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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 black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047
2011
Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Children's Hospital Corporation Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 300 Longwood Avenue City or town, state or country, and ZIP + 4 Boston, MA 02115	D Employer identification number 04-2774441 E Telephone number (617) 355-6881 G Gross receipts \$ 1,697,935,270
F Name and address of principal officer James Mandell MD 300 Longwood Avenue Boston, MA 02115		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates 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.childrenshospital.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 1982 M State of legal domicile MA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities Provider of pediatric healthcare, education, research & community service 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 21 4 Number of independent voting members of the governing body (Part VI, line 1b) 4 14 5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) 5 11,104 6 Total number of volunteers (estimate if necessary) 6 1,070 7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 140,803 7b Net unrelated business taxable income from Form 990-T, line 34 7b -91,946							
Revenue	8 Contributions and grants (Part VIII, line 1h) 358,360,283 9 Program service revenue (Part VIII, line 2g) 1,038,967,616 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 39,333,015 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 35,857,830 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) 1,472,518,744	Prior Year	Current Year					
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 10,009,615 14 Benefits paid to or for members (Part IX, column (A), line 4) 0 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 680,513,528 16a Professional fundraising fees (Part IX, column (A), line 11e) 1,352,435 b Total fundraising expenses (Part IX, column (D), line 25) ▶26,923,640 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 624,309,005 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 1,316,184,583 19 Revenue less expenses Subtract line 18 from line 12 156,334,161	2,978,643	0	696,945,617	1,424,430	609,007,538	1,310,356,228	68,111,403
Net Assets or Fund Balances	20 Total assets (Part X, line 16) 3,369,546,205 21 Total liabilities (Part X, line 26) 1,239,973,224 22 Net assets or fund balances Subtract line 21 from line 20 2,129,572,981	Beginning of Current Year	End of Year	3,698,015,571	1,284,225,947	2,413,789,624		

Part II Signature Block

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

Sign Here	Signature of officer _____ Douglas Vanderslice Treasurer & CFO Type or print name and title	2013-08-09 Date
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Paid Preparer's Use Only	Preparer's signature ▶ Jeanne M Schuster Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Emst & Young LLP 200 Clarendon Street Boston, MA 021165072	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions) P00743154 EIN ▶ 34-6565596 Phone no ▶ (617) 266-2000
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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 to any question in this Part III

1 Briefly describe the organization's mission

Boston Children's Hospital (Children's) is the nation's premier pediatric hospital with a commitment to advancing the health of children worldwide. We serve as the community hospital for the children of Boston, provide specialty pediatric care throughout the region and offer children across the world facing challenging medical issues with access to innovative, life saving care. Children's vision is to advance pediatric care - both in our local neighborhoods and worldwide - through a commitment to innovation and science-based care. All of our activities are driven by four interwoven missions: providing access to high quality, compassionate and innovative clinical care to children, researching new cures and treatments for diseases, training the next generation of pediatric caregivers and improving the health and well being of children with a special emphasis on helping the children of Boston grow and learn in safe, healthy environments.

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 and section 4947(a)(1) trusts 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 \$	806,622,457	including grants of \$	2,978,643	(Revenue \$	944,576,237
<p>CLINICAL CARE As one of the largest pediatric hospitals in the U.S. and the only freestanding pediatric hospital in Massachusetts, Children's provides access to safe, high quality healthcare services that meet the unique needs of children and their families, regardless of their ability to pay. The range of services we offer - from well child visits and treatment for typical child health issues (broken bones, tonsillitis, etc.) to chronic care (asthma, diabetes, obesity, etc.) and specialty services (oncology, cardiology, neurology) - benefits from the high level of specialization of our experts, the collaboration with research scientists (many of whom are also physicians) affiliated with the hospital, and the significant investments in equipment, facilities and clinical and support staff. In addition, our team has a deep commitment to setting the bar for quality and safety and exceeding the expectations of our patients' and their families' for service, undertaking significant investments in each of these areas. On an annual basis, Children's sees 24,714 inpatient/observation cases at our hospital, 144,000 inpatients at satellites, 526,600 outpatients, 53,870 patients in our community health clinic, of the hospital's bedded volume, more than 20% (CMI > 2.00) can be qualified as clinically complex. Of these patients, approximately 35% (patients on Medicaid/Medicare) are considered low income. Children's is the safety net institution for very sick children throughout the region, backing up the entire healthcare system for the most complex pediatric cases. We receive referrals from community hospitals as well as from other academic medical centers throughout New England. Children's is the single largest provider of care to children enrolled in the Medicaid program, seeing approximately 30% of all pediatric Medicaid discharges statewide, including many of the sickest children. Children's also provides clinical care for the largest number of uninsured children in the state, total free care and losses from Medicaid in FY 2012 were approximately \$50 million. Recognizing the difficulties community-based hospitals face in providing specialized pediatric care (which requires significant investments in staff, equipment and training), Children's has expanded its partnerships with community hospitals throughout Eastern Massachusetts. With more than 100 physicians based at 7 community hospitals, we enhance the community's - and the state's - ability to provide access to emergency, neonatal, inpatient and outpatient specialty services for children. Children's also operates three outpatient facilities in Waltham, Lexington and Peabody that offer specialized care in cardiology, gastroenterology, neurology, respiratory diseases, diabetes, orthopedic surgery, urology and other specialties. Each year, Children's advances the quality of the clinical care it provides by recruiting talented new staff, investing in updated equipment and technology, undertaking safety/quality initiatives, supporting community health programs and ensuring that our facilities make the care process easier and more comfortable for all the patients and families we serve. For example, Focus on Quality: Children's Hospital Boston has established the Center of Excellence for Quality Measurement to improve how healthcare is delivered to children in America. In 2009, the Child Health Insurance Program Reauthorization Act called for a national Pediatric Quality Measures Program to convene experts, solicit public input, and build infrastructure to provide measures that can significantly advance the quality of children's healthcare. The Center has been established in response to that requirement. Measuring and reporting quality of health care relying on pediatric specific metrics is a key tool to try to assure that all children receive excellent care. In 2012, Boston Children's and its primary care physicians and specialists are adopted the newest version of an Alternative Quality Contract (AQC) in its contract with a major Massachusetts insurer, to both assure quality outcomes and manage the growth in health care spending. The agreement maintains the standard AQC structure, which combines a per-patient global budget with significant performance incentives based on nationally endorsed quality measures tied to quality, health outcomes, and patient experience. However, the contract with Children's and its primary care physicians and specialists includes a first-in-the-nation set of measurements developed uniquely for a population entirely composed of children and adolescents and benchmarked with appropriate national comparators. Several of the new measures focus on important clinical outcomes for children. For example, the hospital, specialists and pediatricians will be measured on how well they help children with cystic fibrosis maintain good lung function, on preventing complications after appendectomies, and on preventing blood stream infections in patients in the cardiac, neonatal and medical/surgical intensive care units. Encourage Innovation: The Innovation Acceleration Program (IAP), which offers Innovestment Grant and the FIT Awards-supercharges innovation and entrepreneurial spirit among Children's employees, by providing resources and support to empower them in developing and testing their novel ideas. In the program's first year, it funded projects ranging from technology-enhanced toys to help children with severe emotional regulation disorders, to innovative new ways to close complex ventricular septal defects, from a remote monitoring program for kids on home ventilators, to elastic multi-electrode ECG strips. Fast Track Innovation in Technology (FIT) Awards offer software development resources, including a team of experienced software developers, for innovative clinical software projects. Winners have ranged from an "electronic white-board," that accurately reflects the patients on a given unit in real-time, providing essential clinical data and improved patient throughput, to a Bidirectional Electronic Alert Patient-centered Provider Encounter Record (BEAPPER) iPhone application that notifies clinicians of a lab order's progress and provides text message capabilities about their patient's current status and needs. Expanding Access: Southcoast Health System and Boston Children's Hospital created a new collaboration to provide enhanced local access to high-quality pediatric care to children and families across the South Coast region. Beginning in late summer 2012, Boston Children's and its physicians began collaborating with local physicians to provide hospital-based pediatric services for Southcoast. The pediatric program is centered at St. Luke's Hospital in New Bedford. Boston Children's pediatricians provide 24/7 onsite pediatric care working with local physicians in pediatrics, family medicine and emergency medicine. A Boston Children's onsite Medical Director is responsible for medical oversight, development and coordination of the Southcoast hospital-based pediatric care. Additionally, remote pediatric consultative services are available to the Emergency Departments at Charlton Memorial Hospital in Fall River and Tobey Hospital in Wareham. Improve Care in the Community: The Community Asthma Initiative (CAI), a community-based asthma care model targeting low-income families, was shown to dramatically reduce hospitalization and emergency department visits for asthma -- improving patient outcomes and saving \$1.46 per dollar spent through reduced hospital utilization. A study reporting these outcomes and cost savings appears in the March 2012 Pediatrics (published online February 20). The CAI program includes nurse case management and care coordination combined with home visits by a bilingual nurse or Community Health Worker to educate families about asthma, assess the home for asthma triggers, and provide materials and services to improve the home environment, such as encasements for bedding, HEPA vacuums and pest control. After 12 months in the program, the children had a 68 percent decrease from baseline in asthma-related ED visits and an 85 percent drop in hospitalizations. There was a 43 percent reduction in the percentage of children who had to limit physical activity on any day, a 41 percent reduction in reports of missed school days and a 50 percent reduction in parents having to miss work to care for their child. The percentage of children with an up-to-date asthma care plan rose from 53 percent at baseline to 82 percent at 12 months.</p>							

4b	(Code)	(Expenses \$	306,466,000	including grants of \$	0	(Revenue \$	143,554,000
<p>RESEARCH Children's believes we enhance the well-being of the children and families by being the leading source of research and discovery on child health issues, seeking new approaches to the prevention, diagnosis and treatment of childhood and adult diseases. With over \$242 million in annual funding and 800,000 square feet of space, Children's is home to the world's largest and most active research enterprise at a pediatric center. The research mission of Children's encompasses basic research, clinical research, community service programs and the postdoctoral training of new scientists. While the NIH is our largest sponsor, Children's has made a significant investment in supporting the research activities with more than \$16 million invested to support research programs in 2012. Our investigators hold numerous prestigious honors and awards, including many "research firsts." In our laboratories and clinics, hundreds of scientists seek to identify the factors that contribute to both childhood and adult diseases and to develop effective treatments for them. Our investigators are Harvard Medical School faculty - basic scientists, clinical researchers, and epidemiologists - who are accelerating the pace of medical discovery from brainstorm to bench to bedside. Our researchers were the first to develop 10 new disease-based stem cell lines by reprogramming adult stem cells that can be used to study treatments for diseases ranging from Parkinson's to Diabetes. Clinicians and researchers at Children's work collaboratively with colleagues throughout the medical community to translate basic science research into applications for clinical care. These projects frequently have applications that go beyond the pediatrics to impact adult care as well. For example, New prosthetic heart valve for children: Surgeons at Boston Children's Hospital have successfully implanted a modified version of an expandable prosthetic heart valve in several children with mitral valve disease. Unlike traditional prosthetic valves that have a fixed diameter, the expandable valve can be enlarged as a child grows, thus potentially avoiding the repeat valve replacement surgeries that are commonly required in a growing child. The new paradigm of expandable mitral valve replacement has potential to revolutionize care for infants and children with complex mitral valve disease. The care of patients with disease of the mitral valve - which controls the flow of freshly oxygenated blood from the heart's left atrium to its left ventricle - can be very complicated. If a child needs a mitral valve replacement, there are only a limited number of options available, all of which have one limitation in common: they have a fixed diameter and cannot grow with a child. To provide a novel and more permanent option for children needing mitral valve replacement, Boston Children's physicians developed and surgically implanted a modified version of an expandable prosthetic valve available from Medtronic, Inc., called the Melody valve, in two infants with congenital heart disease. Spotting dyslexia before a child starts school: A study by Boston Children's physicians found that children at risk for dyslexia show differences in brain activity on fMRI scans even before they begin learning to read. Since developmental dyslexia responds to early intervention, diagnosing children at risk before or during kindergarten could head off difficulties and frustration in school, the researchers say. Findings appeared in the online Early Edition of the Proceedings of the National Academy of Sciences. Identifying epilepsy-like brain activity: Children with developmental delay or autism may have unrecognized epilepsy-like brain activity during sleep. Researchers at Boston Children's found that these nighttime electrical spikes, detectable only on EEGs, occur even in some children without known epilepsy and appear to result from early strokes or other early life injuries to the developing brain. If nighttime spiking remains undiagnosed and untreated, it may interfere with learning and development. Based on their findings, the researchers suggest that sleep EEG monitoring should be considered more often in children not meeting developmental milestones, and that bedtime medications to suppress nighttime seizures may be beneficial if heightened brain electrical activity is found. In a preliminary treatment trial, such nighttime dosing before times of greatest spike or seizure activity has been found to be beneficial.</p>							

4c	(Code)	(Expenses \$	31,983,934	including grants of \$	0	(Revenue \$	18,019,156
<p>TEACHING Over the course of the year, 134 residents, 292 clinical fellows, 545 research fellows and 900 rotating residents/fellows come to Children's from around the world. More importantly, these men and women are selected for their potential leadership in their respective fields and their commitment to advancing the frontiers of pediatric care. In fact, a 24-year analysis of residents who have graduated from our Department of Medicine found that 44 percent go on to become leaders in academic medicine, including positions as deans, chairs and program heads across the country. Over a third of the chiefs of pediatric departments across the country trained at Children's. We train individuals at all parts of the care continuum, including medical students, interns, residents, fellows, nursing students, community pediatricians and continuing professional education for all of our clinical staff. Children's offers the only training program in Massachusetts for Adolescent Medicine, Neurodevelopmental Disabilities, Pediatric Cardiology, Pediatric Hematology/Oncology, Pediatric Nephrology, Pediatric Pathology, Pediatric Surgery, Pediatric Sports Medicine, Pediatric Urology. All still correct, can also add Pediatric Orthopedics, Pediatric Transplant Hepatology and Congenital Cardiac Surgery. Children's offers the only training program in New England for Adolescent Medicine, Neurodevelopmental Disabilities, Pediatric Sports Medicine, Pediatric Urology, Pediatric Transplant Hepatology, and Congenital Cardiac Surgery. Children's has the largest accredited training program in the country for Child Neurology, Pediatric Anesthesiology, Pediatric Cardiology, and Pediatric Endocrinology. In addition, Pediatric Sports Medicine is one of only 13 accredited pediatric sports medicine programs in the country and Neurodevelopmental Disabilities is one of only 9 accredited neurodevelopmental disabilities programs in the country. Congenital Cardiac Surgery is one of 11 in the country, Pediatric Transplant Hepatology is one of 5 in the country, Medical Biochemical Genetics is one of 11 in country (2 in MA/New England).</p>							

(Code)	(Expenses \$	7,875,373	including grants of \$	0	(Revenue \$	0
<p>Community Nearly 20 years ago, Boston Children's Hospital was among the first academic medical centers in the country to expand the traditional missions of patient care, teaching and research to embrace a fourth core mission: community health. Over the years, the hospital has strived to ensure that community health is more than just words in its mission statement. The efforts have evolved from targeted services for individual families living in Boston into innovative models that have proven to address health disparities and improve health outcomes for children not only in Boston but across the state and country. Today, the hospital concentrates its community programs in core areas where it has the expertise, resources and community partnerships to improve health outcomes and address significant health needs. Boston Children's community mission is based on what the community needs. It revolves around keeping children healthy through wellness and prevention efforts, ensuring that children have access to needed health care services and partnering with others to address non-health issues that clearly impact health such as violence, employment and education. In all these endeavors, Boston Children's priorities are aligned with those of the City of Boston, the Boston Public Health Commission, the Boston Public Schools as well as other key partners and city agencies. Understanding community needs: Everything Boston Children's Hospital does to fulfill its community mission is based on how it can best utilize its expertise and resources to address the health issues families experience today. Boston Children's uses both formal and informal methods to listen and learn from the community. This requires continued engagement, seeking input and having ongoing conversations with residents, community leaders and the hospital's key partners such as the City of Boston, the Boston Public Health Commission (BPHC), community health centers and the Boston Public Schools. Through the Office of Child Advocacy (OCA), the hospital regularly convenes providers and staff working on community health initiatives throughout the hospital. Internal staff members provide feedback on the current challenges and needs of families as well as input on how the hospital can best work with its partners. OCA also meets on a regular basis with leaders and staff at community health centers, community organizations and city agencies to better understand the impact of health issues and barriers to care. Through its Community Advisory Board (CAB), which meets on a quarterly basis, the hospital has a direct link to expertise on Boston neighborhoods, community organizations and current health needs. The CAB is instrumental in providing feedback throughout the year and in the development and execution of Boston Children's formal assessment process. This feedback from experts, community leaders and partners as well as the CAB informs the hospital's community mission, facilitates and strengthens the development of partnerships and helps to shape the implementation of the hospital's community strategy. Guided by the CAB, Boston Children's conducts a comprehensive community assessment every three years to "take the pulse" in Boston neighborhoods surrounding the hospital. Focus groups with residents, interviews with key stakeholders and an analysis of data and best practice literature provides detailed insight of not just concerns and needs, but also the strengths and the assets of the community. Boston Children's last formal report was completed in 2009 and the hospital is now working on its current assessment to be completed in 2013. In addition to the Boston Children's assessment, the hospital has also partnered with the Boston Public Health Commission to complete a first-of-its-kind study on the needs of Boston children. For more details on the needs assessment process, visit bostonchildrens.org/community. A copy of the last assessment completed in 2009 can also be found on the web site. Serving as a safety net: Boston Children's is the leading provider of health care to low-income and underserved children in Massachusetts and it provides care unavailable elsewhere in the state and sometimes the nation. Boston Children's also treats pediatric patients from Massachusetts regardless of their ability to pay. Boston Children's is also a safety net provider for Boston children. More than half of all Boston children hospitalized come to Children's. This safety net is financial in that the hospital provides free care, subsidizes care for Medicaid patients, and incurs bad debt for patient families who cannot pay for the care they receive. It is programmatic in that Boston Children's offers vital, hospital-subsidized services that are either unavailable elsewhere or available only in very limited capacity, such as mental health, dental and primary care. Being a community health leader: While the hospital has dozens of initiatives that address the health and even the non-health needs of children in the local community, Boston Children's has identified four priority health areas and developed a programmatic response to each. Community programs are focused where the hospital has clinical expertise, resources and partnerships to make a difference. The hospital's strategy for improving community health has two aims: 1) addressing the most pressing health needs of children and families, and 2) providing services through program that can lead to improvements in health care. Boston Children's has developed a performance measurement system that guides our community health programs-tracking health outcomes and then reporting progress back to hospital leadership and the community. Programs in the "Portfolio to Achieve Health and Social Impact" include asthma (Community Asthma Initiative), obesity (Fitness in the City), child development (Advocating Success for Kids Program) and mental health (Children's Hospital Neighborhood Partnerships). These programs are measured to ensure that they address health needs, reduce health disparities and engage with our community. -The Community Asthma Initiative (CAI) has helped to improve the health of nearly 1,000 Boston children with asthma. CAI provides case-management services, offers home visits, educates caregivers and providers, distributes asthma control supplies and connects families to local resources. CAI has proven to be a cost-effective solution for keeping children out of the hospital as well as helping them to stay in school and making sure their parents can go to work. -Fitness in the City (FIC) is a community-based approach to address obesity. FIC supports 11 Boston community health centers to provide almost 1,000 children annually with case-management support, as well as access to nutrition and physical activity programs. Almost 60% of children participating in FIC have reduced or maintained their Body Mass Index and have made behavioral changes such as reducing consumption of sugar-sweetened beverages and increasing the amount of time being physically active. -The Advocating Success for Kids Program (ASK) provides access to intensive and critically needed services for hundreds of children experiencing school-functioning problems and learning delays through Boston Children's primary care clinic and in three Boston community health centers. ASK has successfully reduced the wait times for families seeking in-demand assessment and case management services. -Children's Hospital Neighborhood Partnerships Program (CHNP) is the hospital's community mental health program. CHNP places clinicians in Boston schools and community health centers to provide a comprehensive array of mental health services, reaching more than 2,000 children and adolescents where they live and learn. CHNP has increased access to mental health services by helping students in participating schools receive therapy services in 7 days, compared to 42 days in outpatient settings. For details on the programs mentioned above and other efforts to improve child health in Boston, visit bostonchildrens.org/community. Partnering to address social determinants of health: Boston Children's has relationships with more than 60 key partners who provide a voice for the families and neighborhoods they represent. Each partner helps to ensure that the hospital better understand the needs, uniqueness and strengths that lie within each community. Recognizing the link between social issues and health issues, Boston Children's actively participates and collaborates with its key community partners to respond to social determinants of health, which are non-medical issues that have a significant impact on individual and community health such as poverty, sub-standard housing, family instability and unemployment. Based on community need and the hospital's expertise, Boston Children's focuses its efforts and partnerships in three areas:</p>						

