

Children's Hospital Medical Center and Affiliates

Title 2 U.S. Code of Federal Regulations Part 200 (Uniform
Guidance) Reports For The Year Ended June 30, 2016

CHILDREN'S HOSPITAL MEDICAL CENTER AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Children's Hospital Medical Center and Affiliates:
Cincinnati, Ohio

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Children's Hospital Medical Center and Affiliates ("Cincinnati Children's"), which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of operations and changes in net assets and of cash flows for the years then ended, and the related notes to the consolidated financial statements. The consolidated financial statements include the accounts of Children's Hospital Medical Center and the affiliated entities as discussed in Note 1(a). These entities are under common ownership and management.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Children's as of June 30, 2016 and 2015, and the consolidated results of their operations and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the accompanying schedule is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016 on our consideration of Cincinnati Children's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cincinnati Children's internal control over financial reporting and compliance.

Deloitte & Touche LLP

October 17, 2016, Except for Note 12, as to which the date is January 27, 2017

Children's Hospital Medical Center and Affiliates

Consolidated Balance Sheet June 30, 2016 and 2015 (dollars in thousands)

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 148,913	\$ 125,267
Marketable securities	724,580	670,345
Cash, cash equivalents and marketable securities	<u>873,493</u>	<u>795,612</u>
Patient receivables, net of allowances of \$76,358 in 2016 and \$50,460 in 2015	353,783	317,831
Other receivables, net	130,524	173,788
Inventories and prepaid expenses	37,773	39,136
Total current assets	<u>1,395,573</u>	<u>1,326,367</u>
ASSETS LIMITED AS TO USE - Funds in trust	10,946	9,836
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,174,544	1,182,738
OTHER LONG-TERM ASSETS	58,695	61,432
INTEREST IN NET ASSETS OF SUPPORTING ORGANIZATIONS (Note 1(b))	<u>1,377,455</u>	<u>1,319,739</u>
Total assets	<u><u>\$4,017,213</u></u>	<u><u>\$3,900,112</u></u>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 244,057	\$ 330,020
Current portion of long-term debt and capital lease obligations	<u>34,039</u>	<u>52,644</u>
Total current liabilities	278,096	382,664
ACCRUED PENSION BENEFIT LIABILITY (Note 8)	421,695	229,252
SELF-INSURANCE RESERVES	38,235	42,338
LONG-TERM DEBT:		
Tax-exempt bonds payable	343,888	350,492
Taxable bonds payable	297,327	297,231
Notes payable	59,203	59,999
Capital lease obligations	6,466	4,286
OTHER LONG-TERM LIABILITIES	<u>19,644</u>	<u>14,500</u>
Total liabilities	1,464,554	1,380,762
COMMITMENTS AND CONTINGENCIES (Notes 5 and 9)	-	-
NET ASSETS:		
Unrestricted	1,036,207	1,060,125
Temporarily restricted	155,558	158,141
Permanently restricted (Note 1(b))	<u>1,360,894</u>	<u>1,301,084</u>
Total net assets	<u>2,552,659</u>	<u>2,519,350</u>
Total liabilities and net assets	<u><u>\$4,017,213</u></u>	<u><u>\$3,900,112</u></u>

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations and Changes in Net Assets
For the Years Ended June 30, 2016 and 2015 (dollars in thousands)

	<u>2016</u>	<u>2015</u>
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT:		
Net hospital patient service revenue	\$1,611,570	\$1,547,131
Provision for bad debt	(13,703)	(19,195)
Net hospital patient service revenue less provision for bad debts	<u>1,597,867</u>	<u>1,527,936</u>
Capitation revenue	36,537	41,755
Net professional services revenue	299,516	295,871
Net assets released from restriction used for operations-		
Grant revenue	159,349	165,142
Other restricted net assets used to support operations	83,908	75,242
Investment income	25,469	9,131
Other revenue	107,991	91,393
Total unrestricted revenues, gains and other support	<u>2,310,637</u>	<u>2,206,470</u>
EXPENSES:		
Salaries	1,080,585	1,031,542
Employee benefits	270,163	256,525
Supplies, drugs and other	355,718	342,851
Purchased services	219,330	210,052
Depreciation	124,595	110,352
Utilities	18,537	18,988
Interest	24,883	19,425
Impairment of land	3,340	7,111
Total expenses	<u>2,097,151</u>	<u>1,996,846</u>
Excess of revenues over expenses	213,486	209,624
OTHER CHANGES IN UNRESTRICTED NET ASSETS:		
Receipts from supporting organizations (Notes 1(b) and 1(c))	4,150	4,033
Net assets released from restrictions used for purchase of property and equipment	<u>1,066</u>	<u>10,639</u>
Increase in unrestricted net assets before transfers to supporting organizations and pension and post retirement health liability adjustment	218,702	224,296
Transfers to supporting organizations (Note 1(c))	(23,250)	(46,893)
Pension and post retirement health liability adjustment (Note 8)	<u>(219,370)</u>	<u>(92,317)</u>
(Decrease) Increase in unrestricted net assets	<u>(23,918)</u>	<u>85,086</u>

(Continued on next page)

Consolidated Statements of Operations and Changes in Net Assets
For the Years Ended June 30, 2016 and 2015 (dollars in thousands)

	<u>2016</u>	<u>2015</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and investment income-		
Grant receipts	158,447	164,730
Gifts, contributions and other income	83,583	91,430
	<u>242,030</u>	<u>256,160</u>
Net assets released from restriction-		
Grant expenditures	(159,349)	(165,142)
Transfer to The Children's Hospital	-	(1,000)
Restricted net assets used to support operations	(83,908)	(75,242)
Restricted net assets used for purchase of property and equipment	(1,066)	(10,639)
	<u>(244,323)</u>	<u>(252,023)</u>
(Loss) Gain in interest in net assets of supporting organizations	(290)	695
(Decrease) Increase in temporarily restricted net assets	<u>(2,583)</u>	<u>4,832</u>
PERMANENTLY RESTRICTED NET ASSETS:		
Gifts, contributions and other income	1,804	-
Gain in interest in net assets of supporting organizations	58,006	20,356
Increase in permanently restricted net assets	<u>59,810</u>	<u>20,356</u>
INCREASE IN NET ASSETS	33,309	110,274
NET ASSETS, beginning of year	<u>2,519,350</u>	<u>2,409,076</u>
NET ASSETS, end of year	<u><u>\$2,552,659</u></u>	<u><u>\$2,519,350</u></u>

See accompanying notes to consolidated financial statements.

Children's Hospital Medical Center and Affiliates

Consolidated Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015 (dollars in thousands)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 33,309	\$ 110,274
Adjustments to reconcile increase in net assets to net cash provided by operating activities-		
Depreciation and amortization	125,292	110,687
Loss on disposal of property and equipment	3,035	2,518
Impairment of land	3,340	7,111
Proceeds from sale of donated securities	1,247	1,623
Receipts from supporting organizations	(4,150)	(4,033)
Contributions to supporting organizations	23,250	46,893
Contributions restricted for purchase of property and equipment	(1,066)	(10,639)
Gain in interest in net assets of supporting organizations	(57,716)	(21,051)
Unrealized and realized losses (gains) on marketable securities, net	(10,443)	5,106
Increase (Decrease) in allowances on receivables	25,898	(3,799)
Increase in receivables	(18,586)	(47,512)
Decrease (Increase) in inventories and prepaid expenses and other assets	4,100	(9,661)
Decrease in accounts payable and accrued expenses	(34,756)	(8,872)
Increase (Decrease) in accrued pension liability	192,443	84,895
Increase (Decrease) in self-insurance reserves and other long-term liabilities	1,041	(5,434)
Net cash provided by operating activities	<u>286,238</u>	<u>258,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property and equipment	(167,761)	(258,091)
Receipts from sale of fixed assets	750	582
Purchases of marketable securities	(1,891,387)	(1,633,044)
Sales and maturities of marketable securities	1,846,247	1,339,517
Cash withdrawn from funds in trust	41,755	61,991
Cash invested in funds in trust	(42,865)	(33,730)
Net cash used in investing activities	<u>(213,261)</u>	<u>(522,775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of bonds and notes payable	96,175	297,136
Repayment of bonds and notes payable	(127,472)	(31,809)
Contributions restricted for purchase of property and equipment	1,066	10,639
Receipts from supporting organizations	4,150	4,033
Contributions to supporting organizations	(23,250)	(46,893)
Net cash (used in) provided by financing activities	<u>(49,331)</u>	<u>233,106</u>
Net increase (decrease) in cash and cash equivalents	23,646	(31,563)
CASH AND CASH EQUIVALENTS, beginning of year	<u>125,267</u>	<u>156,830</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 148,913</u>	<u>\$ 125,267</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Capital expenditures in accounts payable and accrued expenses	\$ 11,131	\$ 62,338
Acquisition of property through capital leases	\$ 5,472	\$ 6,425

See accompanying notes to consolidated financial statements.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2016 and 2015, respectively (dollars in thousands)

(1) Accounting Policies-

- (a) Basis of Consolidation--Children's Hospital Medical Center (Cincinnati Children's), River City Insurance Limited (River City), CHMC Community Health Services Network (CHSN), Northern Kentucky Children's Medical Services, LLC (NKCMS) (through October 31, 2015), Burnet Ave LLC (Burnet) and TSHCH LLC (TSHCH), which are under common management, are included in the accompanying consolidated financial statements and are collectively referred to as Cincinnati Children's or the Medical Center. Intercompany transactions and balances have been eliminated.

Cincinnati Children's is an Ohio not-for-profit corporation providing pediatric healthcare services, teaching and related research. River City is a captive insurance company and a wholly-owned subsidiary of Cincinnati Children's. CHSN is a wholly-owned subsidiary of Cincinnati Children's whose purpose is to manage primary care practices in a community setting. NKCMS is a limited liability corporation formed to enhance the scope and quality of pediatric care in Northern Kentucky. Effective October 31, 2015 NKCMS was dissolved. Burnet is a wholly-owned subsidiary of Cincinnati Children's, whose purpose is to hold land. TSHCH is a wholly-owned subsidiary of Cincinnati Children's whose purpose is to acquire, hold, develop, subdivide, sell, lease, mortgage, manage and otherwise deal in real property.

- (b) Supporting Organizations--The Children's Hospital (TCH) and Convalescent Hospital for Children and Orphan Asylum (CHCOA), both Ohio not-for-profit corporations which are not included in the accompanying consolidated financial statements, provide financial support to Cincinnati Children's. Certain endowment funds of these supporting organizations are restricted by the donors for specific operating purposes of Cincinnati Children's and are recorded as Interest in Net Assets of Supporting Organizations in the accompanying Consolidated Balance Sheets. Receipts from such restricted endowment funds and certain other receipts that are designated by the Boards of Trustees of the supporting organizations for specific operating purposes are reflected as a component of restricted gifts and contributions in the accompanying Consolidated Statements of Operations and Changes in Net Assets. Upon utilization in operations, such funds are reflected in the Consolidated Statements of Operations and Changes in Net Assets as other-restricted net assets used to support operations.

Other funds are contributed to Cincinnati Children's as designated by the Boards of the supporting organizations to provide general support and are reflected as receipts from supporting organizations in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

Cincinnati Children's records in its consolidated financial statements the fair value of certain temporarily and permanently restricted net assets held by supporting organizations on its behalf. Changes in the fair value of such temporarily and permanently restricted net assets are recorded as a Gain (Loss) in Interest in Net Assets of Supporting Organizations in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

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Effective July 1, 2016, TCH's Board of Trustees amended their Articles of Incorporation naming Cincinnati Children's as its sole-beneficiary. The impact of this amendment is the Unrestricted Net Assets of TCH will be recorded in Cincinnati Children's consolidated financial statements as an increase in Interest in Supporting Organizations and an increase in Temporarily Restricted Net Assets. If the Unrestricted Net Assets of TCH would have been recorded in Cincinnati Children's consolidated financial statements at June 30, 2016, the impact would have been an increase to Interest in Supporting Organizations and an increase to Temporarily Restricted Net Assets of \$776,504.

- (c) Support Received from Supporting Organizations-- In general, the supporting organizations provide annual support to Cincinnati Children's that includes the dividend and interest earnings of the respective investment portfolios (net of operational expenses and any donor required reinvestment of income). On occasion, the respective Boards of Trustees of these supporting organizations may also designate certain pledges of unrestricted principal in support of key projects at Cincinnati Children's. As of June 30, 2016, TCH and CHCOA have outstanding revocable pledges of \$250,000 and \$9,000, respectively. All outstanding pledges of principal support are revocable at the discretion of TCH's and CHCOA's Board of Trustees. As a result, such revocable pledges are not recorded as receivables in the accompanying consolidated financial statements.

During fiscal 2016 and 2015, TCH transferred \$55,201 and \$57,594, respectively, of temporarily restricted net assets to Cincinnati Children's which are recorded as Gifts, contributions and other income in the Consolidated Statements of Operations and Changes in Net Assets.

During fiscal 2016 and 2015, TCH transferred \$4,150 and \$4,033, respectively, of unrestricted net assets to Cincinnati Children's, which are recorded as Receipts from Supporting Organizations in the Consolidated Statements of Operations and Changes in Net Assets.

During fiscal 2015, Cincinnati Children's transferred \$1,000 of temporarily restricted net assets to TCH to fund named chairs designated to support divisional activities. There were no such transfers made in fiscal 2016. During fiscal 2016 and fiscal 2015, respectively, Cincinnati Children's transferred \$23,250 and \$46,893 of unrestricted net assets to TCH to fund named chairs designated to support divisional activities.

At June 30, 2015, Cincinnati Children's had a payable to TCH for \$3,022 related to transfers received greater than funding commitments in fiscal 2015. These amounts were offset in fiscal year 2016 against the current year commitment.

During fiscal 2016 and 2015, CHCOA transferred \$2,272 and \$10,922 respectively, to Cincinnati Children's which are recorded as Gifts, contributions and other income in the Consolidated Statements of Operations and Changes in Net Assets.

At June 30, 2016, Cincinnati Children's has a payable to CHCOA for \$20, which will be repaid through a reduction in support in fiscal 2017. At June 30, 2015 Cincinnati Children's had a payable to CHCOA for \$55 related to fiscal 2015 funding. This amount was paid in fiscal 2016.

At June 30, 2016 and 2015, Cincinnati Children's has a receivable from CHCOA for \$4,000 and \$6,395, respectively, related to an irrevocable pledge to be paid in fiscal years 2016 through 2018 in support of the renovation of the College Hill facility.

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At June 30, 2016 and 2015, Cincinnati Children's has a receivable from TCH of \$10,587 related to the expected payment from TCH upon maturity of a life insurance policy.

- (d) Concentration of Patient Accounts Receivable and Revenue and Revenue Recognition--In both fiscal 2016 and 2015, respectively, substantially all of total net hospital patient service revenue is derived from third-party payment programs (Medicaid, insurance companies and various managed care agreements).

The following details the percentage of net hospital patient service revenue by payer category for the fiscal years ended June 30, 2016 and 2015:

	2016		2015	
	Gross	Net	Gross	Net
Commercial insurers	1%	2%	1%	2%
Managed care	45%	64%	43%	62%
Government (HMO and third party)	45%	25%	45%	24%
International	5%	6%	6%	7%
Specialty contracts	3%	3%	4%	5%
Self pay	1%	-	1%	-

The following details the percentage of accounts receivable by payer category as of June 30, 2016 and 2015:

	2016	2015
Commercial insurers	1%	3%
Managed care	43%	42%
Government (HMO and third party)	30%	27%
International	18%	20%
Specialty contracts	6%	6%
Self pay	2%	2%

Specialty contracts are single case agreements or contracts for specialty services, such as transplants.

Net hospital patient service revenue is reported at estimated net realizable amounts from patients, third party payers and others for services rendered and includes estimated retroactive revenue adjustments due to future audits and reviews. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits and reviews.

Cincinnati Children's recognizes net hospital patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of estimated contractual rates for services rendered. For uninsured patients that do not qualify for charity care, Cincinnati Children's recognizes net hospital patient service revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of Cincinnati Children's uninsured patients will be

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unable or unwilling to pay for the services provided. Thus, Cincinnati Children's records a provision for bad debts related to uninsured patients in the period the services are provided.

Revenue from government (Medicaid and Medicare) programs accounted for approximately 25% and 24%, respectively, of Cincinnati Children's net hospital patient service revenue for the fiscal years ended June 30, 2016 and 2015, respectively. Laws and regulations governing the Medicaid and Medicare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change a material amount in the near term. At June 30, 2016, Cincinnati Children's has settled all Medicaid cost reports through 2008 and all Medicare cost reports through 2014.

The following table reconciles gross patient service revenue to net hospital patient service revenue for the years ended June 30, 2016 and 2015:

	2016	2015
Charges at established rates	\$2,894,337	\$2,745,917
Deductions:		
Discounts on commercial contractals	(335,402)	(322,169)
Write-downs related to services to the poor:		
Including Medicaid and governmental contractals, charity care and other uncollectible self pay write-offs	(978,838)	(906,572)
	1,580,097	1,517,176
Tax Levy Program	4,950	5,200
Care Assurance Program	26,523	24,755
Net Hospital Patient Service Revenue	<u>\$1,611,570</u>	<u>\$1,547,131</u>

Patient accounts receivable and related allowances for contractual adjustments and doubtful accounts are recorded on an accrual basis at estimated collection rates to report patient accounts receivable at net realizable value. Accounts receivable are reduced by an allowance for doubtful accounts and contractual allowances. In evaluating the collectability of accounts receivable, Cincinnati Children's performs a detail review of current accounts, analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and contractual allowances. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowances. For receivables associated with services provided to patients who have a third-party coverage, Cincinnati Children's analyzes contractually due amounts and provides an allowance for contractals (for example, for expected unrecoverable amounts based on contract provisions on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), Cincinnati Children's records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all

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reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Cincinnati Children's allowance for doubtful accounts for self-pay patients was 21.5% and 17% of self-pay accounts receivable at June 30, 2016 and 2015. In addition, Cincinnati Children's bad debt write-offs (before recoveries) totaled approximately \$27,302 and \$31,805 for the years ended June 30, 2016 and 2015, respectively. Cincinnati Children's does not maintain a material allowance for doubtful accounts from third-party payers nor does it have significant write-offs from third-party payers. Cincinnati Children's does maintain an allowance for contractual write-offs for third party payers in order to appropriately reduce receivables to net realizable value.

A summary of activity in Cincinnati Children's provision for doubtful accounts for the year ended June 30, 2016 and 2015 related to patient receivables is as follows:

	Balance at Beginning of Year	Provision for doubtful Accounts	Accounts written off, Net of recoveries	Balance at End of Year
Year Ended June 30, 2016	\$12,140	\$13,669	\$(13,125)	\$12,684
Year Ended June 30, 2015	\$15,139	\$15,389	\$(18,388)	\$12,140

The Consolidated Balance Sheet also includes \$63,674 and \$38,320 of contractual reserves related to net patient receivables as of June 30, 2016 and 2015.

Accounts receivable related to professional services billings is included in Other Receivables in the accompanying Consolidated Balance Sheets.

