss) from gaming activities		0				
10a	Gross sales of inventory, less returns and allowances						
b	Less cost of goods sold						
c	Net income or (loss) from sales of inventory		0				
	Miscellaneous Revenue		Business Code				
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		0				
12	Total revenue. See Instructions		737,023,017	707,011,311	0	15,859,564	

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 domestic organizations and domestic governments See Part IV, line 21	410,600	410,600		
2	Grants and other assistance to domestic individuals See Part IV, line 22	0	0		
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	8,621,985	0	8,621,985	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	327,871	327,871	0	0
7	Other salaries and wages	256,749,633	224,842,699	31,906,934	0
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	7,450,806	5,572,030	1,878,776	0
9	Other employee benefits	35,865,214	31,152,004	4,713,210	0
10	Payroll taxes	16,115,173	13,887,861	2,227,312	0
11	Fees for services (non-employees)				
a	Management	0	0	0	0
b	Legal	1,391,713	83,832	1,307,881	0
c	Accounting	456,132	0	456,132	0
d	Lobbying	272,774	272,774	0	0
e	Professional fundraising services See Part IV, line 17	0			0
f	Investment management fees	0	0	0	0
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	67,866,950	55,342,496	12,524,454	
12	Advertising and promotion	2,611,530	294,813	2,316,717	0
13	Office expenses	11,385,616	8,449,840	2,935,776	0
14	Information technology	5,534,359	2,085,619	3,448,740	0
15	Royalties	0	0	0	0
16	Occupancy	8,977,228	4,187,377	4,789,851	0
17	Travel	71,897	60,767	11,130	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	4,516,778	2,959,170	1,557,608	0
20	Interest	24,018,242	0	24,018,242	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	42,045,486	31,443,403	10,602,083	0
23	Insurance	6,209,245	10,369	6,198,876	0
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a	MEDICAL SUPPLIES	96,291,631	96,291,631		
b	Mission support	37,162,608	37,162,608	0	0
c	Equipment costs	10,527,431	6,773,161	3,754,270	0
d	Recruitment	1,470,418	110,042	1,360,376	0
e	All other expenses	14,954,476	2,786,876	12,167,600	
25	Total functional expenses. Add lines 1 through 24e	661,305,796	524,507,843	136,797,953	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		63,087,404	1	1,011,507
	2	Savings and temporary cash investments		1,009,991	2	129,940,255
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		65,862,528	4	75,452,131
	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	8,410,000
	8	Inventories for sale or use		9,415,662	8	10,709,428
	9	Prepaid expenses and deferred charges		5,631,564	9	4,672,086
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a782,839,069			
	b	Less: accumulated depreciation	10b243,753,312	551,882,630	10c	539,085,757
	11	Investments—publicly traded securities		332,924,354	11	300,071,605
	12	Investments—other securities. See Part IV, line 11.		0	12	0
	13	Investments—program-related. See Part IV, line 11.		0	13	0
	14	Intangible assets		3,875,239	14	3,875,239
	15	Other assets. See Part IV, line 11.		17,634,790	15	26,555,514
	16	Total assets. Add lines 1 through 15 (must equal line 34).		1,051,324,162	16	1,099,783,522
Liabilities	17	Accounts payable and accrued expenses		100,542,799	17	80,118,899
	18	Grants payable		0	18	0
	19	Deferred revenue		10,507,346	19	16,594,978
	20	Tax-exempt bond liabilities		579,556,274	20	576,493,560
	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		1,768	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.		81,620,500	25	122,199,113
	26	Total liabilities. Add lines 17 through 25.		772,228,687	26	795,406,550
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		275,924,547	27	300,605,270
	28	Temporarily restricted net assets		3,170,928	28	3,771,702
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		279,095,475	33	304,376,972
	34	Total liabilities and net assets/fund balances		1,051,324,162	34	1,099,783,522

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	737,023,017
2	Total expenses (must equal Part IX, column (A), line 25)	2	661,305,796
3	Revenue less expenses Subtract line 2 from line 1	3	75,717,221
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	279,095,475
5	Net unrealized gains (losses) on investments	5	-1,575,820
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	-48,859,904
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	304,376,972

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 86-0422559

Name: Phoenix Children's Hospital

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			
(1) ROBERT L MEYER DIRECTOR/PRESIDENT & CEO	37 0 3 0	X		X				2,410,370	0	32,070
(1) JON HULBURD DIRECTOR/CHAIR	1 0 2 0	X		X				0	0	0
(2) JACQUE J SOKOLOV DIRECTOR/VICE CHAIR	1 0 1 0	X		X				0	0	0
(3) MARK BONSALE DIRECTOR	1 0 1 0	X						0	0	0
(4) DAVID CAVAZOS DIRECTOR (THRU 4/24/14)	1 0 1 0	X						0	0	0
(5) RANDALL CHRISTENSEN MD PRESIDENT, MEDICAL STAFF	40 0 0 0	X						238,844	0	31,091
(6) ROBERT DELGADO DIRECTOR	1 0 1 0	X						0	0	0
(7) MIKE EBERT DIRECTOR	1 0 0 0	X						0	0	0
(8) GEORGE GETZ DIRECTOR	1 0 0 0	X						0	0	0
(9) KEN KENDRICK DIRECTOR	1 0 0 0	X						0	0	0
(10) DAVID LENHARDT DIRECTOR	1 0 0 0	X						0	0	0
(11) CONNIE MARIANO DIRECTOR	1 0 0 0	X						0	0	0
(12) RONALD MATRICARIA DIRECTOR	1 0 0 0	X						0	0	0
(13) JEFFREY MORRAY MD PAST PRESIDENT, MEDICAL STAFF	1 0 0 0	X						0	0	0
(14) BRIAN SWARTZ DIRECTOR	1 0 1 0	X						0	0	0
(15) CRAIG MCKNIGHT EXECUTIVE VP & CFO/TREASURER	38 0 2 0			X				837,236	0	90,085
(16) CARMEN NEUBERGER SVP/GENERAL COUNSEL/SECRETARY	38 0 2 0			X				589,148	0	61,820
(17) DENNIS LUND MD EVP, PCMG & SURGEON IN CHIEF	40 0 0 0				X			1,080,911	0	114,656
(18) BETSY KUZAS EXECUTIVE VICE PRESIDENT & COO	40 0 0 0				X			813,847	0	77,561
(19) THOMAS DIEDERICH SENIOR VP, HUMAN RESOURCES	40 0 0 0				X			605,611	0	29,239
(20) ROGER LOGAN SENIOR VP, PRACTICE OPERATIONS	40 0 0 0				X			578,754	0	85,458
(21) DAVID HIGGINSON SENIOR VICE PRESIDENT & CIO	40 0 0 0				X			500,758	0	50,740
(22) PAMELA JOHNSON-CARLSON SENIOR VICE PRESIDENT & CNO	40 0 0 0				X			392,522	0	25,832
(23) MURRAY POLLACK MD CHIEF MEDICAL OFFICER	40 0 0 0				X			239,649	0	12,661
(24) PHILIP ADELSON MD DIVISION CHIEF	40 0 0 0					X		1,128,932	0	39,799

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			
(26) DANIEL VELEZ MD STAFF PHYSICIAN	40 0 0 0					X		973,777	0	33,919
(1) JOHN NIGRO MD DIVISION CHIEF	40 0 0 0					X		972,626	0	34,216
(2) RICHARD TOWBIN MD DIVISION CHIEF	40 0 0 0					X		736,131	0	31,556
(3) LUIS ARGUESO MD DIVISION CHIEF	40 0 0 0					X		704,106	0	29,422
(4) ELIZABETH ZORN MD PAST PRESIDENT, MEDICAL STAFF	40 0 0 0						X	334,335	0	33,361
(5) SHANE BROPHY PAST INTERIM CFO	30 0 0 0						X	704,486	0	0

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization Phoenix Children's Hospital	Employer identification number 86-0422559
---	--

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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g

a

☐

Type I. A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**

b

☐

Type II. A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**

c

☐

Type III functionally integrated. A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**

d

☐

Type III non-functionally integrated. A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**

e

☐

Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization

f

Enter the number of supported organizations _____

g

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 listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part VI)						
11 Total support Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						▶

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2013 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2014. 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—2013. 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—2014. 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2013. 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI.)						
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 section 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2014. 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—2013. 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 Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.	1	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).	2	
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.	3a	
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.	3b	
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.	3c	
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.	4a	
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.	4b	
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.	4c	
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).	5a	
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b	
c Substitutions only. Was the substitution the result of an event beyond the organization's control?	5c	
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .	6	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).	7	
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part II of Schedule L (Form 990).	8	
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .	9a	
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .	9b	
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .	9c	
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer b below.	10a	
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).	10b	
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a	
b A family member of a person described in (a) above?	11b	
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.	11c	

Part IV

Supporting Organizations (continued)

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions)			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 <u>Activities Test</u> Answer (a) and (b) below.			
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
3 <u>Parent of Supported Organizations</u> Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.			
b Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			

Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970 **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI) _____		
2	Acquisition indebtedness applicable to non-exempt use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2014			
a From 2009.			
b From 2010.			
c From 2011.			
d From 2012.			
e From 2013.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2014 from Section D, line 7 \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 Excess distributions carryover to 2015. Add lines 3j and 4c			
8 Breakdown of line 7			
a From 2010.			
b From 2011.			
c From 2012.			
d From 2013.			
e From 2014.			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**

▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at**

www.irs.gov/form990.

OMB No 1545-0047

2014

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Phoenix Children's Hospital	Employer identification number 86-0422559
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

Part II-A

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		0	0												
b Total lobbying expenditures to influence a legislative body (direct lobbying)		272,774	0												
c Total lobbying expenditures (add lines 1a and 1b)		272,774	0												
d Other exempt purpose expenditures		524,235,069	0												
e Total exempt purpose expenditures (add lines 1c and 1d)		524,507,843	0												
f Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000	0												
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)		250,000	0												
h Subtract line 1g from line 1a If zero or less, enter -0-			0												
i Subtract line 1f from line 1c If zero or less, enter -0-			0												
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) Total
2a Lobbying nontaxable amount	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	228,813	239,824	221,516	272,774	962,927
d Grassroots nontaxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures	0	0	0	0	0

Part II-B

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

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

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART II-A	PHOENIX CHILDREN'S HOSPITAL (PCH) IS A POWERFUL ADVOCATE FOR CHILDREN ON THE NATIONAL, STATE, AND LOCAL STAGES AS AN ORGANIZATION, PCH PAYS MEMBERSHIP DUES TO SEVERAL ORGANIZATIONS WITHIN THE HEALTHCARE ARENA WHERE ACTIONS ARE TAKEN TO INFORM AND EDUCATE INDIVIDUALS IN GOVERNMENT AS WELL AS AGENCIES THAT SET POLICIES FOR THE COMMUNITY PCH SERVES MEMBERS OF PCH LEADERSHIP AND MANY PCH PHYSICIANS SERVE ON BOARDS, COMMISSIONS, AND COMMITTEES AND USE THEIR EXPERTISE TO THE BENEFIT OF OUR COMMUNITY AT LARGE

[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization Phoenix Children's Hospital	Employer identification number 86-0422559
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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 value of contributions to (during year)	
3	Aggregate value of grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education)

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

(i) Revenue 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

Revenue included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2014

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 2a

Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?

☐ 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	8,218,176	7,034,531	5,925,509	4,900,427	4,933,892
b Contributions		231,521	591,051	990,285	
c Net investment earnings, gains, and losses	-14,822	952,124	517,971	34,797	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses	27,293				33,465
g End of year balance	8,176,061	8,218,176	7,034,531	5,925,509	4,900,427

- 2

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

Board designated or quasi-endowment ▶ 100 000 %
- b

Permanent endowment ▶ 0 %
- c

Temporarily restricted endowment ▶ 0 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes
- b

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

3b

Yes
- 4

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	0	38,720,461		38,720,461
b Buildings	0	529,342,757	123,177,224	406,165,533
c Leasehold improvements	0	8,978,901	5,490,427	3,488,474
d Equipment	0	176,283,048	115,085,661	61,197,387
e Other		29,513,902		29,513,902
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				539,085,757

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 (losses) 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
SCHEDULE D, PART V, LINE 4	ENDOWMENT FUNDS WILL BE USED TO PROVIDE ON-GOING OUTSTANDING PEDIATRIC CARE TO CHILDREN BY ENABLING PHOENIX CHILDREN'S HOSPITAL TO OFFER THE VERY BEST TECHNOLOGY, PROGRAMS AND MEDICAL SPECIALISTS. ENDOWMENT FUNDS WILL BE USED TO SUPPORT PHOENIX CHILDREN'S HOSPITAL PROGRAMS INCLUDING (1) THE CHILDREN'S NEUROSCIENCES INSTITUTE, (2) THE CENTER FOR CANCER AND BLOOD DISORDERS, (3) CAMP RAINBOW (A CAMP FOR CHILDREN WITH DIABETES, HEMOPHILIA AND KIDNEY DISEASE), (4) THE CENTER FOR PEDIATRIC ORTHOPEDICS, PULMONARY AND CYSTIC FIBROSIS, (5) PEDIATRIC RHEUMATOLOGY AND (6) PEDIATRIC ONCOLOGY.
SCHEDULE D, PART X, LINE 2	MANAGEMENT IS OF THE OPINION THAT SUBSTANTIALLY ALL OF THE HOSPITAL'S, FOUNDATION'S, CAPTIVE'S, PHOENIX CHILDREN'S CARE NETWORK'S AND PHOENIX CHILDREN'S PROPERTY DEVELOPMENT, LLC'S ACTIVITIES ARE RELATED TO THEIR EXEMPT PURPOSES, AND PHOENIX CHILDREN'S CARDIOLOGY DIAGNOSTICS LLC'S ACTIVITIES WILL NOT RESULT IN TAXABLE INCOME. NO MATERIAL UNCERTAIN TAX POSITIONS HAVE BEEN IDENTIFIED OR RECORDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2014 OR 2013.

[illegible]

Additional Data

Software ID:

Software Version:

EIN: 86-0422559

Name: Phoenix Children's Hospital

Form 990, Schedule D, Part X, - Other Liabilities

1	(a) Description of Liability	(b) Book Value
	MARK TO MARKET LIABILITY	73,869,814
	DEFERRED COMPENSATION LIABILITY	22,403,563
	AVONDALE LT LIABILITY	9,767,477
	CAPTIVE LIABILITY	6,223,184
	ROSENBERG LT LIABILITY	3,942,570
	INSURANCE LIABILITY	1,574,836
	DUE TO MAYO - BMT PROGRAM	223,511
	MISCELLANEOUS LIABILITY	4,194,158

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
Phoenix Children's Hospital

Employer identification number
86-0422559

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year		
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	3a Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	3b Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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 Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c	No
6a	Did the organization prepare a community benefit report during the tax year?	6a	No
b	If "Yes," did the organization make it available to the public?	6b	
	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)			4,127,693		4,127,693	0 620 %
b Medicaid (from Worksheet 3, column a)			350,317,931	368,098,384	-17,780,453	
c Costs of other means-tested government programs (from Worksheet 3, column b)			22,679,543	16,791,166	5,888,377	0 890 %
d Total Financial Assistance and Means-Tested Government Programs			377,125,167	384,889,550	-7,764,383	0 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			6,022,101	5,022,694	999,407	0 150 %
f Health professions education (from Worksheet 5)			23,418,122	4,240,125	19,177,997	2 900 %
g Subsidized health services (from Worksheet 6)			11,575,522	5,551,943	6,023,579	0 910 %
h Research (from Worksheet 7)			16,959,359	4,152,394	12,806,965	1 940 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			3,332,478	158,110	3,174,368	0 480 %
j Total. Other Benefits			61,307,582	19,125,266	42,182,316	6 380 %
k Total. Add lines 7d and 7j			438,432,749	404,014,816	34,417,933	5 200 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support			445,430	158,110	287,320	0.040 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			3,709,365		3,709,365	0.560 %
8Workforce development						
9Other						
10Total			4,154,795	158,110	3,996,685	0.600 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

No

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

26,038,550

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

33,283,279

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

Section B. Medicare

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

53,137,313

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

65,845,063

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

7-2,707,750

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9aYes

No

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

9b

No

Part IVManagement Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
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?