(Code)	(Expenses \$	7,875,373	including grants of \$	0	(Revenue \$	0
<p>Community (continued) Education and schools: Boston Children's partners closely with the Boston Public Schools (BPS) to support and strengthen the system as well as to work directly in school settings to reach students and help families overcome barriers that may prevent their children from functioning well in school. These programs include the Children's Hospital Neighborhood Partnerships Program, the Advocating Success for Kids Program and various efforts in the area of child development. The hospital is also the BPS' main partner to help develop and implement a behavioral health model district wide that will better identify and address mental health needs for all students. Workforce Development: Boston Children's recognizes that one of the most significant ways to provide community support and ensure a diverse workforce is the recruitment and retention of Boston residents as employees. The hospital's comprehensive workforce development efforts are in partnership with local organizations such as Sociedad Latina, Fenway Community Development Corporation and Jewish Vocational Services. Violence Prevention: Boston Children's plays a key role in helping Boston children and families cope with the impact of violence in their lives and working with communities to help prevent it, including the Jamaica Plain Violence Intervention and Prevention Collaborative, a partnership with 15 local organizations including the hospital's Martha Eliot Health Center in Jamaica Plain. Partnering to support the health care infrastructure: Boston Children's is also committed to and directs resources to build capacity within the existing infrastructure of care for Boston children and families. This means supporting key partners-the Boston Public Health Commission (BPHC) and Boston community health centers. Boston Children's has been a longtime partner with the BPHC, working together on pressing health issues and supporting efforts to help children, adolescents and young adults, including - A Boston Children's-initiated, first-of-its-kind study to assess the health status of children in Boston, the study includes a 2,500 person phone survey, an analysis of Medicaid data to assess prevalence of disease and utilization of health services, and an in depth environmental scan of several Boston neighborhoods. The results will be publicly available in 2013. - Participation in the BPHC's Tobacco-Free Hospital Initiative and Sugar-sweetened Beverage Learning Network, in addition to the formation of an internal Healthy Hospital Workgroup to analyze and make recommendations for hospital policies promoting a healthy environment for patients, families, and staff. - Provision of financial support and expertise to the BPHC to support the City's NeighborCare initiative, an effort encouraging Boston residents to receive primary care at community health centers. Boston Children's supports community health centers to 1) build capacity to provide a full range of services in order to position them as part of providing an effective medical home for children, 2) provide pediatric services that address the most pressing health issues affecting children, and 3) demonstrate their value through effective assessment and reporting of quality outcomes. Boston Children's provides financial and programmatic support to 11 Boston community health centers: Bowdoin Street, Brookside, Dimock, Joseph Smith, Roxbury Comprehensive, South Cove, South End, Southern Jamaica Plain, Upham's Corner, Whittier Street and Mattapan as well as the hospital's own Martha Eliot. These health centers provide primary care and support, including medical, dental and mental health services, to an estimated 33,000 Boston children and their families, particularly the uninsured and underinsured. With support from Boston Children's, the health centers have been able to focus on not only the quality of care provided but how they can expand the range of services delivered, serving as part of the patient-centered medical home. Support also enables these health centers to augment current or provide new services that are in great demand, yet not always readily available. The health centers are able to reach over 1,000 children per year with case management support, nutrition and fitness education, psychiatric and developmental consultation through programs such as Owl on the Road, Fitness in the City, Advocating Success for Kids and the Children's Hospital Neighborhood Partnerships program. Advocating for children and families: Influencing public policy to improve child health is an important aspect of Boston Children's commitment to community health. As the leading provider of medical services to low-income children in Boston and Massachusetts as well as a critical safety net for children throughout New England, Boston Children's has been an organized force and an influential advocate for children for more than 20 years. Boston Children's is also a forceful advocate on appropriate legislative and regulatory matters in Massachusetts, such as increasing access to quality pediatric mental health programs and promoting coverage for asthma education and services. As a founding member (1993) of a statewide Children's Health Access Coalition, the hospital played a key role in two expansions of health care coverage for Massachusetts children during the 1990s. Boston Children's also worked as a lead participant in the Affordable Care Today Coalition, the catalyst behind the passage of Massachusetts' 2006 health reform law, which has served as a model for the federal law. As a result, Massachusetts has achieved near universal health access for children, with less than 1 percent of children uninsured-the lowest rate in the country. In 2010, Boston Children's worked with national partners to help explain and leverage our experience in Massachusetts to the federal health reform law, the Affordable Care Act. In 2006, Boston Children's (including its Children's Hospital Neighborhood Partnerships Program - for details see above) and a coalition of community organizations launched the Children's Mental Health Campaign (CMHC). The CMHC has achieved remarkable success in securing the passage and enactment of Yolanda's Law which ensures access to appropriate and timely treatment, requires insurers pay for the treatment, and pushes the state to play a more active role in ensuring a comprehensive continuum of services in every community. Boston Children's and the Asthma Regional Council of New England partnered together to establish a business case for pediatric asthma management. This business case was instrumental in convincing state legislators of the benefits of such an approach and led them to provide \$3 million in funding for a Medicaid demonstration project to provide case management services to children with asthma. The MassHealth program has recently released a request for proposals to allow MassHealth providers throughout the state to receive bundled payments for asthma care so that they can employ a similar asthma management program. In 2012, Boston Children's played an active and vital role in the development of the groundbreaking payment reform legislation that was signed into law in August. The hospital's advocacy resulted in numerous considerations for children including developing standards for Accountable Care Organizations and studying the impact of the law on access to high quality care for children. The law also added language to improve retention in the MassHealth program, at the hospitals urging Boston Children's has established the 2,000 member Children's Advocacy Network (CAN), a grassroots advocacy network that leverages the many voices of families, hospital staff, and community partners in support of child health. Since 2006, the hospital has trained 275 advocates through an annual in-depth, five-session training series that gives advocates a better understanding of the legislative process and the skills needed for effective advocacy. The CAN hosts monthly "Advocacy Lunch & Learn's", which offer hospital staff and community partners a forum each month to learn about a current issue related to children's health policy and explore ways to advocate for children. Staff members from departments throughout the hospital regularly engage with the CAN in order to receive information about policy changes that may impact their patient population or schedule in-service presentations about current events in Washington and at the state level.</p>						

4d	Other program services (Describe in Schedule O)	(Expenses \$	7,875,373	including grants of \$	0	(Revenue \$	0
4e	Total program service expenses	\$	1,152,947,764				

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)? <i>If "Yes," complete Schedule A.</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>		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? <i>If "Yes," complete Schedule C, Part II.</i>	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? <i>If "Yes," complete Schedule C, Part III.</i>		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? <i>If "Yes," complete Schedule D, Part I.</i>		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? <i>If "Yes," complete Schedule D, Part II.</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>		No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>	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? <i>If "Yes," complete Schedule D, Part VI.</i>	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? <i>If "Yes," complete Schedule D, Part VII.</i>	Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>		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? <i>If "Yes," complete Schedule D, Part IX.</i>	Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>	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)? <i>If "Yes," complete Schedule D, Part X.</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Part I.</i>	Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Part II and IV.</i>		No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? <i>If "Yes," complete Schedule F, Part III and IV.</i>		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? <i>If "Yes," complete Schedule G, Part I.</i>	Yes	
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	Yes	
20a Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>	Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements.	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> <input checked="" type="checkbox"/>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> <input checked="" type="checkbox"/>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 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> <input checked="" type="checkbox"/>	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 questions 24b-24d and complete Schedule K. If "No," go to line 25</i> <input checked="" type="checkbox"/>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> <input checked="" type="checkbox"/>	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> <input checked="" type="checkbox"/>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> <input checked="" type="checkbox"/>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> <input checked="" type="checkbox"/>	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> <input checked="" type="checkbox"/>	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> <input checked="" type="checkbox"/>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i> <input checked="" type="checkbox"/>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> <input checked="" type="checkbox"/>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> <input checked="" type="checkbox"/>	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> <input checked="" type="checkbox"/>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> <input checked="" type="checkbox"/>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	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> <input checked="" type="checkbox"/>	35b		No
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> <input checked="" type="checkbox"/>	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> <input checked="" type="checkbox"/>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 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 to any question in this Part V

Table with columns for question number, question text, and Yes/No columns. Includes rows for 1a-1b, 2a-2b, 3a-3b, 4a-4b, 5a-5c, 6a-6b, 7a-7h, 8, 9a-9b, 10a-10b, 11a-11b, 12a-12b, 13a-13c, and 14a-14b.

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

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (21), 1b (14), 2 (No), 3 (Yes), 4 (No), 5 (No), 6 (Yes), 7a (Yes), 7b (Yes), 8a (Yes), 8b (Yes), 9 (No).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (No), 10b, 11a (Yes), 11b, 12a (Yes), 12b (Yes), 12c (Yes), 13 (Yes), 14 (Yes), 15a (Yes), 15b (Yes), 16a (No), 16b.

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed MA
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.
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. See Additional Data Table.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization.

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

(A) Name and Title	(B) Average hours per week per week (describe hours for related organizations in Schedule O)	(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			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							14,763,212	0	1,300,568	

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 **1,455**

	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
G Green Construction Co Inc PO Box 160 Boston, MA 02134	Construction Services	24,300,362
Walsh Brothers Inc 210 Commercial Street Boston, MA 02109	Construction Services	16,078,363
Harvard Vanguard Medical Associates 275 Grove Street Newton, MA 02466	Healthcare Service	10,887,997
The Brigham and Women's Hospital 75 Francis Street Boston, MA 02115	Healthcare/Research Services	10,762,824
William A Berry & Son Inc 99 Conifer Hill Drive Danvers, MA 01923	Construction Services	8,513,219

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 **204**

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a 13,751					
	b	Membership dues 1b					
	c	Fundraising events 1c 3,360,236					
	d	Related organizations 1d					
	e	Government grants (contributions) 1e 183,366,953					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 144,647,660					
	g	Noncash contributions included in lines 1a-1f \$ 7,161,374					
	h	Total. Add lines 1a-1f ▶ 331,388,600					
Program Service Revenue			Business Code				
	2a	Patient Svc Revenue 621110 944,500,539	944,500,539	944,500,539			
	b	Prog Svc Grants 621110 22,707,414	22,707,414	22,707,414			
	c	Graduate Medical Educa 611710 18,019,156	18,019,156	18,019,156			
	d	Prof Svc Revenue 621110 4,380,194	4,380,194	4,380,194			
	e	Lab Revenue 621500 75,698	75,698	75,698			
	f	All other program service revenue					
g	Total. Add lines 2a-2f ▶ 989,683,001						
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) ▶ 5,957,917	5,957,917		65,105	5,892,812	
	4	Income from investment of tax-exempt bond proceeds ▶					
	5	Royalties ▶ 1,180,880	1,180,880			1,180,880	
	6a	(i) Real		(ii) Personal			
		Gross rents	14,256,600				
		b Less rental expenses	0				
		c Rental income or (loss)	14,256,600				
	d	Net rental income or (loss) ▶ 14,256,600	14,256,600			14,256,600	
	7a	(i) Securities		(ii) Other			
		Gross amount from sales of assets other than inventory	335,487,438	83,504			
		b Less cost or other basis and sales expenses	318,460,069	0			
		c Gain or (loss)	17,027,369	83,504			
	d	Net gain or (loss) ▶ 17,110,873	17,110,873			17,110,873	
	8a	Gross income from fundraising events (not including \$ 3,360,236 of contributions reported on line 1c) See Part IV, line 18 a 593,065					
b	Less direct expenses b 955,023						
c	Net income or (loss) from fundraising events ▶ -361,958	-361,958			-361,958		
9a	Gross income from gaming activities See Part IV, line 19 a 437,850						
	b Less direct expenses b 52,547						
	c Net income or (loss) from gaming activities ▶ 385,303	385,303			385,303		
10a	Gross sales of inventory, less returns and allowances a						
	b Less cost of goods sold b						
	c Net income or (loss) from sales of inventory ▶						
Miscellaneous Revenue		Business Code					
11a	Other General Services 900099 8,080,532	8,080,532			8,080,532		
	b Parking Revenue 812930 5,956,677	5,956,677			5,956,677		
	c Cafeteria Sales 722210 4,829,206	4,829,206			4,829,206		
	d All other revenue						
e	Total. Add lines 11a-11d ▶ 18,866,415	18,866,415					
12	Total revenue. See Instructions ▶ 1,378,467,631	1,378,467,631	989,607,303	140,803	57,330,925		

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) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,753,130	1,753,130		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	1,225,513	1,225,513		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	13,522,109	559,831	12,275,629	686,649
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	534,771,744	466,491,649	54,571,341	13,708,754
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	36,592,303	32,851,606	2,489,355	1,251,342
9	Other employee benefits	67,031,828	63,572,466	1,545,499	1,913,863
10	Payroll taxes	45,027,633	43,403,211		1,624,422
11	Fees for services (non-employees)				
a	Management	7,807,372		7,807,372	
b	Legal	1,853,229		1,850,970	2,259
c	Accounting	1,105,501		1,105,501	
d	Lobbying	56,620	56,620		
e	Professional fundraising See Part IV, line 17	1,424,430			1,424,430
f	Investment management fees				
g	Other	152,392,770	133,895,863	18,050,767	446,140
12	Advertising and promotion	7,606,818	7,340,508	246,564	19,746
13	Office expenses	64,176,402	39,400,490	20,853,702	3,922,210
14	Information technology	9,238,243	4,060,040	4,826,638	351,565
15	Royalties				
16	Occupancy	67,456,999	65,108,102	1,608,811	740,086
17	Travel	4,680,437	3,989,129	638,488	52,820
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	1,437,388	928,089	459,988	49,311
20	Interest	28,542,626	28,542,626		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	91,348,159	90,618,116		730,043
23	Insurance	6,160,429	4,006,230	2,154,199	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Lab/Medical/Pharmacy	124,877,030	124,877,030		
b	Uncollectible Accts	21,027,904	21,027,904		
c	Free Care	10,925,540	10,925,540		
d	Uncompensated Care	8,314,071	8,314,071		
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	1,310,356,228	1,152,947,764	130,484,824	26,923,640
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing		1	-1
	2 Savings and temporary cash investments	1,540,955	2	2,758,182
	3 Pledges and grants receivable, net	96,811,013	3	141,908,377
	4 Accounts receivable, net	155,194,338	4	147,017,285
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	10,798,056	8	13,600,355
	9 Prepaid expenses and deferred charges	5,723,050	9	7,160,623
	10a Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	1,949,046,424		
	b Less accumulated depreciation	1,113,701,990	10c	835,344,434
	11 Investments—publicly traded securities	382,195,882	11	418,564,746
	12 Investments—other securities. See Part IV, line 11	430,807,838	12	532,642,336
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	1,499,446,567	15	1,599,019,234
16 Total assets. Add lines 1 through 15 (must equal line 34)	3,369,546,205	16	3,698,015,571	
Liabilities	17 Accounts payable and accrued expenses	228,112,635	17	218,359,878
	18 Grants payable		18	
	19 Deferred revenue	49,961,483	19	59,065,613
	20 Tax-exempt bond liabilities	466,043,562	20	466,906,527
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	200,000,000	23	200,000,000
	24 Unsecured notes and loans payable to unrelated third parties		24	
	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	295,855,544	25	339,893,929
	26 Total liabilities. Add lines 17 through 25	1,239,973,224	26	1,284,225,947
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	1,231,281,251	27	1,367,419,032
	28 Temporarily restricted net assets	358,702,226	28	453,963,015
	29 Permanently restricted net assets	539,589,504	29	592,407,577
	Organizations that do not follow SFAS 117, 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	2,129,572,981	33	2,413,789,624	
34 Total liabilities and net assets/fund balances	3,369,546,205	34	3,698,015,571	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,378,467,631
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,310,356,228
3	Revenue less expenses Subtract line 2 from line 1	3	68,111,403
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,129,572,981
5	Other changes in net assets or fund balances (explain in Schedule O)	5	216,105,240
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	2,413,789,624

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question 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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 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	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued 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 separated basis		
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	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
Children's Hospital Corporation

Employer identification number

04-2774441

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 **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

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

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

Part II Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV.) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	

13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15	

16a 33 1/3% support test—2011. 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—2010. If the organization did not check the 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—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization

b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization

18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	

- 19a 33 1/3% support tests—2011.** 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—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

Facts And Circumstances Test

Explanation

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2011

Open to Public Inspection

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

Complete if the organization is described below.

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

Department of the Treasury Internal Revenue Service

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

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

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

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

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

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

Name of the organization Children's Hospital Corporation

Employer identification number

04-2774441

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 on behalf of or in opposition to candidates for public office 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?
4a Was a correction made?
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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	(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?	Yes		
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c Media advertisements?		No	
d Mailings to members, legislators, or the public?	Yes		109,048
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?	Yes		72,538
g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		483,495
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV		No	
j Total lines 1c through 1i			665,081
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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 carryover 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) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) non-deductible 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

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Part IV, Supplemental Information		<p>Children's Hospital is a section 501(c)(3) organization whose mission is fourfold - to provide the best possible pediatric health care, combining compassion with advanced technical capabilities, to be the leading source of research and discovery, seeking new approaches to the prevention, diagnosis, and treatment of childhood diseases, to educate the next generation of leadership in child health care, and to provide education and healthcare services to the community. In fulfillment of the above mission, the Hospital advocates on behalf of children and the providers who care for them at the State and Federal levels. Professional staff in the Hospital's Office of Government Relations direct these activities and coordinate the work of other Hospital staff who support the advocacy efforts on an intermittent basis. The Hospital has also sent correspondence to and met directly with State and local legislators and officials. The Hospital has also utilized a grassroots network of employees and friends to advocate on behalf of children's health issues. In Fiscal Year 2012, four Office of Government Relations staff members registered with the State as lobbyists, dedicating a portion of their time to lobbying activities. In accordance with state lobbying laws, the Hospital also registered its CEO and its President as lobbyists, although their involvement in these efforts was minimal. Two Office of Government Relations staff members registered as lobbyists at the Federal level. The Hospital utilized the services of three outside consultants in Fiscal Year 2012 in both the Massachusetts General Court and the U.S. Congress. These consultants, on behalf of the Hospital, prepared written materials which are distributed to officials and met with elected and appointed officials. The following is a detailed list of lobbying expenses incurred: Josh Greenberg Registered Lobbyist Children's Hospital personnel \$231,769; Karen Darcy Registered Lobbyist Children's Hospital personnel \$34,632; Maria Fernandes Registered Lobbyist Children's Hospital personnel \$13,118; Amy DeLong Registered Lobbyist Children's Hospital personnel \$47,884; James Mandell Registered Lobbyist Children's Hospital personnel \$8,414; Sandra Fenwick Registered Lobbyist Children's Hospital personnel \$7,227; Melissa Shannon Children's Hospital Corporation \$83,831; Ann Langley Consultant Health Policy Strategies 728 Battery Place, Alexandria, VA 22314 \$21,620; Joe Grant Consultant Grant Associates 130 Bowdoin Street - Suite 1706, Boston, MA 02108 \$35,000. Total Lobbyist/Consultant Expenses = \$483,495. Expenses Incurred by the Office of Government Relations for Lobbying Activities = \$109,048. Grant to Nat'l Assoc of Children's Hospitals for GME - Related Lobbying Expense = \$72,538. TOTAL LOBBYING EXPENSES = \$665,081. In addition to Children's Hospital Corporation's direct and listed lobbying expenses, Children's Hospital Corporation pays dues to certain membership organizations, a piece of which may be used by such organizations for lobbying activities on behalf of this institution and other similarly situated organizations. Total direct and indirect lobbying expenditures were minimal and not substantial based on revenues.</p>

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization Children's Hospital Corporation

Employer identification number 04-2774441

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may 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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically importantly land area, Preservation of a certified historic structure.

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

Table with 2 columns: Description, Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), Number of conservation easements included in (c) acquired after 8/17/06.

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable 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?
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 170(h)(4)(B)(ii)?
9 In Part XIV, 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, 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 XIV, the text of the footnote to its financial statements that describes these items
b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1; (ii) Assets included in Form 990, Part X
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items: a Revenues included in Form 990, Part VIII, line 1; b Assets included in Form 990, Part X

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

3 Using the organization's 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 XIV

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 XIV and complete the following table

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

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

b If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	712,896,000	567,567,000	474,444,000	446,887,000	
b Contributions	54,490,000	192,306,000	63,114,000	22,139,000	
c Investment earnings or losses	87,370,000	-11,529,000	48,022,000	25,362,000	
d Grants or scholarships					
e Other expenditures for facilities and programs	25,795,000	35,448,000	18,013,000	19,944,000	
f Administrative expenses					
g End of year balance	828,961,000	712,896,000	567,567,000	474,444,000	

2 Provide the estimated percentage of the year end balance held as

- a** Board designated or quasi-endowment ▶ 55.420 %
- b** Permanent endowment ▶ 16.750 %
- c** Term endowment ▶ 27.830 %

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

	Yes	No
(i) unrelated organizations	3a(i)	No
(ii) related organizations	3a(ii)	No

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

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

Part VI Land, Buildings, and Equipment. 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		399,348		399,348
b Buildings		1,234,917,585	661,618,800	573,298,785
c Leasehold improvements				
d Equipment		580,600,044	446,908,418	133,691,626
e Other		133,129,447	5,174,772	127,954,675
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				835,344,434

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	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 XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12)	5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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 XIV)	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 XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18)	5	

Part XIV Supplemental Information

Complete this part to 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	Part V, line 4 The Children's Hospital's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to support Children's Hospital's missions in pediatric patient care, education, research, and community programs Part V, Line 1b The Contribution line is comprised of Net Assets Reclassifications of \$17,372,000, Contributions of \$35,366,000 and endowments from the Immune Disease Institute merger of \$1,752,000
Description of Uncertain Tax Positions Under FIN 48	Part X	Part X, Line 2 There is no FIN 48 footnote in the organization's audited financial statements

Additional Data

Software ID:
Software Version:
EIN: 04-2774441
Name: Children's Hospital Corporation

Form 990, Schedule D, Part VII - Investments— Other Securities

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Knott Partners	345,614	F
Pequot	605,255	F
Wellington - Trust	13,323,779	F
Wellington - Energy	7,119,075	F
Brookside Capital	22,513,939	F
Lone Pine Capital	11,694,082	F
Lone Pinon	4,294,024	F
Standard Pacific	14,801,020	F
Highfields Capital	33,603,124	F
Sankaty	11,699,276	F
Davidson Kempner	37,481,338	F
King Street	48,775,049	F
Baupost	45,071,425	F
Fidelity International Stock	21,900,625	F
Fidelity Notes Payable	2,149,823	F
Bain IX Fund	8,026,158	F
Bain X Fund	3,569,665	F
Bain Arc	15,284,438	F
Old Lane	185,050	F
SPUR Ventures	4,376,340	F
Lone Cascade	24,429,898	F
Wellington - Emerging Small Cap	15,356,405	F
Wellington - Real Asset	19,361,432	F
Wellington - Diversified Hedge	6,535,894	F
TT International	9,692,221	F
Walter Scott	19,782,719	F
Axiom	12,264,907	F
Sanford Bernstein	22,506,088	F
MIT Private Equity Fund	20,972,184	F
Energy Capital Partners	4,608,528	F
SDK Capital	3,478,395	F
Matrix China II	884,008	F
Nalanda	6,148,143	F
Lone Dragon	6,289,500	F
Somerset	8,098,634	F
Sankaty COPS Fund V	246,598	F
Matrix India II	219,887	F
SequoiaUSGrowFUund V	360,806	F
Abrams Capital	8,605,134	F
Bain Venture	33,110	F
Golden Gate Capital	2,854,815	F
Crosslink Capital	2,643,394	F
Sequoia Capital Global Equities	4,317,658	F
Steadfast	8,916,370	F
Sequoia China Venture Fund IV	16,509	F
Convexity	17,200,000	F

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

1 (a) Description of Liability	(b) Amount
Estimated Final Settlement Due to Third Party Payors & Deferred Revenue	32,555,708
Estimated Insured Professional Liability Losses	23,441,503
Salary & Other Benefits	3,032,870
Funds Held for Others	36,905,445
Reserve for Medical Malpractice	5,689,042
Accrued Pension Cost	59,961,529
Other Liabilities - Miscellaneous	11,319,619
Lease Obligations	11,407,502
Interest Rate Swap Liability	155,580,711

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No 1545-0047

2011

**Open to Public
Inspection**

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
Children's Hospital Corporation