- (e) Capitation Revenue – Cincinnati Children's has agreements with two Ohio Medicaid managed care companies, covering approximately 31,000 and 33,000 children, respectively, in fiscal 2016 and fiscal 2015, to provide for reimbursement under a variable capitation methodology for hospital services. Under these two contracts, all physician and home care services continue to be reimbursed based on provider fee schedules. The hospital services are reimbursed through a variable capitation payment which represents the amount remaining after payment has been made for (a) Cincinnati Children's physician services, (b) Cincinnati Children's home care services, and (c) services provided to members outside the Cincinnati Children's network. Under delegation agreements, Health Network by Cincinnati Children's receives fixed payments to perform the required medical management, care management and care coordination functions. Medicaid managed care organizations retain risk for payments to providers.
- (f) Grant Revenue and Other Revenue -- Grants and contributions restricted for a specific operating purpose are recorded as temporarily restricted net assets and reflected in unrestricted revenues, gains, and other support when the funds are expended in accordance with the specifications of the grantor or donor. Contributions for capital expenditures, recorded as temporarily restricted net assets when received, are recorded as net assets released from restrictions used for the purchase of property and equipment when expended. Unrestricted contributions and bequests are included in other revenue when received.

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- (g) Graduate Medical Education--Cincinnati Children's receives Federal graduate medical education funding, which has resulted in other revenue of \$10,209 and \$9,209 recognized in the accompanying consolidated financial statements for the years ended June 30, 2016 and 2015, respectively.
- (h) Tax Exempt Status--Cincinnati Children's and CHSN are recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as charitable organizations qualifying under Section 501(c)(3). River City is a captive insurance company and has no income tax obligations. NKCMS, Burnet and TSHCH are limited liability corporations whose income is taxable to Cincinnati Children's. The income tax provisions recorded in the accompanying consolidated financial statements are immaterial for the years ended June 30, 2016 and 2015.

Cincinnati Children's accounts for income taxes in accordance with Accounting Standards Codification Topic (ASC) 740 "Income Taxes". It is Cincinnati Children's policy to classify the expense related to interest and penalties, if any, to be paid on underpayments of income taxes within other expenses. There were no material penalties or interest recognized in fiscal 2016 and 2015.

Listed below are the tax years that remain subject to examination by major tax jurisdiction:

Federal – 2013 to 2016

State – 2013 to 2016

- (i) Cash Equivalents--Cash equivalents consist primarily of money market investments (including money market mutual funds), certificates of deposit and demand deposits. Cash is held primarily in one bank.
- (j) Inventories—Inventories consist of medical supplies and pharmaceuticals and are valued on an average cost method.
- (k) Marketable Securities-- Cincinnati Children's accounts for its investments under ASC 958-320 "Not-for-Profit Entities – Investments – Debt and Equity Securities". Cincinnati Children's carries its marketable securities at fair value with unrealized gains and losses included in investment income in the accompanying Consolidated Statements of Operations and Changes in Net Assets. At June 30, 2016, there were \$1,662 and \$1,555 of pending purchases and sales of marketable securities, respectively. At June 30, 2015, there were \$3,729 and \$20,678 of pending purchases and sales of marketable securities, respectively.

At June 30, 2016, Cincinnati Children's marketable securities included 17% in U.S Treasury securities. At June 30, 2015, Cincinnati Children's marketable securities included 15% in U.S. Treasury securities.

- (l) Assets Limited As To Use--Assets limited as to use include funds in trust (Note 3). Assets limited as to use are carried at fair value with unrealized gains and losses included in investment income in the accompanying Consolidated Statements of Operations and Changes in Net Assets. At June 30, 2016 and 2015, assets limited as to use were invested in cash and cash equivalents.

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- (m) Investment Income--The following details the components of investment income on marketable securities and funds in trust for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest income	\$15,026	\$14,237
Unrealized and realized gains (losses), net	10,443	(5,106)
Investment income	<u>\$25,469</u>	<u>\$9,131</u>

Unrealized gains and losses related to temporarily restricted funds are recorded as an addition/reduction, as appropriate, to temporarily restricted net assets.

- (n) Fair Value Measurements—Cincinnati Children’s accounts for its assets and liabilities under ASC 820 “Fair Value Measurements”. As defined in ASC 820, fair value is 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. In order to increase consistency and comparability in fair value measurements and related disclosures, ASC 820 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels, which are described below:

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly. These include quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are a few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs, developed using Cincinnati Children’s estimates and assumptions, which reflect those that the market participants would use. Such inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Determining where an asset or liability falls within the hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. In determining fair value, Cincinnati Children’s utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in the assessment of fair value.

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The table below includes the major categorization for debt and equity securities on the basis of the nature and risk of the investments at June 30, 2016.

	Level 1	Level 2	Level 3
Marketable Securities:			
U.S. Government and agency securities	\$ -	\$215,984	\$ -
Foreign bonds	-	4,780	-
Municipal bonds	-	3,590	-
Common stock	254	-	-
Corporate obligations	-	481,633	-
High Yield Corporate Obligations	-	18,339	-
	<u>254</u>	<u>724,326</u>	<u>-</u>
Assets Limited As To Use:			
Money market mutual funds	10,946	-	-
	<u>10,946</u>	<u>-</u>	<u>-</u>
Deferred Compensation Plans (included in Other Assets):			
Cash	2,992	-	-
Common stock	3,556	-	-
Mutual Funds:			
Money Market	104	-	-
Equity	1,240	-	-
International Equity	874	-	-
Bond	596	-	-
Lifecycle	3,325	-	-
Real Estate	205	-	-
Variable Annuities:			
Bond	-	22	-
Equity	-	274	-
International Equity	-	105	-
Money Market	-	43	-
Guaranteed Insurance	-	-	2,321
	<u>12,892</u>	<u>444</u>	<u>2,321</u>
Total	<u>\$24,092</u>	<u>\$724,770</u>	<u>\$2,321</u>

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The table below includes the major categorization for debt and equity securities on the basis of the nature and risk of the investments at June 30, 2015.

	Level 1	Level 2	Level 3
Marketable Securities:			
U.S. Government and agency securities	\$ -	\$197,909	\$ -
Foreign bonds	-	6,462	-
Municipal bonds	-	2,790	-
Bond mutual funds	1,864	-	-
Common stock	170	-	-
Asset backed securities	-	28,392	-
Corporate obligations	-	432,758	-
	<u>2,034</u>	<u>668,311</u>	<u>-</u>
Assets Limited As To Use:			
Money market mutual funds	9,836		
	<u>9,836</u>	<u>-</u>	<u>-</u>
Deferred Compensation Plans (included in Other Assets):			
Cash	2,386	-	-
Common stock	3,534	-	-
Mutual Funds:			
Money Market	145	-	-
Equity	2,921	-	-
International Equity	1,095	-	-
Bond	1,342	-	-
Lifecycle	3,434	-	-
Real Estate	268	-	-
Variable Annuities:			
Bond	-	98	-
Equity	-	324	-
International Equity	-	128	-
Money Market	-	18	-
Guaranteed Insurance Contract	-	-	3,069
	<u>15,125</u>	<u>568</u>	<u>3,069</u>
Total	<u>\$26,995</u>	<u>\$668,879</u>	<u>\$3,069</u>

The valuation methods described below may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management 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 different fair value measurement at the reporting date.

Cincinnati Children's uses quoted market prices in active markets to determine the fair value of common stock and mutual funds; such items are classified as Level 1 in the fair value hierarchy.

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Cincinnati Children's primarily bases fair value for investments in fixed income securities, including US government securities, municipal bonds and corporate obligations on a calculation using interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and considers the counterparty credit rating. Such items are classified as Level 2 in the fair value hierarchy.

Investments in private investment funds are valued by net asset value, as published and determined by the fund manager.

Cincinnati Children's investment in High Yield Corporate Obligations is an investment in a limited liability company whose investment objective is to achieve superior fixed income returns on invested funds through exposure to higher quality, less volatile, high yield debt securities. As set forth in the LLC agreement, the LLC will dissolve on March 29, 2040, but may dissolve earlier under certain conditions. Any Investing Member may elect to withdraw, in whole or in part from the LLC on the last business day of any month or at such other date, as determined by the manager.

ASC 825 permits entities to choose to measure many financial instruments and certain other items at fair value. Entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. Cincinnati Children's elected to measure its high yield corporate obligation investment fund under the provisions of ASC 825. In the future, Cincinnati Children's may elect to measure certain additional financial instruments at fair value in accordance with this standard.

The guaranteed insurance contract is recorded based on discounted cash flows, which is an approximation of fair value.

Cincinnati Children's Level 3 investment is primarily in a guaranteed insurance contract. This investment is classified as Level 3 based on time restrictions for redemption.

The following is a reconciliation of the roll forward of the fair value measurements using significant unobservable inputs for fiscal 2016:

Balance at July 1, 2015	\$3,069
Purchases	1,205
Unrealized losses	(24)
Sales	(1,929)
Balance at June 30, 2016	<u>\$2,321</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at June 30, 2016	<u>\$ (24)</u>
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The following is a reconciliation of the roll forward of the fair value measurements using significant unobservable inputs for fiscal 2015:

Balance at July 1, 2014	\$5,251
Purchases	1,266
Unrealized losses	(112)
Sales	(3,336)
Balance at June 30, 2015	<u>\$3,069</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at June 30, 2015

\$(112)

Cincinnati Children's policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2016 and 2015, there were no significant transfers in or out of Levels 1, 2 or 3.

- (o) Property and Equipment--Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to forty years, as follows:

Land Improvements	3-25 years
Buildings and Building Improvements	5-40 years
Equipment	3-25 years

Amortization of assets leased under capital leases is included in depreciation.

Cincinnati Children's evaluates long-lived assets under the provisions of ASC 360 "Property Plant and Equipment". During fiscal 2016 and 2015, Cincinnati Children's recorded losses of \$3,340 and \$7,111, respectively, related to impairment of land values based on a fair market value assessment of the estimated sales price Cincinnati Children's would expect to receive upon sale of this land.

- (p) Costs of Borrowing--Interest incurred on borrowed funds, net of interest earned on restricted bond funds, during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. In fiscal 2016 and fiscal 2015, Cincinnati Children's capitalized \$48 and \$843 of interest related to construction in progress. Total cash paid for interest was approximately \$24,975 and \$18,720 and in fiscal 2016 and 2015, respectively.

Deferred bond issuance costs and original issue discounts are amortized using the effective interest method over the period the related obligation is outstanding.

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- (q) Temporarily Restricted Net Assets--Temporarily restricted net assets are those whose use by Cincinnati Children's has been limited by donors to a specific purpose. Temporarily restricted net assets and net assets released from donor restrictions are primarily comprised of net assets restricted to support operations. Substantially all of these net assets are restricted by donors to support research, education and other advances in clinical care and prevention. The amount of temporarily restricted net assets whose use by Cincinnati Children's has been limited by donors for a specific purpose was \$137,194 and \$139,486 at June 30, 2016 and 2015, respectively.

Temporarily restricted net assets related to assets held in endowments at supporting organizations on Cincinnati Children's behalf are either donor restricted to support research at Cincinnati Children's or deferred gift programs where the restriction is a time restriction tied to the life expectancy of the donor. The amount of temporarily restricted net assets held at supporting organizations was \$18,364 and \$18,655 at June 30, 2016 and 2015, respectively.

- (r) Permanently Restricted Net Assets— Permanently restricted net assets related to assets held at Cincinnati Children's are gifts to Cincinnati Children's restricted by the donor to be maintained in perpetuity and are recorded in Assets Limited to Use in the accompanying Consolidated Balance Sheets. The amounts of permanently restricted net assets held at Cincinnati Children's with expendable investment income restricted by donors was \$1,803 and \$0 at June 30, 2016 and 2015, respectively. The assets underlying Cincinnati Children's permanently restricted net assets held at Cincinnati Children's are primarily cash and cash equivalents.

Permanently restricted net assets related to assets held in endowments at supporting organizations on Cincinnati Children's behalf are restricted by the donor to be maintained in perpetuity and are recorded in Interest in Net Assets of Supporting Organizations in the accompanying Consolidated Balance Sheets as they are held by supporting organizations. The amount of permanently restricted net assets held at supporting organizations with expendable investment income restricted by donors was \$1,359,091 and \$1,301,084 at June 30, 2016 and 2015, respectively. The assets underlying Cincinnati Children's permanently restricted net assets held by supporting organizations have been invested primarily in marketable securities.

As of June 30, 2016 and 2015, permanently restricted net assets consisted of the following amounts with expendable investment income restricted by donors to be used for the following purposes:

	<u>2016</u>	<u>2015</u>
Research activities	\$1,159,700	\$1,098,777
Clinical activities	201,194	202,307
	<u>\$1,360,894</u>	<u>\$1,301,084</u>

- (s) Excess of Revenues Over Expenses--The Consolidated Statements of Operations and Changes in Net Assets include "excess of revenues over expenses." Changes in unrestricted net assets which are excluded from excess of revenues over expenses include receipts from supporting organizations, transfers to supporting organizations, pension and post retirement health liability adjustment, and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purpose of acquiring such assets).

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- (t) Use of Estimates--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (u) New Accounting Pronouncements - - In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 will eliminate the transaction- and industry-specific revenue recognition guidance currently in place under generally accepted accounting principles and will replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 was amended by ASU 2015-14 and will be effective for annual and interim periods beginning after December 15, 2018, and early adoption is prohibited.

Furthermore, ASU 2014-09 and ASU 2015-14 were further amended in March 2016 with ASU 2016-08 "Principal versus Agent Considerations," in April 2016 with ASU 2016-10 "Identifying Performance Obligations and Licensing," and in May 2016 with ASU 2016-12 "Narrow-Scope Improvements and Practical Expedients." The amendments have the same effective date and transition requirements as the new revenue standard in ASU 2014-09 and ASU 2015-14. Management has not yet evaluated the impact of the revenue accounting standard updates, ASU 2014-09, ASU 2015-14, ASU 2016-08, ASU 2016-10, and 2016-12.

In April 2015, the FASB issued ASU 2015-03 "Simplifying the Presentation of Debt Issuance Costs". ASU 2015-03 requires debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying amount of the debt liability. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015. Earlier adoption is permitted, and Cincinnati Children's has adopted this guidance as of June 30, 2016. \$5,420 and \$5,687 were reclassified from Other Long Term Assets to offset against applicable Long Term Debt in fiscal 2016 and fiscal 2015, respectively.

In May 2015, the FASB issued ASU 2015-07 "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 will be effective for fiscal years beginning after December 15, 2016, with application applied retrospectively; earlier application is permitted. Management does not believe this will have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 "Leases." ASU 2016-02 introduces a new lessee model that brings substantially all leases onto the balance sheet. Most of the existing lessor principles are retained, but ASU 2016-02 aligns many of those principles with the FASB's new revenue guidance. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2018 with modified retrospective transition; early adoption permitted. Management has not yet evaluated the impact of ASU 2016-02 on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14 "Presentation of Financial Statements for Not-for-Profit Entities." The amendments focus on improving reporting in areas unique to not-for-profit

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financial statements. Temporarily restricted and permanently restricted net assets are combined into a single category called "net assets with donor restrictions." Donor-restricted endowment funds that are underwater are reported in net assets with donor restrictions and require enhanced disclosures. Additional disclosures are required around liquidity of financial assets, internal transfers included in the operating subtotal, the nature of expenses, and cost allocation between program and support functions. Lastly, investment expenses netted with investment return are limited to external investment expenses and direct internal investment expenses. ASU 2016-14 will be effective for fiscal years beginning after December 15, 2017, with application applied retrospectively; early adoption is permitted. Management has not yet evaluated the impact of ASU 2016-14 on the consolidated financial statements.

(2) Losses on the Provision of Uncompensated Care-

In accordance with its mission and purpose, Cincinnati Children's maintains a policy of providing medically necessary services to pediatric patients within its primary service area regardless of ability to pay. This primary service area has been defined to include the four counties in Ohio, three counties in Kentucky and one county in Indiana that geographically surround Cincinnati. Under certain circumstances, Cincinnati Children's accepts patients from outside the primary service area regardless of their ability to pay. Cincinnati Children's defines indigent patient care as services rendered to patients whose families' annual income or net worth falls below certain minimum standards. As such, losses absorbed by the Medical Center in rendering services to patients who are covered under governmental programs which are designed to aid low income families (primarily the Medicaid program) are considered indigent patient care.

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The following information summarizes uncompensated care provided during the years ended June 30, 2016 and 2015:

	2016		
CHARGES	Hospital	Physician	Total
Charges under Medicaid and other entitlement programs	\$1,308,262	\$288,106	\$1,596,368
Charity care not eligible for Medicaid assistance, at established charges	29,290	3,682	32,972
Other uncollectible self pay, at established charges	13,703	8,438	22,141
Total Medicaid, charity care and other uncollectible self pay charges	<u>\$1,351,255</u>	<u>\$300,226</u>	<u>\$1,651,481</u>
COSTS/LOSSES			
Estimated costs to provide uncompensated care	\$ 606,333	\$ 141,857	\$ 748,190
Reimbursement from Medicaid programs	(446,443)	(35,006)	(481,448)
Losses on the provision of uncompensated care	(159,890)	(106,851)	(266,742)
Funds received from HCAP and tax levy	31,473	-	31,473
Losses on provision of uncompensated care net of HCAP and tax levy	<u>\$(128,417)</u>	<u>\$(106,851)</u>	<u>\$(235,269)</u>
	2015		
CHARGES	Hospital	Physician	Total
Charges under Medicaid and other entitlement programs	\$1,247,823	\$288,573	\$1,536,396
Charity care not eligible for Medicaid assistance, at established charges	26,324	3,266	29,590
Other uncollectible self pay, at established charges	19,195	9,526	28,721
Total Medicaid, charity care and other uncollectible self pay charges	<u>\$1,293,342</u>	<u>\$301,365</u>	<u>\$1,594,707</u>
COSTS/LOSSES			
Estimated costs to provide uncompensated care	\$ 572,923	\$ 143,600	\$ 716,523
Reimbursement from Medicaid programs	(417,034)	(40,435)	(457,469)
Losses on the provision of uncompensated care	(155,889)	(103,165)	(259,054)
Funds received from HCAP and tax levy	29,955	-	29,955
Losses on provision of uncompensated care net of HCAP and tax levy	<u>\$(125,934)</u>	<u>\$(103,165)</u>	<u>\$(229,099)</u>

The 2016 and 2015 cost amounts reflected in the tables above are calculated using cost to charge ratios calculated from prior year cost reports as the current year cost report is not yet available. Management does not believe that the difference in the cost report year would have a material impact on the amounts calculated.