2
Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

		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)

PHOENIX CHILDREN'S HOSPITAL

Name of hospital facility or letter of facility reporting group

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A):

1

		Yes	No
Community Health Needs Assessment			
1	Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?	1	No
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2	No
3	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 12 If "Yes," indicate what the CHNA report describes (check all that apply)	3	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The significant health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Section C)		
4	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
5	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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	Yes
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	No
b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities?" If "Yes," list the other organizations in Section C	6b	No
7	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	7	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>SEE SCHEDULE H, PART V, SECTION C</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d	<input type="checkbox"/> Other (describe in Section C)		
8	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	Yes
9	Indicate the tax year the hospital facility last adopted an implementation strategy 20 <u>13</u>		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	Yes
a	If "Yes" (list url) <u>SEE SCHEDULE H, PART V, SECTION C</u>		
b	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	No
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed		
12a	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)?	12a	No
b	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
c	If "Yes" to line 12b, 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)

Name of hospital facility or letter of facility reporting group

PHOENIX CHILDREN'S HOSPITAL

		Yes	No
Financial Assistance Policy (FAP)			
13	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 included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP	13	Yes
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>100</u> % and FPG family income limit for eligibility for discounted care of <u>300</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance discount		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	14	Yes
15	Explained the method for applying for financial assistance?	15	Yes
	If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply)		
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Included measures to publicize the policy within the community served by the hospital facility?	16	Yes
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url) <u>X</u>		
b	<input type="checkbox"/> The FAP application form was widely available on a website (list url) _____		
c	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url) _____		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> Other (describe in Section C)		
Billing and Collections			
17	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 all of the actions the hospital facility or other authorized party may take upon non-payment?	17	Yes
18	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
e	<input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

Part V

Facility Information (continued)

PHOENIX CHILDREN'S HOSPITAL

Name of hospital facility or letter of facility reporting group

		Yes	No
19	Did the hospital facility or other authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	19	No
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
20	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 18 (check all that apply)		
a	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission		
b	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
c	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
d	<input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
e	<input type="checkbox"/> Other (describe in Section C)		
f	<input type="checkbox"/> None of these efforts were made		
Policy Relating to Emergency Medical Care			
21	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	21	Yes
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d	<input type="checkbox"/> Other (describe in Section C)		
Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)			
22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Section C)		
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C	23	No
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C	24	No

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)

Phoenix Children's-Mercy Gilbert Ctr

Name of hospital facility or letter of facility reporting group

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A):

2

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?	1 Yes	
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2 Yes	
3 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 12 If "Yes," indicate what the CHNA report describes (check all that apply)	3	No
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The significant health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
5 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b	
7 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	7	
a <input type="checkbox"/> Hospital facility's website (list url) _____		
b <input type="checkbox"/> Other website (list url) _____		
c <input type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	
9 Indicate the tax year the hospital facility last adopted an implementation strategy 20 ____		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	
a If "Yes" (list url) _____		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed		
12a 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)?	12a	No
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
c If "Yes" to line 12b, 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)

Name of hospital facility or letter of facility reporting group

Phoenix Children's-Mercy Gilbert Ctr

		Yes	No
Financial Assistance Policy (FAP)			
13	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 included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP	13	Yes
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>100</u> % and FPG family income limit for eligibility for discounted care of <u>300</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance discount		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	14	Yes
15	Explained the method for applying for financial assistance?	15	Yes
	If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply)		
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Included measures to publicize the policy within the community served by the hospital facility?	16	Yes
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url) <u>X</u>		
b	<input type="checkbox"/> The FAP application form was widely available on a website (list url) _____		
c	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url) _____		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> Other (describe in Section C)		
Billing and Collections			
17	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 all of the actions the hospital facility or other authorized party may take upon non-payment?	17	Yes
18	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
e	<input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

Part V

Facility Information (continued)

Phoenix Children's-Mercy Gilbert Ctr

Name of hospital facility or letter of facility reporting group		Yes	No
19 Did the hospital facility or other authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		19	No
a <input type="checkbox"/> Reporting to credit agency(ies)			
b <input type="checkbox"/> Selling an individual's debt to another party			
c <input type="checkbox"/> Actions that require a legal or judicial process			
d <input type="checkbox"/> Other similar actions (describe in Section C)			
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 18 (check all that apply)			
a <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission			
b <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge			
c <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills			
d <input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy			
e <input type="checkbox"/> Other (describe in Section C)			
f <input type="checkbox"/> None of these efforts were made			
Policy Relating to Emergency Medical Care			
21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why		21	Yes
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d <input type="checkbox"/> Other (describe in Section C)			
Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)			
22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d <input checked="" type="checkbox"/> Other (describe in Section C)			
23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C		23	No
24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C		24	No

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

[illegible]

Part V

Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **11**

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

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7	COSTS ARE REPORTED USING A COST TO CHARGE RATIO THE RATIO WAS CALCULATED BY DIVIDING TOTAL CHARGES RECORDED FOR ALL PATIENTS BY TOTAL EXPENSES REQUIRED TO PROVIDE THAT CARE LINE 7G - THE AMOUNT REPORTED INCLUDES \$448,571 OF COSTS RELATED TO THE OPERATIONS OF PHYSICIAN CLINICS

Form and Line Reference	Explanation
SCHEDULE H, PART II, LINES 3 AND 7	MEDICAL INTERPRETER/TRANSLATION SERVICES CLEAR COMMUNICATION BETWEEN PATIENTS AND PROVIDERS AND HELP TO SOLVE AN URGENT HEALTH AND SAFETY ISSUE PHOENIX CHILDREN'S MEDICAL INTERPRETER/TRANSLATOR PROGRAM IS THE NATIONAL MODEL TO IMPROVE COMMUNICATION AND SAFETY WITH THE HISPANIC POPULATION AT 20 CHILDREN'S HOSPITALS MEDICAL INTERPRETER TRAINERS FROM NATIONAL AND LOCAL HOSPITALS GATHERED AT PHOENIX CHILDREN'S FOR TRAINING DESIGNED TO IMPROVE COMMUNICATION AND SAFETY FOR PATIENTS AND THEIR FAMILIES ATTENDEES WERE TRAINED IN TEACHING BILINGUAL HEALTHCARE WORKERS MEDICAL TERMS, INTERPRETING PROTOCOL AND MULTICULTURAL UNDERSTANDING SINCE 2001, THE HOSPITAL HAS TRAINED NEARLY 1,000 STUDENTS IN MEDICAL TERMINOLOGY, INTERPRETING ETHICS, LEADERSHIP, CULTURAL DIFFERENCES AND TEAM BUILDING

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 2	THE METHODOLOGY USED WAS TO TAKE TOTAL BAD DEBT CHARGES WRITTEN OFF MULTIPLIED BY THE HOSPITAL COST-TO-CHARGE RATIO

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 4	PAGES 16 AND 17 OF THE AUDITED FINANCIAL STATEMENTS CONTAINS THE FOOTNOTE THAT ADDRESSES ALLOWANCE FOR DOUBTFUL ACCOUNTS

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 8	THE COSTS WERE CALCULATED USING THE COST TO CHARGE RATIO FROM THE MOST RECENTLY FILED MEDICARE COST REPORT THE SHORTFALL OF REVENUE OVER THE COST TO PROVIDE CARE WHICH IS CALCULATED USING THE HOSPITAL'S COST TO CHARGE RATIO SHOULD BE CONSIDERED CHARITY CARE Consistent with pch's mission to deliver compassionate, high quality, affordable health care services and to advocate for those who are poor and disenfranchised, pch strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care PCH accepts payment for the difference between the cost of services a person receives and the amount received to provide these services, thus relieving burdens on the government

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 2	COMMUNITY NEEDS ARE DETERMINED VIA AN ASSESSMENT OF MULTIPLE STAKEHOLDERS, STATE AND FEDERAL GOVERNMENT REPORTS, AND PATIENT DATA PRIORITIES AND PROGRAMS ARE DEVELOPED TO SERVE THESE DEMONSTRATED NEEDS, WITH A SPECIAL FOCUS ON POPULATIONS THAT ARE KNOWN TO HAVE DIFFICULTY ACCESSING CARE AND PROGRAMS THAT IMPROVE OVERALL PEDIATRIC HEALTH AND SAFETY

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 3	FINANCIAL COUNSELORS ARE AVAILABLE TO ASSIST PATIENTS WITH INSURANCE COMPANIES, STATE AGENCIES, ACCESS TO PCH DISCOUNTED CARE OR APPLYING FOR THE HOSPITAL'S CHARITY CARE POLICY INFORMATION REGARDING THE CHARITY CARE POLICY IS AVAILABLE ON OUR WEB SITE FINANCIAL COUNSELORS INTERVIEW PARENTS OF CHILDREN WHO ARE UNINSURED AND UNDERINSURED AHCCCS APPLICATIONS ARE INITIATED BY PCH ON BEHALF OF THE PATIENTS AND IF THE PARENTS DO NOT QUALIFY, FINANCIAL COUNSELORS PROCEED WITH THE FINANCIAL ASSISTANCE PROCESS

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 4	BASED ON THE MOST RECENT STATISTICS GATHERED BY THE ANN E CASEY KIDSCOUNT SURVEY, THE STATE OF ARIZONA HAS A POPULATION OF OVER 1 6 MILLION PEOPLE UNDER THE AGE OF 18, 27% OF WHICH ARE 4 YEARS AND UNDER THE SAME POPULATION IS 41% WHITE AND 43% HISPANIC THE U S CENSUS BUREAU RELEASED NEW HEALTH INSURANCE COVERAGE DATA FROM THE CURRENT POPULATION SURVEY IT SHOWS THAT 11 9% OF ARIZONA CHILDREN DO NOT HAVE HEALTH INSURANCE COVERAGE CONTINUE TO GO WITHOUT HEALTH CARE SERVICES THAT HEALTH INSURANCE PROVIDES

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 5	<p>PCH HAS IDENTIFIED THREE MAJOR AREAS OF FOCUS FOR COMMUNITY OUTREACH AND EDUCATION INJURY PREVENTION, HEALTHY CHILDREN AND FAMILIES, AND CHILD ABUSE PREVENTION PCH SPONSORS AND ADMINISTERS MULTIPLE PROGRAMS IN THESE THREE CATEGORIES COMMUNITY BENEFIT ENCOMPASSES A WIDE VARIETY OF RESOURCES AND PROGRAMS HIGHLIGHTS INCLUDE CHARITY CARE BECAUSE NO CHILD IS DENIED NEEDED CARE DUE TO AN INABILITY TO PAY, FREE OR DISCOUNTED CARE WAS ADMINISTERED TO UNINSURED OR UNDERINSURED PATIENTS GOVERNMENT-SPONSORED HEALTHCARE PCH ALSO DELIVERS HEALTHCARE TO INDIGENT PATIENTS GOVERNMENT-SPONSORED HEALTHCARE COVERAGE REIMBURSES ONLY A PORTION OF THE COSTS OF THIS CARE THE UNREIMBURSED PORTION IS A COMMUNITY BENEFIT DELIVERED BY PCH COMMUNITY OUTREACH PROGRAMS PCH HAS DEVELOPED SIGNATURE COMMUNITY OUTREACH PROGRAMS THAT SERVE SPECIFIC POPULATIONS WITH SERIOUS HEALTHCARE NEEDS AND LIMITED ACCESS TO CARE ONE EXAMPLE IS THE CREW'S HEALTHMOBILE MOBILE MEDICAL VAN THAT SERVES HOMELESS YOUTH SUBSIDIZED PROGRAMS PCH SUBSIDIZES CERTAIN MEDICAL PROGRAMS WHERE WE ARE UNIQUELY QUALIFIED TO PROVIDE THE CARE OR WHERE PATIENTS HAVE LIMITED ACCESS TO CARE EXAMPLES INCLUDE THE BILL HOLT HIV/AIDS CLINIC AND THE HEALTHY STEPS PROGRAM EDUCATION CONTINUING EDUCATION FOR TODAY'S PHYSICIANS AND NURSES, AS WELL AS EDUCATING THE NEXT GENERATION OF HEALTHCARE PROVIDERS IS A PRIME FOCUS FOR PCH CONTINUING MEDICAL EDUCATION PROGRAMS INCLUDE RESIDENCY AND FELLOWSHIP TRAINING, A SERIES OF CLINICAL EDUCATION PROGRAMS, AND THE HOSPITAL'S PREMIER PROGRAM -- GAPP, WHICH PROVIDES SPECIALIZED TRAINING TO NURSES WHO ARE NEW TO PEDIATRICS RESEARCH PCH'S CLINICIANS CONDUCTED RESEARCH STUDIES TO ADVANCE MEDICAL KNOWLEDGE THE INSTITUTIONAL REVIEW BOARD PROVIDES INSTITUTIONAL INFRASTRUCTURE TO SUPPORT RESEARCH EFFORTS AT PCH, AS WELL AS IN COLLABORATION WITH OTHER INSTITUTIONS SUCH AS MAYO CLINIC, UNIVERSITY OF ARIZONA SCHOOL OF MEDICINE, AND TRANSLATIONAL GENOMICS RESEARCH INSTITUTE COMMUNITY BENEFIT OPERATIONS PCH UNDERWRITES THE ADMINISTRATIVE COSTS OF MANAGING COMMUNITY BENEFIT PROGRAMS AND CONTRIBUTES TIME, MEETING SPACE, AND OTHER RESOURCES THAT ENHANCE THE ABILITY OF OUR COMMUNITY'S MOST EFFECTIVE COMMUNITY SERVICE PROGRAMS TO MEET HUMAN NEEDS CHARITY CARE POLICY PCH'S CHARITY CARE POLICY WAS ESTABLISHED IN ORDER TO IDENTIFY AND ASSIST PATIENTS WHO LACK THE FINANCIAL RESOURCES TO MEET ALL OR PART OF THEIR FINANCIAL LIABILITY FOR SERVICES RENDERED AND TO DETERMINE THEIR ELIGIBILITY FOR PCH-BASED FINANCIAL ASSISTANCE MEDICAL INTERPRETER/TRANSLATION SERVICES CLEAR COMMUNICATION BETWEEN PATIENTS AND PROVIDERS IS AN URGENT HEALTH AND SAFETY ISSUE PHOENIX CHILDREN'S MEDICAL INTERPRETER/TRANSLATOR PROGRAM IS THE NATIONAL MODEL TO IMPROVE COMMUNICATION AND SAFETY WITH THE HISPANIC POPULATION AT 20 CHILDREN'S HOSPITALS MEDICAL INTERPRETER TRAINERS FROM NATIONAL AND LOCAL HOSPITALS GATHERED AT PHOENIX CHILDREN'S FOR TRAINING DESIGNED TO IMPROVE COMMUNICATION AND SAFETY FOR PATIENTS AND THEIR FAMILIES ATTENDEES WERE TRAINED IN TEACHING BILINGUAL HEALTHCARE WORKERS MEDICAL TERMS, INTERPRETING PROTOCOL AND MULTICULTURAL UNDERSTANDING CHILD ABUSE PREVENTION MORE THAN FIVE U.S. CHILDREN DIE AS A RESULT OF CHILD ABUSE EVERY DAY ACCORDING TO THE ARIZONA DEPARTMENT OF HEALTH SERVICES, 70 ARIZONA CHILDREN DIED BECAUSE OF MALTREATMENT IN 2010 - OVER HALF OF THEM WERE UNDER ONE YEAR OLD PHOENIX CHILDREN'S IS COMMITTED TO REDUCING THE RISK OF ABUSE FOR CHILDREN IN OUR COMMUNITY TO KEEP CHILDREN SAFE, WE HAVE TO FIX THE PROBLEM INSTEAD OF ONLY TREATING THE SYMPTOM AS A LEADER IN THE COMMUNITY, PHOENIX CHILDREN'S HOSPITAL BRINGS THE LATEST RESEARCH AND CUTTING EDGE PREVENTION PROGRAMS TO PHOENIX AND REACHES OUT TO THE ENTIRE STATE OF ARIZONA PROJECT SAFE WITHNESSING AN ADULT TALKING TO OR TREATING A CHILD HARSHLY CAN CREATE AN AWKWARD AND FRUSTRATING SITUATION FOR OTHER ADULTS ONLOOKERS MAY WANT TO INTERVENE, BUT AREN'T ALWAYS SURE HOW TO DO SO SAFELY AND EFFECTIVELY PROJECT SAFE (SUPPORTING A FAMILY FRIENDLY ENVIRONMENT) IS A CHILD ABUSE PREVENTION TRAINING PROGRAM THAT TEACHES INDIVIDUALS - FROM HEALTHCARE PROFESSIONALS TO RETAIL WORKERS - HOW TO EFFECTIVELY MODEL APPROPRIATE BEHAVIOR AND INTERVENE IN POTENTIALLY ABUSIVE SITUATIONS MORE THAN 800 INDIVIDUALS HAVE COMPLETED SAFE TRAINING, WHILE ANOTHER 120,000 EDUCATIONAL PAMPHLETS HAVE BEEN DISTRIBUTED TO VARIOUS ORGANIZATIONS THROUGHOUT THE COMMUNITY DARKNESS TO LIGHT'S STEWARD'S OF CHILDREN ONE IN FOUR GIRLS AND ONE IN SIX BOYS WILL BE SEXUALLY ABUSED BEFORE THEIR 18TH BIRTHDAY FEWER THAN ONE IN 10 WILL EVER TELL STEWARDS OF ARIZONA'S CHILDREN IS AN INNOVATIVE CHILD SEXUAL ABUSE PREVENTION TRAINING PROGRAM THAT TEACHES ADULTS HOW TO PREVENT, RECOGNIZE, AND REACT RESPONSIBLY TO CHILD SEXUAL ABUSE DESIGNED FOR ORGANIZATIONS AND CORPORATIONS THAT SERVE CHILDREN AND YOUTH AND FOR INDIVIDUALS WHO HAVE DIRECT RESPONSIBILITY FOR THE PROTECTION OF THEIR OWN OR OTHERS CHILDREN, THIS THREE-HOUR TRAINING PRO</p>

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 5	<p>GRAM PROVIDES TOOLS TO CREATE POLICIES AND PROCEDURES THAT HELP KEEP CHILDREN SAFE AND FOR TRAINING STAFF AND VOLUNTEERS ON CHILD PROTECTION SINCE ITS INCEPTION, NEARLY 1000 INDIVIDUALS HAVE PARTICIPATED IN THE PROGRAM THE PROGRAM ALSO TRAINED 43 FACILITATORS, ALLOWING THEM TO IMPLEMENT TRAINING IN THEIR LOCAL COMMUNITIES ADVERSE CHILDHOOD EXPERIENCES (ACE) CONSORTIUM THE ACE STUDY CONSORTIUM BRINGS TOGETHER A DIVERSE GROUP OF COMMUNITY LEADERS ALL WORKING TO IMPROVE PREVENTION, IDENTIFICATION AND TREATMENT TO ENSURE BETTER OUTCOMES FOR PEOPLE WHO'S LIVES START OUT IN THE MOST CHALLENGING WAYS SCIENTIFIC RESEARCH CLEARLY SHOWS THE LINK BETWEEN ADVERSE EXPERIENCES IN CHILDHOOD (ABUSE, NEGLECT, HOUSEHOLD VIOLENCE AND DYSFUNCTION) AND RISKY BEHAVIORS AND HEALTH PROBLEMS IN ADULTHOOD THIS CONNECTION MAKES IT IMPERATIVE THAT PEDIATRIC CARE PROVIDERS RECOGNIZE THIS IMPORTANT LINK AND BEGIN DEVELOPING STRATEGIES TO PROTECT CHILDREN FROM THE HARMFUL EFFECTS OF ADVERSE CHILDHOOD EXPERIENCE THE ACE CONSORTIUM'S "STRONG COMMUNITIES RAISE STRONG KIDS" INITIATIVE SEEKS TO INSPIRE COMMUNITIES AROUND ARIZONA TO COME TOGETHER IN SUPPORTING YOUNG CHILDREN AND FAMILIES REPORT ON PHYSICAL PUNISHMENT WHAT RESEARCH TELLS US ABOUT ITS EFFECTS ON CHILDREN PHOENIX CHILDREN'S HOSPITAL HAS BEEN SELECTED AS THE "INSTITUTIONAL HOME" FOR A NEW REPORT SYNTHESIZING ONE HUNDRED YEARS OF SOCIAL SCIENCE RESEARCH ON THE EFFECTS PHYSICAL PUNISHMENT HAS ON CHILDREN THE REPORT IS NATIONALLY AND INTERNATIONALLY RECOGNIZED AS PROVIDING CONCISE AND ACCURATE SUMMARY OF OVER 100 STUDIES THAT SUPPORT THE CONCLUSION THAT PHYSICAL PUNISHMENT OF CHILDREN IS AN INEFFECTIVE PARENTING PRACTICE PHOENIX CHILDREN'S IS WORKING TO PUBLICIZE THIS IMPORTANT INFORMATION AS WELL AS PROVIDE EDUCATION ON MORE EFFECTIVE ALTERNATIVES TO ITS USE THE REPORT HAS BEEN ENDORSED BY THE AMERICAN ACADEMY OF PEDIATRICS, THE AMERICAN MEDICAL ASSOCIATION, THE AMERICAN ACADEMY OF CHILD AND ADOLESCENT PSYCHIATRY AND MANY OTHERS IT IS BEING WIDELY USED FOR EDUCATIONAL PURPOSES BY PARENTS, PROFESSIONAL ORGANIZATIONS SERVING CHILDREN AND FAMILIES, AND THE GENERAL PUBLIC APRIL IS CHILD ABUSE PREVENTION MONTH APRIL IS A TIME TO RAISE AWARENESS ABOUT CHILD ABUSE AND NEGLECT AND ENCOURAGE INDIVIDUALS AND COMMUNITIES TO SUPPORT CHILDREN AND FAMILIES NO ONE CAN DO EVERYTHING NO ONE PARENT, GRANDPARENT, TEACHER, NEIGHBOR OR ELECTED OFFICIAL, AGENCY OR INDIVIDUAL BUT EVERYONE CAN DO SOMETHING PHOENIX CHILDREN'S HAD BECOME A LEADER IN THE ONGOING FIGHT AGAINST CHILD ABUSE PLACING FOCUS ON PREVENTION THROUGHOUT THE MONTH OF APRIL, THE HOSPITAL HOSTS A SERIES OF EVENTS INCLUDING THE ANNUAL CHILDREN'S MARCH ON CHILD ABUSE PREVENTING CHILD ABUSE AND NEGLECT PARENT-PROVIDER PARTNERSHIP IN CHILD CARE (PCAN) RESEARCH HAS SHOWN EARLY CHILDHOOD PROGRAMS CAN SERVE AS AN EFFECTIVE "EARLY WARNING SYSTEM" TO DETECT RISKY SITUATIONS THAT COULD LEAD TO INFANT OR CHILD ABUSE WITH APPROXIMATELY 50% OF INFANTS, 69% OF 3 YEAR OLDS, AND 84% OF 5 YEAR OLDS IN SOME FORM OF CHILD CARE WHILE THEIR PARENT(S) WORK, IT'S ESSENTIAL CHILD CARE PROVIDERS KNOW HOW TO READ THOSE EARLY WARNING SIGNS PCAN TRAINS CHILD CARE PROFESSIONALS TO USE THEIR EVERY DAY RELATIONSHIPS WITH PARENTS - AS WELL AS CURRENT RESEARCH AND INFORMATION - TO SUPPORT AND STRENGTHEN FAMILIES IN THE EFFORT TO PREVENT CHILD ABUSE INJURY PREVENTION EACH YEAR, MORE THAN 6,500 US CHILDREN UNDER THE AGE OF 14 ARE KILLED BY PREVENTABLE INJURIES VERIFIED TRAUMA CENTERS ARE NATIONAL LEADERS IN PREVENTING INJURIES IN CHILDREN AT PHOENIX CHILDREN'S, OUR INJURY PREVENTION PROGRAMS ADDRESS THE MOST COMMON CAUSES OF CHILDHOOD INJURY WITH PROGRAMS THAT REACH PARENTS AND CHILDREN WITH IMPORTANT SAFETY MESSAGES AND SKILLS DROWNING AWARENESS AND PREVENTION WITH THE HELP OF A VERY SPECIAL FAMILY, PHOENIX CHILDREN'S DEVELOPED WATER WATCHERS, A SIGNATURE INJURY PREVENTION PROGRAM TO COUNTER THE EPIDEMIC OF CHILD DROWNINGS IN OUR DESERT CITY FOR THE COMMUNITY AND</p>