Employer identification number

04-2774441

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

1 For grantmakers. Does the organization maintain records to substantiate the amount of 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 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activities per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
Central America & the Caribbean	0	0	Program Services	Patient Care, Research & Education	25,933
East Asia & The Pacific	0	0	Program Services	Patient Care, Research & Education	197,276
Europe	0	0	Program Services	Patient Care, Research & Education	359,579
Middle East and North Africa -	0	0	Program Services	Patient Care, Research & Education	105,961
North America	0	0	Program Services	Patient Care, Research & Education	115,403
South America	0	0	Program Services	Patient Care, Research & Education	58,532
South Asia	0	0	Program Services	Patient Care, Research & Education	29,386
Sub-Saharan Africa	0	0	Program Services	Patient Care, Research & Education	135,413
Central America & the Caribbean	0	0	Investment		23,000
Central America & the Caribbean	0	0	Insurance		2,929,278
Russia & the Newly Independent States -	0	0	Program Service	Patient Care, Research & Education	1,772
3a Sub-total	0	0			1,027,483
b Total from continuation sheets to Part I	0	0			2,954,050
c Totals (add lines 3a and 3b)	0	0			3,981,533

Part IV Foreign Forms

- 1 Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)* Yes No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)* Yes No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)* Yes No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)* Yes No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)* Yes No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).* Yes No

Part V Supplemental Information

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants Outside the U S		<p>Schedule F, Part I, Line 2 Children's Hospital's employees may travel outside the United States to support its missions in pediatric patient care, education, research, and community services Business travel, on behalf of Children's Hospital, must follow the Hospital's Travel Policy The traveler must complete a Travel Expense Report (TER) form, and provide original itemized receipts as supporting documentation TER form approval is the responsibility of the Manager of the Department/Director/VP in which that activity is budgeted and expensed In addition, the Department Manager/Principal Investigator/Director/VP is responsible for</p> <ul style="list-style-type: none"> - Ensuring that the travel policy and procedures are clearly communicated to all authorized travelers - Ensuring compliance with all CHB travel policy and procedures, and applicable sponsor guidelines in the case of grant-sponsored activities, including timeliness and proper documentation requirements - Maintaining supporting documentation of travel activity and expenses for proper record keeping and auditing purposes - Assuring that proper authorization signatures are documented on the TER form with the understanding that unauthorized expenses and/or personal expenses will not be reimbursed to the traveler <p>In general, the ordinary and necessary expenses incurred while traveling on hospital business are reimbursable upon presentation and authorization of a completed TER form with original receipts as supporting documentation Reimbursable expenses include transportation, hotel/lodging, meals and other reasonable expenses incidental to travel Personal expenses are not reimbursable</p>

Schedule F (Form 990) 2010

**SCHEDULE G
(Form 990 or 990-EZ)**

**Supplemental Information Regarding
Fundraising or Gaming Activities**

OMB No 1545-0047

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

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

Name of the organization
Children's Hospital Corporation

Employer identification number
04-2774441

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

- 1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a** Mail solicitations
 - b** Internet and e-mail solicitations
 - c** Phone solicitations
 - d** In-person solicitations
 - e** Solicitation of non-government grants
 - f** Solicitation of government grants
 - g** Special fundraising events
- 2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? Yes No
- b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization. Form 990-EZ filers are not required to complete this table.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Advanced Marketing Direct 99 Thielman Drive Buffalo, NY 14206	Direct mail creative & management		No	1,161,239	1,270,797	-109,558
Charty Dynamics 3420 Executive Center Drive Austin, TX 78731	Donor Survey		No	0	78,434	-78,434
Cygnus Applied Research 444 North Michigan Ave Chicago, IL 60611	Donor Survey		No	0	34,173	-34,173
Marts & Lundy 370 Lexington Avenue New York, NY 10017	Fundraising Counsel		No	0	35,526	-35,526
Pamela Starr 2441 Earl Street Los Angeles, CA 90039	Fundraising Counsel		No	0	5,500	-5,500
Total				1,161,239	1,424,430	-263,191

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

CT, RI, NH, VT, ME, FL, NY, NJ, NV

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		<u>Dinner/Auction</u> (event type)	<u>Dinner Gala</u> (event type)	<u>0</u> (total number)	(Add col (a) through col (c))
Revenue	1 Gross receipts	3,511,706	441,595		3,953,301
	2 Less Charitable contributions	2,926,611	433,625		3,360,236
	3 Gross income (line 1 minus line 2)	585,095	7,970		593,065
Direct Expenses	4 Cash prizes	0	0		
	5 Non-cash prizes	0	0		
	6 Rent/facility costs	0	0		
	7 Food and beverages	190,633	61,419		252,052
	8 Entertainment	0	7,700		7,700
	9 Other direct expenses	648,364	46,907		695,271
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(955,023)
11 Net income summary Combine lines 3 and 10 in column (d) ▶				-361,958	

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
		1 Gross revenue	0	0	437,850
Direct Expenses	2 Cash prizes	0	0	0	
	3 Non-cash prizes	0	0	0	
	4 Rent/facility costs	0	0	0	
	5 Other direct expenses	0	0	52,547	52,547
	6 Volunteer labor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <u>71.000%</u> <input type="checkbox"/> No	
7 Direct expense summary Add lines 2 through 5 in column (d) ▶				(52,547)	
8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				385,303	

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

- 11** Does the organization operate gaming activities with nonmembers? Yes No
- 12** Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	13a	
b An outside facility	13b	100 000 %

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

Name ▶ Douglas Vanderslice Sr Vice Presi

Address ▶ 300 Longwood Ave
Boston, MA 02115

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

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

c If "Yes," enter name and address

Name ▶

Address ▶

16 Gaming manager information

Name ▶ Ethridge King

Gaming manager compensation ▶ \$ 0

Description of services provided ▶ Mr King, Dir of Developmnt Svc at Children's, was not compensated as a gaming manager His job includes overseeing any fundraising gaming operations

Director/officer Employee Independent contractor

17 Mandatory distributions

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

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

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
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SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, question 20. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization Children's Hospital Corporation

Employer identification number 04-2774441

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? 1b If "Yes," is it a written policy? 2 If the organization had multiple hospitals... 3 Answer the following based on the charity care eligibility criteria... 4 Did the organization's policy provide free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care... 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Charity Care and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Charity Care and Means-Tested Government Programs and Other Benefits.

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support	28		1,466,599		1,466,599	0.110 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy	7		493,744		493,744	0.040 %
8 Workforce development						
9 Other						
10 Total	35		1,960,343		1,960,343	0.150 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		No
2 Enter the amount of the organization's bad debt expense		6,494,132
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy		0
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit		

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	8,967,414
6 Enter Medicare allowable costs of care relating to payments on line 5	6	8,605,014
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7	362,400
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (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 1 None				
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)

How many hospital facilities did the organization operate during the tax year? 1

Name and address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Boston Children's Hospital 300 Longwood Avenue Boston, MA 02115	X	X	X	X		X	X		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

Boston Children's Hospital

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): _____ 1 _____

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
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 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 those 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 Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V Facility Information *(continued)*

	Yes	No
10 Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care ___% If "No," explain in Part VI the criteria the hospital facility used	10	No
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes
12 Explained the method for applying for financial assistance?	12	Yes
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input checked="" type="checkbox"/> Reporting to credit agency b <input checked="" type="checkbox"/> Lawsuits c <input checked="" type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16	No
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

- a** The hospital facility did not provide care for any emergency medical conditions
- b** The hospital facility's policy was not in writing
- c** The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d** Other (describe in Part VI)

	Yes	No
18	Yes	

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a** The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b** The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?

.

If "Yes," explain in Part VI

19		
20		No
21		No

Part V Facility Information (continued)

Section C. Other 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 facilities did the organization operate during the tax year? 5

Name and address	Type of Facility (Describe)
1 Children's Hospital Boston-At Waltham 9 Hope Ave Waltham, MA 02453	Outpatient Satellite Facility
2 Children's Hospital at Lexington 482 Bedford Street Lexington, MA 02173	Outpatient Satellite Facility
3 Martha Eliot Health Center 75 Bickford Street Boston, MA 02130	Outpatient Community Health Center
4 Children's Hospital at Peabody 1 Essex Center Drive Peabody, MA 01960	Outpatient Satellite Facility
5 Children's Clinics at 333 Longwood Ave 333 Longwood Avenue Boston, MA 02115	Outpatient Pediatric Clinic
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments 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

Identifier	ReturnReference	Explanation
		Part I, Line 3c Children's, based on its participation in the state of Massachusetts Health Safety Net, utilizes Federal Poverty Guidelines for determining eligibility for free care to low income individuals For purposes of discounted care, Children's offers discounts to individuals, regardless of income, who are uninsured and are ineligible for free care or other public programs

Identifier	ReturnReference	Explanation
		Part I, Line 6a Children's files an annual community benefits report with the Attorney General's Office (AG) in Massachusetts. There are significant differences between the AG and IRS requirements for reporting community benefits expenditures. The IRS counts the following as community benefits while the AG does not: Medicaid shortfalls, indirect costs, health professions education, and research funded by tax-exempt and government sources. Children's AG Report is publicly available and can be accessed directly on the AG's web site, www.mass.gov/AG and Children's web site, www.childrenshospital.org

Identifier	ReturnReference	Explanation
		<p>Part I, Line 7 Children's used an internal cost accounting system for purposes of reporting certain amounts on Part I, line 7 The system is designed to address all segments of patient care (inpatient, outpatient and emergency) and assigns costs to patients from all payer sources (Medicaid, Medicare, managed care, commercial, uninsured and self-pay) The cost of charity care was determined based on the overall relationship of hospital costs as a percentage of hospital charges, applied to charges that qualified as charity care Children's provides charity care to all children in need who meet the hospital's charity care standards, which are in alignment with all state mandated regulations Nearly 30% of children who receive their care at Children's are insured through Medicaid programs in a number of states including Massachusetts In aggregate, Medicaid programs do not reimburse the hospital for the total costs of providing care to these children Children's has a strong commitment to improving the health status of the children in our local community Based on a tri-annual community needs assessment, Children's supports a variety of programs and partners both internal and external that are addressing the needs of Boston children Children's has also identified four major health focus areas in which it concentrates its efforts For children in Boston, asthma, mental health, obesity and child development are major concerns Children's has community based programs in each of these issue areas The hospital also has an Office of Child Advocacy that provides support to these programs Children's is a leader in education and training for healthcare professionals Children's subsidizes services that are either limited or unavailable in the broader community Examples include psychiatry, primary care, and dental care Children's is home to the world's largest and most active research enterprise at a pediatric center Recognizing that Children's does not have the capacity to meet all the needs of the children of Boston, it supports (through financial contributions and in kind services) a large number of community based organizations who are providing these important services Beneficiaries range from full service community health centers to Head Start programs for pre-school children For more information, visit www.childrenshospital.org/community</p>

Identifier	ReturnReference	Explanation
		Part I, Line 7g Children's does not subsidize physician services, thus there are none reported in the dollar amount for subsidized health services

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The total bad debt expense of \$21,027,904 is included in Form 990, Part IX, line 25 column (A), but subtracted for purposes of calculating the percentage in this column

Identifier	ReturnReference	Explanation
		<p>Part II In FY12, Children's reported two types of community building activities \$1,466,599 for 28 community support programs and \$493,744 for community health improvement advocacy Children's community building activities are designed specifically to address health disparities and improve the health of children, families and communities According to public health literature (see Ambulatory Pediatrics and Health Affairs), initiatives that address disparities for children across four different levels the individual, systemic, community and society can lead to meaningful improvements in health As described in Form 990, Part III Program Service Accomplishments, Children's takes a multi-pronged approach to tackle the most pressing health issues facing Boston children At the same time, Children's addresses non-health or social determinants of health issues such as violence, workforce development and education, which also impact a child's health Therefore, Children's directs its community building activities in the following areas -</p> <ul style="list-style-type: none"> - Children's public policy advocacy efforts help to improve access to health care for all individuals and ensure high-quality pediatric services - As a major employer in Massachusetts and civic leader in Boston, Children's supports efforts to ensure a diverse and culturally competent health care workforce as well as promotes economic health in the surrounding communities - To improve life in local neighborhoods, Children's has targeted support towards community based organizations that do not focus specifically on health, but rather on the vibrancy of the community Contributions to groups such as the Fenway Community Development Corporation and Sociedad Latina are as important as partnerships with community health centers For more information, visit www.childrenshospital.org/community

Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 Children's Medical Center and Subsidiaries' Audited Financial Statements contain the following bad debt footnote "The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators Accounts receivable are reduced by an allowance for doubtful accounts Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the Medical Center follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Medical Center Accounts receivable are written off after collection efforts have been followed in accordance with the Medical Center's policies "Bad debt expense reflects patient charges that have been deemed uncollectible, converted to cost based on the ratio of patient care cost to charges from Worksheet 2 There is not any amount of bad debt reflected as charity care, because it can't be quantified accurately at this time However, some bad debts would be charity care</p>

Identifier	ReturnReference	Explanation
		Part III, Line 8 Medicare allowable costs are obtained directly from the Medicare Cost Report and are determined in accordance with Medicare principles of reimbursement

Identifier	ReturnReference	Explanation
		<p>Part III, Line 9b Children's makes reasonable and diligent efforts to collect each patient's insurance and other information and to verify coverage for health care services Children's applies collection actions to all patients in the same manner, irrespective of their insurance status Children's does not (and does not permit its agents to) engage in collection action of any kind, including billing, with respect to patients/guarantors that are exempt from collection action under Children's Credit and Collection Policy and under Massachusetts regulations governing the Health Safety Net program All patients/guarantors who are not exempt from collection action are advised in all billing-related communications of the availability of free care and financial assistance, including assistance in applying for public programs and the availability of charity care Children's does not (and does not permit its agents to) engage in legal action against patients/guarantors, including liens, wage garnishments, or lawsuits, or report patients/guarantors to credit bureaus or credit agencies without specific, case-by-case authorization by Children's Board of Trustees No legal action occurred during the year Children's Credit and Collection Policy is filed with the Massachusetts Division of Health Care Finance and Policy That policy and related policies on Self-Pay Discounting and Charity Care and Self-Pay Collection Practices are also available to patients upon request</p>

Identifier	ReturnReference	Explanation
Boston Children's Hospital		Part V, Section B, Line 9 Children's, based on its participation in the state of Massachusetts Health Safety Net, utilizes Federal Poverty Guidelines for determining eligibility for free care to low income individuals For purposes of discounted care, Children's offers discounts to individuals, regardless of income, who are uninsured and are ineligible for free care or other public programs

Identifier	ReturnReference	Explanation
Boston Children's Hospital		Part V, Section B, Line 10 For purposes of discounted care, Children's offers discounts to individuals, regardless of income, who are uninsured and are ineligible for free care or other public programs

Identifier	ReturnReference	Explanation
Boston Children's Hospital		Part V, Section B, Line 13g Children's takes the following steps to make patients aware of the availability of financial assistance - Posting of signage in all patient care admission areas of the availability of financial assistance,- All billing correspondence includes language regarding the availability of financial assistance,- The Hospital web-site provides contact information for Hospital Financial Counselors who can help assist patient with applying for programs to cover medical expenses

Identifier	ReturnReference	Explanation
Revising Policies	Part V, Lines 8-21	Responses on Lines eight through twenty-one reflect policies and procedures in place during the fiscal year. Children's is currently revising the relevant policies to reflect changes required by the proposed Internal Revenue Code Section 501(r) regulations released by the Internal Revenue Service on June 22, 2012.

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 2 Children's is committed to assessing the health needs of children and families living in the communities surrounding the hospital's main campus Children's utilizes formal and informal mechanisms to listen and learn from residents as well as hospital staff, key stakeholders, community leaders and advocates The hospital conducts a formal, comprehensive assessment every three years Children's most recent formal assessment was completed in FY09 and the next will be completed in 2013, which will include a partnership with the Boston Public Health Commission to conduct a first-of-its-kind health study to gather data on Boston children and families Informally, the hospital gathers information, encourages community participation and seeks input from families and partners on a regular basis Based on the information gathered, the hospital develops a community benefit action plan for how it can best address those needs and effectively utilize its expertise and resources A key component of the hospital's assessment is the input and guidance from the hospital's Community Advisory Board and Board Committee on Community Service Children's also conducts ongoing yet less formal means of assessment to inform the hospital's community efforts For more information, visit www.childrenshospital.org/community</p>

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 3 Children's provides patients with information about financial assistance programs that are available through the Commonwealth of Massachusetts or through the hospital's own financial assistance program All patients/guarantors who do not qualify for free care and thus are not exempt from collection action are advised in all billing-related communications of the availability of free care and financial assistance, including assistance in applying for public programs and the availability of charity care For those patients that request financial assistance, Children's assists patients by screening them for eligibility in an available public program and assisting them in applying for the program All patients/guarantors who are not exempt from collection action are advised in all billing-related communications of the availability of free care and financial assistance, including assistance in applying for public programs and the availability of charity care The screening and application process for a financial assistance programs is done through either the Virtual Gateway (which is an internet portal designed by the Massachusetts Executive Office of Health and Human Services to provide an online application for the programs offered by the state) or through a standard paper application All Virtual Gateway and paper applications are reviewed and processed by the Massachusetts Office of Medicaid Hospitals have no role in the determination of program eligibility made by the state, but at the patient's request may take a direct role in appealing or seeking information related to the coverage decisions</p>

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 4 As one of the largest most comprehensive pediatric medical centers in the U S , Children's is a regional, national and global referral center Approximately 20% of inpatients come from out of state or out of the country because of the complex care Children's is able to provide Children's is also considered the primary community hospital for the children of Boston and the largest provider of pediatric care to low-income families in the state Approximately 30% of Children's patients are covered through Medicaid/CHIP including a significant number insured by out-of-state Medicaid programs State-wide, it is estimated that Children's treats 90% of the sickest children in Massachusetts Children's main campus is located in Boston, a racially and ethnically diverse city, which is home to nearly 620,000 people A wide range of ethnic backgrounds and countries of origin can now be found in Boston's population and people of color make up the majority of the City's population Approximately 115,000 children under the age of 18 live in Boston representing 20 percent of the population Children mirror Boston's emergence of "majority minority" diversity, 37 % of Boston's children are Black, 24% are Hispanic, 7% are Asian/Pacific Islander, 4% are multi-racial and 3% are other An estimated 26% of Boston's children live in poverty</p>

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 5 As the only free-standing children's hospital in the state, Children's treats 90% of the sickest kids in Massachusetts and offers a range of services that are unavailable elsewhere in the region, including pediatric transplants, critical care transport services, a level 1 Pediatric Trauma Unit and a level 3 Neonatal Intensive Care Unit Children's also qualifies for DSH payments as the state's largest provider of pediatric care to low-income families Approximately 30% of its patients are covered by Medicaid, including patients insured by out-of-state Medicaid programs In addition, Children's has an open medical staff model Children's is also a leader in education and training for healthcare professionals It sponsors 38 Accreditation Council for Graduate Medical Education-accredited training programs, one American Dental Association accredited training program and 15 non-accredited subspecialty fellowships with 476 residents/clinical fellows enrolled in these programs Children's partners with 27 schools of nursing throughout Massachusetts and New England to provide clinical experiences in pediatrics Children's offers a variety of continuing education courses designed for health care professionals in pediatric practice The courses are accredited by the Office of Continuing Education at Harvard Medical School and each hour of instruction is approved for Category 1 credits towards the AMA Physician's Recognition Award Topics include autism, eating disorders, sports injuries, endometriosis, substance abuse, concussions, strabismus, Type II Diabetes and vascular anomalies Children's also offers half-day programs titled Pediatric Health Care Summits that are held at local hospitals, such as Beverly Hospital, Lawrence General and South Shore Hospital (Weymouth) Additionally, Children's partners with area community hospitals such as Good Samaritan Medical Center, Holy Family, Lawrence General, South Shore, St Anne's and St Joseph's to sponsor Community Hospital Pediatrics Grand Rounds with monthly lectures provided by faculty in medical and surgical sub-specialties Children's also operates "Career Opportunity Advancement Children's Hospital", a seven-week program for Boston youth to explore health care careers while having a safe and meaningful summer and the program "Student Career Opportunity Outreach Program", designed by Children's nurses to introduce young people to nursing career opportunities Children's is home to the world's largest and most active research enterprise at a pediatric center Children's research mission encompasses basic research, clinical research, community service programs and the postdoctoral training of new scientists Children's has a twenty-one person voluntary Board of Trustees Thirteen of the Board members are not direct employees of the hospital and all of them live in the hospital's service area The Board oversees the hospital's endowment and follows a 5% spending rule in keeping with the industry standard of the responsible management of assets Reserves are invested back into patient care, teaching, research, patient safety and quality initiatives, equipment, facilities, community benefits and to subsidize vital services that run a deficit</p>

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 6 Although Children's does not have true affiliates as defined by the IRS, it does have other affiliations As the largest pediatric referral center in the region, Children's maintains a variety of relationships with community hospitals and other smaller pediatric programs throughout New England These relationships include seven community hospitals in eastern Massachusetts where Children's physicians have formal arrangements to provide on-site emergency medicine, inpatient, neonatal and/or outpatient pediatric specialty services Children's also owns and operates four outpatient facilities in Waltham, Lexington, Peabody, and Jamaica Plain that offer access to pediatric specialty care in a wide array of subspecialties Children's provides assistance to other pediatric facilities (Hasbro, RI, Dartmouth Hitchcock, NH, and Boston Medical Center) in the region through training, recruitment, consultations, on-site care and referrals for care that is not otherwise available In addition, the Pediatric Physicians' Organization at Children's brings together pediatricians, pediatric medical groups and pediatric specialists at Children's</p>

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	MA

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) 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
See Additional Data Table					