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(3) Funds in Trust-

Cincinnati Children's has certain funds, which are invested and held in trust for various specified purposes. The amounts of such funds, at carrying value, and the specified purposes for which such funds may be used, are set forth below:

	June 30,	
	2016	2015
Self-insurance Funds-		
Professional liability (A)	\$ 160	\$ 161
Employee health and workers' compensation (B)	230	890
Health Network Escrow (C)	2,642	2,641
Bond interest escrow funds (D)	6,111	6,144
Endowment funds held at Cincinnati Children's (E)	1,803	-
	<u>\$10,946</u>	<u>\$ 9,836</u>

- (A) Cincinnati Children's has established an irrevocable trust fund for the payment of professional liability claim settlements. See Note 5 for further discussion of professional liability self-insurance.
- (B) Cincinnati Children's has established a trust fund for the payment of claims related to certain self-insured employee health care and other programs.
- (C) Cincinnati Children's maintains an escrow fund with a bank as part of the arrangement with an Ohio Medicaid Managed Care Company under its division called Health Network to cover estimated incurred but not reported claims for Cincinnati Children's providers, home care and mental health services as well non-Cincinnati Children's providers.
- (D) Cincinnati Children's maintains bond interest escrow funds as required under the terms of the related bond indentures to hold interest payments until the required payment dates to bondholders.
- (E) Cincinnati Children's holds endowment funds related to permanently restricted assets gifted directly to Cincinnati Children's.

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(4) Property and Equipment-

Property and equipment consists of the following:

	June 30,	
	2016	2015
Land	\$ 37,885	\$ 37,763
Land improvements	27,650	21,343
Buildings and building improvements	1,473,622	1,353,957
Equipment	604,897	585,432
Construction in progress	54,143	119,908
	<u>2,198,197</u>	<u>2,118,403</u>
Accumulated depreciation	(1,023,653)	(935,665)
Property and equipment, net	<u>\$ 1,174,544</u>	<u>\$ 1,182,738</u>

(5) Professional Liability-

The Medical Center's insurance program includes a self-insured retention for losses arising out of healthcare professional liability claims. The self-insured retention for the claims that are currently asserted is as follows:

For claims made between:

October 1, 2004 and September 30, 2006 \$10,000 (\$20,000 in aggregate)

For claims made subsequent to:

October 1, 2006 \$10,000 (\$25,000 in aggregate)

During this same time period, the Medical Center annually purchased excess healthcare professional liability insurance on a claims made basis at varying levels.

The actuarial present value of expected costs (including incurred, but not reported claims) for the healthcare professional liability program of \$38,483 and \$41,656 for 2016 and 2015, respectively, has been accrued in the accompanying Consolidated Balance Sheets. Accrued healthcare professional liability losses have been discounted at a rate of approximately 4% at June 30, 2016 and 2015, respectively. The costs of the Medical Center's healthcare professional liability program, including premiums paid for excess re-insurance, legal fees, settlements, judgments, and other administrative costs are included in Supplies, Drugs and Other in the accompanying Consolidated Statements of Operations and Changes in Net Assets. On an ongoing basis, management reviews the status of all healthcare professional liability claims, as well as legal proceedings, and, based upon consultation with a professional actuary, adjusts the accrued losses and self-insured retention funding levels to reflect its best estimate of the present value of expected costs for the healthcare professional liability claims. Healthcare professional liability expense amounted to \$3,418 and \$5,961 for fiscal 2016 and 2015, respectively.

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(6) Capital Lease Obligations-

The Medical Center leases certain equipment under capital leases. The aggregate future minimum lease payments total \$9,262, with \$2,403 due in fiscal 2017. In fiscal 2016 and 2015, Cincinnati Children's entered into ten and six, respectively, capital leases for certain equipment.

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(7) Bonds Payable and Notes Payable-

Bonds payable and notes payable for the years ended June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Bonds payable and notes payable:		
Series 1997, variable interest (0.42% at June 30, 2016), due through 2017	\$ 9,072	\$17,869
Series 2000, variable interest, due through 2028	-	46,954
Series 2002, variable interest (0.42% at June 30, 2016), due through 2028	17,243	18,363
Series 2006, 4.25% to 5.00%, due through 2032, net of unamortized premium of \$360 in 2016 and \$373 in 2015	62,416	62,384
Series 2007, variable interest, due through 2037	-	30,472
Series 2008, variable interest, due through 2036	-	18,938
Series 2009, 4.20% due through 2019	8,977	11,970
Series 2010, 2.27% due through 2020	11,974	14,967
Series 2011, 2.18% due through 2022	41,875	45,125
Series 2014S, 3.0% to 5.0% due through 2034, net of unamortized premium of \$7,679 in 2016 and \$9,027 in 2015	121,021	126,781
Series 2014T, 4.268% due 2044, taxable	297,327	297,231
Series 2016U, variable interest (0.99% at June 30, 2016), due through 2026	46,515	-
Series 2016V, variable interest (0.82% at June 30, 2016), due through 2037	30,615	-
Series 2016W, variable interest (0.82% at June 30, 2016), due through 2036	19,045	-
Term Note Payable, 2.20% due through 2022	36,000	42,000
Note Payable on Vernon Manor Property I, interest at 6.392%	24,289	25,301
Note Payable on Vernon Manor Property II	5,685	-
Total bonds payable and notes payable	<u>732,054</u>	<u>758,355</u>
Less- current portion	<u>(31,636)</u>	<u>(50,633)</u>
Bonds payable and notes payable - long-term	<u>\$700,418</u>	<u>\$707,722</u>

- (a) Tax Exempt Bonds Payable—Cincinnati Children's has pledged their gross revenues, as defined, to secure the payment of Series 1997, 2002, 2006, 2009, 2010, 2011, 2014S, 2014T, 2016U, 2016V, 2016W bonds. Cincinnati Children's is bound by certain financial covenants included in the bond indentures, letters of credit (fully securing the 1997 and 2002 issuances), direct placement agreements, and related agreements. Among other restrictions is a requirement to maintain a minimum Debt Service Coverage Ratio, as defined.

Payment of the principal of, and the interest on, the Series 2006 bonds is insured by a policy of municipal bond insurance. The 1997 and 2002 bonds may be tendered to a remarketing agent by bondholders on business days for full payment of principal and accrued interest. Cincinnati Children's has entered into standby letters of credit totaling \$27,444 which commits financial institutions to make funds available to purchase the bonds that are not remarketed. Cincinnati Children's is required to maintain these or similar agreements until the bonds have been paid or converted to fixed rate obligations. The letter of credit that secured the 2008 bond issuance expired in

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June 2016 which required reclassification of the full balance \$19,045 to current liabilities for the fiscal year ended June 30, 2015.

The interest rates on the 1997 and 2002 variable rate bonds are reset weekly by a rate-setting agent. The interest rates on the 2016U, 2016V, and 2016W variable rate bonds are reset monthly by the financial institution in accordance with the terms of the direct placement agreements.

- (b) Early Extinguishment of Bonds Payable – In June 2016, Cincinnati Children's legally defeased \$46,515 of the outstanding 2000 bonds with the issuance of tax-exempt direct private placement obligations (2016U). The obligations bear interest at a variable rate (70% of LIBOR + 67 basis points) and mature in fiscal 2026.

In June 2016, Cincinnati Children's legally defeased \$30,615 of the outstanding 2007M bonds with the issuance of tax-exempt direct private placement obligations (2016V). The obligations bear interest at a variable rate (70% of LIBOR + 59 basis points) and mature in fiscal 2037.

In June 2016, Cincinnati Children's legally defeased \$19,045 of the outstanding 2008O bonds with the issuance of tax-exempt direct private placement obligations (2016W). The obligations bear interest at a variable rate (70% of LIBOR + 50 basis points) and mature in fiscal 2036.

In connection with the retirement of the bonds, Cincinnati Children's wrote off \$319 of deferred bond costs.

- (c) Future Debt Maturities --

The following is a schedule of future debt maturities, excluding discounts/premiums and deferred issuance costs:

2017	\$ 31,636
2018	33,796
2019	26,687
2020	31,565
2021	25,929
Thereafter	579,382
	<u>\$728,995</u>

- (d) Lines of Credit – In June 2016 Cincinnati Children's entered into a new 5 year agreement to increase the line of credit from \$150,000 to \$200,000. The line of credit expires in June 2021 and bears interest at the greater of the prime rate, federal funds rate plus .50% or the sum of LIBOR plus 1.00%. Prior to June 2016, Cincinnati Children's had a line of credit of \$150,000 bearing interest at LIBOR plus 65 basis points. There were no draws on the line of credits during fiscal 2016 and 2015.
- (e) Note Payable on Vernon Manor Property I -- Cincinnati Children's entered into an agreement with a Developer to renovate and occupy the Vernon Manor property to be used primarily for administrative office space. Additionally, a parking garage was constructed on adjacent property in order to provide

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parking for the occupants of the building. As part of the agreement, Cincinnati Children's agreed to make fixed monthly payments over the seventeen year term of the agreement. In fiscal 2016, Cincinnati Children's agreed to a 4 year extension of the agreement to expire in fiscal 2032. The present value of such fixed payments at June 30, 2016 and 2015 is \$24,289 and \$25,301, respectively, using Cincinnati Children's estimated tax-exempt interest rate at the time of the agreement of 6.392%. The agreement also calls for variable payments monthly to cover operating expenses for the office building and the parking garage.

- (f) Note Payable on Vernon Manor Property II – In November 2015, Cincinnati Children's entered into an agreement with a Developer to build and occupy property to be used primarily for parking and administrative office space. The property is adjacent to the existing Vernon Manor building. As part of the agreement, Cincinnati Children's agreed to make fixed monthly payments over the 15 year term of the agreement at commencement of the lease, which will not occur until summer 2017. At June 30, 2016, Cincinnati has recorded \$5,685 in construction in progress and note payable related to this project. The agreement also calls for variable payments monthly to cover operating expenses for the office building and the parking garage.

(8) Employee Benefit Plans-

Cincinnati Children's maintains non-contributory retirement plans covering substantially all employees. Among these plans is a defined benefit plan where benefits are based on a formula which reflects years of service and salary levels. Cincinnati Children's funding policy for its defined benefit plan meets the funding standards established by the Employee Retirement Income Security Act of 1974 (ERISA).

Cincinnati Children's investment strategy with respect to pension assets is designed to achieve a moderate level of overall portfolio risk in keeping with desired risk objective, which is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Cincinnati Children's adopted an Investment Policy that adjusts allocations based on the funded status of the Plan and prevailing yields. As funded ratio improves, allocations to fixed income increase accordingly. Based on a funded ratio of less than 80% at June 30, 2016, the portfolio contains a target allocation as follows:

US Investment Grade Fixed Income (Core and Long Duration)	20.0%
High Yield Fixed Income	5.0%
Emerging Markets Fixed Income	5.0%
Global Developed Markets Equity	45.0%
Emerging Markets Equity	12.0%
Private Equity	6.0%
Real Estate	6.0%
Cash	1.0%

In order to maintain the portfolio's actual asset allocation in line with the target allocations specified above, the assets are re-allocated or rebalanced regularly within each asset class. Because of the illiquid nature of private equity and real estate investments, it is not anticipated that these asset classes will be rebalanced on a regular basis. As of June 30, 2016, Cincinnati Children's made \$106,400 in funding commitments in nine investment partnerships of which \$59,223 had been funded. Additionally, Cincinnati Children's had made \$62,500 in funding commitments in eight real estate investment partnerships of which \$32,724 had been funded. It is anticipated that these commitments will be funded from liquid investments in the plan and any required funding contributions.

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Cincinnati Children's defined benefit plan investment allocation at the actuarial measurement date of June 30, 2016 and 2015 by asset category is as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	4.1%	6.9%
Equity mutual funds and EFTs	8.1%	-
Bond mutual funds and EFTs	7.7%	8.8%
Common stock	1.5%	3.6%
Corporate bonds	8.1%	5.4%
Government bonds	0.6%	0.1%
Investment Partnerships:		
Equity	14.8%	16.9%
Bond	15.7%	16.2%
International equity	35.7%	39.1%
Real estate	3.7%	3.0%
	<u>100.0%</u>	<u>100.0%</u>

At June 30, 2016, the fair value and its placement in the fair value hierarchy of the underlying assets of the Plan that are required to be measured at fair value are as follows (see Note 1(n) for further discussion on the fair value hierarchy and fair value principles):

	<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>
Cash and cash equivalents	\$ 35,914	\$	-	\$	-
Equity mutual funds and EFTs	72,000				
Bond mutual funds and EFTs	67,964		-		-
Corporate bonds	-		71,713		-
Common stock	13,642		-		-
Government bonds	-		5,097		-
Investment Partnerships:					
Equity	-		97,296		33,660
Bond	-		138,628		-
International equity	-		315,273		-
Real Estate	-		-		32,811
	<u>\$189,520</u>		<u>\$628,007</u>		<u>\$66,471</u>

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At June 30, 2015, the fair value and its placement in the fair value hierarchy of the underlying assets of the Plan that are required to be measured at fair value are as follows (see Note 1(n) for further discussion on the fair value hierarchy and fair value principles):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 60,197	\$ -	\$ -
Equity mutual funds	16,000		
Bond mutual funds	76,137	-	-
Common stock	15,645	-	-
Corporate bonds	-	47,119	-
Government bonds	-	590	-
Investment Partnerships:			
Equity	-	121,794	24,883
Bond	-	141,049	-
International equity	-	340,894	-
Real estate	-	-	25,513
	<u>\$167,979</u>	<u>\$651,446</u>	<u>\$50,396</u>

The fair values of Level 1 investments are based on quoted prices in active markets. The Level 2 and Level 3 investments in private investment funds are valued using the net asset value reported by the managers of the funds and as supported by the unit prices of actual purchase and sale transactions. The Level 3 investments in investment partnerships generally are associated with liquidation restrictions that may range from 91 days to the life of the fund (up to fifteen years) and may require redemption penalties.

Balance at July 1, 2015	\$ 50,396
Purchases	18,094
Unrealized gains	4,153
Sales	<u>(6,172)</u>
Balance at June 30, 2016	<u>\$66,471</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at June 30, 2016

\$ 4,153

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Balance at July 1, 2014	\$ 59,451
Purchases	20,110
Unrealized gains	6,779
Transfers	(30,117)
Sales	(5,827)
Balance at June 30, 2015	<u>\$ 50,396</u>

The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at June 30, 2015

\$ 6,779

There were no transfers between levels in fiscal 2016. In fiscal 2015, there was one limited partnership bond fund that transferred from level 3 to level 2. In 2014, it was classified as level 3 due to certain redemption restrictions. In 2015, those restrictions expired and therefore, the limited partnership bond fund of \$30,117 was transferred from level 3 to level 2.

The following table reflects the weighted average assumptions utilized to determine benefit obligations:

	<u>2016</u>	<u>2015</u>
Discount rate used to determine actuarial present value of the projected benefit obligation	3.58%	4.43%
Assumed rate of increase in compensation levels	3.50%	3.50%
Long-term rate of return	7.00%	7.50%

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The following table sets forth the funded status of the plan and amounts recognized in the accompanying Consolidated Balance Sheets as of June 30, 2016 and 2015, utilizing actuarial measurement dates as of June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$1,099,073	\$ 999,568
Service cost	47,591	44,737
Interest cost	47,869	42,560
Other actuarial losses	165,872	42,486
Benefits paid	(54,711)	(30,278)
Projected benefit obligation at end of year	<u>1,305,693</u>	<u>1,099,073</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	869,821	855,211
Actual loss on plan assets	(1,112)	(1,612)
Employer contributions	70,000	46,500
Benefits paid	(54,711)	(30,278)
Fair value of plan assets at end of year	<u>883,998</u>	<u>869,821</u>
Funded status	(421,695)	(229,252)
Net accrued pension liability in Consolidated Balance Sheets	<u><u>\$(421,695)</u></u>	<u><u>\$(229,252)</u></u>

In 2016 and 2015, the mortality tables utilized by actuaries to value the pension liability were updated based on current experience. The impact of the change in mortality assumptions is included in other actuarial losses in fiscal years 2016 and 2015.

Amounts included in Unrestricted Net Assets but not yet recognized in pension cost consist of:

	<u>2016</u>	<u>2015</u>
Net actuarial loss	\$688,555	\$481,056
Net prior service credit	(135,796)	(147,548)
	<u>\$552,758</u>	<u>\$333,508</u>

The estimated actuarial loss and prior service credit that will be amortized from Unrestricted Net Assets into net pension cost in fiscal 2017 are \$36,566 and \$(11,751) respectively.

The table below reflects the following weighted average assumptions utilized to determine benefit costs were:

	<u>2016</u>	<u>2015</u>
Discount rate used to determine actuarial present value of the projected benefit obligation	4.43%	4.31%
Assumed rate of increase in compensation levels	3.50%	4.00%
Expected long-term rate of return on plan assets	7.50%	7.50%

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The Cincinnati Children's expected long-term rate of return on plan assets is based on the expected average returns based on the portfolio mix of plan assets and is reassessed on an annual basis.

Net periodic pension cost for 2016 and 2015 related to the defined benefit plan consisted of the following components:

	<u>2016</u>	<u>2015</u>
Service cost	\$47,591	\$44,737
Interest cost	47,869	42,560
Return on plan assets	(65,876)	(60,619)
Amortization of prior service credit	(11,751)	(11,751)
Recognized net actuarial loss	25,361	24,790
Net periodic pension cost	<u>\$43,194</u>	<u>\$39,717</u>

Based on preliminary estimates, we do not expect any required fiscal 2017 contributions for the qualified defined benefit plan under the current funding regulations.

The accumulated benefit obligation for the pension plan was \$1,273,156 and \$1,080,717 at June 30, 2016 and 2015, respectively.

Cincinnati Children's estimated benefit payments in each of the next five fiscal years and in aggregate for the five fiscal years thereafter are as follows:

2017	\$ 76,228
2018	76,225
2019	77,458
2020	79,443
2021	81,158
2022-2026	425,746

All other retirement plans maintained by Cincinnati Children's are defined contribution plans. Cincinnati Children's contributions to these plans are generally based on ten percent of salaries up to established ERISA limits. Total expense related to these other plans was approximately \$22,143 and \$21,767 in fiscal 2016 and 2015, respectively.

Cincinnati Children's has a nonqualified deferred compensation plan, which permits eligible officers, directors and key employees to defer a portion of their compensation. The deferred compensation amounts are in participant directed investments. The participants have the option of deferring the amounts for no less than two years, but no greater than retirement age. If a participant chooses to defer amounts to less than retirement age they have one option to extend the deferral term or to be paid out the fair value of the assets, net of taxes upon expiration. The amounts are at a substantial risk of forfeiture and will revert back to the Cincinnati Children's if the employee is not actively employed at the vesting date. The fair value of the assets and liabilities to participants included in the accompanying Consolidated Balance Sheets were \$8,446 and \$11,296 at June 30, 2016 and 2015, respectively. The amount of deferred compensation income recognized in fiscal 2016 was \$232 and deferred compensation expense recognized in fiscal 2015 was and \$1,090. Additionally, Cincinnati Children's provides for individual nonqualified deferred compensation benefits for retention of key employees with varying terms. The fair value of the assets and liabilities to participants related to these individual agreements in the accompanying Consolidated Balance Sheets were \$7,211 and \$7,466, respectively at June 30, 2016 and 2015.

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In addition to providing pension benefits, Cincinnati Children's makes available medical and dental benefits for certain eligible employees upon retirement from the Cincinnati Children's at cost. Substantially all employees may become eligible for such benefits upon retiring from active employment of the Medical Center. Former employees who retired prior to March 1, 1997 are entitled to subsidized medical and dental benefits.