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 6	IN 2011 PCH ENTERED A STRATEGIC ALLIANCE WITH DIGNITY HEALTHCARE BY COMBINING OUR PEDIATRIC PROGRAMS, WE ELEVATE THE OVERALL PEDIATRIC CARE OFFERED IN THE STATE OF ARIZONA AND ACHIEVE A LEVEL THAT WILL BE ON PAR WITH LEADING CHILDREN'S HOSPITALS MORE QUICKLY AND EFFICIENTLY THAN DOING SO ALONE THIS STRATEGIC ALLIANCE WITH DIGNITY WILL HELP US TO - IMPROVE ACCESS TO HIGHER QUALITY PEDIATRIC HEALTHCARE SERVICES IN A COST EFFECTIVE MANNER, WHICH IS ESSENTIAL IN THIS ECONOMIC ENVIRONMENT - ENHANCE RECRUITMENT AND DEVELOPMENT OF RESOURCES FOR NEW AND EXISTING HOSPITAL SERVICES AND PROGRAMS - MAINTAIN AND ENHANCE MEDICAL SERVICES FOR THE UNDERSERVED - DEVELOP COMPREHENSIVE PROGRAMS AND REGIONAL CENTERS OF EXCELLENCE - MEET THE NEEDS OF THE TREMENDOUS GROWTH IN DEMAND FOR PEDIATRIC HEALTHCARE SERVICES IN ARIZONA - SUPPORT OUR VISION TO BE THE PRIMARY AND TRUSTED RESOURCE FOR THE DEVELOPMENT OF PUBLIC POLICY RELATED TO CHILDREN'S HEALTHCARE IN ARIZONA - ACCELERATE THE DEVELOPMENT OF RESEARCH PROGRAMS

Additional Data

Software ID:

Software Version:

EIN: 86-0422559

Name: Phoenix Children's Hospital

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

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

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

Name and address	Type of Facility (describe)
Phoenix Children's Hospital 1920 E Cambridge Ave Phoenix, AZ 85006	Surgery Center
Phoenix Children's Specialty Urgent Care 1665 N Avondale Blvd Avondale, AZ 85392	Surgery Center
Phoenix Children's Hospital 5131 E Southern Ave Mesa, AZ 85205	Surgery Center
Phoenix Children's Hospital 20325 N 51st Ave Glendale, AZ 85308	Surgery Center
Phoenix Children's Specialty Urgent Care 6900 E Shea Blvd Scottsdale, AZ 85254	Surgery Center
Phoenix Children's Hosp - Mercy Gilbert 3420 S Mercy Rd 121 Gilbert, AZ 85297	Surgery Center
Phoenix Children's Hospital 3420 S Mercy Rd 121 Gilbert, AZ 85297	Surgery Center
Phoenix Children's Heart Ctr-Scottsdale 10250 N 92nd St 212 Scottsdale, AZ 85258	Surgery Center
Phoenix Children's Heart Ctr - Glendale 5757 W Thunderbird Rd Glendale, AZ 85306	Surgery Center
Phoenix Children's HOSPITAL UMOM 3333 E VAN BUREN ST PHOENIX, AZ 85008	Surgery Center
Phoenix Children's Yuma Specialty Care 2851 S Ave B Suite 25 YUMA, AZ 85364	Surgery Center

Schedule I
(Form 990)

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

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

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

OMB No 1545-0047

2014

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
Phoenix Children's Hospital

Employer identification number
86-0422559

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ARIZONA HEMOPHELIA ASSOCIATION 818 E OSBORN RD SUITE 105 SUITE 825 PHOENIX,AZ 85014	86-0209257	501(c)(3)	325,600	0			PROGRAM SUPPORT
(2) CELEBRITY FIGHT NIGHT 2111 E HIGHLAND AVE PHOENIX,AZ 85016	86-0903119	501(c)(3)	15,000	0			PROGRAM SUPPORT
(3) GREATER PHOENIX LEADERSHIP 400 E VAN BUREN ST SUITE 825 SUITE 250 PHOENIX,AZ 85004	86-0559918	501(c)(6)	10,000	0			PROGRAM SUPPORT
(4) RAISING SPECIAL KIDS 5025 E WASHINGTON ST SUITE 105 PHOENIX,AZ 85034	86-0517082	501(c)(3)	10,000	0			PROGRAM SUPPORT
(5) SPINA BIFIDA ASSOCIATION 4590 MACARTHUR BLVD WASHINGTON,DC 20007	58-1342181	501(c)(3)	10,000	0			PROGRAM SUPPORT
(6) UNITED CEREBRAL PALSY 1802 W PARKSIDE LN PHOENIX,AZ 85027	86-0110967	501(c)(3)	10,000	0			PROGRAM SUPPORT
(7) NAT ASSOC OF CHILDREN'S HOSP & related inst 401 WYTHE STREET ALEXANDRIA,VA 22314	51-0120256	501(c)(3)	10,000				PROGRAM SUPPORT

2

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

6

3

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

1

Part III

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

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

Part IV

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

Return Reference	Explanation
SCHEDULE I, PART I, LINE 2	PHOENIX CHILDREN'S HOSPITAL (PCH) MAKES CONTRIBUTIONS TO OTHER HEALTH RELATED ORGANIZATIONS TO SUPPORT VARIOUS PROGRAMS PCH RELIES ON THE GOVERNANCE PRACTICES OF THE RECIPIENT ORGANIZATIONS TO MONITOR USE OF THE FUNDS

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.

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
Phoenix Children's Hospital

Employer identification number
86-0422559

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>			
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	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4c		No
Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.				
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		No
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III.	5b		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6b		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.	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 in column(B) reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Return Reference	Explanation
SCHEDULE J, PART I, LINE 4a	PAMELA JOHNSON-CARLSON RECEIVED SEVERANCE PAYMENTS OF \$127,500 IN 2014. THIS AMOUNT IS INCLUDED IN SCHEDULE J, PART II, COLUMN b(III) AS OTHER REPORTABLE COMPENSATION. SCHEDULE J, PART I, LINE 4b PHOENIX CHILDREN'S HOSPITAL OFFERS A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) TO CERTAIN EXECUTIVES OF THE ORGANIZATION. ELIGIBLE PARTICIPANTS ARE SELECTED BY THE BOARD OF DIRECTORS. PARTICIPANT VESTING OCCURS UPON RETIREMENT, DISABILITY BEFORE SEPARATION, INVOLUNTARY SEPARATION (OTHER THAN FOR CAUSE) OR DEATH. THE FOLLOWING INDIVIDUALS PARTICIPATED IN THE SERP PLAN DURING 2014 AND THEIR DEFERRED COMPENSATION AMOUNTS ARE INCLUDED IN SCHEDULE J, PART II, COLUMN (C): DAVID HIGGINSON, PAMELA JOHNSON-CARLSON, BETSY KUZAS, ROGER LOGAN, DENNIS LUND, MD, CRAIG MCKNIGHT, CARMEN NEUBERGER. THE FOLLOWING INDIVIDUALS PARTICIPATED IN THE SERP PLAN AND RECEIVED TAXABLE SERP PAYOUTS DURING 2014 THAT ARE INCLUDED IN SCHEDULE J, PART II, COLUMN (B)(III) AS OTHER REPORTABLE COMPENSATION: THOMAS DIEDERICH - \$42,679; ROBERT L. MEYER - \$247,864.
SCHEDULE J, PART I, LINE 7	ROBERT L. MEYER, CRAIG MCKNIGHT, MURRAY POLLACK, MD, DENNIS LUND, MD, BETSY KUZAS, CARMEN NEUBERGER, THOMAS DIEDERICH, PAMELA JOHNSON-CARLSON, DAVID HIGGINSON AND ROGER LOGAN WERE ELIGIBLE FOR THE DISCRETIONARY EXECUTIVE INCENTIVE PLAN OF PHOENIX CHILDREN'S HOSPITAL IN WHICH ONE OF THE PERFORMANCE MEASURES WAS EARNINGS BEFORE INTEREST, DEPRECIATION AND AMORTIZATION. THIS INCENTIVE PLAN WAS APPROVED BY THE COMPENSATION COMMITTEE.
SCHEDULE J, PART II	ELIZABETH ZORN, MD RECEIVED COMPENSATION FOR MEDICAL SERVICES RENDERED IN THE CAPACITY OF STAFF PHYSICIAN FOR PHOENIX CHILDREN'S HOSPITAL, NOT FOR HER DUTIES AS CURRENT OR FORMER BOARD MEMBER. RANDALL CHRISTENSEN, MD RECEIVED COMPENSATION FOR MEDICAL SERVICES RENDERED IN THE CAPACITY OF STAFF PHYSICIAN FOR PHOENIX CHILDREN'S HOSPITAL, NOT FOR HIS DUTIES AS CURRENT BOARD MEMBER.

Additional Data

Software ID:
Software Version:
EIN: 86-0422559
Name: Phoenix Children's Hospital

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

(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 in column (B) reported as deferred in prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 ROBERT L MEYER, DIRECTOR/PRESIDENT & CEO	(i) (ii)	940,002 0	1,193,520 0	276,848 0	10,400 0	21,670 0	2,442,440 0	247,864 0
1 RANDALL CHRISTENSEN MD, PRESIDENT, MEDICAL STAFF	(i) (ii)	211,782 0	15,729 0	11,333 0	9,222 0	21,869 0	269,935 0	0 0
2 CRAIG MCKNIGHT, EXECUTIVE VP & CFO/TREASURER	(i) (ii)	452,233 0	360,990 0	24,013 0	71,489 0	18,596 0	927,321 0	0 0
3 CARMEN NEUBERGER, SVP/GENERAL COUNSEL/SECRETARY	(i) (ii)	335,748 0	232,800 0	20,600 0	53,143 0	8,677 0	650,968 0	0 0
4 DENNIS LUND MD, EVP, PCMG & SURGEON IN CHIEF	(i) (ii)	630,382 0	423,809 0	26,720 0	87,830 0	26,826 0	1,195,567 0	0 0
5 BETSY KUZAS, EXECUTIVE VICE PRESIDENT & COO	(i) (ii)	451,330 0	342,762 0	19,755 0	68,917 0	8,644 0	891,408 0	0 0
6 THOMAS DIEDERICH, SENIOR VP, HUMAN RESOURCES	(i) (ii)	319,083 0	221,888 0	64,640 0	10,222 0	19,017 0	634,850 0	42,679 0
7 ROGER LOGAN, SENIOR VP, PRACTICE OPERATIONS	(i) (ii)	412,709 0	142,520 0	23,525 0	60,661 0	24,797 0	664,212 0	0 0
8 DAVID HIGGINSON, SENIOR VICE PRESIDENT & CIO	(i) (ii)	304,197 0	178,416 0	18,145 0	41,164 0	9,576 0	551,498 0	0 0
9 PAMELA JOHNSON-CARLSON, SENIOR VICE PRESIDENT & CNO	(i) (ii)	159,938 0	86,252 0	146,332 0	18,170 0	7,662 0	418,354 0	0 0
10 MURRAY POLLACK MD, CHIEF MEDICAL OFFICER	(i) (ii)	66,229 0	173,088 0	332 0	9,599 0	3,062 0	252,310 0	0 0
11 PHILIP ADELSON MD, DIVISION CHIEF	(i) (ii)	1,001,019 0	106,411 0	21,502 0	10,431 0	29,368 0	1,168,731 0	0 0
12 DANIEL VELEZ MD, STAFF PHYSICIAN	(i) (ii)	853,457 0	100,307 0	20,013 0	9,402 0	24,517 0	1,007,696 0	0 0
13 JOHN NIGRO MD, DIVISION CHIEF	(i) (ii)	851,015 0	100,307 0	21,304 0	10,427 0	23,789 0	1,006,842 0	0 0
14 RICHARD TOWBIN MD, DIVISION CHIEF	(i) (ii)	629,041 0	78,250 0	28,840 0	10,423 0	21,133 0	767,687 0	0 0
15 LUIS ARGUESO MD, DIVISION CHIEF	(i) (ii)	666,595 0	13,650 0	23,861 0	10,453 0	18,969 0	733,528 0	0 0
16 ELIZABETH ZORN MD, PAST PRESIDENT, MEDICAL STAFF	(i) (ii)	316,033 0	1,357 0	16,945 0	10,000 0	23,361 0	367,696 0	0 0
17 SHANE BROPHY, PAST INTERIM CFO	(i) (ii)	704,486 0	0 0	0 0	0 0	0 0	704,486 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
Phoenix Children's Hospital

Employer identification number
86-0422559

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 ARIZONA HEALTH FACILITIES AUTHORITY	86-0453292	040507NG6	02-26-2013	280,805,274	SEE PART VI		X		X		X
B ARIZONA HEALTH FACILITIES AUTHORITY	86-0453292	040506MX2	09-06-2012	301,690,236	SEE PART VI		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0					
2	Amount of bonds legally defeased	0		0					
3	Total proceeds of issue	281,426,848		302,535,319					
4	Gross proceeds in reserve funds	14,498,648		22,969,476					
5	Capitalized interest from proceeds	0		0					
6	Proceeds in refunding escrows	0		0					
7	Issuance costs from proceeds	4,566,579		4,723,071					
8	Credit enhancement from proceeds	0		0					
9	Working capital expenditures from proceeds	0		0					
10	Capital expenditures from proceeds	0		0					
11	Other spent proceeds	262,361,621		274,842,772					
12	Other unspent proceeds	0		0					
13	Year of substantial completion	2014		2012					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		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		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		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		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?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	2 000 %		2 000 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6	Total of lines 4 and 5	2 000 %		2 000 %					
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X				
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X					

Part IV

Arbitrage

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

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		X				
b	Name of provider	0		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		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		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		X					

Part VI

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

Return Reference	Explanation
	SCHEDULE K, PART I, LINE A, COLUMN (F) DESCRIPTION OF PURPOSE - REFUNDING REMAINING SERIES 2007 BONDS AND ESTABLISHING PROJECT FUND FOR CAPITAL ACQUISITION

Return Reference	Explanation
SCHEDULE K, PART I, LINE B, COLUMN (F)	DESCRIPTION OF PURPOSE - REFUNDING \$225,000,000 OF THE SERIES 2007 BONDS ISSUED 01/31/07

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2014

Open to Public Inspection

▶ 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.

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

Name of the organization
Phoenix Children's Hospital

Employer identification number
86-0422559

Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) 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?
				YesNo

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

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

Part II

Loans to and/or From Interested Persons.