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	<p>Schedule I, Part I, Line 2 Children's Hospital provides three types of grants and assistance (1) Sponsorships, (2) Scholarships, and (3) Assistance Programs SPONSORSHIPS Children's supports external strategic partners that enhance Children's role and reputation as (1) a good neighbor, (2) community health partner, (3) civic leader, (4) and an employer of choice The criteria for Children's funding decisions to the requesting organization are based on the following 1 a non-profit that promotes careers in healthcare or health services and that Children's has collaborated, or is collaborating, with 2 a non-profit located in and serving Children's target neighborhoods (Fenway, Mission Hill, Jamaica Plain, Roxbury) that address social determinants of health and that Children's has collaborated, or is collaborating, with 3 one of Children's Hospital's affiliated community health centers 4 a citywide non-profit that is a strategic partner in one or more of the Children's primary community health focus areas (asthma, mental health, nutrition/fitness, violence prevention) and that Children's has collaborated, or is collaborating, with 5 a citywide non-profit that is a strategic partner in one or more of Children's secondary community health focus areas (early intervention, early childhood/elementary education,) that Children's has collaborated, or is collaborating, with 6 a business , civic, or advocacy strategic partner that senior management is actively engaged in 7 meets the IRS and the Massachusetts Attorney General's community support or community benefit criteria 8 meets the City of Boston eligibility as a "payment in lieu of taxes" investment Records and copies of sponsorship requests and the resulting grants are kept in paper form in the Office of Child Advocacy All sponsorship requests are commonly for general operating support All sponsorship is sent a letter that reiterates the stated use of the grant or assistance and with any Community Partnership Grants, representatives of Children's make site visits to many of the grantees and request end-of-year reports SCHOLARSHIPS Children's Hospital offers several scholarship programs to support the educational goals of its employees and/or their immediate families The Sibylla Orth Young Scholarship is available to employees and their immediate families who have worked at least six months and meet income and grade point average guidelines as well as demonstration of sincere commitment to the healthcare profession Priority will be given to those pursuing careers in healthcare positions experiencing labor shortages (e g , radiographer, pharmacy technician, clinical lab technician, nursing) Sibylla Orth Young Scholarship applications are reviewed and maintained by the Office of Learning and Development selection committee The Nursing Education Scholarship is available to deserving nurses to further his or her education in patient care and the Joshua T Shairs Cardiology Fund is a scholarship for nurses in the field of cardiology All nursing scholarship applicants must have worked at least three months, be enrolled in an academic program leading to a degree, demonstrate a commitment to the patient care and be in good standing, both professionally and academically Scholarships applications for the Nursing Education Scholarships and Joshua T Shairs Cardiology Funds are reviewed and maintained by the Department of Nursing/Patient Services selection committee All scholarship recipients are required to sign a Terms of Acceptance agreement affirming the funds will only be used for tuition, fees and/or class materials required for course instructions ASSISTANCE PROGRAMS Children's Hospital offers several financial assistance programs to provide funding to patients and their families burdened by the costs associated with long-term hospitalization, acute/chronic illness, disability or impairment We recognize the significant burdens related to financial and support services that patients and families face when experiencing frequent ambulatory services or prolonged inpatient admissions at Children's Hospital Boston These funds are primarily intended for use in emergent situations, and as a stop-gap intervention only They are not intended to provide permanent or long term solutions to financial need Essentially, these are funds of "last resort" when alternative options do not exist Below is a listing of our various Assistance Program Funds Frieze Social Work Fund - provide broad financial assistance to needy children and families during their illness or hospitalization at Children's Hospital Camp Fund - support social service's summer camp program for patients Family Resource Center Fund - support of the family resource center's activities Andre Sobel River Of Life Foundation Fund - to support functionally single parents & provide broad support to needy children and their families during their illness/hospitalization at Children's Hospital by relieving financial burdens Kent Street Operating Fund - support patient family housing at Kent Street Devon Nicole House Operating Fund - support patient family housing at Devon Nicole House Pet Therapy Program Fund - provide pet therapy for patients Brandano Parent Apartment Fund - to provide housing for needy parents of children receiving treatment at Children's Hospital Matthew Puffer Parking Fund - provide discounted parking for patient families whose children are being treated for chronic diseases Sandra & Geoffrey Fenwick Family Income Fund - support for the Center for Families especially needy patients Extraordinary Needs Fund - cover immediate desperate needs of parents to include access to alternative therapeutic interventions Judith Nelson Operating Fund For Families - provide support for The CHB Center For Families All financial assistance requests are assessed by a social worker If there appears to be significant financial hardship, the social worker does a financial assessment based on the policies and guidelines for the use of these special funds Typical requests include assistance with transportation, utilities (a child cannot be discharged without adequate heat, electricity, telephone contact in the home), etc Each request is reviewed by the Director of the Fund Checks are not payable to the family, rather a payment may be made directly to the company involved via an invoice from that company, e g , National Grid Assessment considerations for Special Fund requests are based on * Duration of Need * Demographic * Family Status * Income Factors * Clinical Factors * Alternate Resources Available * Funding Limits</p>

Software ID:
Software Version:
EIN: 04-2774441
Name: Children's Hospital Corporation

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Health Resources In Action 622 Washington Street Dorchester, MA 02124	04-2229839	501(c)(3)	91,000		FMV		Community Partnership
Boston Community Centers Inc 1483 Tremont St Boston, MA 02120	04-2602576	501(c)(3)	15,000		FMV		Community Partnership - Boston Center for Youth & Families

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Boston Public Health Commission 1010 Massachusetts Ave Boston, MA 02118	04-3316655	115	155,000		FMV		Community Partnership
Boston Public Schools 26 Court St 6th Fl Boston, MA 02108	22-2514422	115	321,800		FMV		Community Partnership

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Bowdoin Street Health Center Inc 230 Bowdoin Street Boston, MA 02122	04-2529788	501(c)(3)	100,000		FMV		Support of Community Health Center
Brigham & Women's Hospital Inc 75 Francis Street Boston, MA 02115	04-2312909	501(c)(3)	70,000		FMV		Support of Brookside Community Health Center

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(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
The Dimock Center 55 Dimock Street Roxbury, MA 02119	04- 3487835	501(c)(3)	130,000		FMV		Community Partnership
Fenway Community Development Corporation 73 Hemenway Street Boston, MA 02115	04- 2666507	501(c)(3)	42,500		FMV		Community Partnership

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Project RIGHT320 A Blue Hill Avenue Dorchester, MA 02121	04- 3265420	501(c)(3)	50,000		FMV		Advocacy Support
Joseph M Smith Community Health Center Inc 287 Western Avenue Allston, MA 02134	23- 7221597	501(c)(3)	60,000		FMV		Support for the Community Health Center

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Community Service Care Inc 295 Center Street Jamaica Plain, MA 02130	04-2754281	501(c)(3)	19,050		FMV		Community Partnership - JP Coalition
Mattapan Community Health Center 1425 Blue Hill Ave Mattapan, MA 02426	04-2544151	501(c)(3)	42,500		FMV		Support of the Community Health Center

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Roxbury Comprehensive Community Health Center Inc35 Warren Street Roxbury, MA 02119	04-2501921	501(c)(3)	80,000		FMV		Support of the Community Health Center
YMCA of Greater Boston inc316 Huntington Avenue Boston, MA 02115	04-2103551	501(c)(3)	17,050		FMV		Community Partnership - Roxbury YMCA

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Family Nurturing Center of Massachusetts Inc 200 Bowdoin Street Dorchester, MA 02122	31-1626186	501(c)(3)	50,480		FMV		Support of City of Boston's Initiatives - Smart from the Start
Sociedad Latina Inc 1530 Tremont Street Roxbury, MA 02120	04-2678255	501(c)(3)	36,500		FMV		Community Partnership

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
South Cove Community Health Center Inc145 South Street Boston, MA 02111	04-2501818	501(c)(3)	87,500		FMV		Support of the Community Health Center
South End Community Health Center Inc1601 Washington Street Boston, MA 02118	04-2456134	501(c)(3)	85,000		FMV		Support of the Community Health Center

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Brigham & Women's Hospital Inc 75 Francis Street Boston, MA 02115	04-2312909	501(c)(3)	80,000		FMV		Support of Southern Jamaica Plain Community Health Center
Upham's Corner Community Center Inc 500 Columbia Road Dorchester, MA 02125	04-2708670	501(c)(3)	80,000		FMV		Support of the Community Health Center

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Whittier Street Health Center Committee Inc 1125 Tremont Street Roxbury, MA 02120	04-2619517	501(c)(3)	72,500		FMV		Support of the Community Health Center
Associated Early Care and Education Inc 95 Berkeley Street Suite 306 Boston, MA 02116	04-2105893	501(c)(3)	6,600		FMV		Community Partnership

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Massachusetts League of Community Health Centers 40 Court Street 10th Floor Boston, MA 02108	04-2507409	501(c)(3)	5,000		FMV		Community Partnership
Mission Hill Youth Collaborative 1481 Tremont Street Boston, MA 02120	04-3103865	501(c)(3)	5,000		FMV		Community Partnership

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Massachusetts General Hospital 205 Portland Street 6th Floor Boston, MA 02114	04-1564655	501(c)(3)	8,000		FMV		Community Partnership
Bikes Not Bombs Inc 284 Armory Street Jamaica Plain, MA 02130	04-3138753	501(c)(3)	5,000		FMV		Community Partnership

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Greater Boston Chamber of Commerce 265 Franklin Street Boston, MA 02110	04-1103090	501(c)(6)	14,050		FMV		Community Partnership
The Hyde Square Task Force Inc 375 Centre Street Jamaica Plain, MA 02130	04-3118543	501(c)(3)	7,500		FMV		Community Partnership

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Mission Hill Health Movement 1534 Tremont Street Mission Hill, MA 02120	04-2518620	501(c)(3)	5,100		FMV		Community Partnership

Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States

(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
Sibylla Orth Young Fund for Student Aid	5	10,000		FMV	
Nursing Education Scholarship Fund	19	87,181		FMV	
Joshua T Shairs Cardiology Fund	5	5,000		FMV	
Frieze Social Work Fund	116	319,540		FMV	
Camp Fund	129	39,672		FMV	
Family Resource Center Fund	66	6,720		FMV	
Andre Sobel River of Life Foundation Fund	1	1,000		FMV	
Kent Street Operating Fund	3748		347,937	FMV	Housing Assistance
Devon Nicole House Operating Fund	1694		130,234	FMV	Housing Assistance
Pet Therapy Program Fund	180		0	Other	Theurapeutic dog visits made to inpatients
Brandano Parent Apartment Fund	940		40,120	FMV	Supplies for patient and families
Matthew Puffer Parking Fund	18	3,271		FMV	
Sandra & Geoffrey Fenwick Family Income Fund	419		7,191	FMV	Memorial services and grief conference, room fees & food
Extraordinary Needs Fund	75	217,862		FMV	
Judith Nelson Operating Fund For Families	266	9,785		FMV	

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
Children's Hospital Corporation

Employer identification number

04-2774441

Part I Questions Regarding Compensation

- 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
- First-class or charter travel
 - Travel for companions
 - Tax idemnification and gross-up payments
 - Discretionary spending account
 - Housing allowance or residence for personal use
 - Payments for business use of personal residence
 - Health or social club dues or initiation fees
 - Personal services (e g , maid, chauffeur, chef)

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply

- Compensation committee
- Independent compensation consultant
- Form 990 of other organizations
- Written employment contract
- Compensation survey or study
- Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

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

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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 Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?

	Yes	No
1b		
2		
4a	Yes	
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Lines 4a-b	Children's Hospital made contributions to the supplemental non-qualified retirement plan for the individuals listed below. Contribution amounts are generally based on a percentage of compensation. Participants of the supplemental executive retirement plan are fully vested. All payments with respect to a participant's separation from service will be made in a single sum following the separation from service unless participant has elected to receive the accrued interest portion of his or her account in three annual installments. Contributions were for employee benefits and not for Children's Hospital Trustee or Officer of the Board services and/or responsibilities. James Mandell, received in 2011, a contribution of \$383,214. Sandra Fenwick, received in 2011, a contribution of \$212,205. David Kirshner, received in 2011, a contribution of \$54,708. Stuart Novick, received in 2011, a contribution of \$109,080. Eileen Sporing, received in 2011, a contribution of \$40,606. Demosthenes Argys, received in 2011, a contribution of \$40,368. Carleen Brunelli, received in 2011, a contribution of \$23,100. Janet Cady, received in 2011, a contribution of \$27,516. M. Laurie Camissa, received in 2011, a contribution of \$21,538. Margaret Coughlin, received in 2011, a contribution of \$16,000. Daniel Nigrin, received in 2011, a contribution of \$42,300. Philip Rotner, received in 2011, a contribution of \$64,680. Inez Stewart, received in 2011, a contribution of \$26,272. Henry Tomasuolo, received in 2011, a contribution of \$24,025. Wendy Warring, received in 2011, a contribution of \$33,624. Charles Weinstein, received in 2011, a contribution of \$32,586. During Calendar Year 2011, Michelle Davis (former Vice President, Public Affairs and Marketing) received severance payments totalling \$92,149. Michelle Davis received additional severance payments during Calendar Year 2012.
Supplemental Information	Part III	Part II Compensation is for executive/employee services, Part II, Column F (Compensation Reported in Prior Form 990). The compensation reported in Part II, column B, of this Schedule J (Form 990) is for the calendar year 2011 and a portion of it may have already been reported on a prior year Form 990 as deferred compensation. Compensation amounts in Column F reflects the compensation already reported in a prior return and needs to be taken into consideration to correct the overstatement of the cumulative compensation reported as paid to the individuals listed.

Software ID:
Software Version:
EIN: 04-2774441
Name: Children's Hospital Corporation

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Eileen Sporing MSNRN	(i) (ii)	395,888 0	80,600 0	60,877 0	26,950 0	22,506 0	586,821 0	20,150 0
James Mandell MD	(i) (ii)	757,427 0	269,000 0	417,072 0	26,950 0	33,436 0	1,503,885 0	67,250 0
Sandra Fenwick	(i) (ii)	549,006 0	197,500 0	243,432 0	24,500 0	34,583 0	1,049,021 0	49,375 0
David Kirshner	(i) (ii)	489,394 0	80,000 0	73,696 0	24,500 0	28,295 0	695,885 0	20,000 0
Bruce Balter	(i) (ii)	188,774 0	14,280 0	26,528 0	28,951 0	21,805 0	280,338 0	0 0
Stuart Novick Esq	(i) (ii)	421,457 0	86,000 0	127,780 0	26,950 0	26,336 0	688,523 0	21,500 0
Demosthenes Argys	(i) (ii)	390,479 0	72,500 0	68,638 0	19,600 0	27,210 0	578,427 0	18,125 0
Patricia BranowickiRN	(i) (ii)	221,483 0	18,826 0	38,659 0	28,500 0	17,012 0	324,480 0	0 0
Carleen Brunelli PhD	(i) (ii)	278,518 0	39,150 0	44,828 0	22,050 0	21,512 0	406,058 0	9,788 0
Janet Cady	(i) (ii)	320,252 0	140,400 0	46,559 0	24,500 0	19,534 0	551,245 0	35,100 0
M Laurie Cammisa	(i) (ii)	262,347 0	39,100 0	39,182 0	24,500 0	10,996 0	376,125 0	9,775 0
Margaret Coughlin	(i) (ii)	263,571 0	0 0	49,550 0	0 0	19,873 0	332,994 0	0 0
Patricia HickeyPhDMBA	(i) (ii)	253,220 0	19,022 0	37,156 0	31,000 0	10,741 0	351,139 0	0 0
Daniel Nigrin MD	(i) (ii)	383,147 0	78,000 0	62,290 0	22,050 0	22,882 0	568,369 0	19,500 0
Scott Ogawa	(i) (ii)	262,839 0	19,503 0	38,002 0	26,000 0	10,768 0	357,112 0	0 0
Philip Rotner	(i) (ii)	554,746 0	290,250 0	86,710 0	14,700 0	33,252 0	979,658 0	35,063 0
Inez Stewart	(i) (ii)	308,192 0	46,700 0	45,943 0	22,050 0	24,691 0	447,576 0	11,675 0
Lynn Susman	(i) (ii)	360,193 0	0 0	19,623 0	24,500 0	18,025 0	422,341 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Henry Tomasuolo	(i) (ii)	275,256 0	43,000 0	44,053 0	19,600 0	25,902 0	407,811 0	10,750 0
Wendy Warring	(i) (ii)	390,860 0	78,600 0	79,176 0	17,150 0	15,287 0	581,073 0	19,650 0
Charles Weinstein	(i) (ii)	345,158 0	53,400 0	59,738 0	24,500 0	27,119 0	509,915 0	13,350 0
Orah Platt MD	(i) (ii)	474,928 0	32,990 0	7,529 0	26,950 0	10,324 0	552,721 0	0 0
David Demaso MD	(i) (ii)	336,532 0	0 0	8,379 0	26,950 0	10,464 0	382,325 0	0 0
Nader Rifai PhD	(i) (ii)	413,173 0	195,070 0	3,757 0	26,950 0	21,977 0	660,927 0	0 0
Clifford Woolf MB BChPhD	(i) (ii)	410,620 0	0 0	-9,537 0	22,914 0	21,760 0	445,757 0	0 0
Carlo Brugnara MD	(i) (ii)	413,173 0	34,196 0	-6,504 0	26,950 0	21,639 0	489,454 0	0 0
Melvin Glimcher MD	(i) (ii)	395,429 0	0 0	73,365 0	26,950 0	4,418 0	500,162 0	0 0
Francis Fynn-Thompson MD	(i) (ii)	405,275 0	0 0	-8,608 0	26,950 0	21,755 0	445,372 0	0 0
Michelle Davis	(i) (ii)	193,601 0	16,587 0	230,181 0	13,104 0	12,580 0	466,053 0	0 0

**Schedule K
(Form 990)**

OMB No 1545-0047

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 Schedule O (Form 990).**

▶ **Attach to Form 990. ▶ See separate instructions.**

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
Children's Hospital Corporation

Employer identification number
04-2774441

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	MHEFA Revenue Bonds Series M	04-2456011	57586EMT5	11-19-2009	124,329,713	Purchase of med off bldg, reno & leasehold impr		X		X		X
B	MHEFA Revenue Bonds Series N	04-2456011	57586EUJ8	05-13-2010	341,590,000	Refunded Series G, H, I, J & K		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired		339,925,000		
2 Amount of bonds defeased				
3 Total proceeds of issue	124,329,713	341,590,000		
4 Gross proceeds in reserve funds				
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrow		339,564,138		
7 Issuance costs from proceeds	1,829,713	2,025,862		
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds	122,500,000			
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion	2011			
	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?		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	0 %		0 %					
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %					
6 Total of lines 4 and 5	0 %		0 %					
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2 Is the bond issue a variable rate issue?		X	X					
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X	X					
b Name of provider			Goldman Sachs Mitsui Marine					
c Term of hedge			30 000000000000					
d Was the hedge superintegrated?				X				
e Was a hedge terminated?				X				
4a Were gross proceeds invested in a GIC?		X		X				
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X				
6 Did the bond issue qualify for an exception to rebate?	X		X					

Part V Procedures To Undertake Corrective Action

Check the box if 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 Yes No

Part VI Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
Schedule K, Part IV, Line 1	Form 8038-T	No 8038-T Filed because five years has not passed

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

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 lines 38a or 40b. Attach to Form 990 or Form 990-EZ. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization Children's Hospital Corporation

Employer identification number 04-2774441

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

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

Table with 3 main columns: (a) Name of disqualified person, (b) Description of transaction, (c) Corrected? (Yes/No)

2 Enter the amount of tax imposed on the 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, Part IV, line 26, or Form 990-EZ, Part V, line 38a

Table with 7 main columns: (a) Name of interested person and purpose, (b) Loan to or from the organization?, (c) Original principal amount, (d) Balance due, (e) In default?, (f) Approved by board or committee?, (g) Written agreement?

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 3 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of grant or type 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) Waters Corporation	Trustee	125,896	Equipment Children's Hospital Corporation received, at fair market value, equipment & supplies from Waters Corporation, where Douglas Berthiaume, a member of the hospital's Board of Trustees, is the Chief Executive Officer. All transactions above were at fair market value and negotiated at arms length in the ordinary course of business. Waters Corporation manufactures high end scientific equipment and supplies. During the year the hospital paid Waters Corporation \$125,896 for equipment & supplies.		No
(2) CRICO	Director	11,873,792	InsuranceThe Risk Management Foundation of the Harvard Medical Institutions, Inc (CRICO/RMF) is the patient safety and medical malpractice company serving the Harvard medical community. Insurance coverage is provided to its member institutions and their affiliates by Controlled Risk Insurance Company, Ltd (CRICO/Cayman) and Controlled Risk Insurance Company of Vermont, Inc (A Risk Retention Group) (CRICO/Vermont). Both CRICO/RMF and CRICO/Cayman are owned by their member Institutions. CRICO/Vermont is wholly owned by CRICO/RMF. All CRICO/RMF and CRICO/Cayman shareholders are entities exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Members of CRICO/RMF and CRICO/Cayman are entitled to representation on the boards of these entities. Alan Bufferd, Trustee of Children's Hospital Corporation, sits on the Boards of CRICO/RMF, CRICO/Cayman and CRICO/Vermont. See next item for continuation.		No
(3) CRICO	Director	11,873,792	InsuranceJames Mandell, MD, Chief Executive Officer of Children's Hospital Corporation, sits on the Board of CRICO/RMF and CRICO/Cayman. Children's Hospital pays these entities for insurance for Children's Hospital and its affiliates for the period covered by this filing. Children's Hospital paid a total of \$11,873,792 to CRICO and RMF for professional, general, and directors and officers insurance coverage.		No
(4) FedEx	Director	424,548	ShippingChildren's Hospital Corporation received, at fair market value, shipping services from FedEx, where Gary Loveman, a member of the hospital's Board of Trustees, is on the Board of Directors. All transactions above were at fair market value and negotiated at arms length in the ordinary course of business. During the year the hospital paid FedEx \$424,548 for shipping services.		No
(5) Blue Cross Blue Shield of Massachusetts	Director	76,436,639	InsuranceChildren's Hospital Corporation received, at fair market value, employee health insurance claim administration services from Blue Cross Blue Shield of Massachusetts, where Ralph Martin, a member of the hospital's Board of Trustees, is on the Board of Directors. All transactions above were at fair market value and negotiated at arms length in the ordinary course of business. During the year the hospital paid Blue Cross Blue Shield of Massachusetts \$76,436,639 for actual claims processed by Blue Cross Blue Shield of Massachusetts on behalf of the organization's employees and health claim administration fees.		No
(6) CVS/Caremark	Spouse of Key Emp	9,453,378	Presc Drug ProgramChildren's Hospital Corporation received, at fair market value, employee prescription drug plan benefits from CVS/Caremark, where Wendy Warring's, a key employee of the hospital, spouse is an Officer. All transactions above were at fair market value and negotiated at arms length in the ordinary course of business. During the year the hospital paid CVS/Caremark \$9,453,378 for employee prescription drug plan benefits.		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation
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SCHEDULE M (Form 990)

NonCash Contributions

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization Children's Hospital Corporation

Employer identification number

04-2774441

Part I Types of Property

Table with 4 columns: (a) Check if applicable, (b) Number of Contributions or items contributed, (c) Contribution amounts reported on Form 990, Part VIII, line 1g, (d) Method of determining contribution amounts. Rows include Art, Books, Clothing, Cars, Boats, Intellectual property, Securities, Real estate, Collectibles, Food inventory, Drugs, Taxidermy, Historical artifacts, Scientific specimens, Archeological artifacts, and Other.

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

29

Table with 3 columns: Question, Yes, No. Rows include 30a (During the year, did the organization receive by contribution any property...), 31 (Does the organization have a gift acceptance policy...), 32a (Does the organization hire or use third parties...), and 33 (If the organization did not report revenues...).