The postretirement benefit obligations, included within other long-term liabilities, as of June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$3,659	\$3,769
Interest cost	112	105
Plan participants contributions	39	111
Plan amendment	(134)	-
Actuarial (gain) loss	(45)	321
Benefits paid	(473)	(647)
Benefit obligation at end of year	<u>\$3,158</u>	<u>\$3,659</u>

Amounts included in Unrestricted Net Assets but not yet recognized in postretirement cost consist of:

	<u>2016</u>	<u>2015</u>
Net actuarial loss	\$ 3,202	\$ 3,625
Net prior service cost	(2,460)	(3,003)
	<u>\$ 742</u>	<u>\$ 622</u>

The estimated actuarial loss and prior service credit which will be amortized from Unrestricted Net Assets into net postretirement cost in fiscal 2017 are \$357 and \$(582), respectively.

The above table reflects the following weighted average assumptions to determine postretirement obligations:

	<u>2016</u>	<u>2015</u>
Discount rate	2.47%	3.27%
Health care cost trend rate	5.00%	5.00%

Net periodic cost for 2016 and 2015 related to the medical and dental postretirement benefits consisted of the following components:

	<u>2016</u>	<u>2015</u>
Interest cost	\$112	\$ 105
Amortization of unrecognized net gain and prior service credit	(300)	(319)
	<u>\$(188)</u>	<u>\$(214)</u>

For fiscal 2016 and fiscal 2015, the discount rate used to determine the net periodic postretirement costs was 3.27% and 3.00%, respectively.

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Assumed healthcare cost trend rates have a significant effect on the amounts reported for healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	1-Percentage- Point <u>Increase</u>	1-Percentage- Point <u>Decrease</u>
Effect on total of service and interest cost components	\$763	\$(688)
Effect on accumulated postretirement benefit obligation	-	-

Cincinnati Children’s expects to make the future benefit payments, which reflect expected future service, as appropriate. The following benefit payments are expected to be paid over each of the next five years and thereafter.

	<u>Payments</u>
2017	\$ 393
2018	365
2019	337
2020	310
2021	284
2022-2026	1,056

(9) Commitments and Contingencies-

- (a) Litigation-- Cincinnati Children’s is engaged from time to time in a variety of litigation and regulatory compliance matters in addition to professional and general liability matters. Management assesses the probable outcome of unresolved litigation and records estimated reserves consistent with ASC No. 450, “Contingencies”. After consultation with legal counsel, management believes that all such currently existing matters will be resolved without material adverse impact to the consolidated financial position or results of operations of Cincinnati Children’s.
- (b) Laws and Regulations--The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to review and interpretation, as well as regulatory actions unknown or unasserted at this time. Federal and State government activity continues with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayment of previously billed and collected revenue from patient services. Management believes that the Cincinnati Children’s is in compliance, in all material respects, with fraud and abuse as well as other applicable government laws and regulations. Cincinnati Children’s has recorded reserves for routine regulatory compliance issues and believes these reserves are adequate to cover any potential repayment of previously billed and collected revenue from patient services.

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- (c) Capital Commitments—Cincinnati Children's has entered into agreements with general contractors for several new construction projects, renovation projects, equipment and information system technology projects. The Medical Center has committed to spend an additional approximately \$41,567 in connection with current active projects as of June 30, 2016. The projects are expected to be completed in fiscal 2017 and fiscal 2018.
- (d) Funding Commitments -- During fiscal 2005, the Board of Trustees of Cincinnati Children's approved a revocable commitment for up to a \$15,000 non-recourse loan over seven years to Uptown Consortium Inc. These funds are to be used to invest in commercial and residential projects in the uptown area. As of June 30, 2016, Cincinnati Children's has provided \$12,867 of funding in relation to this commitment, and management does not anticipate any additional funding.

During fiscal 2016, the Board of Trustees of Cincinnati Children's approved a revocable commitment for up to a \$5,000 non-recourse loan over ten years to Uptown Consortium Inc. These funds are to be used to invest in commercial and residential projects in the uptown area. As of June 30, 2016, Cincinnati Children's has provided \$3,861 of funding in relation to this commitment.

- (e) Investment Commitments – Cincinnati Children's has made commitments to invest \$12,000 in two limited partnerships that focus on investing in venture capital funds or provide venture capital for companies in the high-growth sectors of the economy, including life sciences, information technology and advanced manufacturing. As of June 30, 2016 and 2015, Cincinnati Children's had funded \$10,376 and \$10,072, respectively, of this commitment. At June 30, 2016 and 2015, respectively, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$8,349 and \$9,096. Distributions from the limited partnership are made at the discretion of the General Partner, primarily based on distributions from investee partnerships and sales of securities less partnership expenses and amounts retained for working capital, as provided for in the limited partnership agreement. Redemptions of partnership interests prior to termination of the partnership defined in the limited partnership agreement are not anticipated.

Cincinnati Children's has made a commitment to invest \$5,000 in a limited partnership that focuses on investing in venture capital funds or provides ventures capital for companies in the high growth sectors of the economy, including life sciences, information technology and advanced manufacturing. As of June 30, 2016 and 2015, Cincinnati Children's has funded \$4,113 and \$3,100 of this commitment. At June 30, 2016 and 2015, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$3,965 and \$3,372, respectively. Distributions from the limited partnership are made at the discretion of the General Partner, primarily based on distributions from investee partnerships and sales of securities less partnership expenses and amounts retained for working capital, as provided for in the limited partnership agreement. Redemptions of partnership interests prior to termination of the partnership defined in the limited partnership agreement are not anticipated.

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Cincinnati Children's has made a commitment to invest \$5,000 in a limited liability corporation (LLC) that focuses on investing in early stage venture capital funds regionally and nationally. The goal is to make the Cincinnati region the place for entrepreneurs and investors to launch new ideas. As of June 30, 2016 and 2015, Cincinnati Children's had funded \$1,774 and \$945, respectively, of the commitment. At June 30, 2016 and 2015 the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$1,899 and \$886, respectively. Unless the LLC is dissolved earlier in accordance with defined termination provisions, the term of the LLC shall end on the 12th anniversary of the date of the last sale of membership interests, subject to extension in the three one-year increments with written notice. In general, no member shall have the right to withdraw from the LLC.

Cincinnati Children's has made a commitment to invest \$3,000 in a limited partnership that invests primarily in high growth Information Technology and healthcare companies that leverage technology to make their customers' business or products/services better, faster or less expensive. As of June 30, 2016 and 2015, Cincinnati Children's has funded \$1,860 and \$1,260, respectively, of this commitment. At June 30, 2016 and 2015, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$1,944 and \$1,099, respectively. Distributions from the limited partnership are made at the discretion of the General Partner, primarily based on distributions from investee partnerships and sales of securities less partnership expenses and amounts retained for working capital, as provided by in the limited partnership agreement. Redemptions of partnership interests prior to termination of the partnership defined in the limited partnership agreement are not anticipated.

Cincinnati Children's has made an a commitment to invest \$2,100 in five limited liability corporations (LLC's) whose purpose is private-public seed-stage investor whose mission is to strengthen the regional economy by driving talent and capital into scalable technology companies in southwest Ohio. At June 30, 2016 and 2015, Cincinnati Children's has funded \$1,260 and \$1,003, respectively, of this commitment. At June 30, 2016 and 2015, respectively, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$1,604 and \$1,352, respectively. Unless the LLC is dissolved earlier in accordance with defined termination provisions, the term of the LLC shall end on the 12th anniversary of the date of the last sale of membership interests, subject to extension in the three one-year increments with written notice. In general, no member shall have the right to withdraw from the LLC.

- (f) Operating Leases – Cincinnati Children's leases certain property for varying periods. Rent expense related to such leases was approximately \$5,300 and \$5,600 in fiscal 2016 and 2015, respectively. Future minimum rental commitments under non-cancellable operating leases are as follows:

FY 2017	\$5,390
FY 2018	2,057
FY 2019	1,211
FY 2020	825
FY 2021	463
Thereafter	247

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(10) Functional Expenses-

The functional expenses of Cincinnati Children's are as follows:

	<u>2016</u>	<u>2015</u>
Patient services	\$1,347,050	\$1,305,525
Physician services, research and education	507,630	453,745
Support services	242,471	237,576
	<u>\$2,097,151</u>	<u>\$1,996,846</u>

(11) Fair Value of Financial Instruments-

The following methods and assumptions were used by Cincinnati Children's in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents--The carrying amounts reported in the Consolidated Balance Sheets approximate fair value.

Accounts Receivable and Accounts Payable -- The carrying amounts reported in the Consolidated Balance Sheets approximate fair value because of the relative short maturity of these items.

Marketable Securities and Assets Limited As To Use--The carrying amounts reported in the Consolidated Balance Sheets approximate fair value. Management, with the assistance from the trustee holding the asset, determined the fair value based on published market prices.

Bonds Payable and Notes Payable--The fair values of Cincinnati Children's's bonds payable and notes payable are estimated by management, with assistance from a third party, based on current rates for debt with similar remaining maturities. The fair value of the bonds payable at June 30, 2016 and 2015 was \$771,275 and \$747,948, respectively. These would be classified as Level 2 investments in the fair value hierarchy.

(12) Subsequent Events-

Management reviewed subsequent events through October 17, 2016, the date the consolidated financial statements were issued, noting no changes were required to the consolidated financial statements or footnotes, except for the following as to which the date is January 27, 2017. Subsequent to year-end, Cincinnati Children's issued the 2016X tax-exempt bonds in the amount of \$51,690 to refund the 2006K tax-exempt bonds and issued the 2016Y taxable bonds in the amount of \$100,000. The 2016X bonds bear interest at 2.780% to 3.03% through 2032 and the 2016Y bonds bear interest at 2.853% through 2026.

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Supplementary Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp												
Department of Defense	Military Medical Research and Development	Identification of molecular and cellular contributors to Targeting the Ron-DEK Signaling Axis in Breast Cancer Regulation of Intracellular Trafficking in NF2 Prenatal Antidepressants and Autism Spectrum Disorder Development of Somatic Cell Therapy for Infection-induced Investigating the Mechanisms of Leukemia Initiation in Mechanisms of nonalcoholic steatohepatitis IL-9-Producing Mast Cell Precursors and Food Allergy Modelling and Targeting of Oncogenic Liability in Drug-R NF Consortium Infrastructure and Trial#1: "Open-label, A Phase II Trial on the Effect of Low-Dose versus High-D Induction of Food Allergy in Mice by Allergen Inhalation Global Mapping of Antimicrobial Resistance				W81XWH1210133	12.420	\$ -	\$ 403,480	\$ 403,480												
						W81XWH1210194	12.420	0	4,594	4,594												
						W81XWH1310136	12.420	0	181,636	181,636												
						W81XWH1310306	12.420	0	8,624	8,624												
						W81XWH1310437	12.420	0	5,481	5,481												
						W81XWH1510344	12.420	0	162,706	162,706												
						W81XWH1510370	12.420	0	153,205	153,205												
						W81XWH1510517	12.420	0	263,391	263,391												
						W81XWH1610028	12.420	0	39,568	39,568												
						W81XWH1210155	12.420	0	36,133	36,133												
						W81XWH1210487	12.420	0	12,115	12,115												
						W81XWH1310497	12.420	0	129,818	129,818												
						W81XWH15C0170	12.420	0	15,483	15,483												
						Military Medical Research and Development Total							0	1,416,235	1,416,235							
						Research and Technology Development	Uncovering general principles of network dynamic of circ	University of Cincinnati	007919-024			D12AP00005	12.910	0	64,309	64,309						
												Research and Technology Development Total						0	64,309	64,309		
												Community Economic Adjustment Diversification Planning	A Randomized, Placebo-Controlled Trial of D-Cycloserine	Indiana University Health	6029			W81XWYH0910091	12.614	0	57,448	57,448
																		Community Economic Adjustment Diversification Planning Total				
						Research on Chemical and Biological Defense	Dose-Finding Study of Lyophilized Shigella sonnei 53G					W911QY1620002	12.360	0	39,627	39,627						
												Research on Chemical and Biological Defense Total						0	39,627	39,627		
Department of Defense Total						0	1,577,618	1,577,618														
Department of Education	National Institute on Disability and Rehabilitation Research	SPAN - A Tool for Social Participation And Navigation Rehabilitation Research and training Center for Traumat				H133G130272	84.133	0	(172,330)	(172,330)												
						Case Western Reserve University	84.133	18,746	(30,462)	(8,633)												
						Research Inst. at Nationwide Hos		3,083	0	0												
						National Institute on Disability and Rehabilitation Research Total						21,829	(202,792)	(180,963)								
Special Education-Grants for Infants and Families	HMG Hospital Based Regional Child Find - Jaeger	Ohio Department of Health	03130011HB0815			03130011HB0815	84.181	0	8,876	8,876												
						Special Education-Grants for Infants and Families Total						0	8,876	8,876								
Department of Education Total						21,829	(193,916)	(172,087)														
Department of Justice	Crime Victim Assistance	VOCA 2013	Crime Victims Assistance Office	2017-VOCA-43552065		R2013VADSCE483	16.575	0	130,979	130,979												
						Crime Victim Assistance Total						0	130,979	130,979								
						Improving Investig & Prosecution of Child Abuse & Reg & Local Children's Advocacy	State Chapter Support to Children's Advocacy Centers	National Children's Alliance	07-CINC-OH-SA16			07-CINC-OH-SA16	16.758	0	9,000	9,000						
												Impr. Investig. & Prosecu. of Child Abuse Reg & Local Children's Advoc. Ctrs Total						0	9,000	9,000		
Crime Victim Assistance/Discretionary Grants	National Crime Victim's Right Week Community Awareness	Crime Victims Assistance Office	16-050			2015-VF-GX-K002	16.582	0	4,550	4,550												
						Crime Victim Assistance/Discretionary Grants Total						0	4,550	4,550								
Department of Justice Total						0	144,529	144,529														
Department of Agriculture	Agriculture and Food Research Initiative (AFRI)	Inactivation of enteric foodborne viruses in high risk Universal Flu Vaccine by a Norovirus P Particle Platform	The Ohio State University	60033189		2011-680033005	10.310	0	98,669	98,669												
						2013-6701520476	10.310	0	170,025	170,025												
Agriculture and Food Research Initiative (AFRI) Total						0	268,694	268,694														
Department of Agriculture Total						0	268,694	268,694														
Dept of Health and Human Serv	ACL National Institute on Disability, Independent Living, and Rehabilitation Research	SPAN - A Tool for Social Participation And Navigation Rehabilitation Research and Training for Traumatic Brain				Georgia Tech Research Corporation	93.433	39,035	292,474	345,842												
						University of Wisconsin System		14,333	0	0												
						Case Western Reserve University	93.433	15,344	329,517	344,861												
						ACL National Inst. on Disability, Independent Living, & Rehabilitation Res Total						68,713	621,990	690,703								
Affordable Care Act (ACA) Primary Care Residency Expansion Program	Expansion of a Pediatric Primary Care Resident Training					HP20766	93.510	0	481,607	481,607												
						Affordable Care Act (ACA) Primary Care Residency Expansion Program Total						0	481,607	481,607								
Aging Research	Homeostasis and function of regulatory T cells in aging Lineage Determination and Tissue Homeostasis in the Aged Premature Uterine Aging and Preterm Delivery Stem cell aging and biomarker studies Hypoxia Signaling and Spontaneous Pulmonary Fibrosis in	University of South Florida	6145-1029-00-A			AG033057	93.866	14,511	391,983	406,494												
						AG040118	93.866	0	326,019	326,019												
						AG040858	93.866	0	10,519	10,519												
						AG050650	93.866	0	534,581	534,581												
						AG047473	93.866	0	61,135	61,135												
Aging Research Total						14,511	1,324,237	1,338,748														

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Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp
	Arthritis, Musculoskeletal and Skin Diseases Research	Molecular Mechanisms of Myotonic Dystrophy			Case Western Reserve University	AR044387	93.846	0	(215)	(215)
		Cincinnati Rheumatic Disease Core Center			Stanford University	AR047363	93.846	26,853	654,494	691,120
		Multidisciplinary Clinical Research Center			Arkansas Children's Hospital	AR047784	93.846	4,356	(3,583)	7,827
					Connecticut Childrens Medical Center			2,496	0	0
					Emory University			744	0	0
					Medical College of Wisconsin			1,504	0	0
					Phoenix Children's Hospital			2,310	0	0
		Gene Expression In Pediatric Arthritis			Arkansas Children's Hospital	AR048929	93.846	1,840	1,033,718	1,301,603
					Carolinas Healthcare System			19,330	0	0
					Children's Hospital Boston			3,080	0	0
					Children's Mercy Hospital			6,398	0	0
					Emory University			2,506	0	0
					Indiana University			4,325	0	0
					Medical College of Wisconsin			1,434	0	0
					University of Cincinnati			162,630	0	0
					University of Pittsburgh			6,892	0	0
					Wake Forest Univ School of Medicine			59,451	0	0
		Myotonic Dystrophy type 2				AR052791	93.846	0	316,050	316,050
		Longitudinal Determination of Outcomes of Adolescents w/				AR054842	93.846	0	(4,128)	(4,128)
		Behavioral Interventions and Long Term Outcomes in Juven				AR056687	93.846	0	171,224	171,224
		Enhancing PROMIS in Pediatric Pain, Rheumatology, and Rev				AR057940	93.846	0	(184)	(184)
		MUNC13-4 gene Polymorphisms in Macrophage Activation				AR059049	93.846	0	355,086	355,086
		The Role Of IL-31 In TH2 Cytokine-Driven Systemic Sclero				AR062832	93.846	0	47,766	47,766
		Fibromyalgia Integrative Training Program for Teens (FIT				AR063412	93.846	0	39,385	39,385
		Regulated Morphogenesis of Human Sebaceous Glands				AR064341	93.846	0	(526)	(526)
		Inhibition of GSK3 beta as potential therapy for DM1			University of Cincinnati	AR064488	93.846	33,082	177,312	210,394
		Mechanisms of Muscle Afferent Sensitization after Ischem				AR064551	93.846	0	373,408	373,408
		Identification of Patellofemoral Pain Risk Factors Devel				AR065068	93.846	0	213,497	213,497
		Innovative Efficacy Measures of Lupus Nephritis Therapie			Ann & Robert H Lurie Children's Hosp.	AR065098	93.846	7,250	115,399	161,296
					The Ohio State University			18,451	0	0
					University of Cincinnati			20,196	0	0
		Optimization of Outcome Measures For Clinical Trials in			University of Cincinnati	AR067166	93.846	49,542	93,820	143,362
		Randomized Clinical Trial of FIT Teens for Juvenile Fibr			Children's Mercy Hospital	AR067978	93.846	7,322	193,482	274,947
					Connecticut Childrens Medical Center			29,728	0	0
					Research Inst. at Nationwide Hos			21,204	0	0
					The Ohio State University			4,792	0	0
					University of Louisville			18,420	0	0
		Cincinnati Center for Innovative Medicine in Adult & Ped				AR067692	93.846	0	67,076	67,076
		Real-Time Sensorimotor Feedback for Injury Prevention As				AR067997	93.846	0	13,350	13,350
		Deciphering mechanisms of myoblast fusion				AR068286	93.846	0	325,009	325,009
		Multi-faceted Approach Modeling ACL Injury Mechanisms	The Ohio State University	60041067		AR056259	93.846	0	1,995	1,995
		A Developmentally-Based Tissue Engineering Approach to	University of Cincinnati	006211		AR056943	93.846	0	(499)	(499)
		Prospective Study of Bio-mechanics and Early Degeneratio	The Ohio State University	60041378		AR064923	93.846	0	94,731	94,731
		Distinct functional Outcomes of BCR/TLR7 and BCR/TLR9	University of Massachusetts	WA0043657/RFS2015154		AR066808	93.846	0	89,538	89,538
		PEARL: Pathway Exploration and Analysis in Renal Lupus	Feinstein Institute for Medical Research	500678CHMC		AR067688	93.846	0	44,161	44,161
					Arthritis, Musculoskeletal and Skin Diseases Research Total			525,907	4,411,366	4,937,273
	Assistance Programs for Chronic Disease Prevention and Control	SEARCH for Diabetes in Youth, Phase 3: Registry Study -				DP002709	93.945	0	139,881	139,881
		SEARCH for Diabetes in Youth Registry Study, Phase 4: Oh				DP006134	93.945	0	236,293	236,293
					Assistance Programs for Chronic Disease Prevention and Control Total			0	376,173	376,173
	Biomedical Research and Research Training	Biochemical and Genetic Analysis of Notch Signaling				GM055479	93.859	0	(4,145)	(4,145)
		Regulation of Wingless (Wg) Signaling and Morphogen Grad				GM063891	93.859	0	199,919	199,919
		PPARgamma and PPARgamma Agonists in Septic Shock			Medical University South Carolina	GM067202	93.859	45,238	194,486	239,724
		Hox Control of Cell-Specific EGF Signaling During Develo				GM079428	93.859	0	322,575	322,575
		Roles of Retromer Complex in Development				GM087517	93.859	0	(2,643)	(2,643)
		Studies of metal-dependent intercellular adhesion in Sta				GM094363	93.859	0	184,819	184,819
		MMP-8 as a Novel Therapeutic Target in Sepsis				GM096994	93.859	0	(11,489)	(11,489)
		DNA Damage Response Pathways in Meiotic Sex Chromosome I				GM098605	93.859	0	137,559	137,559
		Novel Mechanisms of Regenerative Fetal Wound Repair by				GM098831	93.859	0	49	49
		Stratification of pediatric septic shock			Baylor College of Medicine.	GM099773	93.859	4,500	420,691	452,891
					Children's Hosp & Clinics of Minnesota			3,000	0	0
					Children's Hospital Med Center of Akron			8,700	0	0
					Children's Hospital Oakland			4,000	0	0
					CHOC Children's Hospital			8,000	0	0
					Hackensack University Medical Center			500	0	0
					Indiana University			1,500	0	0
					Pennsylvania State University			2,000	0	0