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

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

Total ▶ \$

Part III Grants or Assistance Benefiting 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) Brian Meyer	Son of CEO	243,632	EMPLOYEE OF PCH		No
(2) Jennifer Rispoli	Daughter of CEO	84,239	EMPLOYEE OF PCH		No
(3) Healthcare Community develop group	pch board / hcdg owner	377,400	consulting 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 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 990-EZ 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

2014**Open to Public
Inspection**Name of the organization
Phoenix Children's Hospital**Employer identification number**

86-0422559

Return Reference	Explanation
FORM 990, PART III, LINE 2	Phoenix Children's Hospital (PCH) and Dignity Health in Arizona opened PCH - Mercy Gilbert Center in October of 2014. PCH - mercy gilbert medical center features 22 private patient rooms and offers around-the-clock pediatric coverage by PCH for children requiring observation or inpatient care. every doctor, nurse and pharmacist is 100% for children. children are admitted to the UNIT in one of three ways: (1) direct admit by a primary care physician, (2) transfer from the mercy gilbert emergency department, or (3) transfer from an outside urgent care or emergency department. patients with more complex conditions or requiring advanced care have direct access to phoenix children's full array of dedicated subspecialists and can be seamlessly transferred to our main campus if needed. the opening of the unit greatly enhances east valley pediatric inpatient care and provides families and area physicians much-needed access to the breadth and depth of services offered only at PCH. The facility adds to the presence arizona's largest children's hospital already has in the region - including PCH's east valley center, which offers specialty, urgent care and outpatient surgery, and PCH's medical group specialty care center on the mercy gilbert campus. FORM 990, PART I, LINE 6 VOLUNTEERS MAKE A DIFFERENCE FOR PATIENTS AND FAMILIES AT PHOENIX CHILDREN'S HOSPITAL (PCH) EVERY DAY BY GIVING THE GIFT OF TIME. THE VOLUNTEERS EACH HAVE SOMETHING UNIQUE TO OFFER AND COME FROM ALL BACKGROUNDS AND WALKS OF LIFE. VOLUNTEERS ARE AN IMPORTANT PART OF PCH'S TEAM THAT PROVIDES THE BEST HOPE, HEALING AND CARE TO CHILDREN AND FAMILIES. EACH WEEK, OVER 620 VOLUNTEERS DONATE THREE TO FOUR HOURS OF SERVICE IN OVER 30 AREAS IN THE HOSPITAL. PCH VOLUNTEERS PLEDGE A MINIMUM OF 100 HOURS AND MUST BE AT LEAST 16 YEARS OF AGE. VOLUNTEERS GO THROUGH THE SAME SCREENING AND ORIENTATION PROCESS AS EMPLOYEES IN TERMS OF APPLICATION, BACKGROUND CHECK, GENERAL HOSPITAL ORIENTATION, HIPAA, CONFIDENTIALITY TRAINING, EXTENSIVE HANDS-ON TRAINING AND ADDITIONAL TRAINING AS NECESSARY FOR DIFFERENT POSITIONS.

Return Reference	Explanation	
	FORM 990, PART III, LINE 4	<p>PHOENIX CHILDREN'S HOSPITAL (PCH) IS ARIZONA'S ONLY LICENSED NONPROFIT CHILDREN'S HOSPITAL PROVIDING CARE IN MORE THAN 70 PEDIATRIC SUBSPECIALTIES TO THE STATE'S PEDIATRIC PATIENTS SIX CENTERS OF EXCELLENCE AT PCH OFFER INTERDISCIPLINARY CARE, INCLUDING (1) THE CENTER FOR CANCER AND BLOOD DISORDERS, (2) THE CHILDREN'S HEART CENTER, (3) THE CHILDREN'S NEURO SCIENCES INSTITUTE, (4) THE CENTER FOR PEDIATRIC ORTHOPAEDICS, (5) TRAUMA AND (6) THE NEWB ORN INTENSIVE CARE UNIT (NICU) PCH IS ONE OF THE 10 LARGEST FREESTANDING CHILDREN'S HOSPI TALS IN THE UNITED STATES ON NUMBER OF BEDS AND IS THE SINGLE LARGEST PROVIDER OF PEDIATRI C SERVICES TO LOW-INCOME CHILDREN IN ARIZONA, 51 PERCENT OF PATIENTS ARE MEDICAID BENEFICI ARIES IN ADDITION TO THE HOSPITAL'S MAIN CAMPUS NEAR DOWNTOWN PHOENIX, ARIZONA, THE HOSPI TAL OPENED A 22-BED PEDIATRIC UNIT AT MERCY GILBERT HOSPITAL (A DIGNITY HEALTH HOSPITAL) I N GILBERT ARIZONA THE HOSPITAL ALSO OPERATES FOUR FREESTANDING PEDIATRIC CLINICS IN MESA, AVONDALE, SCOTTSDALE AND GLENDALE, ARIZONA THAT OFFER SPECIALTY CARE AND ADVANCE URGENT C ARE THROUGH ITS BROAD RANGE OF SUPERIOR PEDIATRIC SERVICES INCLUDING NEUROLOGY, ENDOCRINO LOGY, CHEMOTHERAPY, CARDIOLOGY AND OTHER MEDICAL SERVICES, PCH HAS PROVIDED A DISTINGUISHE D INDEPENDENT HEALTH FACILITY FOR THE CHILDREN OF ARIZONA PCH DELIVERS ON ITS MISSION TO PROVIDE HOPE, HEALING, AND THE BEST CARE FOR CHILDREN AND FAMILIES BY PROVIDING ACCESS TO THE MOST ADVANCED SPECIALTY AND SUBSPECIALTY PEDIATRIC CARE IN ARIZONA PCH EXTENDS THIS MISSION BEYOND OUR PATIENT POPULATION BY DELIVERING DIRECT FUNDING, PROGRAM SUPPORT, HEALTH CARE EXPERTISE, AND OTHER RESOURCES TO THE MOST VULNERABLE MEMBERS OF OUR COMMUNITY AND TO THE COMMUNITY AT LARGE THE FOLLOWING DESCRIBES PCH'S SIX CENTERS OF EXCELLENCE AND OTHER MEDICAL SERVICES (1) CENTER FOR CANCER AND BLOOD DISORDERS THE CENTER FOR CANCER AND BLO OD DISORDERS AT PHOENIX CHILDREN'S HOSPITAL IS THE LARGEST PEDIATRIC PROGRAM OF ITS KIND I N ARIZONA, PROVIDING COMPLETE CARE FOR CHILDREN DIAGNOSED WITH MALIGNANCIES AND/OR LIFE-TH REATENING HEMATOLOGIC DISEASES USING A FAMILY-CENTERED APPROACH, THE CENTER PROVIDES COMP REHENSIVE, PERSONALIZED CARE TO EVERY HEMATOLOGY AND ONCOLOGY PATIENT EVERY CHILD HAS HIS OR HER OWN TEAM OF PHYSICIANS, NURSES, SOCIAL WORKERS, PHYSICAL THERAPISTS, NUTRITIONISTS AND MORE THAT PROVIDE CARE THROUGHOUT THE TREATMENT AND HEALING PROCESS THE TEAM WORKS T O MAKE SURE THAT THE CARE REGIMEN FITS IN WITH THE CHILD'S - AND THE FAMILY'S - NEEDS THE CENTER'S TEAM OF MEDICAL PRACTITIONERS INCLUDES MANY SPECIALISTS, EACH WITH A SPECIFIC AR EA OF EXPERTISE WITHIN THE HEMATOLOGY AND ONCOLOGY FIELDS ENCOURAGING EACH PROVIDER TO SP ECIALIZE IN CERTAIN DISEASES HAS ALLOWED THE CENTER'S TEAM TO COLLECTIVELY KEEP UP WITH TH E LATEST ADVANCEMENTS IN THE TREATMENT OF CANCER AND HEMATOLOGIC DISORDERS AS A RESULT, T HE CENTER IS ABLE TO PROVIDE TOP-NOTCH, CUTTING EDGE CARE TO ALL OF ITS PATIENTS (2) CHIL DREN'S HEART CENTER PHOENIX CHILDREN'S HEART CENTER IS THE PREMIER REGIONAL REFERRAL CENTE R IN THE SOUTHWEST AND IS THE FIFTH LARGEST PROGRAM OF ITS KIND IN THE U S IT OFFERS THE MOST COMPREHENSIVE INPATIENT AND OUTPATIENT PEDIATRIC CARDIAC CARE SERVICES TO INFANTS, CH ILDREN AND TEENS WITH CONGENITAL HEART DEFECTS, RHYTHM DISTURBANCES, HEART FAILURE AND OTH ER CARDIAC-RELATED PROBLEMS THE PHOENIX CHILDREN'S HEART CENTER HAS A COMPREHENSIVE, MULT IDISCIPLINARY TEAM, WHICH INCLUDES SUBSPECIALTY TRAINED PHYSICIANS AND CARDIAC NURSES WHO PROVIDE ADVANCED FAMILY-CENTERED CARE FOR SIMPLE AND COMPLEX HEART CONDITIONS THE AVAILAB ILITY OF VARIED CARDIAC CLINICAL STAFF ON PHOENIX CHILDREN'S CAMPUS MEANS EVEN THE MOST CO MPLEX PATIENTS CAN RECEIVE ALL OF THEIR CARE IN ONE PLACE, WHICH LEADS TO BETTER OUTCOMES AND ONGOING FOLLOW-UP (3) BARROW NEUROLOGICAL INSTITUTE BARROW NEUROLOGICAL INSTITUTE AT PHOENIX CHILDREN'S HOSPITAL OFFERS THE MOST COMPREHENSIVE INPATIENT AND OUTPATIENT NEUROLO GICAL CARE AND SERVICES TO INFANTS, CHILDREN AND TEENS WITH NEUROLOGICAL-RELATED PROBLEMS OUR COLLABORATIVE AND COMPREHENSIVE APPROACH TO MEDICINE, EDUCATION AND RESEARCH HAS RESU LTED IN BARROW AT PHOENIX CHILDREN'S HOSPITAL BEING THE LARGEST PEDIATRIC NEUROSCIENCE CEN TER IN THE SOUTHWEST WE ARE PROUD TO BE ONE OF THE FEW HOSPITALS TO OFFER PEDIATRIC NEURO LOGICAL DIAGNOSIS, NEUROSURGERY AND REHABILITATION IN ONE CENTRAL LOCATION WHEN IT COMES TO CARING FOR CHILDREN WITH NEUROLOGICAL AND BEHAVIORAL DISORDERS, THE OLD SAYING IS OFTEN TRUE "IT TAKES A VILLAGE" OR, MORE PRECISELY, IT TAKES MULTIPLE MEDICAL PROFESSIONALS T O CARE FOR PATIENTS THAT SUFFER FROM COMPLEX AND INTERRELATED NEUROLOGICAL AND BEHAVIORAL CONDITIONS COLLABORATING TO TREAT THESE SPECIAL PEDIATRIC PATIENTS ENHANCES CARE AND IMPR OVES OUTCOMES AT PHOENIX CHILDREN'S HOSPITAL, FUNDING ENABLED THE DIVISIONS OF NEUROLOGY, NEUROSURGERY, PSYCHIATRY, AND PSYCHOLOGY TO COME TOGETHER IN ONE SUCH COLLABORATION BARR OW NEUROLOGICAL INSTITUTE AT PHOENIX CHILDREN'S HO</p>

Return Reference	Explanation	
	FORM 990, PART III, LINE 4	<p>SPITAL SPECIALIZED MEDICAL EQUIPMENT, PEDIATRIC PATIENT ROOMS, AND PEDIATRIC SPECIALISTS -- IN ADDITION TO THE HOSPITAL'S FAMILY-CENTERED FOCUS - MAKE THE CENTER UNIQUELY QUALIFIED TO TREAT COMPLEX NEUROLOGICAL DISORDERS IN PEDIATRIC PATIENTS (4) CENTER FOR PEDIATRIC ORTHOPAEDICS PHOENIX CHILDREN'S CENTER FOR PEDIATRIC ORTHOPAEDICS IS DEDICATED TO OFFERING THE MOST COMPREHENSIVE, STATE-OF-THE-ART CARE FOR CHILDREN WHO HAVE EXPERIENCED MUSCULOSKELETAL INJURY OR ARE LIVING WITH RELATED DISEASES OR CONDITIONS PHOENIX CHILDREN'S CENTER FOR PEDIATRIC ORTHOPAEDICS RANKS AS THE SIXTH LARGEST PROGRAM OF ITS KIND IN THE UNITED STATES BASED ON PATIENT VOLUME ONE OF THE HOSPITAL'S SIX CENTERS OF EXCELLENCE, THE GROUP OF SIX FELLOWSHIP-TRAINED PHYSICIANS PROVIDE ORTHOPAEDIC SURGICAL AND NON-SURGICAL CARE TO CHILDREN AND TEENS WITH SCOLIOSIS AND OTHER SPINAL DEFORMITIES FRACTURES SPORTS-RELATED INJURIES HIP DISORDERS, DYSPLASIA OF THE HIP MUSCULAR DYSTROPHY CLUBFOOT SPINA BIFIDA CEREBRAL PALSY SPINAL FUSION SURGERY FOR SCOLIOSIS AND SPINAL DEFORMITIES IS ONE OF THE HIGHLIGHTS IN ORTHOPAEDIC SURGERY AT PHOENIX CHILDREN'S HOSPITAL OUR SPINAL FUSION PROGRAM INCLUDES A PRE-OPERATIVE TOUR OF THE HOSPITAL SO THAT PATIENTS AND FAMILIES CAN ASK QUESTIONS AND TALK TO OTHER FORMER PATIENTS, FAMILIES AND STAFF THIS HAS BEEN A MAJOR FACTOR IN IMPROVING PRE-OPERATIVE WORRY, POST-OPERATIVE CARE AND OVERALL RECOVERY FOR KIDS ADDITIONALLY, PHOENIX CHILDREN'S ORTHOPAEDIC SURGEONS ARE MEMBERS OF THE STATE'S ONLY LEVEL 1 PEDIATRIC TRAUMA TEAM, PROVIDING EXPERT, LIFE-SAVING CARE TO CHILDREN AND TEENS WHO HAVE EXPERIENCED SERIOUS MUSCULOSKELETAL INJURY AS THE CENTER FOR PEDIATRIC ORTHOPAEDICS GROWS, OTHER PROGRAMS BEING DEVELOPED INCLUDE TREATING CHILDREN WITH SPINAL DEFORMITIES, LIMB DEFICIENCIES, MUSCULOSKELETAL TUMORS AND SKELETAL DYSPLASIA AND A STATE-OF-THE-ART MOTION ANALYSIS GAIT LAB (5) LEVEL 1 PEDIATRIC TRAUMA CENTER PHOENIX CHILDREN'S LEVEL I PEDIATRIC TRAUMA CENTER IS ARIZONA'S PREMIER SITE FOR THE EVALUATION, STABILIZATION, TREATMENT, AND CARE OF CHILDREN WHO HAVE EXPERIENCED A TRAUMATIC INJURY A LEVEL I PEDIATRIC TRAUMA CENTER OFFERS THE HIGHEST LEVEL OF EMERGENCY AND SURGICAL CARE TO PATIENTS, 24 HOURS A DAY, 365 DAYS OF THE YEAR PHOENIX CHILDREN'S IS EQUIPPED TO HANDLE THE MOST SEVERELY INJURED CHILDREN IN THE SHORTEST AMOUNT OF TIME CARE IS WAITING FOR THE PATIENT, INSTEAD OF THE PATIENT HAVING TO WAIT FOR CARE BENEFITS INCLUDE - CARE AT A TRAUMA CENTER LOWERS THE RISK OF DEATH BY 25 PERCENT COMPARED TO NON-TRAUMA CENTERS - CHILDREN CARED FOR AT A PEDIATRIC TRAUMA CENTER HAVE A LOWER MORTALITY RATE AND SHORTER LENGTHS OF STAY COMPARED TO CHILDREN CARED FOR AT ADULT TRAUMA CENTERS - DESIGNATED TRAUMA CENTERS FOR CHILDREN HAVE 24/7 PHYSICIANS SPECIALIST COVERAGE FOR IMMEDIATE CARE OF THE INJURED CHILD IT TAKES A DEDICATED TEAM WITH SPECIALTY TRAINING IN PEDIATRICS WORKING 24 HOURS A DAY, 7 DAYS A WEEK, TO PROVIDE THE BEST CARE FOR CHILDREN WITH TRAUMATIC INJURY EMERGENCY TRAUMA CARE FOR INJURED CHILDREN IS SUPERVISED BY FULLY-TRAINED, BOARD-CERTIFIED SURGEONS WITH ADDITIONAL FELLOWSHIP TRAINING IN PEDIATRIC SURGERY THESE SURGEONS LEAD A HIGHLY SKILLED TEAM THAT INCLUDES EMERGENCY MEDICINE PHYSICIANS ANESTHESIOLOGISTS ORTHOPAEDIC SURGEONS NEUROSURGEONS SPINE SURGEONS PEDIATRIC CRITICAL CARE SPECIALISTS (INTENSIVISTS) PEDIATRIC RADIOLOGISTS INTERVENTIONAL RADIOLOGISTS HAND SURGEONS CRANIOFACIAL PLASTIC SURGEONS PEDIATRIC OPHTHALMOLOGISTS PAIN MANAGEMENT SPECIALISTS REGISTERED NURSES WITH SPECIAL TRAINING IN TRAUMA CARE RESPIRATORY THERAPISTS PHARMACISTS RADIOGRAPHERS PHYSICAL MEDICINE AND REHABILITATION PROVIDERS SOCIAL WORKERS BLOOD BANK TEAM SPECIALISTS CHAPLAINS CHILD LIFE SPECIALISTS PATIENT CARE TECHNICIANS (6) NEWBORN INTENSIVE CARE UNIT THE NEWBORN INTENSIVE CARE UNIT (NICU) AT PHOENIX CHILDREN'S HOSPITAL IS A LEVEL IIIC NURSERY, WHICH OFFERS THE HIGHEST LEVEL OF CARE AND IS THE HIGHEST CERTIFICATION GIVEN BY THE ARIZONA</p>

Return Reference	Explanation
FORM 990, PART VI, LINE 1	PCH HAS AN EXECUTIVE COMMITTEE THAT MAY EXERCISE THE POWER AND AUTHORITY OF THE BOARD OF DIRECTORS IN THE INTERVALS BETWEEN MEETINGS OF THE BOARD OF DIRECTORS, EXCEPT AS OTHERWISE PROVIDED IN THE BY LAWS THE EXECUTIVE COMMITTEE MAY REVIEW ALL POLICY MATTERS IN CONNECTION WITH THE OPERATIONS OF THE CORPORATION AND MAY MAKE RECOMMENDATIONS WITH RESPECT TO SUCH MATTERS TO THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, LINE 6	THE TWO MEMBERS OF PCH ARE DIGNITY HEALTH AND CHILDREN'S HEALTHCARE OF ARIZONA, INC

Return Reference	Explanation
FORM 990, PART VI, LINE 7A	MEMBERS OF THE GOVERNING BODY ARE NOMINATED BY THE TWO CORPORATE MEMBERS, AND APPROVAL FOR ELECTION IS REQUIRED BY A MAJORITY OF THE BOARD OF DIRECTORS. DECISIONS OF THE GOVERNING BODY ARE SUBJECT TO APPROVAL BY MEMBERS.