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Third Party Use	Part I, Line 32b	The Hospital uses an event management firm to assist in processing non-cash donations received for an event auction
Non Reporting of Revenue	Part I, Line 33	The Hospital received contributions of Archival Papers that do not have a value outside of the Hospital For this reason the Hospital did not recognize revenue as a result of these gifts In addition to these contributions, the Hospital may receive items such as books, stuffed animals and video games that are donated to the units - these items are de minimus and values are not available so they are not reported in revenues

Schedule M (Form 990) 2011

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2011

**Open to Public
Inspection**

Name of the organization
Children's Hospital Corporation

Employer identification number

04-2774441

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 3	The Organization contracted with Navigant Consulting, Inc for an Interim Chief Financial Officer for a portion (5/21/12-9/30/12) of the Fiscal Year

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	Children's Medical Center Corporation is the sole Member of the Children's Hospital Corporation

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Children's Medical Center Corporation is the sole Member of the Children's Hospital Corporation. The Children's Medical Center Corporation elects the governing body of Children's Hospital Corporation because the Board of Trustees of Children's Hospital Corporation must consist of the persons who serve from time to time as the trustees of The Children's Medical Center Corporation.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	Children's Medical Center Corporation is the sole Member of the Children's Hospital Corporation ("the Hospital") As stated in the Hospital's By Laws, Children's Medical Center Corporation has the powers and rights - to approve proposed operating and capital budgets of the Hospital, - to approve the sale of all or substantially all of the Hospital's assets, - to approve the establishment of all long-range plans, goals and objectives of the Hospital, - to approve any incurrence of long-term indebtedness by the Hospital, - to set executive compensation

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The Form 990 tax return was prepared by the organization's staff and reviewed by management (including the President, Chief Executive Officer, Legal and other relevant departments of the organization), along with the outside accounting firm of Ernst & Young. The Form 990 tax return was then presented to the Children's Medical Center and affiliates' Audit & Compliance Committee. Also, a copy was made available to the Board before filing.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	<p>The Hospital's conflict of interest policy applies to all trustees, Trust Board members, members of the medical staff and employees of the Hospital Trustees, chiefs of service and division chiefs, senior managers and others who exercise influence over important strategic, business and purchasing decisions of the Hospital are required to complete an annual conflict of interest disclosure questionnaire about their financial interests and outside activities. If an expected questionnaire is not returned, the Compliance Officer notifies the individual's supervisor or the CEO or COO, and repeated requests for the completed questionnaire are made until the questionnaire is completed. Responses are reviewed by the compliance officer and any potential conflicts are discussed with the Office of General Counsel and/or the individual's supervisor, any actual or potential conflicts are managed by termination of the conflict, management of the conflict, recusal, disclosure, review, or a combination thereof. Outside interests and outside activities may be permitted as long as the Hospital, Medical Center or Trust determines that such interests and activities are consistent with the best interests of the Hospital, Medical Center or Trust and the Hospital, Medical Center or Trust Board member, medical staff member or employee involved does the following: 1. discloses the fact that he has a financial interest or a consultative role in or with a person or company with which the Hospital, Medical Center or Trust is doing or is thinking of doing business, and 2. refrains from voting or exercising any personal influence whatsoever in the selection of a person or company to do business with the Hospital, Medical Center or Trust with whom or in which he has a financial interest or a consultative role, and 3. avoids any active participation in any dealings between the Hospital, Medical Center or Trust and the person or company with whom or in which he has a financial interest or consultative role, and 4. does not permit such outside interests or activities to absorb such amounts of his time and effort as to make it impractical for him to fulfill his assigned responsibilities at the Hospital, Medical Center or Trust, and 5. does not permit such outside interests or activities to compromise or appear to compromise the name or reputation of the Hospital, Medical Center or Trust.</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	<p>The Hospital has a board level compensation committee that annually reviews and approves the compensation for the following individuals: Chief Executive Officer, President & Chief Operating Officer, Senior Vice President & Chief Financial Officer, Senior Vice President & General Counsel, Senior Vice President, Patient Care Operations, Senior Vice President & Chief Administrative Officer, Vice President, Research Administration, President, Children's Hospital Trust, Vice President, Child Advocacy, Vice President, Public Affairs & Marketing, Senior Vice President & Chief Information Officer, Vice President, Human Resources, Vice President, Support Services, Vice President, Real Estate Planning & Development, Chief Investment Officer, Senior Vice President, Network Development & Strategic Partnerships, Vice President, Clinical Services Executive Director, Cardiovascular Program. The committee is comprised of members of the board who are not employed by the organization, and no member may participate in the review and approval of compensation if the member has a conflict of interest with respect to that compensation arrangement. The committee relies on data, provided by an independent compensation consultant, which includes comparable compensation for similarly qualified persons, in functionally comparable positions, at similarly situated organizations. The deliberations and decisions of the committee are documented in minutes of the meeting.</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	<p>Form 990, Part VI, Section C, Line 19 The Hospital posts its Code of Conduct (which incorporates the Conflict of Interest Policy) and its Compliance Manual (which includes a summary of the Conflict of Interest Policy) on its external website and these are also available from the Compliance Office or the Office of General Counsel. Governing documents are not posted publicly but are available from the Hospital upon request and are also filed with the Massachusetts Secretary of State, where they are available to the public. Audited financial statements are filed annually with the Massachusetts Office of the Attorney General as part of the Hospital's Form PC filing and are available from the organization upon request. Quarterly financial statements are filed with the Hospital's bond trustee and are available to the public through the Electronic Municipal Market Access (EMMA) website maintained by the Municipal Securities Rulemaking Board.</p>

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 73,528,509 Net Transfers/Support from Children's Medical Center 135,080,075 Pension Adjustment -14,415,091 Immune Disease Institute Merger Net Assets 13,241,504 Tran of Prof Svc Surplus from Net Assets to Funds Held for Others 8,669,641 Other Adjustments 602 Total to Form 990, Part XI, Line 5 216,105,240

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

Department of the Treasury
Internal Revenue Service

Name of the organization
Children's Hospital Corporation

Employer identification number

04-2774441

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Marketplace LaGuardia LLC One Wells Avenue Newton, MA 02459 20-0417454	Investment in Marketplace LaGuardia LP	MA	Children's Hospital Corporation	5% Investment	57,495	4,780,986		No			No	60.420 %

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
(1) Longwood Associates Inc 55 Shattuck Street Boston, MA 02115 04-2943755	Property Management	MA	Children's Medical Center Corporation	C			

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

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

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

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

- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)

- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses
- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2011**

Software ID:
Software Version:
EIN: 04-2774441
Name: Children's Hospital Corporation

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Children's Medical Center Corporation 55 Shattuck Street Boston, MA 02115 04-1174680	Holds & manages security, real estate investments for Children's Hospital	MA	501(c)(3)	11 - Type II	N/A		No
Longwood Research Institute Inc 300 Longwood Avenue Boston, MA 02115 04-2781368	Medical & scientific research, holds real estate investments	MA	501(c)(3)	11 - Type II	Children's Medical Center Corporation		No
CHB Properties Inc (fka Children's Extended Care Center) 300 Longwood Avenue Boston, MA 02115 04-3323330	Holds & manages satellite ambulatory centers, real estate investments	MA	501(c)(3)	9	Children's Medical Center Corporation		No
Longwood Coporation 55 Shattuck Street Boston, MA 02115 04-2779882	Holds & manages real estate investments	MA	501(c)(2)		Children's Medical Center Corporation		No
Fenmore Realty Corporation 55 Shattuck Street Boston, MA 02115 22-2478110	Holds & manages real estate investments	MA	501(c)(2)		Children's Medical Center Corporation		No
Physician's Organization at Children's Hospital Inc 300 Longwood Avenue Boston, MA 02115 04-3266103	Coord & develop integrated childhlth care system w/ affil members	MA	501(c)(3)	11 - Type III	N/A		No
Immune Disease Institute Inc 3 Blackfan Circle Boston, MA 02115 04-2158520	Health care, education & research in immunology & biomedical science	MA	501(c)(3)	7 - 170b1A vi	N/A		No
New England Congenital Cardiology Research Foundation 300 Longwood Avenue Boston, MA 02115 80-0368043	Improve patient safety & quality for children w/ heart disease	MA	501(c)(3)	7 - 170b1A vi	Children's Hospital Corporation	Yes	
Institute for Relevant Clinical Data Analytics Inc 300 Longwood Avenue boston, MA 02115 38-3854536	Improve patient safety and quality of care	MA	501(c)(3)		Children's Hospital Corporation	Yes	

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	(C) Position (check all that apply)						(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			
Dianne Hatfield Asst Secretary/Exec Asst	55 00			X				95,546	0	26,667
Demosthenes Argys SVP, & Chief Administrativ	55 00				X			531,617	0	46,810
Patricia Branowicki RN VP, Medicine Patient Svc	55 00				X			278,968	0	45,512
Carleen Brunelli PhD VP, Research Administratio	55 00				X			362,496	0	43,562
Janet Cady President, CH Trust	55 00				X			507,211	0	44,034
M Laurie Cammisa VP, Child Advocacy	55 00				X			340,629	0	35,496
Margaret Coughlin SVP & Chief Marketing Officer	55 00				X			313,121	0	19,873
Patricia Hickey PhD MBA VP, Crit Care Pat Svc	55 00				X			309,398	0	41,741
Daniel Nigrin MD SVP & Chief Information Of	55 00				X			523,437	0	44,932
Scott Ogawa Chief Technology Officer	55 00				X			320,344	0	36,768
Philip Rotner Chief Investment Officer	55 00				X			931,706	0	47,952
Inez Stewart VP, Human Resources	55 00				X			400,835	0	46,741
Lynn Susman VP, Campaign & Major Gifts	55 00				X			379,816	0	42,525
Henry Tomasuolo VP, Support Services	55 00				X			362,309	0	45,502
Wendy Warring SVP, Network Development	55 00				X			548,636	0	32,437
Charles Weinstein VP, RE Planning & Developm	55 00				X			458,296	0	51,619
Orah Platt MD Chief, Lab Medicine	55 00				X			515,447	0	37,274
David Demaso MD Chief, Psychiatry	55 00				X			344,911	0	37,414
Nader Rifai PhD Director, Chemistry	55 00					X		612,000	0	48,927
Clifford Woolf MB BCh PhD Director, Neurology	55 00					X		401,083	0	44,674
Carlo Brugnara MD Director, Hematology	55 00					X		440,865	0	48,589
Melvin Glimcher MD Physician, Othopaedics	55 00					X		468,794	0	31,368
Francis Fynn-Thompson MD Physician, Cardiac Surgery	55 00					X		396,667	0	48,705
Michelle Davis Former VP, Public Affairs	55 00						X	440,369	0	25,684

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	(C) Position (check all that apply)						(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			
Stephen Karp Trustee - Chairman	5 00	X						0	0	0
Douglas Berthiaume Trustee - Vice Chair	2 00	X						0	0	0
Allan Bufferd Trustee	1 00	X						0	0	0
Steven Fishman MD Trustee, ex officio (thru 6/30/12)	1 00	X						0	0	0
Gary Fleisher MD Trustee, ex officio	1 00	X						0	0	0
William Harmon MD Trustee	1 00	X						0	0	0
Winston Henderson Trustee	1 00	X						0	0	0
Mira Irons MD Trustee, ex officio	1 00	X						0	0	0
James Kasser MD Trustee, ex officio	1 00	X						0	0	0
Harvey Lodish PhD Trustee	1 00	X						0	0	0
Gary Loveman Trustee	1 00	X						0	0	0
Ralph C Martin Trustee	1 00	X						0	0	0
Thomas Melendez Trustee	1 00	X						0	0	0
Robert A Smith Trustee	1 00	X						0	0	0
Robert Smyth Trustee	1 00	X						0	0	0
Eileen Sporing MSN RN CNO/Noncomp Trustee	55 00	X						537,365	0	49,456
Alison Taunton-Rigby PhD Trustee	1 00	X						0	0	0
Ann Thornburg Trustee	1 00	X						0	0	0
Marc B Wolpow Trustee	1 00	X						0	0	0
Gregory Young MD Trustee	1 00	X						0	0	0
James Mandell MD CEO/Noncomp Trustee, ex off	55 00	X		X				1,443,499	0	60,386
Sandra Fenwick President & COO, Noncomp Trste	55 00	X		X				989,938	0	59,083
David Kirshner CFO & Treasurer (10/1/11-4/31/12)	55 00			X				643,090	0	52,795
Bruce Balter Asst Treasurer/Dir Corp Fi	55 00			X				229,582	0	50,756
Stuart Novick Esq General Counsel & Secretar	55 00			X				635,237	0	53,286

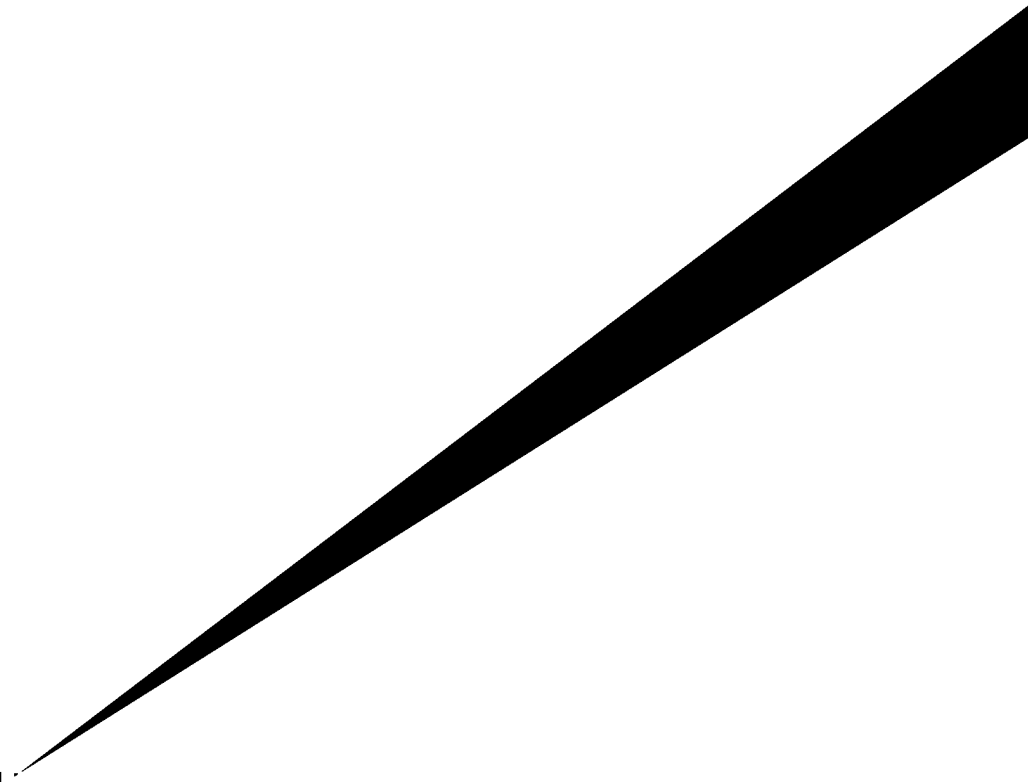
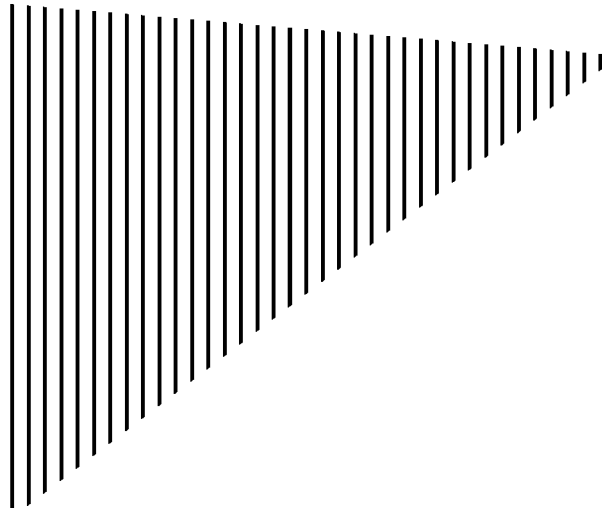
Additional Data**Software ID:****Software Version:****EIN:** 04-2774441**Name:** Children's Hospital Corporation**Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)****4d. Other program services**

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

Community Nearly 20 years ago, Boston Children's Hospital was among the first academic medical centers in the country to expand the traditional missions of patient care, teaching and research to embrace a fourth core mission community health Over the years, the hospital has strived to ensure that community health is more than just words in its mission statement The efforts have evolved from targeted services for individual families living in Boston into innovative models that have proven to address health disparities and improve health outcomes for children not only in Boston but across the state and country Today, the hospital concentrates its community programs in core areas where it has the expertise, resources and community partnerships to improve health outcomes and address significant health needs Boston Children's community mission is based on what the community needs It revolves around keeping children healthy through wellness and prevention efforts, ensuring that children have access to needed health care services and partnering with others to address non-health issues that clearly impact health such as violence, employment and education In all these endeavors, Boston Children's priorities are aligned with those of the City of Boston, the Boston Public Health Commission, the Boston Public Schools as well as other key partners and city agencies Understanding community needs Everything Boston Children's Hospital does to fulfill its community mission is based on how it can best utilize its expertise and resources to address the health issues families experience today Boston Children's uses both formal and informal methods to listen and learn from the community This requires continued engagement, seeking input and having ongoing conversations with residents, community leaders and the hospital's key partners such as the City of Boston, the Boston Public Health Commission (BPHC), community health centers and the Boston Public Schools Through the Office of Child Advocacy (OCA), the hospital regularly convenes providers and staff working on community health initiatives throughout the hospital Internal staff members provide feedback on the current challenges and needs of families as well as input on how the hospital can best work with its partners OCA also meets on a regular basis with leaders and staff at community health centers, community organizations and city agencies to better understand the impact of health issues and barriers to care Through its Community Advisory Board (CAB), which meets on a quarterly basis, the hospital has a direct link to expertise on Boston neighborhoods, community organizations and current health needs The CAB is instrumental in providing feedback throughout the year and in the development and execution of Boston Children's formal assessment process This feedback from experts, community leaders and partners as well as the CAB informs the hospital's community mission, facilitates and strengthens the development of partnerships and helps to shape the implementation of the hospital's community strategy Guided by the CAB, Boston Children's conducts a comprehensive community assessment every three years to "takes the pulse" in Boston neighborhoods surrounding the hospital Focus groups with residents, interviews with key stakeholders and an analysis of data and best practice literature provides detailed insight of not just concerns and needs, but also the strengths and the assets of the community Boston Children's last formal report was completed in 2009 and the hospital is now working on its current assessment to be completed in 2013 In addition to the Boston Children's assessment, the hospital has also partnered with the Boston Public Health Commission to complete a first-of-its kind study on the needs of Boston children For more details on the needs assessment process, visit bostonchildrens.org/community A copy of the last assessment completed in 2009 can also be found on the web site Serving as a safety net Boston Children's is the leading provider of health care to low-income and underinsured children in Massachusetts and it provides care unavailable elsewhere in the state and sometimes the nation Boston Children's also treats pediatric patients from Massachusetts regardless of their ability to pay Boston Children's is also a safety net provider for Boston children More than half of all Boston children hospitalized come to Children's This safety net is financial in that the hospital provides free care, subsidizes care for Medicaid patients, and incurs bad debt for patient families who cannot pay for the care they receive It is programmatic in that Boston Children's offers vital, hospital-subsidized services that are either unavailable elsewhere or available only in very limited capacity, such as mental health, dental and primary care Being a community health leader While the hospital has dozens of initiatives that address the health and even the non-health needs of children in the local community, Boston Children's has identified four priority health areas and developed a programmatic response to each Community programs are focused where the hospital has clinical expertise, resources and partnerships to make a difference The hospital's strategy for improving community health has two aims 1) addressing the most pressing health needs of children and families, and 2) providing services through program that can lead to improvements in health care Boston Children's has developed a performance measurement system that guides our community health programs-tracking health outcomes and then reporting progress back to hospital leadership and the community Programs in the "Portfolio to Achieve Health and Social Impact" include asthma (Community Asthma Initiative), obesity (Fitness in the City), child development (Advocating Success for Kids Program) and mental health (Children's Hospital Neighborhood Partnerships) These programs are measured to ensure that they address health needs, reduce health disparities and engage with our community -The Community Asthma Initiative (CAI) has helped to improve the health of nearly 1,000 Boston children with asthma CAI provides case-management services, offers home visits, educates caregivers and providers, distributes asthma control supplies and connects families to local resources CAI has proven to be a cost-effective solution for keeping children out of the hospital as well as helping them to stay in school and making sure their parents can go to work -Fitness in the City (FIC) is a community-based approach to address obesity FIC supports 11 Boston community health centers to provide almost 1,000 children annually with case-management support, as well as access to nutrition and physical activity programs Almost 60% of children participating in FIC have reduced or maintained their Body Mass Index and have made behavioral changes such as reducing consumption of sugar sweetened beverages and increasing the amount of time being physically active -The Advocating Success for Kids Program (ASK) provides access to intensive and critically needed services for hundreds of children experiencing school-functioning problems and learning delays through Boston Children's primary care clinic and in three Boston community health centers ASK has successfully reduced the wait times for families seeking in-demand assessment and case management services -Children's Hospital Neighborhood Partnerships Program (CHNP) is the hospital's community mental health program CHNP places clinicians in Boston schools and community health centers to provide a comprehensive array of mental health services, reaching more than 2,000 children and adolescents where they live and learn CHNP has increased access to mental health services by helping students in participating schools receive therapy services in 7 days, compared to 42 days in outpatient settings For details on the programs mentioned above and other efforts to improve child health in Boston, visit bostonchildrens.org/community Partnering to address social determinants of health Boston Children's has relationships with more than 60 key partners who provide a voice for the families and neighborhoods they represent Each partner helps to ensure that the hospital better understand the needs, uniqueness and strengths that lie within each community Recognizing the link between social issues and health issues, Boston Children's actively participates and collaborates with its key community partners to respond to social determinants of health, which are non-medical issues that have a significant impact on individual and community health such as poverty, sub-standard housing, family instability and unemployment Based on community need and the hospital's expertise, Boston Children's focuses its efforts and partnerships in three areas