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Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp
		Regulation and Scaling of a Morphogen Gradient				GM101373	93.859	0	198,947	198,947
		Organization of the inactive X-chromosome				GM102184	93.859	0	278,445	278,445
		Molecular and Neural Mechanisms of Temperature Preferenc				GM107582	93.859	0	270,406	270,406
		Novel diagnostic and stratification tools for septic sho			University of Cincinnati	GM108025	93.859	67,589	505,115	632,219
					University of Pittsburgh			59,516	0	0
		novel signaling function of Cdc42 GTPase in vivo				GM108661	93.859	0	256,939	256,939
		G-CSF in Human Severe Congenital Neutropenia				GM110628	93.859	0	310,854	310,854
		Novel Mechanisms of Regenerative Wound Healing			Stanford University	GM111808	93.859	820	(104)	716
		A genetic approach to defining the Tic21b interactome in				GM112744	93.859	0	302,052	302,052
		Molecular Regulation of Neutrophil Transcellular Migrati				GM112792	93.859	0	328,901	328,901
		Age-dependent mechanisms of metabolic recovery in hemorr				GM115973	93.859	0	274,088	274,088
		Molecular mechanisms regulating intestinal stem cell act				GM115995	93.859	0	264,046	264,046
		Mouse and Guinea Pig Models for Herpesviruses				HHSN2722010000081	93.859	0	592,593	592,593
		T32 Training Grant	University of Cincinnati	1011193		GM008476	93.859	0	9,600	9,600
		Role of Eicosanoids in Shock	Medical University of South Carolina	MUSC12-086		GM027673	93.859	0	33,856	33,856
		Extracellular matrix remodeling and fibrosis	University of Rochester	416053-004-G		GM097347	93.859	0	50,065	50,065
		Structure-Function Investigation of DAN-mediated BMP Ant	University of Cincinnati	1011838		GM114640	93.859	0	35,075	35,075
					Biomedical Research and Research Training Total			205,363	5,152,697	5,358,059
Blood Diseases and Resources Research		Role of FA proteins in hematopoiesis				HL076712	93.839	0	(214)	(214)
		TCD with Transfusions changing to Hydroxyurea			Ann & Robert H Lurie Children's Hosp.	HL095647	93.839	2,790	(1,039,579)	(229,308)
					Baylor College of Medicine.			31,615	0	0
					Case Western Reserve University			22,004	0	0
					Children's Hosp & Clinics of Minnesota			1,589	0	0
					Children's Hosp of The Kings Daughters			19,704	0	0
					Children's Hospital Boston			4,683	0	0
					Children's Hospital of Philadelphia			4,169	0	0
					Children's Research Institute			400	0	0
					Columbia University			12,134	0	0
					Duke University			5,167	0	0
					East Carolina University			700	0	0
					Georgia Research Institute, Inc			80,406	0	0
					Medical University South Carolina			114,562	0	0
					Nemours Children's Clinic, Jacksonville			10,417	0	0
					Resch Found for State Univ of New York			4,950	0	0
					St Jude Children's Research Hospital			17,260	0	0
					State of Mississippi			2,514	0	0
					The Feinstein Institute Medical Research			5,612	0	0
					The Hospital for Sick Children			15,142	0	0
					University of Alabama-Birmingham			3,531	0	0
					University of Miami			4,828	0	0
					University of South Alabama			274	0	0
					University of South Carolina			2,920	0	0
					University of Texas Health Science Ctr			412,186	0	0
					University of Texas Southwestern			6,663	0	0
					Wayne State University			24,052	0	0
					Washington University			11,563	301,416	312,979
		The NK Cell Response to Prenatal Allotransplantation				HL103745	93.839	11,563	301,416	312,979
		Mechanisms Linking Hemostatic Factors to Neuroinflam				HL105672	93.839	0	142,579	142,579
		Fanconi Anemia as a Model for Susceptibility to Human			Indiana University	HL108102	93.839	40,741	258,108	298,849
		Patient-Provider Interventions to Improve Transition to				HL108720	93.839	0	81,186	81,186
		Identification and characterization of genes in del(5q)				HL111103	93.839	0	217,741	217,741
		The Role of MEIS1 in Hematopoiesis and Hematopoietic				HL111192	93.839	0	421,071	421,071
		Hemostatic factors and sickle cell disease				HL112603	93.839	0	334,604	334,604
		Role of TRAF6 in Myelodysplastic Syndromes			Cleveland Clinic Foundation	HL114582	93.839	7,802	370,039	383,930
					University of Cincinnati			6,089	0	0
		Rho GTPases in Terminal Erythroid Maturation				HL116352	93.839	0	282,424	282,424
		Cincinnati Center of Excellence in Hemoglobinopathies Re			University of Illinois at Chicago	HL117709	93.839	350	1,782,483	1,782,833
		Mechanisms of granulocyte homeostasis				HL122661	93.839	0	438,440	438,440
		A Controlled Clinical Trial of Regadenoson in Sickle Cell	Dana Farber Cancer Institute	1215303		HL110790	93.839	0	5,449	5,449
		PLGF-HIF1a-miR Axis in Sickle Pulmonary Hypertension	University of Southern California	H50996		HL111372	93.839	0	284,254	284,254
		Endothelialized microfluidics for sickle cell disease r	Emory University	T223869		HL121264	93.839	0	4,177	4,177
		Rho GTPase inhibitors for refrigerated platelet storage	P2D Bioscience	1R43HL123103		HL123103	93.839	0	46,523	46,523
					Blood Diseases and Resources Research Total			876,816	3,930,701	4,807,517

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Cancer Biology Research		Role of Foxm1 in Lung Cancer Microenvironment	University of Cincinnati	1011985		CA142724	93.396	0	(28,752)	(28,752)					
		Targeting Cdc42 in Leukemia Stem Cells				CA150547	93.396	0	(2,462)	(2,462)					
		MicroRNA in Acute Myeloid Leukemia				CA159845	93.396	0	250,270	250,270					
		Role of Age in Liver Cancer				CA159942	93.396	0	435,470	435,470					
		A Novel Epigenetic Circuit in Acute Leukemia				CA187276	93.396	0	167,368	167,368					
		Exploiting proteotoxic stress in therapy-refractory HER2				CA193549	93.396	0	329,973	329,973					
		Hemostatic Factors Drive Prostate Cancer Pathogenesis				CA193678	93.396	0	30,301	30,301					
		Coagulation factors as modifiers of the colon cancer mic				CA204058	93.396	0	117,189	117,189					
		Hypoxia and Potassium Channel Activity in T Lymphocytes				CA095286	93.396	0	7,040	7,040					
		Conferring in vivo Metabolic Resistance to a Hight Sele				CA185370	93.396	0	22,050	22,050					
		Cancer Biology Research Total							0	1,328,447	1,328,447				
		Cancer Cause and Prevention Research					Fanconi Anemia and HPV Transformation	Mayo Clinic	CIN-179918-05	The University of Arizona	CA102357	93.393	0	(5,255)	(5,255)
							Role and Regulation of the Human DEK Proto-Oncogene				CA116316	93.393	1,915	270,465	272,379
							Pediatric Emergency Department Decision Support System				CA184337	93.393	25,735	190,510	216,245
							The role of Bioactive Lipids in Inflammation and Cancer				CA077839	93.393	0	197,563	197,563
Molecular Epidemiology of Pediatric Germ Cell Tumors	CA151284		93.393	0	18,686		18,686								
Cancer Cause and Prevention Research Total							27,649	671,969	699,618						
Cancer Detection and Diagnosis Research		Genotype and phenotype of chemoresistant AML				CA168369	93.394	0	(2,695)	(2,695)					
		Effect of different MRgHIFU approaches on anti-tumor res				CA201918	93.394	0	17,739	17,739					
Cancer Detection and Diagnosis Research Total							0	15,044	15,044						
Cancer Research Manpower		p130 and Pim-1 as prognostic biomarkers and therapeutic	University of Cincinnati	1012116		CA189685	93.398	0	52,603	52,603					
		Patient Preferences & Adherence in Adolescents and You				CA200668	93.398	0	12,420	12,420					
		Training Program in Cancer Therapeutics				CA117846	93.398	0	112,413	112,413					
Cancer Research Manpower Total							0	177,436	177,436						
Cancer Treatment Research		COG Group Chair Award - Scientific Leadership				CA098543	93.395	0	182	182					
		Improved therapeutic approaches for hematological disord				CA155091	93.395	0	254,003	254,003					
		Nonadherence: Undermining health outcomes in pediatric H				CA157460	93.395	63,278	274,881	338,159					
		Targeted Improvement in Stem Cell Therapy for Leukemia				CA157537	93.395	0	20,981	20,981					
		Assessing the Therapeutic Window for Future Anti-Notch				CA163653	93.395	0	325,322	325,322					
		Developing Novel STAT5 Protein Inhibitors for treatment				CA186945	93.395	64,793	124,078	188,871					
		Targeting Cdc42 for bone marrow transplant therapies				CA193350	93.395	0	389,986	389,986					
		Novel therapeutics of targeting mTOR pathway in T-cell I				CA198358	93.395	0	190,038	190,038					
		Medulloblastoma and PNET Outcomes Across Three Decades				CA055727	93.395	0	198,288	198,288					
		Pediatric Brain Tumor Consortium (PBTC)				CA081457	93.395	0	139,925	139,925					
		Palliative Cancer Care: Music Video for AYA-Parent Commu				CA162181	93.395	0	14,359	14,359					
		Targeting the Core Binding Factor Tumor Suppressor in ML				CA176907	93.395	0	(9,104)	(9,104)					
		COG NCTN Network Group Operations Center - scientific				CA180886	93.395	0	(11,109)	(11,109)					
		Cancer Treatment Research Total							128,071	1,911,830	2,039,901				
		Cardiovascular Diseases Research					Molecular pathways controlling cardiac gene expression				HL060562	93.837	0	264,652	264,652
Signaling Processes Underlying Cardiovascular Function	HL069779		93.837	90,403	1,481,522		1,571,924								
Twist 1 regulation of valve progenitors	HL082716		93.837	0	176,979		176,979								
Targeting of B-AR/GBγ signaling in the heart with small	HL091475		93.837	0	(71,538)		(71,538)								
Wnt signaling in heart valve development and disease	HL094319		93.837	0	202,219		202,219								
Role of Chromatin and Gene Poising in T Cell Differentia	HL098691		93.837	0	(1,702)		(1,702)								
Admixture Mapping in African American Asthmatic Children	HL103165		93.837	0	18,512		18,512								
National Biological Sample and Data Repository for PAH	HL105333		93.837	2,005	1,341,452		1,649,018								
Baylor College of Medicine.				12,900	0		0								
Boston University				7,840	0		0								
Case Western Reserve University				5,156	0		0								
Childrens Hospital Colorado				13,160	0		0								
Columbia University.				5,320	0		0								
Duke University				5,820	0		0								
East Carolina University				10,660	0		0								
Houston Methodist Research Inst.				10,640	0		0								
Indiana University Health				9,800	0		0								
Inova Healthcare Service				9,120	0		0								
LA Biomed				1,520	0		0								
LSU Health Sciences/Shreveport				4,560	0		0								
Mayo Clinic Jacksonville				28,120	0		0								
Mayo Clinic Rochester				18,240	0		0								
Primary Children's Med Cnt			760	0	0										
Seattle Children's Hospital			2,780	0	0										
Spectrum Health Hospitals															

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					The Ohio State University			8,360	0	0
					The University of Arizona			19,240	0	0
					Tufts Medical Center, Inc			2,280	0	0
					University of Cincinnati			22,590	0	0
					University of Colorado			26,600	0	0
					University of Iowa			1,520	0	0
					University of Minnesota			8,360	0	0
					University of Pittsburgh			17,480	0	0
					University of Rochester			25,455	0	0
					Vanderbilt University			16,720	0	0
					Washington University			2,960	0	0
					Wayne State University			7,600	0	0
		Accelerated CV Aging in Youth Related to CV Risk Factor				HL105591	93.837	0	158,349	158,349
		Thrombospondin 4 regulates adaptive ER stress response				HL105924	93.837	0	605,401	605,401
		Molecular Mechanisms of Arterial-Venous Differentiation				HL107369	93.837	0	301,753	301,753
		Hybrid Immunotherapy (ATG/Dexamethasone/Etoposide) for H			Phoenix Children's Hospital	HL107801	93.837	2,000	152,644	154,644
		Ameliorating Sickle Nephropathy and Pulmonary Hypertensi			Emory University	HL108752	93.837	250	(10,635)	23,980
					University of Illinois at Chicago			29,140	0	0
					University of Louisville			5,225	0	0
		A Mouse model of Barth syndrome, a mitochondrial cardiol			Indiana University	HL108867	93.837	0	166,099	166,099
		Pediatric Heart Network Prairieland Consortium				HL109673	93.837	187,362	282,481	469,843
		The Role of COX2 in the Progression of Human and Mouse C				HL110390	93.837	0	99	99
		Time-Resolved 129Xe Ventilation-Perfusion MRI in Models				HL111217	93.837	0	127,724	127,724
		A Network-based Approach to Associate HDL Subspeciation			University of Cincinnati	HL111829	93.837	86,520	465,136	551,656
		Coup-Ii dependent mechanisms of ventricular and hemangio				HL112893	93.837	0	313,038	313,038
		Cincinnati Children's Summer Medical Student Respiratory				HL113229	93.837	0	20,367	20,367
		Passive stretch of the chest wall in patients with Conge			Children's Hospital of Philadelphia	HL113390	93.837	45,761	129,991	175,752
		Cell Signaling Mechanisms of Calcific Aortic Valve Disea				HL114682	93.837	0	268,335	268,335
		Molecular mechanisms underlying upper airway patterning				HL115447	93.837	0	121,580	121,580
		Genetics, Mechanisms and Clinical Phenotypes of Arrhythm			Beth Israel Deaconess Medical Cnt	HL116906	93.837	322,572	163,487	1,673,446
					Boston University			32,710	0	0
					Duke University			300	0	0
					Good Samaritan Hospital.			12,070	0	0
					Johns Hopkins University			45,111	0	0
					Loyola University Chicago			400	0	0
					The University of Arizona			256,733	0	0
					University of Colorado			213,261	0	0
					University of Pennsylvania			500	0	0
					University of Rochester			626,303	0	0
		Venous Malformations (VM): A Murine Model to Identify Th				HL117952	93.837	0	556,998	556,998
		Understanding the Role of HDL Subspecies in Adolescents				HL118132	93.837	0	155,677	155,677
		MBNL1's function in myofibroblast transformation and fib				HL119353	93.837	0	10,952	10,952
		Omics of Lung Diseases				HL119986	93.837	0	256,385	256,385
		Childhood CV Risk and Adult CVD Outcomes: an Internati			Tulane University	HL121230	93.837	735,551	836,766	2,568,346
					University of Cincinnati			28,672	0	0
					University of Iowa			391,931	0	0
					University of Minnesota			431,344	0	0
					University of Tasmania			46,185	0	0
					University Of Turku			97,898	0	0
		BEX1 and the control of protein translation in cardiac h				HL121284	93.837	0	55,551	55,551
		Matrix fibroblasts are required for alveolar homeostasis				HL123969	93.837	0	308,542	308,542
		The role of thrombospondin-4 in the secretory pathway, e				HL124698	93.837	0	56,959	56,959
		Validation of aneurysm associated genes in a zebrafish m				HL124889	93.837	0	47,808	47,808
		Understanding Cardiovascular Disease Mechanisms				HL125204	93.837	0	289,951	289,951
		Preventing rapid decline in CF: statistical research car				HL125954	93.837	0	150,743	150,743
		RLDC: Molecular Pathway-Driven Diagnostics & Therapeuti			Columbia University	HL127672	93.837	388	500,449	1,021,482
					University of Cincinnati			182,639	0	0
					University of South Florida			60,504	0	0
					Vanderbilt University			277,501	0	0
		The Role of Sca-1+ and ABCG2+ Cardiac Progenitor Cells i				HL128083	93.837	0	56,263	56,263
		Therapeutic Response Evaluation and Adherence Trial: A P				HL128885	93.837	0	104,442	104,442
		27th Annual Workshop on MR Angiography				HL129736	93.837	0	10,000	10,000
		Small molecule targeting of MLK3 for heart failure				HL129772	93.837	0	255,094	255,094
		Administrative Coordinating Center: Cardiovascular Devel				HL131003	93.837	0	883,601	883,601
		Cela1 Mediates Stretch-regulated Elastin Remodeling Duri				HL131261	93.837	0	30,850	30,850
		Role of GPR116 in Alveolar Homeostasis				HL131634	93.837	0	40,568	40,568
		Hippo Signaling in Heart Development and Repair				HL132211	93.837	0	67,338	67,338
		Unraveling ancestry and environmental exposure interacti				HL132344	93.837	0	37,921	37,921
		Targeting Gβγ-GRK2 signaling in fibrotic remodeling				HL132551	93.837	0	141,219	141,219
		Cardiac Myosin Binding Protein-C: Structure, Function...	University of Vermont	23326		HL059408	93.837	0	1,364	1,364