Return Reference	Explanation
FORM 990, PART VI, LINE 7B	THE MEMBERS OF PCH HAVE CERTAIN RIGHTS AS OUTLINED IN THE AFFILIATION AGREEMENT AND THE BY LAWS WITH REGARD TO GOVERNANCE DECISIONS OF THE ORGANIZATION

Return Reference	Explanation
FORM 990, PART VI, LINE 11B	THE FORM 990, IN DRAFT FORM, WAS PROVIDED FOR REVIEW TO THE FINANCE COMMITTEE PRIOR TO BEING PRESENTED TO THE FINANCE COMMITTEE, THE RETURN WAS REVIEWED BY THE VP OF FINANCE AND CFO THE FINAL VERSION IS DISTRIBUTED TO BOARD MEMBERS PRIOR TO FILING WITH THE IRS

Return Reference	Explanation
FORM 990, PART VI, LINE 12C	PCH AND ITS AFFILIATE ORGANIZATIONS REQUIRES EACH OF ITS DIRECTORS, OFFICERS, AND VICE PRESIDENTS TO COMPLETE AN ANNUAL DISCLOSURE FORM, IDENTIFYING REAL OR POTENTIAL CONFLICTS, SUCH AS FINANCIAL RELATIONSHIPS OR INTERESTS, FAMILY OR BUSINESS ASSOCIATIONS OR EMPLOYEE RELATIONSHIPS WITH PCH AND/OR ITS DIRECTORS, OFFICERS AND KEY EMPLOYEES IF SITUATIONS ARE DISCLOSED THAT PRESENT ACTUAL OR POTENTIAL CONFLICTS OF INTEREST, THEY ARE REPORTED TO THE CEO AND THE BOARD OF DIRECTORS RESOLUTION AND/OR AVOIDANCE OF CONFLICT OF INTEREST SITUATIONS RESIDES WITH THE BOARD AND THE CEO

Return Reference	Explanation
FORM 990, PART VI, LINES 15A AND 15B	PCH USES THE SERVICES OF AN OUTSIDE COMPENSATION CONSULTING FIRM TO MAKE MARKET COMPARISONS OF COMPENSATION, INCLUDING BOTH BASE SALARY AND INCENTIVE PROGRAMS. THESE PLANS ARE REVIEWED WITH AND ULTIMATELY APPROVED BY THE BOARD OF DIRECTORS' COMPENSATION COMMITTEE. AFTER COMPLETION OF THE YEAR END AUDIT, THE COMPENSATION COMMITTEE MEETS TO EVALUATE PERFORMANCE OF THE CEO AND KEY EXECUTIVES AND TO APPROVE THE RECOMMENDATION OF THE VP OF HUMAN RESOURCES AND THE CEO, BASED ON THE CRITERIA IN THE PREVIOUSLY APPROVED PLAN. THIS PROCESS WAS LAST COMPLETED IN 2014.

Return Reference	Explanation
FORM 990, PART VI, LINE 19	SUCH DOCUMENTS ARE NOT REQUIRED TO BE MADE AVAILABLE, HOWEVER, THEY WILL BE PROVIDED UPON REASONABLE REQUEST

Return Reference	Explanation
FORM 990, PART XI, LINE 9	CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS \$ (43,359,904) NET ASSET TRANSFER FOR DONOR MATCH \$ (5,500,000) TOTAL ----- \$ (48,859,904) =====

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION OUTSOURCING PURCHASED SERVICES TOTAL FEES 22479916

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION MEDICAL - PHYSICIANS TOTAL FEES 10475515

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED SERVICES - OTHER TOTAL FEES 9325930

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION OTHER PROFESSIONAL FEES TOTAL FEES 8201695

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION PURCHASED SERVICES - MEDICAL TOTAL FEES 7906078

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION CONSULTING FEES TOTAL FEES 5713821

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION LAUNDRY SERVICES TOTAL FEES 1349482

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION TRANSCRIPTION SERVICES TOTAL FEES 1292089

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION COLLECTION AGENCIES TOTAL FEES 664584

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION SUBCONTRACTS TOTAL FEES 450078

Return Reference	Explanation
FORM 990 PART IX LINE 11G	DESCRIPTION OCCUPATIONAL HEALTH - OTHER TOTAL FEES 7762

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
Phoenix Children's Hospital

Employer identification number
86-0422559

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) PHOENIX CHILDREN'S CARE NETWORK LLC 1919 E THOMAS ROAD PHOENIX, AZ 85016 46-2046629	HEALTHCARE	AZ	66,471	0	PCH

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) PHOENIX CHILDREN'S HOSPITAL FOUNDATION 1919 E THOMAS ROAD PHOENIX, AZ 85016 74-2421549	SUPPORT	AZ	501(c)(3)	7	PCH	Yes	
(2) CAMBRIDGE ARIZONA INSURANCE COMPANY 333 E OSBORN ROAD SUITE 300 PHOENIX, AZ 85012 26-1756912	INSURANCE	AZ	501(c)(3)	11a - I	PCH	Yes	
(3) CHILDREN'S HEALTHCARE OF ARIZONA INC 1919 E THOMAS ROAD PHOENIX, AZ 85016 45-1474342	SUPPORT	AZ	501(c)(3)	11a - I	NA		No

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) PHX CHILDREN'S CARDIOLOGY DIAGNOSTICS 1919 E THOMAS ROAD PHOENIX, AZ 85016 46-4850215	HEALTHCARE	AZ	PCH	RELATED	2,982,285	3,303,910		No	0	Yes		62 500 %
(2) PHX CHILDREN'S PROPERTY DEVELOPMENT 19119 e thomas road phoenix, AZ 85016 47-2408123	HEALTHCARE	AZ	PCH	RELATED	-18,870	14,129,805		No	0	Yes		90 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) CHARITABLE REMAINDER TRUST (2)	TRUST	AZ	NA						

Part V

Yes	No
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- | | | |
|-----------|------------|-----------|
| 1a | | No |
| 1b | Yes | |
| 1c | Yes | |
| 1d | | No |
| 1e | | No |

- | | | |
|-----------|------------|-----------|
| 1f | | No |
| 1g | | No |
| 1h | | No |
| 1i | | No |
| 1j | | No |
| | | |
| 1k | | No |
| 1l | | No |
| 1m | | No |
| 1n | Yes | |
| 1o | Yes | |
| | | |
| 1p | Yes | |
| 1q | Yes | |
| | | |
| 1r | | No |
| 1s | | No |

2

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) PHOENIX CHILDREN'S HOSPITAL FOUNDATION	c	11,751,370	BOOK VALUE
(2) PHOENIX CHILDREN'S HOSPITAL FOUNDATION	n	3,675,315	BOOK VALUE
(3) PHOENIX CHILDREN'S HOSPITAL FOUNDATION	p	5,294,231	BOOK VALUE
(4) CAMBRIDGE INSURANCE COMPANY	q	3,239,466	BOOK VALUE
(5) PHOENIX CHILDREN'S PROPERTY DEVELOPMENT LLC	B	3,123,675	BOOK VALUE
(6) PHOENIX CHILDREN'S CARDIOLOGY DIAGNOSTICS LLC	B	325,000	BOOK VALUE

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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII

Supplemental Information

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

Return Reference	Explanation
SCHEDULE R, PART III, COLUMN (A)	PHOENIX CHILDREN'S CARDIALOGY DIAGNOSTICS, LLC EIN 46-4850215 ADDRESS 1919 E THOMAS ROAD, PHOENIX, AZ 85016 PHOENIX CHILDREN'S PROPERTY DEVELOPMENT, LLC EIN 47-2408123 ADDRESS 1919 E THOMAS ROAD, PHOENIX, AZ 85016

Additional Data

Software ID:

Software Version:

EIN: 86-0422559

Name: Phoenix Children's Hospital

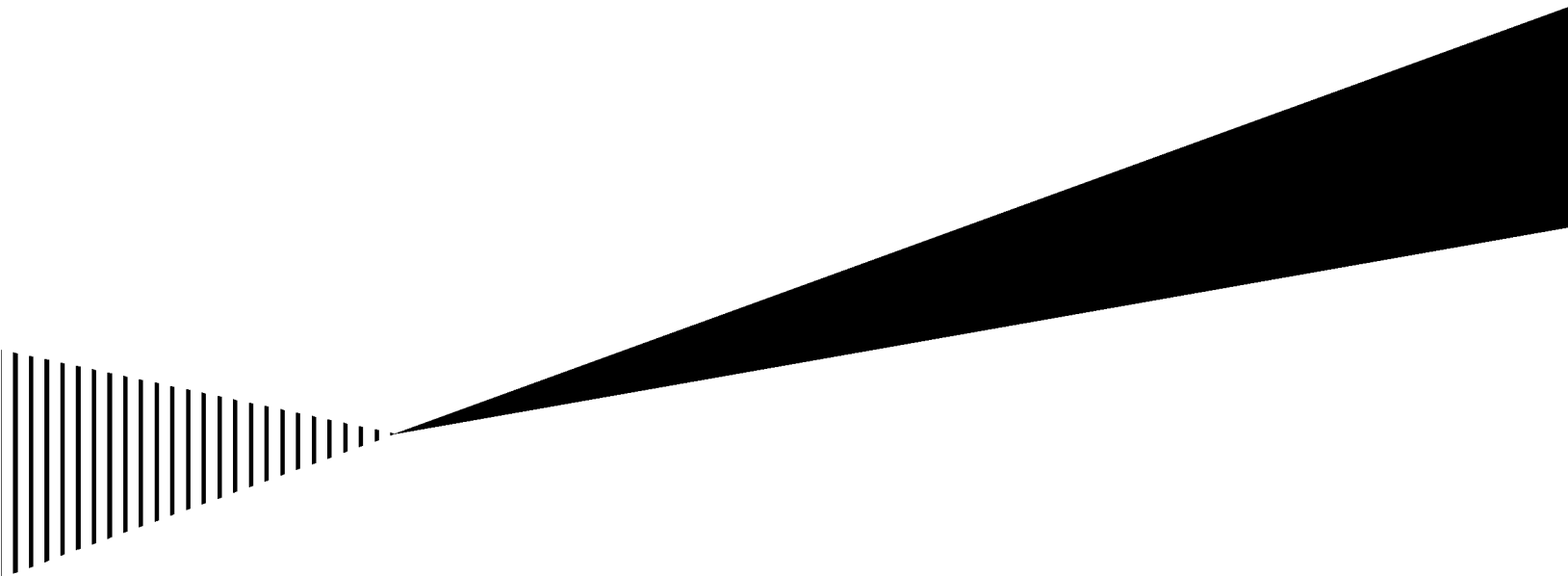
Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of related organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
PHOENIX CHILDREN'S HOSPITAL FOUNDATION	c	11,751,370	BOOK VALUE
PHOENIX CHILDREN'S HOSPITAL FOUNDATION	n	3,675,315	BOOK VALUE
PHOENIX CHILDREN'S HOSPITAL FOUNDATION	p	5,294,231	BOOK VALUE
CAMBRIDGE INSURANCE COMPANY	q	3,239,466	BOOK VALUE
PHOENIX CHILDREN'S PROPERTY DEVELOPMENT LLC	B	3,123,675	BOOK VALUE
PHOENIX CHILDREN'S CARDIOLOGY DIAGNOSTICS LLC	B	325,000	BOOK VALUE

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Phoenix Children's Hospital and Affiliates
Years Ended December 31, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



**Building a better
working world**

Phoenix Children's Hospital and Affiliates

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2014 and 2013

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Report of Independent Auditors

The Board of Directors
Phoenix Children's Hospital and Affiliates

We have audited the accompanying consolidated financial statements of Phoenix Children's Hospital and Affiliates, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phoenix Children's Hospital and Affiliates at December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Ernst + Young LLP

April 27, 2015

Phoenix Children's Hospital and Affiliates

Consolidated Balance Sheets (In Thousands)

	December 31	
	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 161,465	\$ 91,892
Short-term investments	242,318	272,569
Accounts receivable, net of allowance for doubtful accounts of \$6,844 and \$9,285 in 2014 and 2013, respectively	75,452	65,863
Contributions receivable, net	5,857	9,850
Inventory	10,709	9,416
Other current assets	7,130	14,732
Total current assets	502,931	464,322
Assets limited as to use		
Assets held by trustee	38,437	47,949
Other restricted cash and cash equivalents	87,919	39,641
Short-term investments	18,476	19,625
Charitable remainder trust investments	1,519	1,514
Endowment investments	7,068	7,029
Total assets limited as to use	153,419	115,758
Contributions receivable, less current portion	5,009	3,827
Interest rate swap assets	2,726	9,817
Deferred financing costs, net of accumulated amortization of \$2,242 and \$1,764 in 2014 and 2013, respectively	9,335	9,377
Property and equipment, net	539,485	551,883
Other long-term assets	22,887	4,187
Total assets	<u>\$ 1,235,792</u>	<u>\$ 1,159,171</u>

	December 31	
	2014	2013
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 83,480	\$ 103,024
Capital lease obligations	—	2
Bonds payable	9,000	—
Total current liabilities	92,480	103,026
Annuities payable	136	190
Interest rate swap obligations	73,870	37,602
Bonds payable, less current portion	567,493	579,556
Other liabilities	86,073	62,165
Total liabilities	820,052	782,539
Net assets		
Unrestricted	359,187	327,942
Temporarily restricted	46,507	40,472
Permanently restricted	8,176	8,218
Total Phoenix Children's Hospital net assets	413,870	376,632
Unrestricted - noncontrolling interest	1,870	—
Total net assets	415,740	376,632
Total liabilities and net assets	<u>\$ 1,235,792</u>	<u>\$ 1,159,171</u>

See accompanying notes.

Phoenix Children's Hospital and Affiliates

Consolidated Statements of Operations (In Thousands)

	Year Ended December 31	
	2014	2013
Unrestricted revenues		
Patient service revenue before provision for bad debts	\$ 709,102	\$ 645,612
Provision for bad debts	(17,352)	(16,096)
Net patient service revenue	691,750	629,516
Other operating revenue	15,252	8,749
Donations, gifts, and contributions	8,287	8,096
Net assets released from restrictions used for operations	10,229	7,491
	<u>725,518</u>	<u>653,852</u>
Expenses		
Employee compensation and benefits	330,056	310,808
Supplies, purchased services, and professional fees	223,005	194,294
Operating and other expenses	44,752	59,069
Depreciation and amortization	39,842	35,470
Interest, net	24,023	27,309
	<u>661,678</u>	<u>626,950</u>
Income from operations	63,840	26,902
Other (loss) income		
Net investment income	14,703	17,856
Loss on bond redemption	—	(2,185)
Change in fair value of interest rate swaps	(43,360)	40,815
Total other (loss) income	<u>(28,657)</u>	<u>56,486</u>
Excess of revenues over expenses	35,183	83,388
Less excess of revenues over expenses attributable to non-controlling interest	<u>1,760</u>	<u>—</u>
Excess of revenues over expenses attributable to Phoenix Children's Hospital	33,423	83,388
Net asset transfer for donor match	(5,500)	—
Net assets released from restrictions used for purchase of property and equipment	3,322	3,708
Increase in unrestricted net assets	<u>\$ 31,245</u>	<u>\$ 87,096</u>

See accompanying notes

Phoenix Children's Hospital and Affiliates

Consolidated Statements of Changes in Net Assets (In Thousands)

	Year Ended December 31	
	2014	2013
Unrestricted net assets		
Excess of revenues over expenses	\$ 33,423	\$ 83,388
Net asset transfer for donor match	(5,500)	—
Net assets released from restrictions used for purchase of property and equipment	3,322	3,708
Increase in unrestricted net assets	31,245	87,096
Noncontrolling interests		
Excess of revenues over expenses	1,760	—
Capital contribution	110	—
Increase in non-controlling interests	1,870	—
Temporarily restricted net assets		
Donations, gifts, and contributions	13,797	16,447
Net asset transfer for donor match	5,500	—
Net assets released from restrictions used for operations and purchase of property and equipment	(13,551)	(11,199)
Investment income	289	1,550
Increase in temporarily restricted net assets	6,035	6,798
Permanently restricted net assets		
Contributions and other	(42)	1,183
(Decrease) increase in permanently restricted net assets	(42)	1,183
Change in net assets	39,108	95,077
Net assets, beginning of year	376,632	281,555
Net assets, end of year	\$ 415,740	\$ 376,632

See accompanying notes.

Phoenix Children's Hospital and Affiliates

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended December 31	
	2014	2013
Operating activities		
Change in net assets	\$ 39,108	\$ 95,077
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Provision for bad debts	17,352	(16,096)
Provision for contributions receivable	1,105	5,860
Amortization of bond premium	(3,063)	—
Loss on bond redemption	—	2,185
Investments classified as trading and other restricted cash	(16,923)	(138,996)
Change in fair value of interest rate swaps	43,360	(40,815)
Depreciation and amortization	39,842	35,470
Restricted contributions received	(19,255)	(17,630)
(Increase) decrease in		
Accounts receivable	(26,941)	28,009
Contributions receivable	1,706	(5,490)
Inventory	(1,293)	(585)
Other current assets	7,602	1,675
Other long-term assets	(18,700)	6,656
(Decrease) increase in		
Accounts payable and accrued liabilities	(18,125)	(11,152)
Other liabilities	20,120	6,349
Net cash provided by (used in) operating activities	<u>65,895</u>	<u>(49,483)</u>
Investing activities		
Purchase of property and equipment	(28,491)	(25,129)
Proceeds from assets held by trustee	11,347	30,461
Purchase of assets held by trustee	(1,835)	(55,798)
Net cash used in investing activities	<u>(18,979)</u>	<u>(50,466)</u>

Phoenix Children's Hospital and Affiliates

Consolidated Statements of Cash Flows (continued)
(In Thousands)

	Year Ended December 31	
	2014	2013
Financing activities		
Proceeds from restricted contributions	\$ 19,255	\$ 17,630
Proceeds from issuance bonds payable	—	278,056
Proceeds from note payable	3,840	—
Repurchase and extinguishment of bonds payable	—	(225,000)
Payments of financing costs	(436)	(4,535)
Proceeds from credit line	—	13,000
Payments on credit line	—	(26,000)
Principal payments on capital lease obligations	(2)	(78)
Net cash provided by financing activities	<u>22,657</u>	<u>53,073</u>
Net increase (decrease) in cash and cash equivalents	69,573	(46,876)
Cash and cash equivalents, beginning of year	91,892	138,768
Cash and cash equivalents, end of year	<u>\$ 161,465</u>	<u>\$ 91,892</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 24,044</u>	<u>\$ 25,030</u>
Supplemental disclosures of noncash investing and financing activity		
Financing obligation for build-to-suit lease	<u>\$ —</u>	<u>\$ 2,057</u>
Acquisitions of property and equipment included in accounts payable and other liabilities	<u>\$ 1,525</u>	<u>\$ 1,967</u>

See accompanying notes.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements

December 31, 2014

1. Organization and Operations

Phoenix Children's Hospital (the Hospital) is Arizona's only licensed nonprofit children's hospital providing care in more than 35 pediatric specialties to the state's pediatric patients. Six Centers of Excellence at the Hospital offer interdisciplinary care, including the Center for Cancer and Blood Disorders, the Children's Heart Center, the Children's Neurosciences Institute, the Center for Pediatric Orthopedics, Trauma, and the Newborn Intensive Care Unit (NICU). The Hospital is one of the ten largest freestanding children's hospitals in the United States based on number of beds.