(Code	(Expenses \$	7,875,373	including grants of \$	0	(Revenue \$	0

Community (continued) Education and schools Boston Children's partners closely with the Boston Public Schools (BPS) to support and strengthen the system as well as to work directly in school settings to reach students and help families overcome barriers that may prevent their children from functioning well in school These programs include the Children's Hospital Neighborhood Partnerships Program, the Advocating Success for Kids Program and various efforts in the area of child development The hospital is also the BPS' main partner to help develop and implement a behavioral health model district wide that will better identify and address mental health needs for all students Workforce Development Boston Children's recognizes that one of the most significant ways to provide community support and ensure a diverse workforce is the recruitment and retention of Boston residents as employees The hospital's comprehensive workforce development efforts are in partnership with local organizations such as Sociedad Latina, Fenway Community Development Corporation and Jewish Vocational Services Violence Prevention Boston Children's plays a key role in helping Boston children and families cope with the impact of violence in their lives and working with communities to help prevent it, including the Jamaica Plain Violence Intervention and Prevention Collaborative, a partnership with 15 local organizations including the hospital's Martha Eliot Health Center in Jamaica Plain Partnering to support the health care infrastructure Boston Children's is also committed to and directs resources to build capacity within the existing infrastructure of care for Boston children and families This means supporting key partners-the Boston Public Health Commission (BPHC) and Boston community health centers Boston Children's has been a longtime partner with the BPHC, working together on pressing health issues and supporting efforts to help children, adolescents and young adults, including - A Boston Children's-initiated, first-of-its-kind study to assess the health status of children in Boston, the study includes a 2,500 person phone survey, an analysis of Medicaid data to assess prevalence of disease and utilization of health services, and an in depth environmental scan of several Boston neighborhoods The results will be publicly available in 2013 - Participation in the BPHC's Tobacco-Free Hospital Initiative and Sugar-sweetened Beverage Learning Network, in addition to the formation of an internal Healthy Hospital Workgroup to analyze and make recommendations for hospital policies promoting a healthy environment for patients, families, and staff - Provision of financial support and expertise to the BPHC to support the City's NeighborCare initiative, an effort encouraging Boston residents to receive primary care at community health centers Boston Children's supports community health centers to 1) build capacity to provide a full range of services in order to position them as part of providing an effective medical home for children, 2) provide pediatric services that address the most pressing health issues affecting children, and 3) demonstrate their value through effective assessment and reporting of quality outcomes Boston Children's provides financial and programmatic support to 11 Boston community health centers Bowdoin Street, Brookside, Dimock, Joseph Smith, Roxbury Comprehensive, South Cove, South End, Southern Jamaica Plain, Upham's Corner, Whittier Street and Mattapan as well as the hospital's own Martha Eliot These health centers provide primary care and support, including medical, dental and mental health services, to an estimated 33,000 Boston children and their families, particularly the uninsured and underinsured With support from Boston Children's, the health centers have been able to focus on not only the quality of care provided but how they can expand the range of services delivered, serving as part of the patient-centered medical home Support also enables these health centers to augment current or provide new services that are in great demand, yet not always readily available The health centers are able to reach over 1,000 children per year with case management support, nutrition and fitness education, psychiatric and developmental consultation through programs such as Owl on the Road, Fitness in the City, Advocating Success for Kids and the Children's Hospital Neighborhood Partnerships program Advocating for children and families Influencing public policy to improve child health is an important aspect of Boston Children's commitment to community health As the leading provider of medical services to low-income children in Boston and Massachusetts as well as a critical safety net for children throughout New England, Boston Children's has been an organized force and an influential advocate for children for more than 20 years Boston Children's is also a forceful advocate on appropriate legislative and regulatory matters in Massachusetts, such as increasing access to quality pediatric mental health programs and promoting coverage for asthma education and services As a founding member (1993) of a statewide Children's Health Access Coalition, the hospital played a key role in two expansions of health care coverage for Massachusetts children during the 1990s Boston Children's also worked as a lead participant in the Affordable Care Today Coalition, the catalyst behind the passage of Massachusetts' 2006 health reform law, which has served as a model for the federal law As a result, Massachusetts has achieved near universal health access for children, with less than 1 percent of children uninsured-the lowest rate in the country In 2010, Boston Children's worked with national partners to help explain and leverage our experience in Massachusetts to the federal health reform law, the Affordable Care Act In 2006, Boston Children's (including its Children's Hospital Neighborhood Partnerships Program - for details see above) and a coalition of community organizations launched the Children's Mental Health Campaign (CMHC) The CMHC has achieved remarkable success in securing the passage and enactment of Yolanda's Law which ensures access to appropriate and timely treatment, requires insurers pay for the treatment, and pushes the state to play a more active role in ensuring a comprehensive continuum of services in every community Boston Children's and the Asthma Regional Council of New England partnered together to establish a business case for pediatric asthma management This business case was instrumental in convincing state legislators of the benefits of such an approach and led them to provide \$3 million in funding for a Medicaid demonstration project to provide case management services to children with asthma The MassHealth program has recently released a request for proposals to allow MassHealth providers throughout the state to receive bundled payments for asthma care so that they can employ a similar asthma management program In 2012, Boston Children's played an active and vocal role in the development of the groundbreaking payment reform legislation that was signed into law in August The hospital's advocacy resulted in numerous considerations for children including developing standards for Accountable Care Organizations and studying the impact of the law on access to high quality care for children The law also added language to improve retention in the MassHealth program, at the hospitals urging Boston Children's has established the 2,000 member Children's Advocacy Network (CAN), a grassroots advocacy network that leverages the many voices of families, hospital staff, and community partners in support of child health Since 2006, the hospital has trained 275 advocates through an annual in-depth, five-session training series that gives advocates a better understanding of the legislative process and the skills needed for effective advocacy The CAN hosts monthly "Advocacy Lunch & Learns", which offer hospital staff and community partners a forum each month to learn about a current issue related to children's health policy and explore ways to advocate for children Staff members from departments throughout the hospital regularly engage with the CAN in order to receive information about policy changes that may impact their patient population or schedule in-service presentations about current events in Washington and at the state level



AUDITED CONSOLIDATED FINANCIAL
STATEMENTS AND SUPPLEMENTARY
INFORMATION

Children's Medical Center and Subsidiaries
Year Ended September 30, 2012
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Children's Medical Center and Subsidiaries

Audited Consolidated Financial Statements
and Supplementary Information

Year Ended September 30, 2012

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Report of Independent Auditors

The Board of Trustees
Children's Medical Center

We have audited the accompanying consolidated balance sheet of Children's Medical Center and Subsidiaries (the Medical Center) as of September 30, 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Physicians' Organization at Children's Hospital, Inc. (the P O) and the Physician Foundations (the Foundations), controlled affiliates, which statements reflect total assets of \$877 million as of September 30, 2012, and total revenues of \$580 million for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the P O and the Foundations, is based solely on the report of the other auditors.

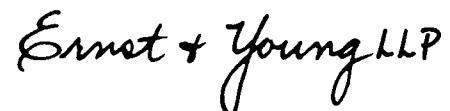
We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Medical Center's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Children's Medical Center and Subsidiaries at September 30, 2012, and the consolidated results of their operations, changes in their net assets and their cash flows for the year then ended, in conformity with U S generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 2012 the Medical Center changed its reporting entity to include the accounts of the P O and the Foundations in its consolidated financial statements.

As discussed in Note 1 to the consolidated financial statements, in 2012 the Medical Center changed its method of reporting bad debt expense as a result of the adoption of Accounting Standards Update (ASU) No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*.

As discussed in Note 1 to the consolidated financial statements, in 2012 the Medical Center changed its method of accounting for estimated insurance claims receivable and estimated insurance claims liabilities as a result of the adoption of ASU No 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*.



January 23, 2013

Children's Medical Center and Subsidiaries

Consolidated Balance Sheet

September 30, 2012

(In Thousands)

Assets		Liabilities and net assets	
Current assets		Current liabilities	
Cash and cash equivalents	\$ 182,981	Accounts payable and accrued expenses	\$ 141,429
Patient accounts receivable, net of allowance for uncollectible accounts of \$26,716	166,017	Accrued salaries and wages	90,350
Other receivables	30,695	Current portion of estimated third-party liabilities	7,585
Grants receivable	40,992	Current portion of long-term debt	870
Current portion of pledges receivable, net	28,934	Current portion of notes payable	522
Other current assets	25,580	Deferred revenue	32,146
Total current assets	<u>475,199</u>	Total current liabilities	<u>272,902</u>
Investments		Long-term liabilities	
Unrestricted as to use	1,488,284	Long-term debt	666,907
Limited by Board designation	1,739,757	Mortgage notes payable	67,640
Restricted by donor-imposed restriction	466,734	Long-term portion of estimated third-party liabilities	24,970
	<u>3,694,775</u>	Net pension liability	74,056
Other assets whose use is limited		Funds held for others	46,026
By externally administered trusts	47,308	Interest rate swap liability	155,581
For deferred compensation and other benefit obligations	102,309	Deferred compensation and other benefit obligations	108,780
Other	8,266	Other liabilities	94,486
	<u>157,883</u>	Total long-term liabilities	<u>1,238,446</u>
Property, plant, and equipment, net	913,411	Net assets	
Pledges receivable, net	69,449	Unrestricted	3,252,773
Other assets	65,829	Temporarily restricted	444,405
Total assets	<u>\$ 5,376,546</u>	Permanently restricted	168,020
		Total net assets	<u>3,865,198</u>
		Total liabilities and net assets	<u>\$ 5,376,546</u>

See accompanying notes

Children's Medical Center and Subsidiaries

Consolidated Statement of Operations and Changes in Net Assets

Year Ended September 30, 2012
(In Thousands)

Revenues	
Patient services revenue, net of contractual allowances and discounts	\$ 1,406,230
Provision for uncollectible accounts	(30,789)
Net patient services revenue	1,375,441
Research grants and contracts	178,781
Recovery of indirect costs on grants and contracts	69,678
Other operating revenue	65,474
Endowment income support for mission-related activities	26,590
Unrestricted contributions, net of fundraising expenses of \$8,076	6,959
Net assets released from restrictions used for operations	45,850
Total revenues	1,768,773
Expenses	
Salaries and benefits	957,084
Supplies and other expenses	407,886
Direct research expenses of grants	178,781
Health Safety Net assessment	8,314
Depreciation and amortization	97,901
Interest and net interest rate swap cash flows	28,593
Total expenses	1,678,559
Gain from current operations	90,214
Changes in estimates of prior year third-party settlements	9,908
Gain from operations	100,122
Nonoperating gains (losses)	
Income from investments	5,460
Net realized gain on investments	53,746
Unrealized gain on investments classified as trading securities	21,464
Increase in value of alternative investments	90,241
Recognition of unrealized losses on investments	(8,815)
Fundraising expenses on restricted contributions	(18,846)
Adjustment of interest rate swaps to fair value	(6,096)
Other nonoperating losses	(7,851)
Total nonoperating gains	129,303
Excess of revenues over expenses	229,425

Children's Medical Center and Subsidiaries

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

Year Ended September 30, 2012
(In Thousands)

Changes in unrestricted net assets	
Excess of revenues over expenses	\$ 229,425
Net assets released from restrictions for capital asset acquisitions	1,751
Net unrealized gain on investments	127,922
Net asset transfer related to donor-match program	(3,122)
Appreciation on endowment funds	734
Pension adjustment	(38,033)
Increase in unrestricted net assets	318,677
Changes in temporarily restricted net assets	
Contributions	77,517
Income and net realized gain on investments	5,213
Recognition of unrealized losses on investments	(1,360)
Increase in value of alternative investments	11,499
Net unrealized gain on investments	15,520
Net asset transfer related to donor-match program	129
Appreciation on endowment funds	(734)
Net assets released from restrictions	(47,601)
Increase in temporarily restricted net assets	60,183
Changes in permanently restricted net assets	
Contributions	11,923
Net assets transfer related to donor-match program	2,993
Increase in permanently restricted net assets	14,916
Increase in net assets	393,776
Net assets at beginning of year (as adjusted, Note 1)	3,471,422
Net assets at end of year	\$ 3,865,198

See accompanying notes

Children's Medical Center and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended September 30, 2012
(In Thousands)

Operating activities	
Change in net assets	\$ 393,776
Noncash and nonoperating activities included in change in net assets	
Depreciation and amortization	97,901
Restricted contributions	(89,440)
Net realized and unrealized gain on investments	(292,488)
Net unrealized gains on investments classified as trading securities	(21,464)
Changes in operating assets and liabilities	
Investments classified as trading	(36,126)
Patient accounts receivable	12,892
Other accounts receivable	(7,319)
Other current assets	(44,108)
Accounts payable and accrued expenses	(3,848)
Estimated third-party liabilities	(4,387)
Other liabilities	99,194
Net cash provided by operating activities	104,583
Financing activities	
Payments of note payable	(819)
Capital lease payments	(969)
Decrease in pledges receivable	(38,673)
Restricted contributions	89,440
Net cash provided by financing activities	48,979
Investing activities	
Purchases of investments	(1,070,303)
Proceeds from sales of investments	1,034,514
Additions to fixed assets, net of retirements	(141,099)
Increase in other assets whose use is limited	(2,672)
Net cash used in investing activities	(179,560)
Net decrease in cash and cash equivalents	(25,998)
Cash and cash equivalents at beginning of year	208,979
Cash and cash equivalents at end of year	\$ 182,981

See accompanying notes

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2012

1. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Children's Medical Center Corporation and its subsidiaries (collectively the Medical Center) including (a) Children's Hospital (the Hospital), which engages in pediatric patient care, research, training and community service, (b) 15 tax-exempt Foundations (the Foundations), which are organized for charitable, scientific, and educational purposes, and operate for the benefit of the Hospital and Harvard Medical School (Harvard) by providing medical and health care services primarily to patients at the Hospital and of other health care providers at satellite locations, (c) the Physicians' Organization at Children's Hospital Inc (the P O), which provides coordination and general oversight of the clinical and medicine practices and related health care services of the Foundations, (d) Immune Disease Institute, Inc , which conducts research on the functions and uses of blood and other tissues, (e) CHB Properties, Inc , which owns and operates real property and distributes the net income of such property to the Medical Center, (f) Longwood Research Institute, Inc , which holds real property for the benefit of the Hospital in the furtherance of its research mission, (g) Fenmore Realty Corporation, which owns and operates real property and distributes the net income of such property to the Medical Center, and (h) Longwood Corporation, which owns and operates real property and distributes the net income of such property to the Medical Center

In 2012, the Medical Center assumed additional oversight of certain activities of the Foundations. This change increased the level of control that the Medical Center exercises over the P O and the Foundations such that, as permitted by accounting principles generally accepted in the United States, they should be consolidated into the Medical Center's financial statements. Consequently, beginning in 2012, the consolidated financial statements of the Medical Center include the accounts of these controlled affiliates. Net assets reported as of September 30, 2011, in the accompanying consolidated statement of operations and changes in net assets has been restated to retrospectively account for this change in reporting entity. The effect of this change on the significant components of the change in the Medical Center's consolidated net assets was as follows for the year ended September 30, 2012 (in thousands)

Change in unrestricted net assets	
Excess of revenues over expenses	\$ 124,435
Other changes in unrestricted net assets	14,206
	<hr/>
	138,641
Change in temporarily restricted net assets	(35,007)
Change in permanently restricted net assets	(36,058)
	<hr/>
Total change in net assets	\$ 67,576

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Certain Foundations have fiscal year-ends that differ from the Medical Center's fiscal year-end date of September 30. The Medical Center has consolidated the financial statements of these Foundations based on their most recent audited financial statements as of September 30, 2012, which in no case is more than three months prior to this date.

All material intercompany balances and transactions are eliminated in the consolidation.

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include money market instruments with average maturities of less than 90 days, excluding amounts included in investments and other assets whose use is limited. Cash balances maintained with financial institutions may exceed federal depository insurance limits, however, management believes the credit risk related to these financial institutions is minimal. The Medical Center has not experienced any losses in such accounts, and it believes it is not exposed to any significant risk at September 30, 2012.

Investments and Other Assets Whose Use Is Limited

Investments and other assets whose use is limited include the following: Board-designated assets for plant replacement and expansion and mission-related activities, donor-restricted assets and funds held for others (all of which participate in the investment pool), externally managed trusts associated with deferred giving arrangements, and deferred compensation (which are invested primarily in mutual funds and government obligations, and are reported at fair market value).

Medical Center

The Medical Center follows the practice of pooling resources of unrestricted and restricted assets for long-term investment purposes. The investment pool is operated on the market value method, whereby each participating fund is assigned a number of units based on the percentage of the pool it owns at the time of entry. Income, gains, and losses of the pool are allocated to the funds based on their respective participation in the pool.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Investments in marketable debt and equity securities are stated at fair market value determined principally from quoted market prices. Realized gains and losses on investment transactions are computed on an average-cost basis. Net realized gains or losses on unrestricted investments and impairments in investment values that are determined to be other than temporary are reported as nonoperating gains (losses). Net unrealized gains or losses on unrestricted assets are recorded as an increase or decrease in unrestricted net assets. Net realized and unrealized gains or losses on restricted assets are recorded as an increase or decrease to the restricted net asset balance. Unrestricted investment income is reported in nonoperating gains. Investment income on endowment funds appropriated by the Board of Trustees for expenditure is reported as nonoperating gains except for \$26,590,000 in 2012, which was appropriated to support specific mission related operating activities and is reported as operating revenue. Restricted investment income is recorded as an increase to the restricted net asset balance.

Real estate purchased and held for investment is accounted for at cost less accumulated depreciation.

Alternative investments (nontraditional, not readily marketable holdings) include hedge funds and private equity funds. Alternative investment interests generally are structured such that the Medical Center holds a limited partnership interest. The Medical Center ownership structure does not provide for control over the related investees and the associated financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. Future funding commitments for alternative investments aggregated approximately \$121,993,000 at September 30, 2012.

Alternative investments are reported in the accompanying consolidated balance sheet based upon net asset values derived from the application of the equity method of accounting. Financial information used by the Medical Center to evaluate its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits does not coincide with the Medical Center's annual financial statement reporting. There is uncertainty in the valuation for alternative investments arising from factors, such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, and time lags associated with reporting by investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Foundations

The Foundations classify their investments as trading securities with investment income (including realized and unrealized gains and losses on investments, interest, and dividends) included in the excess of revenues over expenses unless the income is restricted by donor or law. Investments in marketable equity and debt securities and mutual funds are carried at quoted market values (fair value) of the investments at the balance sheet date. The Foundations also invest in alternative investments and report their investments on the same basis as the Medical Center as described above.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market and are recorded in other current assets on the consolidated balance sheet.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Interest costs incurred during the construction period of major projects are capitalized as a component of the cost of these assets, and are depreciated over the estimated useful lives of the assets. The costs of repairs and maintenance are charged to expense as incurred.

Depreciation and amortization is computed on the straight-line method based on the estimated useful lives of the assets. The estimated useful lives conform to the guidelines established by the American Hospital Association. The Medical Center's policy is to fund depreciation expense in amounts not exceeding cumulative allowable depreciation expense.

Original Issue Discount and Debt Issuance Fees

Unamortized original issue discount and the costs associated with the issuance of debt are amortized using the interest method over the life of the bond issue and are recorded in other assets on the consolidated balance sheet.

Pledges

Unconditional pledges, less an allowance for uncollectible amounts, are recorded as a receivable in the year made. Pledges receivable over a period greater than one year are stated at net present value.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Net Assets

The accompanying consolidated balance sheet classifies net assets into three categories: unrestricted, temporarily restricted, and permanently restricted. Net assets that bear no external restriction as to use or purpose are classified as unrestricted. Also included in unrestricted net assets are assets whose use is limited under debt or trust agreements and Board-designated funds for plant replacement and expansion, and mission-related activities.

Net assets, which are restricted by donors or grantors as to use or purpose, are classified as either temporarily restricted or permanently restricted.

Temporarily restricted net assets are restricted by the donor or grantor, principally for the support of research, patient care, departmental support, medical education, community health services, and the acquisition of property, plant, and equipment. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of operations and changes in net assets as net assets released from restrictions.

Permanently restricted net assets represent contributions to the Medical Center, the principal of which may not be expended. Income from permanently restricted net assets may be unrestricted or restricted in accordance with the donor's request. In accordance with the laws of the Commonwealth of Massachusetts, gains on permanently restricted net assets are recorded as temporarily restricted net assets until appropriated for expenditure by the Board of Trustees.

Net Patient Services Revenue

Revenues are recorded during the period the health care services are provided, based upon the estimated net realizable amounts due from patients and third-party payors. Third-party payors include federal and state agencies (under Medicare, Medicaid and other programs), managed care health plans, commercial insurance companies, and employers. Estimates of contractual allowances related to third-party payors are based upon the payment terms specified in the related contractual agreements. Contractual adjustments are accrued on an estimated basis in the period in which the related services are rendered. If estimated allowances are adjusted in future periods, the adjustments are recorded as changes in estimates of prior year third-party settlements. Revenues related to uninsured patients and copayment and deductible amounts for patients who have health care coverage may have discounts applied (uninsured discounts and contractual discounts). The Medical Center and its subsidiaries

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

also record a provision for doubtful accounts related primarily to uninsured accounts to record the net self-pay accounts receivable at the estimated amounts expected to be collected. The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators. Accounts receivable are reduced by an allowance for doubtful accounts. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the Medical Center follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Medical Center. Accounts receivable are written off after collection efforts have been followed in accordance with the Medical Center's policies.

Research Grants and Contracts

The Medical Center, through the Hospital and Immune Disease Institute, Inc. subsidiaries, engages in research activities funded by grants and contracts with federal and state governments, and various private sources. Revenues associated with grants and contracts are recognized as the related costs are incurred. Research funds received in advance are reported as deferred revenue, and are recognized as earned revenue as the related research expenditures are incurred. Recoveries of indirect costs relating to certain government grants and contracts are reimbursed at predetermined rates negotiated with government agencies. Recoveries of indirect costs relating to nongovernment grants are reimbursed at varying rates, depending upon sponsor policies.

Contributions

Unrestricted contributions are recorded as operating revenue, restricted contributions are recorded as additions to restricted net asset balances. Donated securities and property are recorded at fair market value as of the date of donation.

Income Taxes

The Medical Center, the Hospital, the Foundations, the P O, CHB Properties, Inc., Longwood Research Institute, Inc., and Immune Disease Institute, Inc. are exempt from income taxes on related business income pursuant to Internal Revenue Code (the Code) Section 501(c)(3). Longwood Corporation and Fenmore Realty Corporation are exempt from income taxes on related business income pursuant to Code Section 501(c)(2).

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

New Accounting Standards

In 2012, the Medical Center and its subsidiaries adopted the provisions of Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 requires health care entities to change the presentation of the statement of operations by reclassifying the provision for doubtful accounts from an operating expense to a deduction from patient service revenues.

In 2012, the Medical Center and its subsidiaries adopted the provisions of ASU No. 2010-23, *Measuring Charity Care for Disclosure*. ASU 2010-23 addressed the diversity in the accounting for charity care, which some entities determine on the basis of a cost measurement, while others use a revenue measurement. The provisions require that the measurement of charity care for disclosure purposes be based on the direct and indirect costs of providing the charity care.

In 2012, the Medical Center and its subsidiaries adopted the provisions of ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 requires health care entities to separately record the liability related to estimated insurance losses and the receivable related to estimated recoveries under insurance coverage for recoveries of the potential losses.