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Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp
		Ca Signaling Domains Programming Cardiac Hypertrophy	University of California	201016453-6		HL080101	93.837	0	337,721	337,721
		NHLBI Progenitor Cell Biology Consortium Bioinformatics	University of Maryland (College Park)	101330A		HL099997	93.837	0	213,658	213,658
		Improving Cardiac Function after Myocardial Infarction	Temple University	390472-04730-02		HL108806	93.837	0	468,168	468,168
		Cardiac Biomarkers in Pediatric Cardiomyopathy	Wayne State University	WSU14110-A1		HL109090	93.837	0	32,913	32,913
		Validation of Circulating Endothelial Cells and Micropar	University of Minnesota	N000226201		HL110957	93.837	0	15,232	15,232
		Genotype-Phenotype Associations in Pediatric Cardiomyopa	Wayne State University	WSU10696		HL111459	93.837	0	352,698	352,698
		Mechanisms of Refractory Hypertension	University of Alabama-Birmingham	000502641-001		HL113004	93.837	0	25,891	25,891
		Role of Ca2+ Flux through TRP Channels in Cardiac Stress	Temple University	361065-04730-02		HL119229	93.837	0	14,927	14,927
		Development of a Method to Store Refrigerated platelets f	Cleveland Clin Lerner Col of Med	655-SUB / 621-SUB		HL119810	93.837	0	272,453	272,453
		Understanding Quality and Costs in Congenital Heart Surg	University of Michigan	3003050899		HL122261	93.837	0	17,970	17,970
		Genetic Modifiers of Transfusional Iron Overload	Baylor College of Medicine	102150100		HL123641	93.837	0	13,872	13,872
		Impact of Treatment of Mild Sleep-Disordered Breathing o	Children's Hospital of Philadelphia	3210920616		HL125295	93.837	0	127,667	127,667
		Data Coordination and Integration Center for LINC5-BD2K	Icahn School of Medicine @ Mt Sinai	0255-7875-4609		HL127624	93.837	0	50,487	50,487
					Cardiovascular Diseases Research Total			4,516,799	13,477,043	17,993,842
Centers for Disease Control and Prevention Investigations & Technical Assistance		Collaboration between WIC and EHD1 to Improve Follow-up				DD001007	93.283	0	29,726	29,726
		Hemophilia Prevention Network	Hemophilia Foundation of Michigan	15-16-433		DD000862	93.283	0	22,261	22,261
					Centers for Disease Control & Prevention Investig. & Tech. Assistance Total			0	51,987	51,987
Child Health and Human Development Extramural Research		Pediatric Scientist Development Program (PSDP) [K12]				HD000850	93.865	234,406	326,865	1,566,448
					Children's Hospital Boston			72,208	0	0
					Children's Hospital of Philadelphia			174,972	0	0
					Columbia University			92,455	0	0
					Duke University			25,430	0	0
					Stanford University			351,706	0	0
					University of California			51,494	0	0
					University of Colorado			69,413	0	0
					University of Washington			167,498	0	0
					Washington University			0	(59,723)	(59,723)
		The Role of Human Milk in Infant Nutrition and Health				HD013021	93.865	0	304,300	304,300
		NICHD Cooperative Multicenter Neonatal Research Network				HD027853	93.865	0	381,234	381,234
		Child Health Research Career Development Award (K12)				HD028827	93.865	0	(7,804)	45,081
		Long Term Functional Outcomes Following Early Childhood			Case Western Reserve University	HD042729	93.865	52,885	99,705	99,705
		Ectoderm Formation in the Early Xenopus Embryo				HD045737	93.865	0	(22,850)	(22,850)
		Parental Adherence to CF Homecare: Research Chaplaincy C				HD062642	93.865	222,831	587,439	810,270
		Xenbase: The Xenopus model organism database			University of Calgary	HD064556	93.865	0	220,566	220,566
		Transcriptional Control of Human Placental Differentiati				HD065339	93.865	0	354,188	354,188
		Injury Prevention in a Home Visitation Population				HD066115	93.865	0	49,447	49,447
		Telehealth Enhancement of Adherence to Medication in Ped			Children's Hospital of Philadelphia	HD067174	93.865	14,449	0	0
					Children's Mercy Hospital			57,854	0	0
					University of California			34,413	0	0
					University of Pittsburgh			0	249,892	249,892
		Enhancing treatment adherence and health outcomes				HD068223	93.865	7,372	(12,447)	(5,075)
		Using SNA to Examine the Long-Term Outcomes of Socially			University of Kentucky	HD068315	93.865	0	315,239	315,239
		Insulin-like Growth Factor 1 Gene Therapy: Correction of				HD068504	93.865	0	203,679	203,679
		Molecular signaling in uterine receptivity to implantati				HD068524	93.865	0	152,356	152,356
		Cincinnati Pediatric Clinical Pharmacology Postdoctoral				HD069054	93.865	79,813	442,159	521,972
		Engaging Fathers in Home Visitation: Incorporation of a			The Pennsylvania State University	HD069431	93.865	0	89,379	89,379
		Novel RF Coils and k1 Space Imaging for Neonatal Chest				HD071540	93.865	0	124,151	124,151
		Physician Attitudes toward New Biomedical HIV Prevention				HD072807	93.865	0	124,151	124,151
		Initiation and Progression of Preterm Lung Injury with V			University of Western Australia	HD072842	93.865	42,364	124,973	260,608
					Saint Louis University			93,270	0	0
		Supporting Treatment Adherence Regimens in Pediatric Epi				HD073115	93.865	0	449,081	449,081
		Abused and non-abused females' high-risk online behavior				HD073130	93.865	0	537,982	537,982
		Shared Decision Making In Pediatric Chronic Conditions:				HD073149	93.865	0	117,169	117,169
		Rare Genetic Variants as Novel Causes of Idopathic or Sy				HD073351	93.865	0	153,826	153,826
		Efficacy of Methylphenidate for Management of Long-term				HD074683	93.865	0	129,346	129,346
		Self-Management Assistance for Recommended Treatment (SM				HD074842	93.865	0	33,769	33,769
		Decreasing teen STI prevalence through universal emergen				HD075751	93.865	0	127,833	127,833
		Bone Mineral Accretion in Young Children			Children's Hospital of Philadelphia	HD076321	93.865	421,980	506,626	1,128,121
					University of California			199,515	0	0
		Mechanisms of postnatal cutaneous afferent development d				HD077483	93.865	0	7,447	7,447
		Maternal temperament, stress, and inflammation in preter			University of California - Davis	HD078127	93.865	166,113	294,510	460,622
		Roles of STAT5b in IGF-1 Production and Human Growth				HD078592	93.865	0	325,744	325,744
		Research on Children in Military Families: The Impact of			Ryerson University	HD079899	93.865	25,994	141,498	203,230
					University of Cincinnati			35,738	0	0
		The role of Na+, K+-ATPase function in Creatine Transpor			University of Cincinnati	HD080910	93.865	8,760	134,632	143,392
		Treatment of sleep disturbances in school-age children w				HD082307	93.865	0	193,343	193,343
		Morphine Pharmacogenomics to Predict Risk of Respiratory				HD082782	93.865	0	149,969	149,969
		Web-based Intervention to Improve Executive Functioning				HD083335	93.865	0	41,387	41,387

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Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp
		An Intervention to Reduce SHS Exposure among Pediatric E			San Diego State University The University of Arizona	HD083354	93.865	4,300	324,722	349,236
		Improving ADHD Teen Driving by Targeting Visual Inattent				HD084430	93.865	0	19,382	19,382
		Role of commensal bacteria in regulating neutrophil-medi				HD084686	93.865	0	137,027	137,027
		SCThrive: Improving Self-Management in Adolescents with				HD084810	93.865	0	16,996	16,996
		Maintenance, Analysis and Dissemination of CMIND Database				HHSN275201400002C	93.865	0	75,804	75,804
		The role of environment in recovery from experimental TB	University of Pittsburgh	0024922 (127439-6)		HD001097	93.865	0	106,707	106,707
		ATN Coordinating Center	University of Alabama-Birmingham	000388010-014		HD040533	93.865	0	30,196	30,196
		Bisphenol A and Gestational Diabetes	University of Cincinnati	1011291		HD051953	93.865	0	246,069	246,069
		Pediatric HIV/AIDS Cohort Study (PHACS 3)	Tulane University	TUL-HSC-554718-16/17		HD052104	93.865	0	13,382	13,382
		Reading ICARD: Interventions for Children with Attention	Univ of Texas Hlth Science Ctr-Houston	0007774B		HD060617	93.865	0	84,983	84,983
		Clinical Decision Rules to Discriminate Bruising Caused	Lurie Children's Hospital of Chicago	901461-CCHMC		HD060997	93.865	0	38,370	38,370
		Sterol and Isoprenoid Diseases Rare Diseases Consortium	University of Nebraska	34-5321-2003-607		HD061939	93.865	0	17,498	17,498
		Pediatric Adverse Reaction in NASH	Arizona State University	5R01HD062489		HD062589	93.865	0	(231)	(231)
		Inborn Errors of Metabolism Collaborative: Defining the	Michigan Public Health Institute	K-30209-116-504200		HD069039	93.865	0	21,331	21,331
		Production, Validation and Distribution of the Xenopus O	University of Virginia	GC12099 138798		HD069352	93.865	0	85,531	85,531
		Impact of Emergency Department Probiotic Treatment of Pe	Washington University	WU-14-231		HD071915	93.865	0	(198)	(198)
		Health & wellbeing of sexually abused females & offspring	Pennsylvania State University	5016-CCHMC-DHHS-2468		HD072468	93.865	0	132,075	132,075
		Deciphering the gene regulatory network controlling vert	University of California	2013-2975		HD073179	93.865	0	122,806	122,806
		Short-term Outcomes of Genitoplasty in DSD	University of Oklahoma	RS20130769-02A3		HD074579	93.865	0	5,723	5,723
		Pilot study to develop a Pediatric Cervical Spine Injury	Nationwide Children's Hospital	82039314		HD076108	93.865	0	30,882	30,882
		Systematic improvement of Xenopus gene annotations and r	University of California-Berkeley	00008617		HD080708	93.865	0	50,665	50,665
		RNA Biosignatures: A Paradigm Change for the Management	Wayne State University	WSU16023-A1		HD085233	93.865	0	3,869	3,869
		NBSTRN: Newborn Screening Translational Research Network	American College of Medical Genetics	HHSN275201300001C:004		HHSN275201300011C	93.865	0	502,695	502,695
					Child Health and Human Development Extramural Research Total			2,776,894	9,592,073	12,368,967
	Developmental Disabilities Basic Support and Advocacy Grants	Technical Assistance and Training for Maryland Project S			Project SEARCH		93.630	0	13,171	13,171
					Developmental Disabilities Basic Support and Advocacy Grants Total			0	13,171	13,171
	Diabetes, Digestive, and Kidney Diseases Extramural Research	Research Training in Pediatric Nephrology				DK007695	93.847	0	48,944	48,944
		Pediatric Gastroenterology and Nutrition Training Grant				DK007727	93.847	0	401,762	401,762
		Clinical Center for Cholestatic Liver Disease in				DK062497	93.847	0	(6,859)	(6,859)
		Research Training in Child Behavior and Nutrition				DK063929	93.847	0	238,409	238,409
		Immunologic Dysfunction in Biliary Atresia				DK064008	93.847	0	326,273	326,273
		Self-Management of Type 1 Diabetes During Adolescence			Nemours Children's Clinic	DK069486	93.847	82,707	363,243	589,187
					University of Miami			109,122	0	0
					Stanford University			34,115	0	0
		Molecular basis of digestive system development in Xenop	University of Cincinnati	DK070858		DK070858	93.847	16,193	408,671	424,864
		Teen Longitudinal Assessment of Bariatric Surgery (Teen-	Baylor College of Medicine	DK072493		DK072493	93.847	64,584	573,783	791,791
					Research Inst. at Nationwide Hos			41,905	0	0
					University of Alabama-Birmingham			24,637	0	0
					University of Pittsburgh			20,130	0	0
					University of Washington			66,752	0	0
		Digestive Health Center: Bench to Bedside Research in Pe				DK078392	93.847	0	1,204,014	1,204,014
		Adolescent Bariatric Surgery: Weight and Psychosocial Ri			Neuropsychiatric Res. Institute	DK080020	93.847	34,538	322,106	356,644
		Inhibition of an apical cAMP/cGMP transporter (MRP4) in			St. Jude Children's Hospital	DK080834	93.847	16,289	293,292	312,559
					University of Tennessee			2,978	0	0
		Clinical Center for Cholestatic Liver Disease in Childre				DK062497	93.847	0	561,285	561,285
		Control of Diabetes by Manipulation of Bc12 Family Membe				DK081175	93.847	0	32,056	32,056
		DNA Damage and Response in the Bladder Microenvironment.				DK081737	93.847	0	(1,323)	(1,323)
		Mechanisms of Intestinal Stem Cell Expansion Following R				DK083325	93.847	0	1,277	1,277
		Biological Basis of Phenotypes and Clinical Outcomes in				DK083781	93.847	0	486,860	486,860
		Efficacy of enteral glutamine in reducing bloodstream in	University of Michigan	DK088027		DK088027	93.847	324	31,722	32,046
		Cardiovascular Disease in Children with Chronic Kidney D				DK090070	93.847	0	175,495	175,495
		Eosinophil:M2 Macrophage:CCL11 Axis in Experimental Coli				DK090119	93.847	0	224,829	224,829
		Cincinnati Center for Excellence in Molecular Hematology				DK090971	93.847	0	668,982	668,982
		Clinic and Home Family Based Behavioral Treatment for Ob				DK091251	93.847	0	555,776	555,776
		The Molecular Determinants of Virus Induced Biliary Atr				DK091566	93.847	0	276,253	276,253
		Human Endocrine Cell Development				DK092456	93.847	0	426,773	426,773
		LPA2 receptor-containing complexes in regulating secreto				DK093045	93.847	0	314,488	314,488
		Epigenetic regulation of intestinal homeostasis				DK093784	93.847	0	150,380	150,380
		Th2 Cytokines and Signaling in Pediatric Inflammatory Bo				DK094832	93.847	0	184,808	184,808
		The Role of Regulatory T Cells in Biliary Atresia				DK095001	93.847	0	351,228	351,228
		Critical Translational Studies in Pediatric Nephrology			University of Cincinnati	DK096418	93.847	77,494	643,304	720,798
		Single Cell/RNA-Seq dissection of Human IPS cell develop				DK098350	93.847	0	383,713	383,713
		Immunopathogenesis of Non-alco				DK099222	93.847	0	413,623	413,623
		Recombining based analysis of Hox function in kidney				DK099995	93.847	0	358,574	358,574
		NAFLD Improvement after Bariatric Surgery: The role of b			Nemours Children's Clinic, Jacksonville	DK100314	93.847	4,352	592,826	597,179
		Cell Fate Regulation of Nephron Progenitors				DK100315	93.847	0	369,855	369,855
		Outcome of NASH in Adolescents after Bariatric Surgery v				DK100429	93.847	0	444,029	444,029
		Wnt/PCP Signaling in the Intestinal Epithelium				DK101618	93.847	0	128,627	128,627