In addition to the Hospital's main campus near downtown Phoenix, Arizona, the Hospital operated a second 110-licensed-bed NICU in Phoenix on the campus of Banner Good Samaritan Regional Medical Center until March 31, 2013 (see Note 15). The NICU operated in close collaboration with a high-risk obstetrics program, caring for babies of high-risk pregnancies, including those born prematurely, those born with congenital anomalies, and multiple births. The Hospital continues to operate an NICU at its main campus. The Hospital opened a 22-bed pediatric unit at Mercy Gilbert Hospital (a Dignity Health hospital) in Gilbert in October 2014. The Hospital also operates four freestanding pediatric clinics in Mesa, Scottsdale, Glendale and Avondale, Arizona that offer specialty care and advanced urgent care. The Avondale clinic opened in March 2013.

The Phoenix Children's Hospital Foundation (the Foundation) was established to solicit gifts and grants, manage fundraising, and provide other philanthropic support for the Hospital, which is the sole statutory member of the Foundation. Funds raised by the Foundation are used for clinical programs, support services, charitable care coverage, research initiatives, capital programs, facility upgrades, and community outreach.

Cambridge Arizona Insurance Company (the Captive), a wholly owned subsidiary of the Hospital, provides captive insurance coverage to Phoenix Children's Hospital and related affiliates. The Captive specifically provides professional and general liability insurance pursuant to the provisions of Arizona Revised Statutes 20-1098, and has been approved by the State of Arizona Department of Insurance.

The Hospital is a member-based Arizona nonprofit corporation. In 2011, the Hospital approved a strategic affiliation with Dignity Health (Dignity), formerly Catholic Healthcare West (see Note 17). At December 31, 2014, the Hospital's members were Children's Healthcare of Arizona, Inc. (the Parent), an Arizona nonprofit holding corporation exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Dignity.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization and Operations (continued)

In the first quarter of 2013, the Hospital created a wholly owned network contracting company – Phoenix Children's Care Network (PCCN) – to facilitate future efforts to jointly contract, along with other area providers, with payors

In June 2014, the Hospital entered into two business ventures to consolidate and expand its cardiology service line. The Hospital and Obstetrix Medical Group of Phoenix, P C (OBX) formed an integrated pediatric cardiology practice named Arizona Pediatric Cardiology, LLC (APC). Simultaneously, the Hospital and APC Holdings, LLC, a wholly owned subsidiary of OBX, formed Phoenix Children's Cardiology Diagnostics LLC (PCCD) to manage the cardiology product line for the Hospital. The Hospital owns 25% of APC and accounts for changes in the value of its investment using the equity method of accounting. The Hospital owns 62.5% of PCCD, and the financial statements of PCCD are included in the consolidated financial statements of the Hospital.

In November 2014, the Hospital and the Foundation formed Phoenix Children's Property Development, LLC (PCPD), owned 90% by the Hospital and 10% by the Foundation. The financial statements of PCPD are included in the accompanying consolidated financial statements. PCPD was formed to develop and own the assets associated with the build out of the ninth floor of the Hospital tower financed pursuant to a New Markets Tax Credit financing, which closed in December 2014.

In late 2014, the Hospital entered into a binding Letter of Agreement with NantWorks, LLC and Chan Soon-Shiong Children's Medicine Institute at PCH, LLC (CSSCMI LLC) to form a business venture to provide state-of-the-art molecular profiling services to include genomic and transcriptome sequencing and proteomic analyses, computational and data management and analysis capabilities and the resulting advancement in pediatric care related thereto. The business venture will serve as a coordinator of omics analysis on behalf of the Hospital and other pediatric facilities across the country in connection with developing a national pediatric consortium. Final definitive agreements were signed in early 2015. PCH owns 49% of the business venture and will record its investment using the equity method.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Hospital and its wholly owned subsidiaries, the Foundation, the Captive, PCCN and PCPD. The Hospital also holds a controlling interest in PCCD, and its financial statements are also included within the consolidated financial statements. These entities are collectively referred to as the Company. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Use of Estimates

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

Recently Issued Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards, the Financial Accounting Standards Board (FASB) issued a new accounting standard, *Revenue from Contracts with Customers*, which amends current revenue recognition guidance. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the accounting standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for the Company on January 1, 2017. Management is currently evaluating the impact of adopting the accounting standard.

Subsequent Events

The Hospital evaluates events occurring subsequent to the end of the calendar year and recognizes such events that are material in the consolidated financial statements as required by professional standards. In the preparation of the accompanying consolidated financial statements and as further discussed herein, the Company has evaluated subsequent events through April 27, 2015, the date the consolidated financial statements were issued.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Fair Value Measurements

The carrying value of financial instruments classified as current assets and current liabilities approximate fair value due to their liquidity and short-term natures. The fair values of other financial instruments are disclosed in their respective notes.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with an original maturity of three months or less at the date of purchase. The Company invests a portion of its surplus operating funds in money market and mutual funds. These funds generally invest in highly liquid U.S. government and U.S. government agency obligations.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are presented at fair value based on quoted market prices in active markets at the balance sheet date. Short-term investments in certificates of deposit are recorded at amortized cost, which approximates market value. The Company designates its investment portfolio as "trading." Accordingly, investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends, is included in the excess of revenues over expenses, unless their use is temporarily or permanently restricted by donor stipulations or by law.

Investment and dividend income is recognized when earned.

Donor-restricted investment income is reported as an increase or decrease in temporarily restricted net assets or permanently restricted net assets, depending on the type of restriction. Realized gains and losses are calculated based upon the specific cost of the investment.

Inventory

Inventory, consisting primarily of medical supplies and pharmaceuticals, is stated at the lower of cost or market value, utilizing the first-in, first-out method of accounting.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Assets Limited as to Use

Assets limited as to use include proceeds from bonds payable held by a trustee in the interest, debt service reserve interest and revenue funds as required by the 2012A Loan and Trust Agreements and the 2013A-1, A-2, A-3 and B Loan Agreements, and, additionally, the Project Fund as required by the 2013B Loan Agreement (see Note 8) During 2014, the proceeds of the 2013B Loan Agreement were utilized as anticipated and the Project Fund was eliminated

Assets limited as to use also include charitable remainder trust investments, endowment investments, amounts held by a commercial bank as collateral against mark-to-market adjustments in accordance with the Company's swap agreements and Company-held retirement funds and donor-restricted funds included in short-term investments

The fair value of assets held by trustee, endowment investments, and charitable remainder trust investments were estimated based on quoted market prices of the investments in active markets

Derivative Instruments

The Company has various interest rate swaps that are used to manage the overall cost of borrowing These interest rate swaps do not qualify as hedges Derivatives that do not qualify as hedges must be adjusted to fair value through the consolidated statements of operations Therefore, the changes in their fair values are recognized in the consolidated statements of operations within the excess of revenues over expenses The derivative instruments and related collateral are recorded at gross fair value on the consolidated balance sheets

Property and Equipment

Property and equipment acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Equipment under capital lease obligations and leasehold improvements are amortized over the shorter period of the lease term or the estimated useful life of the asset Such amortization is included in depreciation and amortization in the consolidated statements of operations Interest cost incurred on borrowed funds during the period of construction, less interest income on qualified borrowed funds of capital assets, is capitalized as a component of the cost of acquiring those assets

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Costs incurred in the development and installation of software for internal use are expensed or capitalized, depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support at fair value on the date of donation and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service, or as specified by the donor.

Income Taxes

The Hospital, Foundation, and Captive are not-for-profit corporations that have been recognized as tax-exempt entities pursuant to Section 501(c)(3) of the Internal Revenue Code. PCCN is a single-member limited liability company whose sole member is the Hospital. PCCN is disregarded for federal income tax purposes and any activity of PCCN is reported on the tax return of the Hospital. PCPD is a limited liability company and is wholly owned by the Hospital and the Foundation, both not-for-profit corporations. PCCD is a limited liability company whose activities further the charitable purpose of the Hospital. Management is of the opinion that substantially all of the Hospital's, Foundation's, Captive's, PCCN's and PCPD's activities are related to their exempt purposes, and PCCD's activities will not result in taxable income. No material uncertain tax positions have been identified or recorded in the consolidated financial statements at December 31, 2014 or 2013. The Hospital, Foundation, and Captive each currently file a Form 990 in the U.S. federal jurisdiction and comparable forms in the state of Arizona. The Company is not subject to income tax examinations prior to 2010 in major tax jurisdictions.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Company has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Company in perpetuity.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Donor-Restricted Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in fundraising revenue. Conditional promises to give are not included as revenue until the conditions are substantially met. The promises to give are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either through the passage of time or fulfillment of purpose, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted fundraising revenue in the consolidated statements of operations.

Endowments

The Foundation's endowment consists of individual donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

Management has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. In this regard, the Foundation classifies the following as permanently restricted net assets: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) 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 in temporarily restricted net assets until those amounts are specifically considered and appropriated for expenditure by the Foundation. Decreases in the fair value of assets associated with endowment balances below the corpus of a donor's original gift are reported as adjustments to unrestricted net assets.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

The Foundation's investment and spending policy for endowment assets attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation expects its endowment funds, over time, to provide an average rate of return of at least 5% annually. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield, thereby targeting a diversified asset allocation strategy that places a greater emphasis on equity-based investments. Actual returns in any given year may vary from the Foundation's estimated rate of return.

Statements of Operations

The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets that are included in the consolidated statements of operations, but are excluded from excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that, by donor restriction, were to be used for the purposes of acquiring such assets).

Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

The Hospital records revenue in the period health care services are provided based upon the estimated amounts due from patients and third-party payors. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts before estimates for bad debts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. If uninsured patients are unable or unwilling to pay for services provided, the Hospital records a provision for bad debts related to the uninsured patients in the period the services are provided. For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of standard rates for services provided.

Laws and regulations governing Medicare and the Arizona Health Care Cost Containment System (AHCCCS) programs are complex and subject to interpretation. As a result, there is a reasonable possibility that actual results could differ from recorded estimates by a material

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

amount in the near term. Amounts received from third-party payors in excess of expected reimbursement are reflected as third-party liabilities and included in accounts payable and accrued liabilities in the consolidated balance sheets. Accounts receivable consist principally of amounts due from patient services rendered.

The allowance for doubtful accounts is based on management's assessment of historical and expected net collections of accounts receivable, considering economic conditions, trends in health care coverage, and other collection indicators. Periodically, management assesses the adequacy of the allowance based on historical write-off experience by payor category. The results of these reviews are used to make modifications to the allowance as appropriate. After satisfaction of amounts due from insurance and reasonable collection efforts have been exhausted, accounts receivable are written off and deducted from the allowance. For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of past experience, which indicates that many patients are unable or unwilling to pay the portion of the bill for which they are financially responsible. The Hospital did not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors in 2014 or 2013.

Charity and Uncompensated Care

The Hospital provides care to patients who meet certain criteria under its charity care policy, either without charge or at amounts less than its established rates. Costs of providing charity care are determined using an estimated cost-to-charge ratio. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are excluded from patient service revenue.

The Hospital modified its financial assistance policy in 2014 to update the Federal Poverty Level, a component in its financial assistance calculation, and to add the disclosure that the Hospital's policy complied with the Affordable Care Act. In addition, the Hospital's Financial Counseling Policy was modified to incorporate additional disclosures about alternatives for families seeking financial assistance.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

The Hospital also provides services to other indigent patients under AHCCCS, which reimburses at amounts less than the cost of the services provided to the recipients. The difference between the cost of services provided to these indigent persons and the expected reimbursement is included in the estimated cost of uncompensated care. In 2012, AHCCCS received approval of a Safety Net Care Pool waiver from the Centers for Medicare & Medicaid Services (CMS). CMS renewed the approval in 2013 and 2014. Under this waiver, the Hospital received AHCCCS funding involving intergovernmental transfer payments that offset a significant portion of the shortfall in reimbursement for providing care to AHCCCS patients.

Reclassification

Approximately \$17,715,000 in the accompanying 2013 consolidated financial statements has been reclassified from cash and cash equivalents to other restricted cash and cash equivalents within assets limited as to use to conform to the 2014 presentation. Such reclassification had no impact on net assets previously reported.

3. Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, short-term investments, assets held by trustee, charitable remainder trust and endowment investments and patient accounts receivable.

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

The Hospital provides health care services and grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. An estimated allowance for doubtful accounts, as well as contractual allowances, is maintained at levels considered adequate to reduce the account balances to net realizable value.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

3. Concentrations of Credit Risk (continued)

The mix of gross accounts receivable from patients and third-party payors at December 31 was as follows

	2014	2013
AHCCCS	51%	50%
Contracted health care agreements	41	39
Other commercial payors	4	2
Patients and other	4	9
	100%	100%

The Hospital's allowance for doubtful accounts decreased from \$9.3 million at December 31, 2013, to \$6.8 million at December 31, 2014. The 2014 allowance for doubtful accounts was 9.1% of accounts receivable, decreasing from 14.1% of accounts receivable in 2013. The decrease was the result of changes to the Hospital's process of transferring patient accounts to a third-party collection company to accelerate follow-up collection activities. Write-offs of patient accounts increased \$1,129,000 from \$24,458,000 for 2013 to \$25,587,000 for 2014.

4. Investments and Assets Limited as to Use

Short-term investments and endowment investments comprised money market funds, mutual funds, and certificates of deposit at both December 31, 2014 and 2013. In December 2014 the Hospital converted several fixed income mutual funds to direct purchases of fixed income securities through a third party fixed income manager.

Net investment income included in other income consisted of the following for the years ended December 31 (in thousands):

	2014	2013
Net investment income		
Interest and dividend income, net	\$ 12,463	\$ 8,570
Realized gain (loss) on sales of securities	3,210	(619)
Net unrealized (loss) gain	(970)	9,905
	\$ 14,703	\$ 17,856

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

4. Investments and Assets Limited as to Use (continued)

An independent third-party trustee, designated in the 2012A Loan and Trust Agreements under which the Hospital's Series 2012A Bonds were issued, is the custodian of certain assets designated under the Hospital's Series 2012A Bonds and the Hospital's Series 2013 A-1, 2013 A-2, 2013 A-3, and 2013B Bonds. At December 31, assets held in trust by the third-party trustee were designated as follows (in thousands)

	2014	2013
2012A Debt Service Reserve Fund	\$ 22,969	\$ 22,168
2013 Reserve Funds	14,502	13,852
2013 Expense Funds	—	218
2013 Interest Funds	797	363
2013 Revenue Fund	169	—
2013B Project Fund	—	11,348
	\$ 38,437	\$ 47,949

Other restricted cash, short-term investments, endowment, and charitable remainder trust investments are designated as follows at December 31 (in thousands)

	2014	2013
Swap collateral	\$ 52,025	\$ 12,895
Donor-restricted	39,702	35,833
Deferred compensation	23,255	19,081
	\$ 114,982	\$ 67,809

The Foundation held approximately \$7,068,000 and \$7,029,000 in 2014 and 2013, respectively, in endowments that were classified as permanently restricted. The endowment portfolio incurred net unrealized (losses) gains of (\$861,000) and \$645,000 in 2014 and 2013, respectively.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

5. Contributions Receivable

Contributions receivable consisted of the following at December 31 (in thousands)

	2014	2013
Amounts due in		
Less than one year	\$ 6,645	\$ 9,850
Greater than one year	7,367	12,405
Total	14,012	22,255
Less allowance for uncollectible contributions and present value discount	(3,146)	(8,578)
Contributions receivable, at net present value	10,866	13,677
Less current portion, at net present value	(5,857)	(9,850)
Long-term contributions receivable, at net present value	\$ 5,009	\$ 3,827

As of December 31, 2014 and 2013, approximately \$1,473,000 and \$3,286,000, respectively, of the contributions receivable at net present value were from parties affiliated with the Company

6. Property and Equipment

Property and equipment consisted of the following at December 31 (in thousands)

	2014	2013
Land and land improvements	\$ 38,720	\$ 38,720
Buildings and improvements	529,343	526,515
Leasehold improvements	8,979	8,979
Equipment	151,286	133,127
Assets under capital lease obligations	25,108	25,108
	753,436	732,449
Less accumulated depreciation and amortization	(243,809)	(204,556)
	509,627	527,893
Construction in progress	29,858	23,990
	\$ 539,485	\$ 551,883

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Property and Equipment (continued)

Accumulated amortization for amounts under capital lease obligations totaled approximately \$12,430,000 and \$11,918,000 at December 31, 2014 and 2013, respectively

The Hospital capitalizes costs associated with software developed internally or obtained for internal use. Such capitalized costs (included in equipment) totaled approximately \$23.0 million and \$22.9 million as of December 31, 2014 and 2013, respectively. Capitalized software development costs are amortized on a straight-line basis, based upon an estimated useful life of 3 to 10 years for the related asset, beginning when the asset is ready for its intended use. Amortization of capitalized software development costs for the years ended December 31, 2014 and 2013, totaled approximately \$153,000 and \$55,000, respectively.

Included in property and equipment is capitalized interest. No interest was capitalized or added to property and equipment in 2014 or 2013.

7. Accounts Payable, Accrued Liabilities, and Other

Accounts payable and accrued liabilities consisted of the following at December 31 (in thousands):

	2014	2013
Trade accounts payable	\$ 49,932	\$ 60,899
Accrued liabilities	29,646	30,060
Accrued payroll and benefits	3,902	12,065
	<u>\$ 83,480</u>	<u>\$ 103,024</u>

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

8. Long Term Debt

Long-term debt consists of long-term bonds payable and a long-term note payable

Long-term bonds payable consisted of the following at December 31 (in thousands)

	2014	2013
Series 2012A Bonds	\$ 284,605	\$ 284,605
Series 2013A-1 Bonds	75,000	75,000
Series 2013A-2 Bonds	75,000	75,000
Series 2013A-3 Bonds	75,000	75,000
Series 2013B Bonds	50,000	50,000
Series 2012A Bonds original issue premium	13,578	16,421
Series 2013B Bonds original issue premium	3,310	3,530
	576,493	579,556
Less current portion	(9,000)	—
Bonds payable, long-term portion	<u>\$ 567,493</u>	<u>\$ 579,556</u>

On September 1, 2012, in connection with a refinancing plan for its Series 2007 Bonds, the Hospital issued \$284.6 million of Series 2012A Revenue Refunding Bonds (Series 2012A Bonds) through the Arizona Health Facilities Authority (the Authority) to repurchase and extinguish \$225.0 million of the then-outstanding Series 2007 Bonds and to reduce the notional amount on three of the Hospital's outstanding interest rate swap arrangements (see Note 9). The Series 2012A Bonds were sold with an original issue premium of \$17.1 million.