In 2011, FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS*. ASU 2011-04 represents clarifications of existing guidance on fair value measurements and disclosures, but also includes some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and IFRS. The Medical Center will adopt this update in its fiscal year beginning October 1, 2013, and is currently evaluating the impact to its financial statements.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Investments and Other Assets Whose Use Is Limited

Investments and other assets whose use is limited consist of the following at fair value at September 30, 2012 (in thousands)

Pooled investments	
Equity securities	\$ 895,374
Fixed income securities	600,487
Alternative investments	1,230,486
Total pooled investments	<u>2,726,347</u>
Nonpooled investments	
Cash equivalents	221,461
Mutual funds	108,684
Equity securities	192,999
Fixed income securities	311,747
Real estate	243,343
Other	769
Total nonpooled investments	<u>1,079,003</u>
Externally administered trusts (marketable debt and equity securities)	47,308
Total investments and other assets whose use is limited	<u>\$ 3,852,658</u>

Individual investment holdings within the alternative investments include nonmarketable and market-traded debt, equity and real asset securities, and interests in other alternative investments. The Medical Center may be exposed indirectly to securities lending, short sales of securities, and trading in futures and forward contracts, options, and other derivative products. Alternative investments often have liquidity restrictions under which the Medical Center's capital may be divested only at specified times. The Medical Center's liquidity restrictions may be up to seven years or longer for certain private equity investments. Liquidity restrictions may apply to all or portions of a particular invested amount.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Investments and Other Assets Whose Use Is Limited (continued)

At September 30, 2012, these investments and other assets whose use is limited are presented in the accompanying consolidated balance sheet as follows (in thousands)

Investments, unrestricted as to use	\$ 1,488,284
Investments and other assets whose use is limited	
By Board designation for plant replacement and expansion, and mission-related activities	1,739,757
By donor-imposed restriction	466,734
By deferred compensation and other benefit-obligations	102,309
By externally administered trusts	47,308
Other	
As funds held for others	993
Other	7,273
	8,266
Total investments and other assets whose use is limited	\$ 3,852,658

For the year ended September 30, 2012, investment earnings were reported as follows (in thousands)

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income			
Operating revenue	\$ 26,590	\$ -	\$ 26,590
Nonoperating revenue	5,460	-	5,460
Increase in temporarily restricted net assets	-	1,478	1,478
Increase in value of alternative investments	90,241	11,499	101,740
Net realized gain	53,746	3,735	57,481
Recognition of unrealized losses	(8,815)	(1,360)	(10,175)
Net unrealized gains on available for sale securities	127,922	15,520	143,442
Net unrealized gains on trading securities	21,464	-	21,464
Total return on investments	\$ 316,608	\$ 30,872	\$ 347,480

Investment income is reported net of fees of \$7,135,000 for the year ended September 30, 2012

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Investments and Other Assets Whose Use Is Limited (continued)

The Medical Center retains professional investment managers for the management of all pooled investments. These managers invest in temporary cash investments, fixed income securities, and equities. In addition, as part of their investment strategy, certain managers may engage in short-selling and futures and options trading. Management believes that the risk of accounting loss, associated with short-selling and futures and options-trading strategies, is no greater than that associated with other investment strategies, which do not involve off-balance sheet risk.

Management continually reviews its investment portfolio where the fair value is below cost, and in cases where the decline is considered to be other than temporary, an adjustment is recorded to realize the loss. The Medical Center recorded a realized loss for other-than-temporary declines in the fair value of investments of approximately \$10,175,000 for the year ended September 30, 2012, of which \$8,815,000 is included in unrestricted investment income, and \$1,360,000 is included in changes in temporarily restricted net assets. There were no investments that had aggregate gross unrealized losses at September 30, 2012.

3. Contributions

Contributions received and pledged to the Medical Center were as follows for the year ended September 30, 2012 (in thousands)

Gross contributions	\$ 108,607
Provision for uncollectible accounts	(1,138)
Amortization of discount	(2,809)
Net contributions	<u>\$ 104,660</u>

These contributions are reported in the accompanying consolidated financial statements in accordance with donors' restrictions as follows for the year ended September 30, 2012 (in thousands)

Unrestricted contributions	\$ 15,035
Temporarily restricted	77,517
Permanently restricted	12,108
Net contributions	<u>\$ 104,660</u>

In addition to the \$108,607,000 in gross contributions raised, the Medical Center raised \$22,689,000 in nongovernmental grant awards, to bring the total funds raised to \$131,296,000 for the year ended September 30, 2012.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

3. Contributions (continued)

Contributions pledged to the Medical Center are due as follows at September 30, 2012 (in thousands)

Due in less than one year	\$ 30,384
Due in one to five years	48,524
Due in more than five years	32,155
	<hr/>
	111,063
Less discount to present value	(7,003)
Less allowance for uncollectible pledges	(5,677)
	<hr/>
Total pledges receivable, net	98,383
Less current portion of pledges receivable, net	(28,934)
	<hr/>
Noncurrent portion of pledges receivable, net	\$ 69,449

4. Free Care, Health Safety Net Trust, and Community Services

The Medical Center's commitment to community service is evidenced by services provided to the poor and benefits provided to the broader community. Services provided to the poor include services provided to persons who are uninsured or underinsured without expectation of payment or at amounts less than its established rates.

The Medical Center provides quality medical care regardless of race, creed, sex, sexual orientation, national origin, handicap, age, or ability to pay. Although reimbursement for services rendered is critical to the operations and stability of the Medical Center, it is recognized that not all individuals possess the ability to pay for essential medical services and that the Medical Center's mission is to serve the community with respect to health care and health care education. In keeping with the Medical Center's commitment to serve members of the community, the Medical Center provides the following: charity care to the indigent, care to persons covered by governmental programs at below cost, and health care activities and programs to support the community. These activities include wellness programs, community education programs, health screenings, and a broad variety of community support services.

The Medical Center also provides resources to support numerous initiatives aimed at contributing to the physical and psychological well-being of children, youth, and families living in the Medical Center's community. These initiatives include programs at the Medical Center, and in collaboration with community-based organizations, to provide comprehensive services to adolescent mothers and children, HIV outreach services, services to reduce infant mortality, assistance to the homeless, and training and other related services to individuals with developmental disabilities. The Medical Center also provides medical services to the community through its emergency room, which operates 24 hours a day, and is available to all regardless of ability to pay.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Free Care, Health Safety Net Trust, and Community Services (continued)

The Medical Center makes available free care programs for qualifying patients under its charity care and financial aid policy. The Medical Center obtains additional financial information for uninsured or under-insured patients who do not qualify or have not supplied requisite information to qualify for charity care. The additional information is used by the Medical Center in determining whether to qualify patients for charity care and/or financial aid. For patients who were determined by the Medical Center to have the ability to pay but did not, the uncollected amounts are reported as bad debt expense.

The costs of uncompensated care (other than bad debts) and community benefit activities are derived from various Medical Center records. Amounts for activities as reported below are based on estimated and actual data, subject to changes in estimates upon the finalization of the Medical Center's cost report, and other government filings. The amounts reported below are calculated in accordance with guidelines prescribed by the Internal Revenue Service (IRS). The net cost of charity includes the direct and indirect cost of providing charity care services, and is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care.

As the Hospital and the Foundations do not pursue collection of amounts determined to qualify as free care, they are not reported as net patient services revenue. The Hospital also supports the delivery of health care services to the indigent through payments to the Health Safety Net Trust (HST), which is administered by the Commonwealth of Massachusetts. The amounts of HST assessment and receipts, provision for uncollectible accounts, and free care were as follows for the year ended September 30, 2012 (in thousands):

HST assessment	\$ 8,314
HST receipts (net patient service revenue)	<u>(3,850)</u>
Net disbursements to HST	4,464
Provision for uncollectible accounts	30,789
Free care (at cost)	<u>9,231</u>
Total HST, provision and free care	<u>\$ 44,484</u>

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Property, Plant, and Equipment

Property, plant, and equipment consist of the following at September 30, 2012 (in thousands)

Land and improvements	\$ 17,050
Buildings, leasehold, and related improvements	1,324,489
Equipment	594,983
Construction-in-progress	127,705
	<u>2,064,227</u>
Less accumulated depreciation and amortization	(1,150,816)
	<u>\$ 913,411</u>

At September 30, 2012, the Medical Center had commitments of approximately \$101,564,000 to complete projects relating to capital construction and software development

6. Asset Retirement Obligations

Conditional asset retirement obligations amounted to \$16,658,000 as of September 30, 2012. These obligations are recorded in other liabilities in the accompanying consolidated balance sheet. There are no assets that are legally restricted for purposes of settling asset retirement obligations.

During 2012, retirement obligations incurred and settled amounted to \$1,615,000. Accretion expense of \$1,787,000 was recorded during the year ended September 30, 2012.

7. Other Assets

Other assets consist of the following at September 30, 2012 (in thousands)

Expected insurance recoveries for professional liability claims (Note 14)	\$ 42,753
Employee loans receivable	11,104
Medical resident tax refund (Note 16)	7,079
Unamortized debt issuance costs	3,971
Other	922
	<u>\$ 65,829</u>

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Leases

The Medical Center and its subsidiaries lease clinical and office space under operating leases, some of which include fixed escalation clauses, which expire at various dates through 2028. The obligations under noncancelable leases as of September 30, 2012, are as follows (in thousands)

2013	\$ 28,507
2014	29,242
2015	29,271
2016	29,755
2017	28,277
Thereafter	139,597
Total operating leases	<u>\$ 284,649</u>

Rent expense was approximately \$41,298,000 for the year ended September 30, 2012.

The Medical Center records rent expense on a straight-line basis over the life of the lease and records accrued rent as the difference between rent expense and actual payments made. As of September 30, 2012, the accumulated difference between rent expense and amounts paid amounted to \$8,088,000, which is included in other liabilities in the accompanying consolidated balance sheet.

9. Long-Term Debt and Mortgage Notes

Long-term debt consists of the following at September 30, 2012 (in thousands)

Bank term loan	\$ 200,000
Massachusetts Health and Educational Facilities Authority (MHEFA) issues	
Series M	124,520
Series N	341,590
Other	1,667
	<u>667,777</u>
Less current portion of long-term debt	870
	<u>\$ 666,907</u>

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt and Mortgage Notes (continued)

Bank Term Loan

On August 28, 2008, the Hospital entered into a term loan agreement with a bank in the amount of \$200,000,000. Proceeds from the loan were used to purchase the Children's Hospital Series-1 and L-2 MHEFA Revenue Bonds from the bank. These bonds were previously purchased by the bank during 2008 under the terms of the standby bond purchase agreement, which was triggered when remarketing efforts on these bonds began to fail. The bank loan bears interest at a variable rate of 0.72% at September 30, 2012, and is scheduled to mature on October 15, 2014. Interest payments are due monthly.

Series M Bonds

On November 18, 2009, the Hospital issued Series M MHEFA Revenue Bonds in the aggregate principal amount of \$126,110,000. The Bond proceeds were used to reimburse and fund certain capital additions, renovations, and equipment expenditures. The bonds, with a final maturity in December 2039, were issued at a net discount in the amount of \$1,780,287 to bear interest at yields, which increase from 5.30% to 5.40% as maturities lengthen. Interest payments are due semiannually. The first annual principal payment is due in 2033.

Series N Bonds

On May 13, 2010, the Hospital issued Series N MHEFA Revenue Bonds in the amount of \$341,590,000. The Bond proceeds redeemed MHEFA's Revenue Bonds, Children's Hospital Issue, Periodic Auction Reset Securities Series G, H, I, J, and K. The Series N Bonds have a final maturity in October 2049 and were issued as Variable Rate Demand Revenue Bonds secured by bank letters of credit. These bank letters of credit will expire on October 15, 2013 and May 13, 2015. Interest payments are due monthly. Interest on the bonds is variable based on weekly (Series N-1, N-2, N-3) and daily (Series N-4) auctions and was 0.15%, 0.16%, 0.18%, and 0.22% for Series N-1, N-2, N-3, and N-4, respectively, on September 30, 2012.

Other

During 2008, IDI obtained MHEFA financing of \$2,900,000 for equipment to be purchased under capital leases. Principal and interest are paid semiannually through 2013 at an annual interest rate of 3.0%. The outstanding balance as of September 30, 2012, is \$616,000.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt and Mortgage Notes (continued)

During 2011, IDI obtained MHEFA financing of \$1,300,000 for equipment to be purchased under capital leases. Principal and interest are paid semiannually through 2016 at an annual interest rate of 2.15%. The outstanding balance as of September 30, 2012 is \$1,051,000.

Total obligations under all capital leases approximated \$1,667,000 at September 30, 2012. Future obligations amount to \$905,000 in 2013, \$276,000 in 2014, \$276,000 in 2015, and \$275,000 in 2016. Amounts representing capital lease interest approximate \$65,000 at September 30, 2012.

Mortgage Notes

On August 1, 2008, Fenmore Realty Corporation entered into a mortgage note in the amount of \$43,250,000. The note is secured by certain real estate investments. The note bears interest at a fixed rate of 6.53%, and matures at varying annual amounts through 2018. The principal and interest payments are \$3,291,000 each year through 2018.

On November 9, 2009, CHB Properties, Inc. acquired the remaining property interest in a medical office building and assumed the balance of the mortgage note in the amount of \$27,837,000. The note bears interest at a fixed rate of 5.54% and matures at varying annual amounts through 2014. Principal and interest payments of \$1,742,000 are due monthly.

As of September 30, 2012, the Medical Center was in compliance with its debt covenants.

Future Maturities

Future maturities of long-term debt and mortgage notes as of September 30, 2012, are as follows:

	Bank Term Loan	Series M Bonds	Series N Bonds	Mortgage Notes	Others	Total
Years Ending September 30						
2013	\$ -	\$ -	\$ -	\$ 522	\$ 870	\$ 1,392
2014	-	-	-	1,270	260	1,530
2015	200,000	-	-	27,424	265	227,689
2016	-	-	-	762	272	1,034
2017	-	-	-	814	-	814
Thereafter	-	126,110	341,590	37,370	-	505,070
Total	\$ 200,000	\$ 126,110	\$ 341,590	\$ 68,162	\$ 1,667	\$ 737,529

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt and Mortgage Notes (continued)

Interest Rate Swap Agreements

The Medical Center was a party to the following interest rate swap agreements as of September 30, 2012

Inception Date	Notional Amount	Fixed Interest Rate	Maturity Date
December 2007	\$ 120,000,000	3.42%	December 2041
May 2006	119,875,000	3.57	April 2040
August 2004	70,000,000	4.00*	October 2027
November 2003	50,000,000	3.13	November 2040
December 2001	35,000,000	4.72	December 2021
December 2001	35,000,000	4.72	December 2026
May 2001	105,250,000	4.58	December 2036

*Fixed at 4.0% through October 1, 2027, if the variable-rate tax-exempt index reaches 4.5%

The Medical Center uses interest rate swap agreements in order to manage its interest rate risk associated with its outstanding debt. These swaps effectively convert interest rates on variable rate bonds to fixed rates. The interest rate swap agreements meet the definition of derivative instruments. Consequently, the aggregate fair value of the swaps (a liability of \$155,581,000 at September 30, 2012) is reported in long-term liabilities in the accompanying consolidated balance sheet, and the change in fair value of \$6,096,000 for the year ended September 30, 2012, is reported as a nonoperating loss in the consolidated statement of operations and changes in net assets. The swaps, while serving as an economic hedge, do not qualify as an accounting hedge.

Cash flows under the swaps netted to payments of approximately \$17,528,000 in 2012 which is reported with interest expense in the statement of operations and changes in net assets.

Three of the interest rate swaps are cancellable at the option of the counterparty at any time if the variable interest rate is greater than or equal to 7%. The aggregate fair value of these swaps as of September 30, 2012 is a liability of approximately \$38,724,000.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt and Mortgage Notes (continued)

Guaranteed Debt

As security to the Hospital's bank term loan and Series M and N bondholders, the Medical Center has executed unconditional and irrevocable guaranties of full and punctual payment of all obligations of the Hospital under the terms of the related loan agreements

The Hospital has also guaranteed \$630,000 of the principal of \$4,410,000 of revenue bonds issued by MHEFA on behalf of the Community Health Center Capital Funds. As of September 30, 2012, there have not been any requirements to honor calls under this guarantee

Interest paid was \$12,141,000 for the year ended September 30, 2012. Interest capitalized in connection with ongoing construction projects approximated \$1,067,000 in 2012.

10. Restricted Net Assets

Temporarily restricted net assets at September 30, 2012 are comprised of the following (in thousands)

Mission-related activities	\$ 240,036
Accumulated gains on permanently restricted net assets	204,369
	<u>\$ 444,405</u>

Permanently restricted net assets at September 30, 2012, are restricted as follows (in thousands)

Investments to be held in perpetuity, the income from which is	
Unrestricted as to use	\$ 28,089
Restricted for patient care-related activities	120,586
Restricted for research	1,532
Restricted for medical education	17,813
	<u>\$ 168,020</u>

The Medical Center follows the requirements of the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as they relate to its permanently restricted endowments. The Medical Center's endowments consisted of numerous individual funds established for a variety of purposes and included both donor-restricted endowment funds and unrestricted Board-designated funds held as endowments. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Restricted Net Assets (continued)

Management of the Medical Center has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the gift absent explicit donor stipulation to the contrary. Permanently restricted net assets are classified as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure. The Medical Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the Medical Center and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) the investment policies of the Medical Center.

For the year ended September 30, 2012, the components of endowment-related activities include the following (in thousands):

	Board- Designated Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total Endowment Funds
Year ended September 30, 2012				
Endowment net assets at beginning of year	\$ 675,707	\$ 207,078	\$ 122,148	\$ 1,004,933
Investment return				
Investment income	5,104	2,160	-	7,264
Net appreciation/(depreciation)	80,761	34,729	-	115,490
Total investment return	85,865	36,889	-	122,754
Contributions	21,879	-	13,487	35,366
Net asset reclassifications	14,189	-	3,193	17,382
Amounts appropriated for expenditure	(29,853)	(13,265)	-	(43,118)
Endowment net assets at end of year	<u>\$767,787</u>	<u>\$ 230,702</u>	<u>\$ 138,828</u>	<u>\$ 1,137,317</u>

The Medical Center's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Medical Center must hold in perpetuity and the unexpended appreciation on those funds.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Restricted Net Assets (continued)

and unrestricted funds, which the Board has designated to function as endowments in support of mission-related activities. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in manners that are expected to generate a long-term rate of return of approximately 7% per annum. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Medical Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized), and current yield (interest and dividends). The Medical Center targets a diversified asset allocation that consists of equities, fixed income, and alternative investments.

The Medical Center has a policy of appropriating, for distribution each year, no more than 5% of its endowment funds' "three-year trailing average market value." In establishing this policy, the Medical Center considered the long-term expected return on its endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets are \$3,337,000 as of September 30, 2012. These deficiencies resulted from unfavorable market fluctuations.

The Hospital's donor match program matches certain permanently restricted gifts from donors under a predefined ratio. This program has resulted in several major gifts to the Hospital in support of certain strategic purposes.

Net assets were released from donor or grantor restrictions during the year ended September 30, 2012, by incurring expenses satisfying the following restricted purposes (in thousands):

Mission-related activities	\$ 45,850
Property, plant, and equipment	1,751
	<u>\$ 47,601</u>

11. Net Patient Services Revenue

The Hospital and the Foundations have agreements with numerous third-party payors that provide for payments at amounts different from their established charges. Contracts with commercial providers provide for payments based on a variety of methodologies, including discounted charges, per-case/per-diem arrangements, and fee schedules for certain outpatient and professional services. Medicaid

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Net Patient Services Revenue (continued)

payments are based on a contract with the Massachusetts Executive Office of Health and Human Services, and hospital services are reimbursed on a standardized payment-per-encounter basis for outpatients, a standardized per-adjusted-discharge basis for inpatients and a fee schedule for professional services. Medicare reimbursements are based upon Medicare's proportionate share of reasonable costs for hospital services and a fee schedule for professional services. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Revenues from Medicare and Medicaid, including Medicaid out-of-state programs, accounted for approximately 0.7% and 16.0%, respectively, of the Hospital and the Foundations' net patient services revenue for 2012.

During 2012, in connection with special legislative appropriations, the Medical Center received \$18,019,000 from the Federal Children's Hospital's GME program for reimbursement of graduate medical education expense. There is no guarantee that similar appropriations will occur in the future, or at what level.

Differences between estimated and final settlements are recorded as contractual adjustments in the year determined. The Medical Center recorded favorable adjustments of approximately \$9,908,000 in 2012, as a result of final settlements and other adjustments to prior year estimates.

The Hospital's and Foundations' allowances for doubtful accounts increased from 13% of accounts receivable at September 30, 2011, to 14% of accounts receivable at September 30, 2012. The Hospital's and Foundations' self pay and third party payor write-offs were \$48,229,000 and \$40,846,000 for fiscal years 2011 and 2012, respectively, tracking consistently at 3% of patient services revenue for these periods. There were no significant changes in the allowance for doubtful accounts during 2012. The Hospital and Foundations have not changed their charity care or uninsured discount policies during fiscal year 2012.

The Hospital and the Foundations grant credit without collateral to their patients. The concentration of credit risk by payor as measured by patient accounts receivables, net of contractual adjustments, was as follows for the year ended September 30, 2012:

Commercial/other managed care	33.3%
Blue Cross	23.7
Medicaid	19.1
International	12.1
Patients	9.6
Other governmental	2.2
Total	<u>100.0%</u>

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Net Patient Services Revenue (continued)

Revenues from third-party payors, the uninsured and other revenues for the fiscal year ended September 30, 2012 are summarized in the following table (in thousands)

	Amount	Ratio
Commercial/other managed care	\$ 566,448	40%
Blue Cross	490,276	35
Medicaid	236,979	17
International	54,320	4
Patients	14,141	1
Other governmental	23,473	2
Other	20,593	1
Revenues before provision for uncollectible accounts	1,406,230	100
Provision for uncollectible accounts	(30,789)	(2)
Net patient services revenue	\$ 1,375,441	98%

12. Employees' Retirement Plans

The Hospital sponsors two noncontributory, defined benefit retirement plans (the Regular Employees' Pension Plan and the Maintenance Employees' Pension Plan), which cover substantially all employees of the Hospital. The Regular Employees' Pension Plan and the Maintenance Employees' Pension Plan are cash balance plans under which benefits are based on the annuitized value of a participant's account, which consists of basic credits (determined on age, years of vesting service, and compensation), plus interest credits thereon. The measurement date of these plans is September 30. The Hospital does not provide post-retirement benefits other than pension to its retirees.