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		NAFLD: Mechanisms and Treatments			Baylor College of Medicine.	DK102597	93.847	30,951	333,237	364,188
		Molecular Pathogenesis of MDS			Univ of Texas M D Anderson Cancer	DK102759	93.847	7,559	160,331	167,890
		Regulation of hematopoietic stem cell self-renewal by GT			Indiana University	DK102890	93.847	16,388	320,324	336,713
		Investigation of Regional Identity in Human Intestinal S			Baylor College of Medicine.	DK103117	93.847	93,035	302,505	395,540
		Cdc42, hematopoietic stem cell polarity, and cell fate				DK104814	93.847	0	182,300	182,300
		Role of the Hypoxia-Inducible Factor-1alpha in Myelodysp				DK105014	93.847	0	424,351	424,351
		Therapeutic Monitoring and Targeting of Neutrophil Activ				DK105229	93.847	0	156,161	156,161
		The Mechanism Regulating Renal Progenitor Aging				DK106225	93.847	0	46,325	46,325
		Antifungal immunity controlled by commensal bacteria.				DK107199	93.847	0	34,225	34,225
		Role of nuclear IL-33 in mucosal inflammation				DK109573	93.847	0	6,245	6,245
		The Studies to Treat or Prevent Pediatric Type 2 Diabete	George Washington University	13-D06		DK061230	93.847	0	38,171	38,171
		Clinical Research Network in NASH	Cleveland Clin Lerner Col of Med	619-SUB		DK061732	93.847	0	242,261	242,261
		Chronic Kidney Disease in Children (CKID III)	Children's Mercy Hospital	13-0011		DK066143	93.847	0	93,059	93,059
		A Multi-Center Group to Study Acute Liver Failure in	University of Pittsburgh	0019927 (124826-11)		DK072146	93.847	0	26,463	26,463
		Search Nutrition Ancillary Study 2	University of Cincinnati	1011141		DK077949	93.847	0	12,327	12,327
		Medication Adherence in Children Who Had Liver Transplan	Icahn School of Medicine at Mount Sinai	0255-5001-4809		DK080740	93.847	0	(1,380)	(1,380)
		Progression of Acute Kidney Injury to Chronic Kidney Dis	Yale University	M14A11744 (A10786)		DK082185	93.847	0	24,989	24,989
		Forecasters of future and progressive chronic kidney	Ohio State University	60040365		DK085673	93.847	0	(2,548)	(2,548)
		Teen Adherence in Kidney Transplant: Effectiveness of a	The Research Institute of McGill Univ	PT48344		DK092977	93.847	0	87,738	87,738
		A genitoUrinary Development Molecular Anatomy Project (G	Western General Hospital, Human Gen.	R82879		DK092983	93.847	0	54,299	54,299
		The LiverChip - A diagnostic tool for genetic liver dise	Phase 2 Discovery, Inc	5R44DK093214		DK093214	93.847	0	93,671	93,671
		Generating molecular markers that selectively label urot	Columbia University	1 (GG006293-05)		DK094530	93.847	0	51,325	51,325
		Limited Competition for the Continuation of Teen Longitu	University of Cincinnati	1011441	University of Pittsburgh	DK095710	93.847	15,400	735,850	751,250
		Predicting Response to Standardized Pediatric Colitis Th	Connecticut Children's Medical Center	16-179296-04		DK095745	93.847	0	316,722	316,722
		Novel Serum and Urinary Biomarkers of Diabetic Kidney Di	Mount Sinai Hospital	0255-8161-4609		DK096549	93.847	0	14,870	14,870
		Causes and Consequences of Neutrophil Dysfunction in Ear	Emory University	T151016		DK098231	93.847	0	227,430	227,430
		Comprehensive Quantitative Ultrafast 3D Liver MRI	Case Western University	RE5511409		DK098503	93.847	0	26,054	26,054
		FL3X: An Adaptive Intervention to Improve Outcomes for Y	University of North Carolina	5-33709		DK101132	93.847	0	597,374	597,374
		Recombinant Erythropoietin Protects Against Kidney disea	Children's Hosp & Reg Med Ct-Seattle	11111SUB		DK103608	93.847	0	20,789	20,789
		PancreasCHIP- A diagnostic tool for Inheritable Pancreat	Phase 2 Discovery, Inc	1R43DK105640		DK105640	93.847	0	22,995	22,995
		Limited Competition for the Continuation of the SEARCH f	Wake Forest University	WFUHS114580		DK108175	93.847	0	222,637	222,637
					Diabetes, Digestive, and Kidney Diseases Extramural Research Total			759,454	16,820,177	17,579,631
Disabilities Prevention		Improving the Health of People with Disabilities through	Ohio State University	60049492		DD000931	93.184	0	57,092	57,092
					Disabilities Prevention Total			0	57,092	57,092
Discovery & Applied Research for Technological Innovations to Improve Human Health		Real-time pediatric cardiovascular MRI without breath ho	Johns Hopkins School of Medicine	2003089964		EB022405	93.286	0	26,785	26,785
		Center for Point-of-care Technologies Research for Sexua				EB007958	93.286	0	139,844	139,844
					Discovery & Applied Res. Technological Innovations to Improve Human Health Total			0	166,630	166,630
Drug Abuse and Addiction Research Programs		Endocannabinoid Signaling during Early Pregnancy			Indiana University	DA006668	93.279	26,169	272,812	298,981
		Tracking Adolescents After Bariatric Surgery; Substance,				DA033415	93.279	0	407,700	407,700
		A revolutionary approach to an efficacious HIV vaccine				DA038017	93.279	0	791,580	791,580
		Ohio Valley Node-Network	University of Cincinnati	1012667		DA013732	93.279	0	14,980	14,980
					Drug Abuse and Addiction Research Programs Total			26,169	1,487,072	1,513,240
Emergency Medical Services for Children		EMS for Children: Pediatric Emergency Care Applied Resea			Washington University Medical College of Wisconsin	MC22684	93.127	138,555	283,482	565,755
								143,718	0	0
					Emergency Medical Services for Children Total			282,273	283,482	565,755
Environmental Health		Teratology Training Grant				ES007051	93.113	0	267,589	267,589
		A Comm.-Based Trial to Prevent Lead Poisoning & Injuries				ES014575	93.113	0	(264)	(264)
		Continued studies of environmntl impact on puberty:GUF2			University of Cincinnati	ES019453	93.113	260,786	396,995	657,781
		Neurobehavioral and Neuroimaging Effects of Traffic Exp			University of Cincinnati	ES019890	93.113	137,961	460,643	598,604
		Assessing Personal Exposure to Ultrafine PM Number and R				ES024713	93.113	0	160,588	160,588
		Multigene-environment interactions lead to dilated cardio	University of Cincinnati	008647-051		ES006096	93.113	0	25,811	25,811
		Environmental Carcinogenesis and Mutagenesis	University of Cincinnati	1012228		ES007250	93.113	0	79,643	79,643
		NIEHS funded Training Program: Molecular Epidemiology in	University of Cincinnati	1012741		ES010957	93.113	0	146,090	146,090
		Novel anti-fibrotic mechanisms in chemical-induced liver	Michigan State University	RC105176CHMC		ES017537	93.113	0	29,723	29,723
		Air Pollution, Subclinical CVD and Inflammatory Markers	University of Maryland (College Park)	2036109		ES019168	93.113	0	(1,084)	(1,084)
		Prenatal Sex Steroids, Bisphenol A, Phthalates, and Sexu	Brown University	00000591		ES020346	93.113	0	10,014	10,014
		Longitudinal study of exposure to PBDEs and PFCs and chi	University of Cincinnati	1009253		ES020349	93.113	0	109,670	109,670
		Multiple Risk Factors and Neurodevelopment Deficits in R	University of Cincinnati	008148-004		ES021106	93.113	0	835	835
		Transgenerational Inheritance of Epigenetic Effects of P	University of Cincinnati	1010899		ES023319	93.113	0	159,619	159,619
		Exposure and development of poor bone health among Afric	University of Cincinnati	1011171		ES024074	93.113	0	130,700	130,700
		Endocrine Disrupting Chemicals, Thyroid Hormones, and Chi	Brown University	00000782		ES024381	93.113	0	168,973	168,973
		Early life perfluoroalk substance exposure and obesity:	Brown University	00000906		ES025214	93.113	0	75,093	75,093
		Mammary Carcinogenesis: pubertal and adult effects of hi	Michigan State University	RC105513CCHMC		ES026119	93.113	0	33,751	33,751
					Environmental Health Total			398,746	2,254,389	2,653,135

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Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp
	Extramural Research Programs in the Neurosciences and Neurological Disorders	Mitogenic Activities in Neurofibromatosis				NS028840	93.853	0	292,244	292,244
		Roles of Gsx factors in telencephalic neurogenesis				NS044080	93.853	0	623,737	623,737
		Impact of Initial Therapy and Response on Long Term Outc			Children's Research Institute	NS045911	93.853	38,639	352,231	419,768
					Cook Children's Health Care System			1,340	0	0
					Montefiore Medical Center			22,177	0	0
					NorthShore University HealthSystem			1,706	0	0
					Phoenix Children's Hospital			550	0	0
					University of California			2,150	0	0
					University of Utah			975	0	0
		Sodium Channel Gene Variation in the Treatment of Epilep				NS062756	93.853	0	14,537	14,537
		mTOR regulation of aberrant neuronal integration and epi				NS062806	93.853	0	468,242	468,242
		Identification and reversal of primary and secondary epi				NS065020	93.853	0	299,078	299,078
		Imaging the effect of centrotemporal spikes and seizures			University of Alabama-Birmingham	NS065840	93.853	6,916	454,861	461,776
		Longitudinal DTI study in Children Treated for Congenita			Washington University	NS066932	93.853	60,000	(9,294)	50,707
		Molecular control of neurogenesis in the adult subventri				NS069893	93.853	0	530,017	530,017
		Molecular Mechanisms of Oligodendrocyte Differentiation				NS072427	93.853	0	349,696	349,696
		Regulation of Forebrain Neurogenesis by the Energy Senso			University of Minnesota	NS072591	93.853	12,573	319,400	331,973
		Chromatin Remodeling Control of CNS Myelination and Remy				NS075243	93.853	0	614,046	614,046
		Amriptyline and Topiramate in the Prevention of Childh			Atlanta Headache Specialists, PC	NS076788	93.853	877	922,580	930,132
					Dallas Pediatric Neurology Associates			1,863	0	0
					Eastern Virginia Medical School			161	0	0
					Phoenix Children's Hospital			1,702	0	0
					Renown Institute for Neurosciences			2,354	0	0
					Saint Louis University			595	0	0
		A Novel Model of Medulloblastoma to Define Cancer Pathwa				NS078092	93.853	0	265,302	265,302
		The toxicity of the RNA CGG repeats in FXTAS				NS078659	93.853	0	60,718	60,718
		Aberrant Neuromagnetic Signatures with Chronic Migraine				NS081420	93.853	0	156,938	156,938
		Characterizing the role of specific Ras proteins in neur				NS083249	93.853	0	243	243
		Ras Proteins in Nerve Tumorigenesis				NS083580	93.853	0	375,633	375,633
		Novel Combinatorial Therapies for Malignant Peripheral N			Research Inst. at Nationwide Hos	NS084885	93.853	151,020	239,642	390,662
		Forward Genetic Analysis of Congenital Defects in Cortic				NS085023	93.853	0	493,910	493,910
		Brain Mechanisms Supporting Individual Differences in Pa			Virginia Tech	NS085391	93.853	30,590	351,608	382,198
		Gaucher disease:Treatment of neurodegenerative disease				NS086134	93.853	0	412,351	412,351
		Signaling pathways regulating oligodendrocyte developmen				NS088529	93.853	0	440,437	440,437
		Brain Dysfunction in Neurofibromatosis			Technion Research & Dev Found.	NS091037	93.853	73,905	229,347	303,252
		Impact of targeted granule cell ablation on seizure				NS092363	93.853	0	29,273	29,273
		MicroRNA-mediated silencing of the Kv4.2 complex in epil				NS092705	93.853	0	83,004	83,004
		Synapse elimination in the central nervous system				NS093002	93.853	0	325,536	325,536
		MigraineManager: A Self-Management Health Care Resource				NS094476	93.853	0	4,357	4,357
		Cytokine signaling in neurofibroma development				NS096796	93.853	0	8,313	8,313
		Comparison of Hemorrhagic & Ischemic Stroke Among Blacks	University of Cincinnati	1012498		NS096796	93.853	0	185,003	185,003
		fMRI in Anterior Temporal Epilepsy Surgery	Medical College of Wisconsin	5R01NS035929	University of Cincinnati	NS035929	93.853	23,688	16,747	40,435
		Recanalization Therapies and markers of Outcomes in Acut	University of Cincinnati	005695-051	University of Cincinnati	NS044283	93.853	0	44,147	44,147
		Study of Activity-Dependent Sympathetic Sprouting	University of Cincinnati	1012407		NS045594	93.853	0	3,909	3,909
		Ultrasound-assisted thrombolysis for stroke therapy	University of Cincinnati	1011436		NS047603	93.853	0	63,823	63,823
		The Establishment of Schwann Cell Polarity and the Infla	University of California	8146sc		NS062796	93.853	0	126,361	126,361
		Brain Vascular Malformation Consortium: Predictors of CI	University of California	8415sc		NS065705	93.853	0	936	936
		Pilot Trial of Bumetanide for Neonatal Seizures	Children's Hospital Boston	RSTFD0000591064		NS066929	93.853	0	1,172	1,172
		Mechanisms of TGF regulated fibrosis in muscular dystrop	The University of Chicago	46996-B		NS072027	93.853	0	(46,746)	(46,746)
		Mechanisms of TGF regulated fibrosis in muscular dystrop	Northwestern University	60039007CHMC		NS072027	93.853	0	373,155	373,155
		Identification of novel small molecules for CNS myelin r	Texas A & M	06-S140674		NS077215	93.853	0	6,065	6,065
		Cincinnati Neuroscience Clinical Trials Research Center	University of Cincinnati	1012613		NS077311	93.853	0	195,996	195,996
		Potential EEG biomarkers and antiepileptogenic strategie	University of Alabama-Birmingham	000427597-004		NS080199	93.853	0	573	573
		Primary cilia signaling in CNS progenitor cells and thei	Massachusetts General Hospital	220901		NS080223	93.853	0	85,121	85,121
		Early biomarkers of Autism Spectrum Disorders in infants	Children's Hospital Boston	RSTFD0000668241		NS082320	93.853	0	269,629	269,629
		Disordered Regulation of Wnt/?-catenin Signaling in MPNS	University of Minnesota	P00426101		NS086219	93.853	0	215,570	215,570
		Targeting the Blood-Brain Barrier in Ischemic Stroke	University of Cincinnati	009662-002		NS088384	93.853	0	17,936	17,936
		Developmental Synaptopathies Associated with TSC, PTEN a	Children's Hospital Boston	RSTFD0000661197		NS092090	93.853	0	121,917	121,917
		The Development of Small Molecule Inhibitors for Gaucher	University of Michigan	3003684045		NS092981	93.853	0	191,421	191,421
		Nanovesicle-based intravenous protein/enzyme therapy for	University of Cincinnati	1012136		NS095047	93.853	0	72,524	72,524
					Extramural Research Programs in Neurosciences and Neurological Disorders Total			433,781	10,652,244	11,086,025
	Food and Drug Administration Research	Phase II: Vincristine Vs. Sirolimus for High Risk Kaposi				FD004363	93.103	0	187,136	187,136
		Annual Meeting of the Neurobeh				FD004852	93.103	0	5,000	5,000
		Pharmacokinetic Studies of Tacrolimus in Transplant Pati	University of Cincinnati	1010125		FD004573	93.103	0	129,037	129,037
		Phase-II IDE G090189-11/6/13: Pediatric ICU Patients wit	Innovative BioTherapies, Inc.	2015-003		FD005092	93.103	0	54,275	54,275
		Evaluation of Clinical and Safety Outcomes Associated wi	University of Cincinnati	1010884		HHSF223201310224C	93.103	0	189,072	189,072
					Food and Drug Administration Research Total			0	564,519	564,519

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Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp
	Grants for Training in Primary Care Medicine and Dentistry	Faculty Development in Primary Care				HP23195	93.884	0	184,023	184,023
					Grants for Training in Primary Care Medicine and Dentistry Total			0	184,023	184,023
	International Research and Research Training	Cellular and Molecular Mechanisms of Alanyl-Glutamine Or				TW008767	93.989	0	115,547	115,547
					International Research and Research Training Total			0	115,547	115,547
	Lung Diseases Research	Lung and Cardiovascular Development and Disease Pathogen				HL007752	93.838	0	238,790	238,790
		Role of Rb Family in Lung Epithelial Response to Injury				HL079193	93.838	0	(4,722)	(4,722)
		Foxf1 Transcription Factor in Development of Pulmonary C				HL084151	93.838	0	385,392	385,392
		Role of Anti-GM-CSF Antibodies in Myeloid Cell Function				HL085453	93.838	0	327,686	327,686
		Regulation of Neutrophil Migration and Polarity				HL090676	93.838	0	(41,149)	(41,149)
		Transcriptional Programming of Asthma Related Pathology				HL095580	93.838	0	567,523	567,523
		Late Preterm Birthe, Ureaplasma Species and Childhood Lu				HL097064	93.838	0	(2,180)	(2,180)
		Biomarkers of Immunologic Function and Preterm Respirato				HL101800	93.838	0	(17,599)	(17,599)
		Genetic Analysis of Murine Chronic Hypoxia-Induced Pulmo				HL102107	93.838	0	1,099	1,099
		The Role of Autophagy in the Pathogenesis of interstitia				HL103923	93.838	0	(33,898)	(33,898)
		Role of SREBP Network in Surfactant Lipid Homeostasis an				HL105433	93.838	0	(16,247)	(16,247)
		Transcriptional Control of Submucosal Gland Formation an				HL108907	93.838	0	(16,046)	(16,046)
		Mechanisms of Dicer1 Function in Lung Organogenesis and				HL109265	93.838	0	289,705	289,705
		Dysregulation of Nr2f in CF epithelia				HL109582	93.838	0	290,951	310,247
		Airway Progenitor Cell Proliferation and Differentiation			Case Western Reserve University	HL110964	93.838	19,296	353,272	552,389
		Ruth L. Kirschstein National Research Service Award Shor			Oregon Health & Science University	HL113229	93.838	0	53,747	53,747
		Osr transcription factors regulate embryonic lung develo				HL114898	93.838	0	443,108	443,108
		MR predictors of infection, inflammation, and structural				HL116226	93.838	0	456,830	456,830
		Macrophage Based Gene Therapy for Hereditary Pulmonary A				HL118342	93.838	0	583,277	583,277
		Adolescent Controlled Text Messaging to Improve Asthma M				HL119826	93.838	0	75,854	75,854
		Stard7, a Novel Inhibitor of Allergic Lung Disease				HL122130	93.838	0	409,005	409,005
		Mechanisms of IL-17A-mediated enhancement of asthma seve				HL122300	93.838	0	380,699	380,699
		"Lung MAP" Atlas Research Center			Cedars-Sinai Medical Center	HL122642	93.838	75,164	613,790	688,954
		Transcriptional regulation of goblet cell metaplasia				HL123490	93.838	0	461,445	461,445
		Transcriptional regulation of pulmonary fibrosis				HL126660	93.838	0	283,752	283,752
		UTE MRI to monitor CF lung disease and response to CFTR				HL131012	93.838	0	83,506	83,506
		Gastrin-Releasing Peptide and Bronchopulmonary Dysplasia	Duke University	2034350		HL105702	93.838	0	73,106	73,106
		Severe Asthma Research Program	Washington University	WU-16-394		HL109257	93.838	0	9,282	9,282
		Simultaneous Xe129 MRI of Regional Lung Ventilation and	University of Virginia	GC12076 145598		HL109618	93.838	0	16,436	16,436
		Single Cell NexGen RNA Sequencing of Human	Duke University	203-8676		HL110967	93.838	0	5,507	5,507
		Directed Culturing of Pneumocystis Using Metatranscripto	University of Cincinnati	1012453		HL119190	93.838	0	106,852	106,852
		Deficient Sleep, Lung Functioning, and Functional Outcom	National Jewish Health	20094502		HL119441	93.838	0	26,745	26,745
		Molecular Atlas of Lung Development - Data Coordinating	Duke University	203-8184		HL122638	93.838	0	48,820	48,820
		Characterization of an inhibitory protein complex for cy	University of Tennessee	HL 123535 CCHMC		HL123535	93.838	0	17,841	17,841
		Pathogenesis-Driven Therapeutic Development for Pulmonary	University of Cincinnati	1011731		HL127455	93.838	0	45,511	45,511
					Lung Diseases Research Total			293,577	6,517,687	6,811,264
	Maternal and Child Health Federal Consolidated Programs	Sickle Cell				MC22218	93.110	0	(14,379)	(14,379)
		Variations in Care and Outcomes for Children with Trauma				MC26806	93.110	0	(4,562)	(4,562)
		Preventive health services and ED utilization among at-r				MC29447	93.110	0	19,243	19,243
		Hemophilia Comprehensive Care	Hemophilia Foundation of Michigan	1-H30MC24047-01-01		MC00015	93.110	0	21,012	21,012
		Leadership Education in Neurodevelopmental and Other Rel	University of Cincinnati	1012097		MC00032	93.110	0	617,996	617,996
		Healthy Tomorrows Partnership For Children Program	American Academy of Pediatrics	AAP - Gittelman		MC07618	93.110	0	14,389	14,389
		Autism Treatment Network	Massachusetts General Hospital	2UA3MC11054-07-00		MC11054	93.110	0	335,833	335,833
		Development of a Grant Proposal for a Randomized Control	Children's Hospital of Philadelphia	3208960816-P		MC20218	93.110	0	16,362	16,362
		Peer-victimization of adolescents with ASD: Filling the	Univ of California, San Francisco	8637sc		MC28145	93.110	0	17,004	17,004
					Maternal and Child Health Federal Consolidated Programs Total			0	1,022,899	1,022,899
	Medical Assistance Program	Quality Improvement Science - Statewide Quality Improvem	The Ohio State University	G-1415-07-0060-ODM201402		G-1415-07-0060-ODM201402	93.778	0	(1,313)	(1,313)
		Implementation of the BEACON Quality Improvement Data in	The Ohio State University	G-1415-07-0060-ODM201403		G-1415-07-0060-ODM201403	93.778	0	8,873	8,873
		Progesterone Quality Improvement Project	The Ohio State University	G-1415-07-0060; ODM201404	Aultman Hospital	G-1415-07-0060-ODM201404	93.778	3,244	17,171	41,557
					Case Western Reserve University			9,371	0	0
					The Ohio State University			11,770	0	0
		Perinatal Quality Improvement	The Ohio State University	G-1415-07-0060; ODM201405		G-1415-07-0060-ODM201405	93.778	0	4,929	4,929
		Partnerships that promote integrated, multidisciplinary	University of Cincinnati	1012298		G-1617-05-0003-ODM201609	93.778	0	187,866	187,866
		MedTapp NICU Graduates Project (Federal)	The Ohio State University	G-1617-05-0003-ODM201540	University Hospitals of Cleveland	G-1617-05-0003-ODM201540	93.778	48,038	191,619	239,657
		MedTapp QI Science Project (ODM Federal)	The Ohio State University	G-1617-05-0003-ODM201602		G-1617-05-0003-ODM201602	93.778	0	127,705	127,705
		MedTapp Data Infrastructure (ODM Federal)	The Ohio State University	G-1617-05-0003 ODH WISE 1047		G-1617-05-0003-ODM201603	93.778	0	403,378	403,378
		MEDTAPP Progesterone (ODM Federal)	The Ohio State University	G-1617-05-0003-ODM201604	Case Western Reserve University	G-1617-05-0003-ODM201604	93.778	26,771	427,686	562,425
					The Ohio State University			107,968	0	0