The Series 2012A Bonds are collateralized by substantially all of the Hospital's assets under, and pursuant to, a Master Trust Indenture (2012A MTI) dated September 1, 2012. The 2012A Bonds bear interest at a weighted-average fixed rate of 4.57%. The Hospital is required to pay interest only until 2015 when principal payments on the Series 2012A Bonds will become payable in varying annual installments. On February 1, 2022, the Hospital can call all of the Series 2012A Bonds maturing after February 1, 2023, for par and any accrued interest. The 2012A Bonds maturing on February 1, 2027, are also subject to mandatory redemption prior to their stated maturity from the Hospital's sinking fund, in installments ranging from \$7.6 million to \$15.0 million.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

8. Long Term Debt (continued)

The 2012A MTI also requires the Hospital to maintain a debt service reserve fund to be used by the trustee, if required, to make payments on its Series 2012A Bonds. Amounts held in the debt service reserve fund are classified as assets whose use is limited at December 31, 2014 and 2013.

In February 2013, the Hospital completed the refinancing plan for its Series 2007 Bonds by issuing three series of 2013A Revenue Refunding Bonds (Series A-1, A-2 and A-3, collectively, the Series 2013A Bonds) and issuing Series 2013B Revenue Bonds (the Series 2013B Bonds) (the Series 2013A Bonds and the Series 2013B Bonds are collectively referred to as the Series 2013 Bonds). The 2013A-1, A-2, and A-3 Bonds were issued for \$75 million for each series and the 2013B Bonds were issued for \$50 million. All of the Series 2013 Bonds were issued through the Authority to refund and extinguish the remaining \$225 million Series 2007 Bonds and to provide funding for new projects, most notably the buy-out of operating leases entered into to furnish and equip the new patient service tower completed in 2011. The Series 2013A Bonds are variable rate and bear interest at the Securities Industry and Financial Markets Association (SIFMA) Index, a rate determined on the basis of the seven-day high-grade market index of tax-exempt variable-rate demand obligations, plus 1.85%. The Series 2013A-1 and A-2 Bonds are subject to mandatory tender in February 2020 and the Series 2013A-3 Bonds are subject to mandatory tender in February 2023. The 2013B Bonds bear interest at a weighted-average fixed rate of 4.31%. The Hospital is required to pay interest only until 2021 when principal payments on the Series 2013B Bonds will become payable in varying annual installments, and all of the Series 2013 Bonds mature by February 2048. The Series 2013 Bonds are equally collateralized with the Series 2012A Bonds by substantially all of the Hospital's assets under, and pursuant to, the 2012A MTI as supplemented by the Series 2013A and 2013B loan agreements.

The Hospital recognized a \$2.2 million loss on extinguishment for the Series 2007 Bonds in 2013.

Future maturities of Series 2012A and Series 2013 Bonds payable at December 31, 2014, are as follows (in thousands):

2015	\$ 9,000
2016	9,225
2017	9,555
2018	9,995
2019	10,510
Thereafter	511,320
	<u>\$ 559,605</u>

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

8. Long Term Debt (continued)

The Master Trust Indenture and the Loan and Trust Agreements for the Series 2012A Bonds and Series 2013 Bonds contain certain restrictive covenants, including, but not limited to, the following restriction of the incurrence of additional borrowings, maintenance of defined liquidity ratios, such as maximum annual debt service coverage ratio and days cash on hand ratio, maintenance of tax-exempt status, and the delivery of audited financial statements within 150 days of the Company's fiscal year-end

The Company is in compliance with all covenants discussed above as of December 31, 2014

With the issuance of the Series 2013 Bonds, all obligations of the Series 2007 Bonds, including all covenants and pledges, were removed in favor of the requirements of the Series 2012A and Series 2013 Bonds

In December 2014, the Hospital completed a transaction whereby it contracted to finance the build out of its ninth floor for additional medical-surgical capacity, to be completed in 2015. The financing transaction involved New Markets Tax Credits (NMTC), a program instituted by the Internal Revenue Service and U.S. Treasury to spur additional investment and additional employment in low income areas. In connection with this financing, the Hospital provided a loan of \$8.4 million to the sponsoring community development entity to partially fund the transaction, resulting in a note receivable for the Hospital of \$8.4 million. Two notes payable were recorded by Phoenix Children's Property Development, LLC, a \$3.8 million, 30-year note at a fixed interest rate of 1.79% with initial principal payment due 2022 and an \$8.4 million, 7-year note at a fixed interest rate of 1.79% with payment due upon maturity.

9. Interest Rate Swaps

In 2006, the Company entered into four forward-dated interest rate swaps to economically hedge a variable rate of interest to be paid in connection with the January 1, 2007, issuance of the Series 2007 Bonds. In conjunction with the Series 2012A Bond financing, the Hospital paid \$52.7 million to amend and reduce the first, second, and third swaps' notional amounts by \$112.5 million, \$75.0 million, and \$50.0 million, respectively. Concurrent with the issuance of the Series 2013 Bonds, the first three swap agreements were further amended to change the variable receiving rate component from the London Interbank Offered Rate (LIBOR) to the SIFMA Municipal Swap Index and increase the fixed payment rate for seven years. This change was to better align the economics of these remaining swaps with the Series 2013 Bonds. At the end of seven years, the payment rates for all amended swaps revert back to the rates in effect prior to the amendment.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

9. Interest Rate Swaps (continued)

The first swap agreement hedges a notional amount of \$112.5 million (the First Swap). Until the amendment concurrent with the issuance of the Series 2013 Bonds, the Company paid a 4.728% fixed rate and received 64.5% of the one-month LIBOR plus 1.145% from the counterparty. As of the date of issuance of the Series 2013 Bonds, the fixed-rate portion was changed to 4.997%.

The second swap agreement hedges a notional amount of \$62.5 million (the Second Swap). Until the amendment concurrent with the issuance of the Series 2013 Bonds, the Company paid a 4.577% fixed rate and received 64.5% of the one-month LIBOR plus 0.995%. As of the date of the issuance of the Series 2013 Bonds, the fixed-rate portion was changed to 4.844%.

The third swap hedges a notional amount of \$50 million (the Third Swap). Until the amendment concurrent with the issuance of the Series 2013 Bonds, the Hospital paid a 4.519% fixed rate and received 64.5% of the one-month LIBOR plus 1.145% from the counterparty. As of the date of the issuance of the Series 2013 Bonds, the fixed-rate portion of the swaps was changed to 4.785%.

The fourth swap is a basis swap with an initial notional amount of \$225 million (the Basis Swap). The Hospital pays 67% of the one-month LIBOR plus 0.50% and receives 67% of the five-year USD ISDA Swap Rate plus 0.234% from the counterparty. The notional amount of the Basis Swap decreases over the term of the agreement.

The First Swap, Second Swap, and Third Swap all expire on February 1, 2042. The Basis Swap expires on January 5, 2041. All four of the Hospital's interest rate swap agreements require the Company to post collateral when the combined mark-to-market value of the swaps exceed a net liability threshold as determined by the Company's credit rating and the Company's days cash on hand ratio, up to a maximum posting threshold of \$80.0 million. The threshold was \$20.0 million at both December 31, 2014 and 2013. At December 31, 2014 and 2013, the Hospital had collateral outstanding with a counterparty of approximately \$52.0 million and \$12.9 million, respectively, which is included in assets limited as to use as other restricted cash and cash equivalents.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

9. Interest Rate Swaps (continued)

The fair value of the swaps is determined based on contractual terms and discounted at the prevailing swap curve on the respective valuation date. The mark-to-market adjustment for these swaps during 2014 and 2013 totaled approximately (\$43.4 million) and \$40.8 million, respectively, as presented in the accompanying consolidated statements of operations. The net effect of the interest rate swaps recorded in interest expense was to increase the overall cost of borrowing in 2014 and 2013 by approximately \$6.7 million and \$7.3 million, respectively. All of the Company's derivative instruments were in liability positions except for the Basis Swap, which was in an asset position at December 31, 2014 and 2013.

10. Fair Value of Financial Instruments

Fair value is defined as an exit price and represents the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Company utilizes the following three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities

Level 2 – Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 – Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparables, third-party appraisals, discounted cash flow models, and fund manager estimates.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

10. Fair Value of Financial Instruments (continued)

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. Where more than one technique is noted, individual assets or liabilities were valued using one or more of the noted techniques. The valuation techniques are as follows:

- (a) *Market approach* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- (b) *Cost approach* Amount that would be required to replace the service capacity of an asset or liability (replacement cost)
- (c) *Income approach* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option pricing, and excess earnings models)
- (d) The table on the following page provides information about the Company's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2014 and 2013 (in thousands)

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

10. Fair Value of Financial Instruments (continued)

	December 31 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique (a, b, c)
<i>(In Thousands)</i>					
Assets					
Cash and cash equivalents	\$ 95,256	\$ 95,256	\$ —	\$ —	a
Mutual funds – domestic	112,917	112,917	—	—	a
Mutual funds – foreign	64,522	64,522	—	—	a
Government mortgage-backed securities	23,586	—	23,586	—	a
Corporate bonds	28,025	—	28,025	—	a
Foreign government obligations	2,291	—	2,291	—	a
U S government agency obligations	93,831	—	98,831	—	a
Pending trades	(24,691)	—	(24,691)	—	a
Interest rate swap	2,726	—	2,726	—	a
Total assets	<u>\$ 398,463</u>	<u>\$ 272,695</u>	<u>\$ 125,768</u>	<u>\$ —</u>	
Liabilities					
Interest rate swaps	73,870	—	73,870	—	a
Total liabilities	<u>\$ 73,870</u>	<u>\$ —</u>	<u>\$ 73,870</u>	<u>\$ —</u>	

	December 31 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique (a, b, c)
<i>(In Thousands)</i>					
Assets					
Cash and cash equivalents	\$ 39,637	\$ 39,637	\$ —	\$ —	a
Mutual funds – domestic	252,734	252,734	—	—	a
Mutual funds – foreign	95,956	95,956	—	—	a
Interest rate swap	9,817	—	9,817	—	a
Total assets	<u>\$ 398,144</u>	<u>\$ 388,327</u>	<u>\$ 9,817</u>	<u>\$ —</u>	
Liabilities					
Interest rate swaps	37,602	—	37,602	—	a
Total liabilities	<u>\$ 37,602</u>	<u>\$ —</u>	<u>\$ 37,602</u>	<u>\$ —</u>	

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

10. Fair Value of Financial Instruments (continued)

As of December 31, 2014, the Company had pending trade activity amounting to approximately \$24,692,000 for purchases primarily related to government mortgage-backed securities. The Company converted previously held mutual funds in order to purchase these securities, and the purchases of these securities had not settled as of year end.

The Foundation received restricted contributions amounting to approximately \$4,820,000 and \$15,936,000 for the years ended December 31, 2014 and 2013, respectively, that were subject to fair value measurement on a nonrecurring basis. The restricted contributions were measured based on the actual cash received, or for pledge receivables, using discounted cash flow projections (Level 2), as outlined in the income valuation approach.

As of December 31, 2014 and 2013, the estimated fair value of the Company's debt was \$595.5 million and \$543.4 million, respectively. The estimated fair value of the Company's debt was based on quoted market prices in inactive markets (Level 2).

There are no other financial instruments subject to fair value measurement on a recurring basis.

There are no financial instruments subject to Level 3 fair value measurements in either 2014 or 2013.

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period. There were no transfers between levels for either of the years ended December 31, 2014 or 2013. As of December 31, 2014 and 2013, the fair value of the swap assets and liabilities was primarily determined using techniques that are consistent with the income approach. Significant observable inputs include municipal bonds, market credit reports, treasury yields and maturity dates.

11. Retirement Plans

401(k) Plan

The Company sponsors a defined contribution 401(k) plan (the Plan). For employees meeting certain eligibility requirements, the Plan permits each participant to contribute up to 30% of eligible compensation on a pretax basis, subject to federally mandated dollar maximums. Under the terms of the Plan, the Company is required to provide a matching contribution for employees who meet service eligibility requirements equal to a portion of the employee's contribution each year, up to a maximum of 4% of the employee's eligible compensation. Contributions by the Company totaled approximately \$7,451,000 and \$6,885,000 in 2014 and 2013, respectively.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

11. Retirement Plans (continued)

The increase in contributions was primarily due to a slight increase in employees participating in the Plan and higher compensation levels resulting in higher matches. All participants are fully vested in the plan.

SERP Plan

The Hospital provides a deferred compensation plan (the SERP Plan) for the exclusive benefit of certain employees who are among a select group of management or highly compensated employees. The board of directors selects those employees who are eligible to become participants in the SERP Plan. The Hospital contributes to the SERP Plan an amount equal to a percentage of the compensation paid to each participant during the plan year, as indicated in the SERP Plan documents. Each participant may make compensation reduction contributions in accordance with rules set forth in the SERP Plan documents. A participant becomes fully vested in his or her account upon one of the following events: retirement date, disability before separation from service, involuntary separation from service (other than for cause), or death, as described in the SERP Plan documents.

Employer contributions during 2014 and 2013 were approximately \$746,000 and \$740,000, respectively. At December 31, 2014 and 2013, the SERP Plan investment and liability balances were approximately \$2,003,000 and \$1,451,000, respectively.

Deferred Compensation Plan

The Hospital provides a deferred compensation plan (the 457 Plan) for a select group of management or highly compensated employees. The Hospital contributes, for the benefit of each participant under the 457 Plan, an amount equal to a percentage of the compensation paid to each participant during the plan year, as identified in the 457 Plan document or as determined, as it may be from time to time, by action of the board of directors. The Hospital's contribution for a plan year shall not exceed the lesser of \$15,000 (or such greater dollar limit as may be in effect under Section 457(e) of the Internal Revenue Code – the levels for 2014 and 2013 are \$17,500 for both years) or 100% of the participant's includable compensation for the year. All participants are fully vested in the plan. Hospital contributions during 2014 and 2013 were approximately \$2,895,000 and \$2,668,000, respectively. At December 31, 2014 and 2013, the 457 Plan investment and liabilities were approximately \$20,401,000 and \$16,943,000, respectively.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

12. Temporarily and Permanently Restricted Net Assets

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

	2014	2013
Health care services		
Patient care programs	\$ 32,210	\$ 35,240
Purchase of property and equipment	12,967	3,956
Charitable remainder trusts, net	1,330	1,276
	\$ 46,507	\$ 40,472

Permanently restricted net assets, including pledges, of approximately \$8,176,000 and \$8,218,000 at December 31, 2014 and 2013, respectively, are restricted to investments to be held in perpetuity, certain income from which is expendable to support various pediatric hospital programs

13. Net Patient Service Revenue

Approximately 52.2% and 52.0% of net patient service revenue before provision for bad debts in 2014 and 2013, respectively, was derived from AHCCCS. Under this program, payment for certain services rendered to AHCCCS patients is reimbursed on a basis other than billed charges. The Hospital also provides services to the beneficiaries of certain other payors at amounts other than published rates. The difference between charges generated by the patients and the amount reimbursable is recorded as a contractual adjustment.

Patient service revenue, net of contractual allowances and discounts and before the provision for bad debts, recognized from major payor sources for the years ended December 31, is as follows (in thousands)

	2014	2013
AHCCCS	\$ 369,634	\$ 335,562
Contracted health care agreements	270,591	256,824
Other commercial payors	8,333	8,402
Patients and other	60,544	44,824
	\$ 709,102	\$ 645,612

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

13. Net Patient Service Revenue (continued)

For the years ended December 31, 2014 and 2013, the Hospital was allocated approximately \$1,983,000 and \$1,328,000, respectively, in disproportionate share payments from AHCCCS. The Hospital also received funds for graduate medical education for children's hospitals (a federal program) for the year ended December 31, 2014 and 2013, of \$1,657,000 and \$1,841,000, respectively. The Hospital did not receive direct AHCCCS funding for graduate medical education in 2014 or 2013.

During 2010, the Hospital entered into an academic affiliation agreement with the University of Arizona. As part of this affiliation, the University of Arizona entered into an intergovernmental transfer agreement with AHCCCS in accordance with Arizona House Bill 2116, enacted into law in April 2010. As a result of the intergovernmental transfer agreement, the Hospital has recorded \$4,240,000 and \$6,955,000 in graduate medical education funding during the years ended December 31, 2014 and 2013, respectively.

During 2012, the Hospital received documents evidencing the final agreement between AHCCCS and CMS to fund a Safety Net Care Pool through the end of calendar year 2013. The Arizona legislature has authorized the extension of the Safety Net Care Pool for the Hospital through 2017, and CMS has approved the extension through the end of 2014. The Hospital received funding through the intergovernmental transfer agreement with the University of Arizona, excluding payments for graduate medical education and disproportionate share funds, of \$82.7 million and \$23.6 million during the years ended December 31, 2014 and 2013, respectively.

In 2013, a City of Phoenix Provider Assessment was authorized by the Phoenix City Council whereby hospitals within the boundaries of the city of Phoenix were assessed a portion of their inpatient revenues. The City of Phoenix then made these funds available to AHCCCS through intergovernmental transfer agreements as a funding source for Safety Net Care Pool Funding. The Hospital received \$91.2 million from this program in 2013. Payments made in accordance with the City of Phoenix Provider Assessment of approximately \$17.1 million were recorded as operating and other expenses in 2013. The program was terminated at the end of 2013. Subsequent to the termination of the program, the Hospital received notice from AHCCCS that an additional \$12.6 million was available from this program from funds previously held back pending final determination of available funding amounts. The additional funding was recorded as a reduction of contractual adjustments in 2014.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

13. Net Patient Service Revenue (continued)

In 2014, the City of Phoenix created a program whereby donations could be made by non-provider donors independent of the Hospital to the City of Phoenix Pediatric Health Care Initiative. Under this program funds donated to the City of Phoenix Pediatric Health Care Initiative could be transferred by the City to AHCCCS to be used as the non-federal share of Safety Net Care Pool payments to the Hospital. Approximately \$16.5 million in donations to this initiative were made in 2014, resulting in funding through the Safety Net Care Pool alternative funding program to the Hospital in 2014 of approximately \$50 million.

The policy of the Hospital is to reflect disproportionate share funds, graduate medical education funding, and other intergovernmental transfer funding as offsets to contractual adjustments. Accordingly, these amounts have been included in net patient service revenue. The estimation of funding levels to be received from the Safety Net Care Pool through use of intergovernmental funding is uncertain and subject to change until such time as CMS and AHCCCS have reviewed required filings for completeness and propriety of expenditures. Management has made estimates and assumptions based on its past experience in these programs to determine the recorded funding levels, but actual results may differ from the estimates. The continuation of these programs beyond the dates approved by CMS cannot be determined with any certainty.