The Foundations maintain eight defined benefit pension plans for eligible employees at retirement based upon years of service, age, and compensation rates near retirement. These plans call for benefits to be paid to eligible employees at retirement based upon years of service and compensation earned as set forth in each plan. Contributions to these plans reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future and are based upon actuarially determined requirements. Annual measurement dates for these respective plans are June 30 or September 30, based on their fiscal year-ends.

One of the Foundations also maintains a postretirement medical plan, which provides eligible participants and their dependents with postretirement health benefits. The plan is intended to qualify as a medical reimbursement plan under IRC Section 105(b). Participants must meet age and years of service requirements. A fixed amount is credited to a participant's accounts based on years of service, with a cost of living adjustment credited annually. The measurement date is June 30 for the postretirement medical plan.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employees' Retirement Plans (continued)

Reconciliation of Funded Status and Accumulated Benefit Obligation

A reconciliation of the changes in the defined benefit pension plans' aggregate projected benefit obligation, fair value of assets, and the accumulated benefit obligation of the plans as of September 30, 2012, and the year then ended, is as follows

Change in benefit obligation	
Benefit obligation at beginning of year	\$ 573,796
Service cost	43,879
Interest cost	27,049
Actuarial loss	58,816
Effect of curtailment	168
Benefits paid	<u>(21,838)</u>
Benefit obligations at end of year	681,870
Change in plan assets	
Fair value of plan assets at beginning of year	537,320
Actual return on plan assets	54,195
Employer contributions	38,137
Benefits paid	<u>(21,838)</u>
Fair value of plan assets at end of year	<u>\$ 607,814</u>
Funded status	
Net pension liability at end of year	<u>\$ (74,056)</u>
Amounts not yet recognized in net periodic benefit cost and included in unrestricted net assets	
Actuarial net loss	\$ 124,006
Transition obligation cost	7,532
Prior service credit	<u>(23,445)</u>
	<u>\$ 108,093</u>
Components of net periodic benefit cost	
Service cost	\$ 43,879
Interest cost	27,049
Expected return on plan assets	(35,352)
Amortization of unrecognized net loss	1,966
Amortization of net transition obligation	813
Amortization of prior service credit	<u>(616)</u>
Net periodic pension cost	<u>\$ 37,739</u>
Accumulated benefit obligation	<u>\$ 582,868</u>

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employees' Retirement Plans (continued)

Transition obligation cost of \$716,454, prior service credit of \$615,620, and unrecognized actuarial losses of \$3,620,320 are expected to be recognized in net period pension cost during the fiscal year ending September 30, 2013

The weighted-average assumptions used to develop pension expense for the year ended September 30, 2012 are as follows

Weighted-average assumptions for pension cost

Discount rates	4.00% - 5.50%
Expected return on plan assets	4.00% - 7.00%
Rates of compensation increase	2.00% - 5.00%

The weighted-average assumptions used to develop the projected benefit obligation at September 30, 2012 are as follows

Weighted-average assumptions for benefit obligation

Discount rate	3.75% - 4.25%
Rate of compensation increase	2.00% - 4.00%

Plan Assets

To develop the expected long-term rate of return on plan assets assumption, the Medical Center considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolios

The plans' investment objectives are to achieve long-term growth in excess of long-term inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets over a long-term time horizon. In order to minimize risk, the plans intend to minimize the variability in yearly returns. The plans also intend to diversify their holdings among asset classes, investment managers, sectors, industries, and companies. The Hospital's and Foundations' target asset policy guidelines include total equities between 45% and 75%, total fixed income between 10% and 40%, and other strategies between 5% and 25%.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employees' Retirement Plans (continued)

The Hospital's and Foundations' pension plans' weighted-average asset allocations at September 30, 2012, by asset category, are as follows

Domestic equities	31.3%
Cash and cash equivalents	29.0
Fixed income	24.5
International equities	9.8
Mutual funds	5.4
Total	<u>100.0%</u>

Contributions

The Hospital and Foundations expect to contribute an aggregate of approximately \$31,196,000 to their pension plans in 2013

Estimated Future Benefit Payments

Benefit payments, which reflect expected future service, are expected to be paid as follows (in thousands)

<u>Fiscal Year</u>	<u>Pension Benefits</u>
2013	\$ 37,864
2014	21,726
2015	20,546
2016	26,525
2017	37,096
Years 2018 - 2023	227,442

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Employees' Retirement Plans (continued)

Certain physicians, by virtue of their joint appointments at the Hospital and Harvard University, are eligible for participation in the Harvard Retirement Plan for Teaching Faculty (the Harvard Plan), a defined contribution plan, and do not participate in the Hospital's plans. The Hospital's pension expense related to the Harvard Plan was approximately \$5,464,000 for the year ended September 30, 2012.

The Hospital has a 403(b) Tax-Deferred Annuity Plan under which contributions can be made by employees. The Hospital makes contributions to the plan based on a percentage of annual eligible earnings. Hospital contributions under the plan amounted to \$5,362,000 for the year ended September 30, 2012.

The Foundations have established 18 defined contribution plans to provide their long-term physician employees with fair and adequate retirement benefits. These include traditional 403(b) plans, money purchase plans, and profit-sharing plans. The basis for determining contributions range from 7.8% to 25% based on compensation of eligible employees. Total expense recognized by the Foundations under the defined contribution plans for the year ended September 30, 2012 amounted to \$22,533,636.

Immune Disease Institute, Inc. maintains a retirement annuity plan and money purchase pension plan. Immune Disease Institute, Inc. makes contributions ranging from 8.5% to 12.5% of each eligible employee's gross salary depending upon their age. Contributions under the plan amounted to \$717,000 for the year ended September 30, 2012.

13. Deferred Compensation and Other Benefit Obligations

The Medical Center and Foundations maintain a program of integrated retirement plans such as 457(b), 457(f) and supplemental executive retirement plans to provide supplemental retirement benefits to certain employees. Plans provide either immediate vesting of benefits or may be determined by years of service and annual base compensation depending on the provisions set for the respective plans.

The Foundations have also established other profit sharing, severance benefit, education/tuition and long service plans to provide their physician employees with fair and adequate benefits. The benefits under these plans are administered based on the provisions set forth in the respective plan documents.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Deferred Compensation and Other Benefit Obligations (continued)

The following table outlines the assets designated, accrued liabilities, and expenses recorded for the respective deferred compensation and other benefit plans as of and for the year ended September 30, 2012

	Assets	Liabilities	Expense
Supplemental retirement benefit plans	\$ 55,862	\$ 67,666	\$ 8,880
Other benefit plan obligations	46,447	41,114	13,484
	\$ 102,309	\$ 108,780	\$ 22,364

14. Professional Liability

The Hospital's and the Foundations' primary professional and general liability insurance coverages are provided by Controlled Risk Insurance Company, Ltd (CRICO), a corporation formed and wholly owned by the Harvard-affiliated medical institutions. The Hospital owns approximately 10% of CRICO's stock and accounts for this investment on a cost basis. The premiums paid to CRICO are actuarially determined based on asserted claims and reported, but unasserted, claims. CRICO obtains excess coverage from other insurers.

The Hospital's and the Foundations' professional liability insurance policy is a retrospectively rated policy and is on a claims-made basis. The Hospital and the Foundations accrue a liability for claims incurred but not reported, which as of September 30, 2012, was \$16,608,000. Additionally, at September 30, 2012, in connection with the accounting change described in Note 1, the Hospital and Foundations recorded a liability of \$42,753,000, related to estimated insured professional liability losses and a corresponding receivable of \$42,753,000, related to estimated recoveries under insurance coverage for recoveries of the potential losses.

Professional liability insurance expenses, net of recoveries, are as follows for the year ended September 30, 2012 (in thousands)

Professional liability insurance premiums, net of recoveries	\$ 12,110
Increase in reserve for incurred but not reported professional liability claims	1,494
Total	\$ 13,604

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Fair Value of Financial Instruments

The Medical Center uses the methods for calculating fair value as defined in Accounting Standard Codification Topic 820 to value its financial assets and liabilities, where applicable. Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the reporting entity's perspective.

The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

Topic 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Medical Center uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and considers nonperformance risk in its assessment of fair value.

These financial instruments exclude real estate and investments accounted for under the equity method of approximately \$1,473,829,000 at September 30, 2012.

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Fair Value of Financial Instruments (continued)

Financial instruments carried at fair value at September 30, 2012, are classified in the table below in one of the three categories described above (in thousands)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2012				
Assets				
Cash and cash equivalents	\$ 338,532	\$ 4,031	\$ -	\$ 342,563
U S equities	532,243	52,552	-	584,795
Global equities	131,803	273,002	-	404,805
Investment-grade fixed income	234,803	447,873	-	682,676
High-yield fixed income	-	76,848	-	76,848
Global bonds fixed income	41,259	-	-	41,259
Real asset funds	165,237	80,646	-	245,883
	<u>\$ 1,443,877</u>	<u>\$ 934,952</u>	<u>\$ -</u>	<u>\$ 2,378,829</u>
Liabilities				
Interest rate swap agreements	\$ -	\$ 155,581	\$ -	\$ 155,581

Financial assets invested in the Medical Center's defined benefit pension plans are classified in the table below in one of the three categories described above at September 30, 2012 (in thousands)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 27,085	\$ -	\$ -	\$ 27,085
U S equities	69,975	17,899	-	87,874
Mutual funds	32,493	216	-	32,709
Global equities	45,272	43,094	-	88,366
Investment-grade fixed income	67,576	23,524	-	91,100
High-yield fixed income	3,361	22,939	-	26,300
Real asset funds	38,729	20,498	-	59,227
Domestic equity hedge funds	-	-	101,305	101,305
Distressed debt hedge funds	-	-	49,368	49,368
Multi-strategy hedge funds	-	-	31,568	31,568
Global equity hedge funds	-	-	7,694	7,694
Private equity partnerships	-	-	5,218	5,218
	<u>\$ 284,491</u>	<u>\$ 128,170</u>	<u>\$ 195,153</u>	<u>\$ 607,814</u>

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Fair Value of Financial Instruments (continued)

The following table sets forth a summary of changes in the fair value of the Level 3 assets for the year ended September 30, 2012 (in thousands)

Balance, beginning of year	\$ 173,050
Interest income	63
Net realized loss	(145)
Unrealized gains relating to investments still held at the reporting date	16,261
Purchases	22,840
Sales	(5,355)
Balance, end of year	\$ 206,714

The following table presents liquidity information for the financial instruments carried at net asset value as of September 30, 2012 (in thousands)

Investment Type	Net Asset Value	Liquidity Restriction Range (Including Notice Period) for Redemption*
U S equities	\$ 17,472	0 to 60 days
Global equities	42,136	30 to over 365 days
Investment grade fixed income	17,243	0 to 30 days
Real asset funds	20,061	0 to 60 days
Domestic equity hedge funds	99,695	90 to over 365 days
Distressed debt hedge funds	48,719	90 to over 365 days
Multi-strategy hedge funds	31,568	90 to over 365 days
Global equity hedge funds	7,694	90 to over 365 days
Private equity partnerships	5,218	Up to 7 years
	\$ 289,806	

*Notices for redemption can be anywhere from a few days before a redemption date to more than 90 days, assuming the fund has met its lockup period

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Fair Value of Financial Instruments (continued)

Assets classified as Level 1 are valued using unadjusted quoted market prices for identical assets in active markets. Level 2 assets include U.S. and global equities, fixed income securities, and real asset funds. Fair value for Level 2 assets is 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. Inputs are obtained from various sources, including market participants, dealers, and brokers. Fair value for Level 3 assets is determined using net asset values as a practical expedient, as permitted by generally accepted accounting principles, rather than using another valuation method to independently estimate fair value. There were no transfers between Level 1 and Level 2 during 2012.

The Level 2 liabilities are interest rate swap agreements. The fair value of interest rate swap agreements is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, and credit spreads.

The following methods and assumptions were used in estimating the fair value of financial instruments:

Accounts payable and accrued expenses: The carrying amount reported in the consolidated balance sheet for accounts payable and accrued expenses approximates its fair value.

Estimated third-party payor settlements: The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements approximates its fair value.

The Medical Center's long-term debt obligations and mortgage notes are reported in the accompanying consolidated balance sheet at principal value, less unamortized discount or premium, which totaled approximately \$667,777,000 and \$68,162,000, respectively, at September 30, 2012. The fair value of the long-term obligations and mortgage notes was \$683,946,000 and \$73,843,000, respectively at September 30, 2012. Such fair value was determined assuming that the carrying value of the variable rate debt approximated fair value. The fair value of fixed rate debt was determined using discounted cash flows at current interest rates. These methodologies are consistent with the classification of Level 2 in the fair value hierarchy.

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

Children's Medical Center and Subsidiaries

Notes to Consolidated Financial Statements (continued)

16. Functional Expenses

The Medical Center is a multifaceted pediatric patient care provider dedicated to the improvement of the quality of life for children and their families. In its leadership role in pediatric medicine, the Medical Center focuses its efforts in three major areas: patient care, research, and medical education. Expenses related to providing these services are estimated for the year ended September 30, 2012 as follows (in thousands):

Patient care	\$ 1,271,232
Research	363,422
Medical education	43,905
Total expenses	<u>\$ 1,678,559</u>

17. Medical Resident Tax Refund

In March 2010, the IRS announced that, for periods ending before April 1, 2005, medical residents would be eligible for the student exception of Federal Insurance Contributions Act (FICA) taxes. Under the student exception, FICA taxes do not apply to wages for services performed by students employed by a school, college or university where the student is pursuing a course of study. As a result, the IRS will allow refunds for institutions that file timely FICA refund claims and provide certain information to meet the requirements of perfection, established by the IRS, for their claims applicable to periods prior to April 1, 2005. Institutions are potentially eligible for medical resident FICA refunds for both the employer and employee portions of FICA taxes paid, plus statutory interest.

At September 30, 2012, the Medical Center has recorded a receivable of approximately \$7,100,000, included in other noncurrent assets, and a liability of approximately \$3,600,000, included in other noncurrent liabilities, related to the refunds to be collected, including refunds to be collected on behalf of, and therefore to be remitted to, the medical residents and related entities. The Medical Center has established these estimates based on information presently available, the estimates are subject to change as the IRS adjudicates the claims.

18. Subsequent Events

Subsequent events have been evaluated for potential recognition in the financial statements through January 23, 2013, which is the date the consolidated financial statements were issued. No subsequent events have occurred that require disclosure in or adjustment to the consolidated financial statements.

Report of Independent Auditors on Supplementary Information

The Board of Trustees
Children's Medical Center

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating financial statements 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

January 23, 2013

Children's Medical Center and Subsidiaries
Consolidating Balance Sheet

September 30, 2012
(In thousands)

	Children's Hospital	Children's Medical Center	Obligated to the Payment of the Bonds	Physician Organization at Children's Hospital, Inc. and Foundations	Other Subsidiaries	Eliminations	Children's Medical Center Consolidated
Assets							
Current assets							
Cash and cash equivalents	\$ 590	\$ 79,948	\$ 80,538	\$ 101,851	\$ 2,169	\$ (1,577)	\$ 182,981
Patient accounts receivable, net of allowance for uncollectible accounts	113,081		113,081	52,936	-		166,017
Other receivables	32,252	15,793	48,045	7,606	1,654	(26,610)	30,695
Grants receivable	35,622		35,622		5,370		40,992
Due from Medical Center	1,564,535	(1,507,772)	56,763	-	(56,763)		-
Due from Children's Hospital	-	-	-	28,304	-	(28,304)	-
Current portion of pledges receivable, net	30,484		30,484			(1,550)	28,934
Other current assets	20,761	-	20,761	6,307	224	(1,712)	25,580
Total current assets	1,797,325	(1,412,031)	385,294	197,004	(47,346)	(59,753)	475,199
Investments							
Unrestricted as to use	-	732,855	732,855	519,488	254,037	(18,096)	1,488,284
Limited by Board designation	68,776	1,193,658	1,262,434	-	-	(477,323)	1,739,557
Restricted by donor-imposed restriction	810,562	87,333	897,895	28,066	-	(459,227)	466,734
	879,338	2,013,846	2,893,184	547,554	254,037	-	3,694,775
Other assets whose use is limited							
By externally administered trusts	47,308	-	47,308	-	-	-	47,308
For deferred compensation and other benefit obligations	3,486	-	3,486	98,823	-	-	102,309
Other	10,116	-	10,116	-	-	(1,850)	8,266
	60,910	-	60,910	98,823	-	(1,850)	157,883
Property, plant, and equipment, net	831,969	1,800	833,769	2,918	77,553	(829)	913,411
Pledges receivable, net	70,370	-	70,370	-	312	(1,233)	69,449
Other assets	34,484	350	34,834	30,968	27	-	65,829
Total assets	\$ 3,674,396	\$ 603,965	\$ 4,278,361	\$ 877,267	\$ 284,583	\$ (63,665)	\$ 5,376,546
Liabilities and net assets							
Current liabilities							
Accounts payable and accrued expenses	\$ 125,921	\$ 318	\$ 126,239	\$ 19,624	\$ 2,702	\$ (7,136)	\$ 141,429
Accrued salaries and wages	75,164	466	75,630	13,156	-	1,564	90,350
Current portion of estimated third-party liabilities	7,585	-	7,585	-	-	-	7,585
Due to Children's Hospital	-	-	-	38,037	-	(38,037)	-
Promises to give	-	-	-	1,849	-	(1,849)	-
Current portion of long-term debt	-	(3,000)	(3,000)	-	3,870	-	870
Current portion of note payable	-	-	-	-	522	-	522
Deferred revenue	56,097	-	56,097	1,333	2,969	(28,253)	32,146
Total current liabilities	264,767	(2,216)	262,551	73,999	10,063	(73,711)	272,902
Long-term liabilities							
Long-term debt	666,110	-	666,110	-	79	-	666,907
Mortgage notes payable	-	-	-	-	67,640	-	67,640
Long-term portion of estimated third-party liabilities	24,970	-	24,970	-	-	-	24,970
Net pension liability	44,279	-	44,279	29,777	-	-	74,056
Funds held for others	36,905	16,846	53,751	-	-	(7,725)	46,026
Interest rate swap liability	155,581	-	155,581	-	-	-	155,581
Deferred compensation and other benefit obligations	18,018	206	18,224	90,556	-	-	108,780
Promises to give	-	-	-	1,374	-	(1,374)	-
Other liabilities	63,217	-	63,217	30,235	1,034	-	94,486
Total long-term liabilities	1,009,080	17,052	1,026,132	151,942	69,471	(9,099)	1,238,446
Net assets							
Unrestricted	1,356,307	589,129	1,945,436	621,015	202,920	(483,402)	3,252,773
Temporarily restricted	453,494	-	453,494	30,311	469	(39,869)	444,405
Permanently restricted	590,748	-	590,748	-	1,660	(424,388)	168,020
Total net assets	2,400,549	589,129	2,989,678	651,326	205,049	19,145	3,865,198
Total liabilities and net assets	\$ 3,674,396	\$ 603,965	\$ 4,278,361	\$ 877,267	\$ 284,583	\$ (63,665)	\$ 5,376,546

Children's Medical Center and Subsidiaries
Consolidating Statement of Operations
Year ended September 30, 2012
(In Thousands)

	Children's Hospital	Children's Medical Center	Obligated to the Payment of the Bonds	Physician Organization at Children's Hospital, Inc and Foundations	Other Subsidiaries	Eliminations	Children's Medical Center Consolidated
Revenue							
Patient services revenue net of contractual allowances and discounts	\$ 941 552	\$ -	\$ 941 552	\$ 502 193	\$ -	\$ (37 515)	\$ 1 406 230
Provision for uncollectible accounts	(21 028)	-	(21 028)	(9 761)	-	-	(30 789)
Net patient services revenue	920 524	-	920 524	492 432	-	(37 515)	1 375 441
Research grants and contracts	167 136	-	167 136	-	17 203	(5 558)	178 781
Recovery of indirect costs on grants and contracts	64 671	-	64 671	-	6 429	(1 422)	69 678
Other operating revenue	29 956	5 290	35 246	-	22 807	7 421	65 474
Endowment income support for mission related activities	26 590	-	26 590	-	-	-	26 590
Unrestricted contributions net of fund raising-expenses	7 154	-	7 154	-	-	(195)	6 959
Research revenue	-	-	-	36 407	-	(36 407)	-
Clinical and other revenue	-	-	-	31 962	-	(31 962)	-
Teaching administration and supervision revenue	-	-	-	8 671	-	(8 671)	-
Net assets released from restriction used for operations	55 659	-	55 659	10 644	204	(20 657)	45 850
Total revenues	1 271 690	5 290	1 276 980	580 116	46 643	(134 966)	1 768 773
Expenses							
Salaries and benefits	564 728	-	564 728	414 387	5 826	(27 857)	957 084
Supplies and other expenses	379 090	(482)	378 608	45 929	16 850	(33 501)	407 886
Direct research expenses of grants	167 136	-	167 136	-	17 203	(5 558)	178 781
Health Safety Net Assessment	8 314	-	8 314	-	-	-	8 314
Medical service expenses	-	-	-	15 531	-	(15 531)	-
Research expenses	-	-	-	21 135	-	(21 135)	-
Contributions	-	-	-	27 301	-	(27 301)	-
Depreciation and amortization	90 618	762	91 380	811	5 710	-	97 901
Interest and net interest rate swap cash flows	28 543	-	28 543	-	50	-	28 593
Total expenses	1 238 429	280	1 238 709	525 094	45 639	(130 883)	1 678 559
Gain from current operations	33 261	5 010	38 271	55 022	1 004	(4 083)	90 214
Changes in estimates of prior year third-party settlements	10 118	-	10 118	(210)	-	-	9 908
Gain from operations	43 379	5 010	48 389	54 812	1 004	(4 083)	100 122
Nonoperating gains (losses)							
Income (loss) from investments	36 939	(43 668)	(6 729)	9 490	2 699	-	5 460
Net realized gain (loss) on investments	1 379	33 967	35 346	6 551	(65)	11 914	53 746
Unrealized gain on investments classified as trading securities	-	-	-	21 464	-	-	21 464
Increase in value of alternative investments	1 883	62 279	64 162	15 709	-	10 370	90 241
Recognition of unrealized losses on investments	(222)	(7 264)	(7 486)	-	-	(1 329)	(8 815)
Fundraising expenses on restricted contributions	(18 846)	-	(18 846)	-	-	-	(18 846)
Adjustment of interest rate swaps to fair value	(6 096)	-	(6 096)	-	-	-	(6 096)
Other nonoperating losses	-	(7 388)	(7 388)	(463)	-	-	(7 851)
Total nonoperating gains	15 037	37 926	52 963	52 751	2 634	20 955	129 303
Excess of revenues over expenses	\$ 58 416	\$ 42 936	\$ 101 352	\$ 107 563	\$ 3 638	\$ 16 872	\$ 229 425

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