14. Charity and Uncompensated Care

The shortfall of reimbursements received from AHCCCS for the cost of providing medical care to AHCCCS patients is classified by the Company as uncompensated care, after applying proceeds of alternative funding arrangements, generally made through intergovernmental transfer agreements to partially offset the costs not directly reimbursed. Unreimbursed costs for services and supplies provided under the Company's charity care policy, including uncompensated care, for the years ended December 31, are as follows (in thousands):

	2014	2013
Charity care	\$ 3,547	\$ 3,506
AHCCCS uncompensated cost of care	148,849	138,880
	152,396	142,386
Alternative funding for current year	(125,186)	(121,856)
Net charity and uncompensated care	\$ 27,210	\$ 20,530

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

14. Charity and Uncompensated Care (continued)

In addition to the funding included in the table above, the Hospital received approximately \$26,326,000 and \$18,101,000 of funding during the years ended December 31, 2014 and 2013, respectively, which related to prior years' charity and AHCCCS uncompensated cost of care

15. NICU Lease

Through March 31, 2013, the Hospital leased space on the campus of Banner Good Samaritan Medical Center in Phoenix, Arizona (Banner), where it operated a 110-bed NICU. In connection with the lease agreement, the Hospital prepaid a one-time lease fee of \$10 million in 2002, which was amortized ratably over the term of the lease. In January 2013, the Company and Banner reached an agreement wherein the lease with Banner for the NICU would be terminated effective March 31, 2013. Under the terms of the agreement, Banner paid the Company for unamortized tenant improvements incurred by the Company at the Banner NICU. The agreement also provided for the sale, by the Company, of certain assets used at that location. The Company received approximately \$16.9 million from Banner in 2013 as payment for all amounts owed the Company under the agreement.

16. Functional Expenses

The Hospital provides comprehensive health care services to children within its geographical location. Expenses related to providing these services were as follows as of December 31 (in thousands):

	<u>2014</u>	<u>2013</u>
Health care services	\$ 461,587	\$ 435,443
Nonclinical and support services, including general and administrative	194,174	186,101
Fundraising	5,917	5,406
	<u>\$ 661,678</u>	<u>\$ 626,950</u>

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

17. Strategic Affiliation with Dignity Health

In 2011, the Hospital entered into a contribution agreement (the Contribution Agreement) with Dignity wherein Dignity agreed, upon execution of a subsequent affiliation agreement, to transfer and contribute its Maricopa County, Arizona-based pediatric services business (the Pediatrics Business) to the Hospital in return for a 20% membership interest in the Hospital. Commensurate with the execution of the Contribution Agreement, the Hospital changed from a non-member-based Arizona nonprofit corporation to a member-based Arizona nonprofit corporation. Simultaneously with this change, the Hospital's sole member became Children's Healthcare of Arizona Inc., (the Parent) an Arizona nonprofit holding corporation exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Effective June 1, 2011, the Parent and the Hospital entered into an affiliation agreement (the Affiliation Agreement) whereby the Parent agreed to assign and transfer to Dignity a 20% member interest in the Hospital consistent with the terms of the Contribution Agreement. The Hospital agreed to make future distributions of its available free cash flow, if any, in proportion to the Parent's and Dignity's membership interests, to the extent such distributions would not result in a violation of any Hospital debt covenants and subject further to Hospital Board approval of all distributions. The Affiliation Agreement allows the Hospital to request capital contributions from its members. The Affiliation Agreement also specifies certain actions of the Hospital that require approval of the members. No distributions or capital contributions were made or required to be made during 2014 or 2013.

Beginning on the fifteenth anniversary of the Affiliation Agreement, and each five-year anniversary thereafter, each member has the right to put/call to the other member its outstanding membership interest based on the then fair market value of the Hospital, as defined in the Affiliation Agreement. The put/call rights can also be exercised in the event of adverse changes at either member. Such put/call rights are considered to be embedded financial instruments in the Hospital's membership interests but do not meet the definition of a derivative and, therefore, have not been accounted for separately.

18. Commitments and Contingencies

Lease Commitments

The Hospital leases office facilities, outpatient clinics, and equipment under noncancelable capital and operating leases.

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

18. Commitments and Contingencies (continued)

In 2007, under a long-term lease agreement, the Hospital leased 3.73 acres of land to be used for the expansion of the Hospital's operations (the Thomas Street Expansion). The initial lease term is 75 years, with a 24-year optional extension.

Additionally, the Hospital has a 20-year operating lease agreement for its East Valley Ambulatory and Urgent Care facility (East Valley) that opened in December 2007. The monthly base rent for the lease increased in 2013 from prior years' rent due to the opening of a surgery center at East Valley.

During 2013, as a result of the issuance of the Series 2013B Bonds, the Hospital began to buy out numerous operating leases entered into to acquire the use of various pieces of furniture and equipment, particularly in conjunction with the completion of the new patient tower in mid-2011. As of December 31, 2014, all available funds of the Series 2013B Project Fund monies had been expended toward that purpose and the Project Fund was closed out.

Rental expense under operating leases for the years ended December 31, 2014 and 2013, totaled approximately \$6.8 million and \$15.2 million, respectively.

Future minimum rental commitments under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2014, were as follows (in thousands):

	<u>Operating</u>
2015	\$ 7,213
2016	6,653
2017	6,483
2018	5,072
2019	4,553
Thereafter	88,525
Total minimum lease payments	<u>\$ 118,499</u>

Phoenix Children's Hospital and Affiliates

Notes to Consolidated Financial Statements (continued)

18. Commitments and Contingencies (continued)

Self-Insurance Liabilities

Prior to January 1, 2008, the Hospital maintained insurance coverage on an occurrence basis for professional malpractice claims and general liability, with no deductible, through an external insurance company. Excess professional and general liability insurance coverage was maintained for claims exceeding per-occurrence limits.

Beginning in January 2008, the Hospital obtained insurance through a combination of purchased and self-insurance programs for professional malpractice, general liability, and employee health insurance claims. Under its self-insured professional malpractice and general liability programs, the Hospital contributes actuarially determined amounts to the Captive to fund estimated ultimate losses.

The self-insured, claims-made professional malpractice and general liability coverage has a limit of \$3 million per claim and a \$12 million annual aggregate. Claims in excess of this self-insured retention are insured through excess liability policies up to an aggregate of \$50 million. The Company purchases claims-made insurance to cover workers' compensation claims. 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.

Industry and Regulatory Environment

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

Supplementary Information



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Report of Independent Auditors on Supplementary Information

The Board of Directors
Phoenix Children's Hospital

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Phoenix Children's Hospital and Affiliates as of December 31, 2014 and 2013, and for the years then ended, taken as a whole. The accompanying 2014 and 2013 consolidating balance sheets, statements of operations, and statements of changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

April 27, 2015

Phoenix Children's Hospital and Affiliates

Consolidating Balance Sheets
(In Thousands)

	December 31, 2014							December 31, 2013						
	PC H	Captive	Foundation	PC C D	PC PD	Eliminations	Total	PC H	Captive	Foundation	PC C D	PC PD	Eliminations	Total
Assets														
Current assets														
Cash and cash equivalents	\$ 130,952	\$ 1,549	\$ 9,164	\$ 4,804	\$ 14,996	\$ —	\$ 161,465	\$ 64,007	\$ 1,543	\$ 20,252	\$ —	\$ —	\$ —	\$ 91,802
Short-term investments	238,379	—	3,939	—	—	—	242,318	205,805	—	6,674	—	—	—	212,500
Accounts receivable - net	75,452	—	—	—	—	—	75,452	65,863	—	—	—	—	—	65,863
Contributions receivable - net	—	—	5,857	—	—	—	5,857	—	—	9,850	—	—	—	9,850
Inventory	10,709	—	—	—	—	—	10,709	9,416	—	—	—	—	—	9,416
Other current assets	6,245	505	353	27	—	—	7,130	14,005	404	323	—	—	—	14,732
Due (to) from affiliate	(58,269)	14,360	43,593	316	—	—	—	(28,016)	11,502	16,514	—	—	—	—
Total current assets	403,468	16,414	62,906	5,147	14,996	—	502,931	391,260	13,440	50,613	—	—	—	464,322
Assets limited as to use														
Assets held by trustee	38,437	—	—	—	—	—	38,437	47,040	—	—	—	—	—	47,040
Other restricted cash and cash equivalents	63,227	—	24,692	—	—	—	87,919	21,926	—	17,715	—	—	—	39,641
Short-term investments	15,825	—	2,651	—	—	—	18,476	13,221	—	6,404	—	—	—	19,625
Charitable remainder trust investments	—	—	1,519	—	—	—	1,519	—	—	1,514	—	—	—	1,514
Endowment investments	—	—	7,068	—	—	—	7,068	—	—	7,020	—	—	—	7,020
Total assets limited as to use	117,489	—	35,930	—	—	—	153,419	83,006	—	32,662	—	—	—	115,758
Contributions receivable - net - less:														
current portion	—	—	5,009	—	—	—	5,009	—	—	3,827	—	—	—	3,827
Interest rate swap assets	2,726	—	—	—	—	—	2,726	9,817	—	—	—	—	—	9,817
Deferred financing costs - net	8,974	—	—	—	361	—	9,335	9,377	—	—	—	—	—	9,377
Property and equipment - net	539,088	—	—	54	343	—	539,485	551,883	—	—	—	—	—	551,883
Other long-term assets	28,041	—	347	—	—	(5,501)	22,887	5,802	—	—	—	—	(1,705)	4,187
Total assets	\$ 1,099,786	\$ 16,414	\$ 104,192	\$ 5,201	\$ 15,700	\$ (5,501)	\$ 1,235,792	\$ 1,051,325	\$ 13,440	\$ 90,102	\$ —	\$ —	\$ (1,705)	\$ 1,150,171

Phoenix Children's Hospital and Affiliates

Consolidating Balance Sheets (continued)
(In Thousands)

	December 31, 2014							December 31, 2013						
	PC H	Captive	Foundation	PC C D	PC PD	Eliminations	Total	PC H	Captive	Foundation	PC C D	PC PD	Eliminations	Total
Liabilities and net assets														
Current liabilities														
Accounts payable, accrued liabilities, and other	\$ 80,121	\$ 3,187	\$ 99	\$ 73	\$ —	\$ —	\$ 83,480	\$ 100,543	\$ 2,344	\$ 137	\$ —	\$ —	\$ —	\$ 103,024
Current portion of capital lease obligations	—	—	—	—	—	—	—	2	—	—	—	—	—	2
Current portion of bonds payable	9,000	—	—	—	—	—	9,000	—	—	—	—	—	—	—
Total current liabilities	89,121	3,187	99	73	—	—	92,480	100,545	2,344	137	—	—	—	103,026
Annuities payable	—	—	136	—	—	—	136	—	—	190	—	—	—	190
Interest rate swap obligations	73,870	—	—	—	—	—	73,870	37,002	—	—	—	—	—	37,002
Bonds payable, less current portion	567,493	—	—	—	—	—	567,493	570,550	—	—	—	—	—	570,550
Other liabilities	64,925	8,898	—	—	12,250	—	86,073	54,520	7,030	—	—	—	—	61,550
Total liabilities	795,409	12,085	235	73	12,250	—	820,052	772,220	9,083	327	—	—	—	781,630
Net assets														
Unrestricted	300,605	4,329	53,046	3,258	3,450	(5,501)	359,187	275,025	3,400	50,250	—	—	(1705)	327,942
Temporarily restricted	3,772	—	42,735	—	—	—	46,507	3,171	—	37,301	—	—	—	40,472
Permanently restricted	—	—	8,176	—	—	—	8,176	—	—	8,218	—	—	—	8,218
Total Phoenix Children's Hospital net assets	304,377	4,329	103,957	3,258	3,450	(5,501)	413,870	278,096	3,400	95,769	—	—	(1705)	376,632
Unrestricted - noncontrolling interest	—	—	—	1,870	—	—	1,870	—	—	—	—	—	—	—
Total net assets	304,377	4,329	103,957	5,128	3,450	(5,501)	415,740	278,096	3,400	95,769	—	—	(1705)	376,632
Total liabilities and net assets	\$ 1,099,786	\$ 16,414	\$ 104,192	\$ 5,201	\$ 15,700	\$ (5,501)	\$ 1,235,792	\$ 1,051,325	\$ 13,440	\$ 96,102	\$ —	\$ —	\$ (1705)	\$ 1,150,171

Phoenix Children's Hospital and Affiliates

Consolidating Statements of Operations
(In Thousands)

	Year Ended December 31, 2014							Year Ended December 31, 2013						
	PCH	Captive	Foundation	PC CD	PC PD	Eliminations	Total	PCH	Captive	Foundation	PC CD	PC PD	Eliminations	Total
Unrestricted revenues														
Patient service revenue before provision for bad debts	\$ 709,102	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 709,102	\$ 645,612	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 645,612
Provision for bad debts	(17,352)	—	—	—	—	—	(17,352)	(16,090)	—	—	—	—	—	(16,090)
Net patient service revenue	691,750	—	—	—	—	—	691,750	629,516	—	—	—	—	—	629,516
Other operating revenue	15,262	3,239	—	6,003	—	(9,252)	15,252	8,740	4,822	—	—	—	(4,822)	8,740
Donations, gifts, and contributions	—	—	8,287	—	—	—	8,287	—	—	8,096	—	—	—	8,096
Net assets released from restrictions used for operations	10,229	—	—	—	—	—	10,229	7,491	—	—	—	—	—	7,491
	717,241	3,239	8,287	6,003	—	(9,252)	725,518	645,756	4,822	8,096	—	—	(4,822)	653,852
Expenses														
Employee compensation and benefits	325,131	—	3,675	1,250	—	—	330,056	307,612	—	3,196	—	—	—	310,808
Supplies, purchased services, and professional fees	227,581	74	1,347	1	—	(5,998)	223,005	192,831	75	1,388	—	—	—	194,294
Operating and other expenses	44,790	2,302	895	3	16	(3,254)	44,752	60,090	2,070	822	—	—	(4,822)	58,060
Depreciation and amortization	39,786	—	—	56	—	—	39,842	35,470	—	—	—	—	—	35,470
Interest net of amounts capitalized	24,018	—	—	—	5	—	24,023	27,309	—	—	—	—	—	27,309
	661,306	2,376	5,917	1,310	21	(9,252)	661,678	623,312	3,054	5,406	—	—	(4,822)	626,950
Income (loss) from operations	55,935	863	2,370	4,693	(21)	—	63,840	22,444	1,768	2,690	—	—	—	26,902
Other (loss) income														
Net investment income	14,283	—	420	—	—	—	14,703	17,791	2	63	—	—	—	17,856
Loss on bond redemption	—	—	—	—	—	—	—	(2,185)	—	—	—	—	—	(2,185)
Change in fair value of interest rate swaps	(43,360)	—	—	—	—	—	(43,360)	40,815	—	—	—	—	—	40,815
Total other (loss) income	(29,077)	—	420	—	—	—	(28,657)	56,421	2	63	—	—	—	56,486
Excess (deficiency) of revenues over expenses	26,858	863	2,790	4,693	(21)	—	35,183	78,865	1,770	2,753	—	—	—	83,388
Less excess of revenues over expenses attributable to non-controlling interest	—	—	—	1,760	—	—	1,760	—	—	—	—	—	—	—
Excess (deficiency) of revenues over expenses attributable to Phoenix Children's Hospital	26,858	863	2,790	2,933	(21)	—	33,423	78,865	1,770	2,753	—	—	—	83,388
Net asset transfer for donor match	(5,500)	—	—	—	—	—	(5,500)	—	—	—	—	—	—	—
Capital contribution	—	—	—	325	3,471	(3,796)	—	—	—	—	—	—	—	—
Net assets released from restrictions used for purchase of property and equipment	3,322	—	—	—	—	—	3,322	3,708	—	—	—	—	—	3,708
Increase in unrestricted net assets	\$ 24,680	\$ 863	\$ 2,790	\$ 3,258	\$ 3,450	\$ (3,796)	\$ 31,245	\$ 82,573	\$ 1,770	\$ 2,753	\$ —	\$ —	\$ —	\$ 87,096

Phoenix Children's Hospital and Affiliates

Consolidating Statements of Changes in Net Assets
(In Thousands)

	Year Ended December 31, 2014							Year Ended December 31, 2013						
	PCH	Captive	Foundation	PCCD	PCPD	Eliminations	Total	PCH	Captive	Foundation	PCCD	PCPD	Eliminations	Total
Unrestricted net assets														
Excess (deficiency) of revenues over expenses	\$ 26,858	\$ 863	\$ 2,790	\$ 2,933	\$ (21)	\$ —	\$ 33,423	\$ 78,805	\$ 1,770	\$ 2,753	\$ —	\$ —	\$ —	\$ 83,388
Net asset transfer for donor match	(5,500)	—	—	—	—	—	(5,500)	—	—	—	—	—	—	—
Capital contribution	—	—	—	325	3,471	(3,796)	—	—	—	—	—	—	—	—
Net assets released from restrictions used for purchase of property and equipment	3,322	—	—	—	—	—	3,322	3,708	—	—	—	—	—	3,708
Increase in unrestricted net assets	24,680	863	2,790	3,258	3,450	(3,796)	31,245	82,513	1,770	2,753	—	—	—	87,036
Non-controlling interests														
Excess of revenues over expenses	—	—	—	1,760	—	—	1,760	—	—	—	—	—	—	—
Capital contribution	—	—	—	110	—	—	110	—	—	—	—	—	—	—
Increase in non-controlling interests	—	—	—	1,870	—	—	1,870	—	—	—	—	—	—	—
Temporarily restricted net assets														
Donations, gifts, and contributions	2,401	—	11,396	—	—	—	13,797	—	—	10,447	—	—	—	10,447
Net asset transfer for donor match	—	—	5,500	—	—	—	5,500	—	—	—	—	—	—	—
Net assets released from restrictions used for operations and purchase of property and equipment	(1,800)	—	(11,751)	—	—	—	(13,551)	(1,450)	—	(0,740)	—	—	—	(11,190)
Investment income	—	—	289	—	—	—	289	—	—	1,550	—	—	—	1,550
Increase (decrease) in temporarily restricted net assets	601	—	5,434	—	—	—	6,035	(1,450)	—	8,248	—	—	—	6,798
Permanently restricted net assets														
Contributions and other	—	—	(42)	—	—	—	(42)	—	—	1,183	—	—	—	1,183
(Decrease) increase in permanently restricted net assets	—	—	(42)	—	—	—	(42)	—	—	1,183	—	—	—	1,183
Change in net assets	25,281	863	8,182	5,128	3,450	(3,796)	39,108	81,123	1,770	12,184	—	—	—	95,077
Net assets, beginning of year	279,096	3,466	95,775	—	—	(1,705)	376,632	107,073	1,000	83,501	—	—	(1,705)	281,555
Net assets, end of year	\$ 304,377	\$ 4,329	\$ 103,957	\$ 5,128	\$ 3,450	\$ (5,501)	\$ 415,740	\$ 270,000	\$ 3,400	\$ 95,775	\$ —	\$ —	\$ (1,705)	\$ 370,632

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