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Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp
		MEDTAPP Perinatal Project	The Ohio State University	G-1617-05-0003-ODM201605		G-1617-05-0003-ODM201605	93.778	0	91,863	91,863
		Neonatal Abstinence Syndrome (NAS Federal)	The Ohio State University	G-1617-05-0003-ODM201636	Case Western Reserve University	G-1617-05-0003-ODM201636	93.778	84,164	175,849	300,696
					Nationwide Childrens Hospital			40,683	0	0
					Medical Assistance Program Total			332,009	1,635,626	1,967,635
	Medical Library Assistance	Improving Intensive Care Medication Safety through EHR-b			University of Cincinnati	LM012230	93.879	12,729	167,274	180,003
					Medical Library Assistance Total			12,729	167,274	180,003
	Mental Health Research Career/Scientist Development Awards	Med Response in Children with Pred Inatt Type ADHD				MH083881	93.281	0	119	119
					Mental Health Research Career/Scientist Development Awards Total			0	119	119
	Mental Health Research Grants	Longitudinal Assessment of Manic Symptoms (LAMS)				MH073816	93.242	0	598,634	598,634
		Medication Continuity in Children Treated for ADHD				MH083027	93.242	0	14,737	14,737
		Evaluation of an Intervention for Improving Community-Ba			Nationwide Childrens Hospital	MH083665	93.242	52,051	109,642	161,692
		Treatment of Maternal Depression in Home Visitation			University of Massachusetts Boston	MH087499	93.242	17,363	214,537	231,899
		Molecular Mechanisms Controlling Formation of Basal Gang				MH090740	93.242	0	30,381	30,381
		4/8-Collaborative genomic studies of Tourette Disorder				MH092520	93.242	0	(2,818)	(2,818)
		2/2-Anomalous Motor Physiology in ADHD				MH095014	93.242	0	261,233	261,233
		Executive Function/Metacognitive Training: Early Interve				MH095911	93.242	0	118,684	118,684
		Frontal Cortical Gamma Oscillations Mark Contamination				MH100640	93.242	0	183,960	183,960
		Developing New Technologies to Improve ADHD Medication C				MH101155	93.242	0	266,013	266,013
		Letrophilin-3 and ADHD: A new potential mechanism				MH101609	93.242	0	188,133	188,133
		Selective targeting of PI3K to restore higher cognitive			Emory University	MH103748	93.242	82,357	86,636	168,993
		Neurobehavioral Effects of Abrupt Methylphenidate Discont			Seattle Children's Hospital	MH105425	93.242	279,307	328,631	607,939
		A Multi-Method Investigation to Distinguish Sluggish Cog				MH108603	93.242	0	93,520	93,520
		Cognitive and Behavioral Effects of Sleep Restriction in				MH109787	93.242	0	740	740
		The effect of lithium on intracellular sodium in brain i	University of Cincinnati	008778-003		MH094837	93.242	0	69,235	69,235
		Neuroimaging study of risk factors for adolescent bipola	University of Cincinnati	009821-003		MH097818	93.242	0	36,798	36,798
		Multimodal analysis of high-risk psychosis mutations in	Stanford University	60825821-113376		MH104172	93.242	0	283,760	283,760
		(ED-STARs) Emergency Dept Screen for Teens at Risk for	University of Michigan	3003298263		MH104311	93.242	0	207,520	207,520
		Movement-Based Mindfulness Training for Children with AD	Kennedy Krieger Research Institute	1R21MH104651-01		MH104651	93.242	0	18,670	18,670
		Targeting the PI3K Enhancer PIKE to Reverse FXS-associat	Emory University	T267889		MH105353	93.242	0	96,200	96,200
		Risk and resilience factors for frontolimbic connectiv	University of Cincinnati	016227-002		MH107378	93.242	0	44,674	44,674
					Mental Health Research Grants Total			431,078	3,249,519	3,680,597
	National Center for Research Resources	General Clinical Research Center				RR008084	93.389	0	(11,798)	(11,798)
		Sweat Patch for Quantification of Lactate in Critically	University of Cincinnati	006141		TR000077	93.389	0	4,983	4,983
		A New Hydrogen Peroxide-Activated Agent that Selectively	University of Cincinnati	006141		TR000077	93.389	0	45,743	45,743
		Cincinnati Ctr for Clin & Trans Sciences & Training	University of Cincinnati	006141		TR000077	93.389	0	(476,314)	(476,314)
					National Center for Research Resources Total			0	(437,386)	(437,386)
	National Center on Sleep Disorders Research	Pediatric Sleep Research Program				HL078989	93.233	0	64,582	64,582
		Dynamic Computational Modeling of Obstructive Sleep Apne			University of Cincinnati	HL105206	93.233	106,960	43,773	150,733
		Sleep Restriction and the Adolescent Diet: Impact and M				HL120879	93.233	0	401,624	401,624
		Multi-Center Trial of Limiting PGY 2&3 Resident Work Hou	Brigham & Women's Hospital	113170		HL111478	93.233	0	442,599	442,599
					National Center on Sleep Disorders Research Total			106,960	952,579	1,059,539
	National Research Service Award in Primary Care Medicine	NRSA Research Fellowship Training				HP10027	93.186	0	375,606	375,606
					National Research Service Award in Primary Care Medicine Total			0	375,606	375,606
	Nursing Research	Patterned Experience in Preterm Infants				NR012307	93.361	6,538	75,114	81,652
		A Clinic-Based Interdisciplinary Intervention for Parent			Virginia Commonwealth University	NR014248	93.361	101,987	491,954	593,941
		REACH: Translational Telehealth HomeCare	Lurie Children's Hospital of Chicago	915342-CCHMC	State of Oklahoma	NR002093	93.361	0	61,650	61,650
					Nursing Research Total			108,525	628,718	737,243
	Oral Diseases and Disorders Research	Molecular Genetic Analysis of Craniofacial Development				DE013681	93.121	0	288,893	288,893
		Molecular Patterning of Mammalian Dentition				DE018401	93.121	0	568,227	568,227
		Psychological and physiological correlates of endrogenou				DE022368	93.121	0	146,350	146,350
		Large Animal Model for Novel Autologous Treatments of Al				DE023124	93.121	0	134,625	134,625
		The Role of Primary Cilia in Murine Craniofacial Develop				DE023804	93.121	0	422,062	422,062
		Golgi1 in Craniofacial Development				DE023864	93.121	0	62,704	62,704
		Understanding and Reducing Variation in Outcomes of Clef				DE025023	93.121	0	19,276	19,276
		The role of ectodermal primary cilia in murine orofacial				DE025537	93.121	0	36,881	36,881
		Transcriptome Atlases of the Craniofacial Sutures	Icahn School of Med. at Mount Sinai	0255-7193-4609		DE024448	93.121	0	14,557	14,557
					Oral Diseases and Disorders Research Total			0	1,693,575	1,693,575
	Poison Center Support and Enhancement Grant Program	Poison Center Support and EnhancementHRSA-14-016CFDA				BHS15468	93.253	0	354,820	354,820
					Poison Center Support and Enhancement Grant Program Total			0	354,820	354,820

See Notes to Schedule of Expenditures of Federal Awards.

(Continued)

Children's Hospital Medical Center and Affiliates
Supplementary Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp					
Human Genome Research		Better Outcomes for Children: GWAS & PheWAS in eMERGEII. Effect of disease-associated genetic variants on viral p Better Outcomes for Children: Promoting Excellence in He			Children's Hospital Boston	HG006828	93.172	391,451	27,608	419,059					
						HG008186	93.172	0	172,952	172,952					
						HG008666	93.172	0	670,073	670,073					
Human Genome Research Total								391,451	870,632	1,262,084					
Prevention & Public Hlth Fund (Affordable Care Act) Enhanced Surveil. New Vaccine		Enhanced Surveillance for New Vaccine Preventable Diseases				IP000458	93.533	0	896,175	896,175					
						Prevention & Public Hlth Fund (Aff. Care Act) Enhanced Surv. New Vaccine Preven Total							0	896,175	896,175
Alcohol Research Programs		Regulation of hepatic stellate cells in development and Mechanisms of Alcoholic Liver Disease Teen Alcohol Screening in the Pediatric Emergency Care A	Rhode Island Hospital	7017137111-5-OH	University of Cincinnati	AA020514	93.273	0	208,536	208,536					
						AA020846	93.273	43,340	878	44,218					
						AA021900	93.273	0	4,132	4,132					
Alcohol Research Programs Total								43,340	213,546	256,886					
Injury Prevention and Control Research and State and Community Based Programs		STAT-ED - Suicidal Teens Accessing Treatment in the ED			Nationwide Childrens Hospital	CE002129	93.136	135,170	34,652	169,822					
						Injury Prevention & Control Res. & State & Community Based Programs Total							135,170	34,652	169,822
National Center for Advancing Translational Sciences		Generating Human Intestinal Organoids with an ENS. University of Pittsburgh Clinical and Translational Scie Clinical and Translational Science Award Cincinnati Center for Clinical and Translational Science	University of Pittsburgh University of Cincinnati University of Cincinnati	9010902 (125998-6) 009904-003 009905-062		TR000546	93.350	0	(1,200)	(1,200)					
						TR000005	93.350	0	46,531	46,531					
						TR001425	93.350	0	2,148,903	2,148,903					
						TR001426	93.350	0	184,366	184,366					
						National Center for Advancing Translational Sciences Total							0	2,378,599	2,378,599
Occupational Safety and Health Program		Just-in-Time Methods for Understanding Near-misses, Inju Genetic Susceptibility for Occupational Asthma Early Identification of World Trade Center Conditions in	University of Cincinnati New York University	008802-004 12-02599		OH010035	93.262	0	53,943	53,943					
						OH008795	93.262	0	26,406	26,406					
						OH010394	93.262	0	14,167	14,167					
						Occupational Safety and Health Program Total							0	94,517	94,517
Research and Training in Complementary and Alternative Medicine		DNA Attenuates Inflammatory Responses through Altering R	The Research Instit at Nationwide Hosp	726413		AT006890	93.213	0	18,203	18,203					
						Research and Training in Complementary and Alternative Medicine Total							0	18,203	18,203
HIV Prevention Activities_Health Department Based		HIV Testing in Ohio Emergency Departments				03130012HT0314	93.940	0	46,943	46,943					
						HIV Prevention Activities_Health Department Based Total							0	46,943	46,943
Hospital Prep Prog (HPP) & Public Hlth Emerg. Prep (PHEP) Aligned Cooperative Agrmnts		Ohio Poison Control Bioterrorism Grant FY15			Research Inst. at Nationwide Hos	03130012PP0415	93.074	96,690	78,862	175,552					
						Hosp. Prep Prog (HPP) & Public Hlth Emerg. Prep (PHEP) Coop. Agrmts Total							96,690	78,862	175,552
Health Program for Toxic Substances and Disease Registry		UIC PEHSU PROGRAM-2013-05487-01-00 KN UIC PEHSU agreement - Meeting the Environmental Health N	Univ of Illinois @ Chicago Univ of Illinois @ Chicago	1U61TS000118 1U61TS000237		TS000118	93.161	0	(269)	(269)					
						TS000237	93.161	0	13,028	13,028					
						Health Program for Toxic Substances and Disease Registry Total							0	12,759	12,759
Microbiology and Infectious Diseases Research		Norovirus Capsid: A Novel Drug Target. HBGA receptors in host cell entry and infection of norov	University of Cincinnati Purdue University	0087939-003 4102-65270		AI097936	93.856	0	19,436	19,436					
						AI111095	93.856	0	254,821	254,821					
						Microbiology and Infectious Diseases Research Total							0	274,258	274,258
Cancer Control		Imaging Notch Interactions with Members of Its Pathway	Washington University	WU-17-25		CA094056	93.399	0	171,217	171,217					
						Cancer Control Total							0	171,217	171,217
Healthy Start Initiative		Healthy Start Cincinnati			University of Cincinnati	MC27823	93.926	18,981	573,132	592,112					
						Healthy Start Initiative Total							18,981	573,132	592,112
Health Care Innovation Challenge		Coordinating all resources effectively for children with	Children's National Medical Center	30002606-04		CMS331335	93.610	0	263,710	263,710					
						Health Care Innovation Challenge Total							0	263,710	263,710
Affordable Care Act (ACA) Family to Family Health Information Centers		Ohio Family to Family Health Information Centers			University of Cincinnati	MC28443	93.504	2,932	17,918	20,850					
						Affordable Care Act (ACA) Family to Family Health Information Centers Total							2,932	17,918	20,850
Community Programs to Improve Minority Health Grant Program		Pathways for Emerging Healthcare Leaders	University of Cincinnati	009908-002		CPIMP151094	93.137	0	6,428	6,428					
						Community Programs to Improve Minority Health Grant Program Total							0	6,428	6,428
Dept of Health and Human Serv Total							15,183,930	115,252,006	130,435,936						
Dept of Housing and Urban Dev	Healthy Homes Technical Studies Grants	Efficiency of HEPA Air Purification in Reducing Traffic-	University of Cincinnati	009627-002		OHHHU0027	14.906	0	33,552	33,552					
						Healthy Homes Technical Studies Grants Total							0	33,552	33,552
						Dept of Housing and Urban Dev Total							0	33,552	33,552

See Notes to Schedule of Expenditures of Federal Awards.

(Continued)

Children's Hospital Medical Center and Affiliates
Supplementary Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp	
Department of Veterans Affairs	Consulting Services	Department of Veterans Affairs VISN10 539-11 (VA PI:Rieg Department of Veterans Affairs VISN10 539-11 (VA PI:Rieg Consulting Services for Assessing and Documenting VA Tra	University of Cincinnati	008612-002 (007974)		VA250-14-P-1649	64.033	0	(8,523)	(8,523)	
						VA250-15-P-1091	64.033	0	23,271	23,271	
						VA250-13-C-0058	64.033	0	(1,267)	(1,267)	
								0	13,481	13,481	
					Consulting Services Total						
					Dept of Veterans Affairs Total		0	13,481	13,481		
Office of Personnel Management	Intergovernmental Personnel Act (IPA) Mobility Program	CDC IPA - Brad Kurowski VAMC IPA - Sara Lazaro VAMC IPA - Albert Magnusen VAMC IPA - Diana Taft VAMC IPA - Matthew Weirauch				IPA_Kurowski	27.011	0	25,873	25,873	
						IPA_Lazaro	27.011	0	49,549	49,549	
						IPA_Magnusen	27.011	0	63,598	63,598	
						IPA_Taft	27.011	0	45,017	45,017	
						IPA_Weirauch	27.011	0	5,231	5,231	
								0	189,269	189,269	
					Intergovernmental Personnel Act (IPA) Mobility Program Total		0	189,269	189,269		
					Office of Personnel Management Total		0	189,269	189,269		
Nat'l Aeronautics & Space Admin	Exploration	Acute and long term outcomes of simulated deep space rad				NNX13AO47G	43.003	0	245,207	245,207	
								0	245,207	245,207	
	Space Operations	RNA Deep Sequencing and Metabolomic Profiling of Microgr	Arizona State University	14-380			NNX13AM01G	43.007	0	25,970	25,970
									0	25,970	25,970
					Natl Aeronautics & Space Admin Total		0	271,176	271,176		
					Centers for Homeland Security Total		0	5,071	5,071		
					Dept of Homeland Security Total		0	5,071	5,071		
Dept of Homeland Security	Centers for Homeland Security	National Center for Food Protection and Defense	University of Minnesota	P004544803		2010-ST-061-FD0001	97.061	0	5,071	5,071	
								0	5,071	5,071	
								0	5,071	5,071	
								0	5,071	5,071	
					Centers for Homeland Security Total		0	5,071	5,071		
					Dept of Homeland Security Total		0	5,071	5,071		
EPA / Office of Water	Wetland Prog. Grants - State/Tribal Environmental Outcome Wetland Demonstration Prog.	Hospital Discharge Practices and Contaminants of Emergin	American Water Works Company, Inc.	4616		Project 4616	66.479	0	7,226	7,226	
								0	7,226	7,226	
								0	7,226	7,226	
								0	7,226	7,226	
					Wetland Progr. Grants-State/Tribal Environm. Outcome Wetland Demo Program Total		0	7,226	7,226		
					EPA / Office of Water Total		0	7,226	7,226		
		Drug and Poison Control				93.959	0	213,124	213,124		
					Grand Total		0	213,124	213,124		
							\$ 15,205,759	\$ 117,781,830	\$ 132,987,589		

See Notes to Schedule of Expenditures of Federal Awards.

(Concluded)

CHILDREN'S HOSPITAL MEDICAL CENTER AND AFFILIATES

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

1. SCOPE OF AUDIT

All federal grant operations of Cincinnati Children's are included in the scope of Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Single audits under the Uniform Guidance are performed in accordance with the provisions of the Office of Management and Budget (OMB)'s Compliance Supplement for Single Audits of Higher Learning Institutions and other Non-Profit Institutions (the "Compliance Supplement"). The Department of Health and Human Services has been designated as Cincinnati Children's cognizant agency for the single audit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying Supplementary Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Cincinnati Children's under programs of the federal government for the year ended June 30, 2016, and is presented on the accrual basis of accounting. This is consistent with the basis of accounting used in the preparation of the basic consolidated financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Cincinnati Children's, it is not intended to and does not present the financial position, changes in net assets or cash flows of Cincinnati Children's. Cincinnati Children's did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Net Asset Balances — Negative amounts represent grants with deficit balances which were closed during fiscal 2016.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Children's Hospital Medical Center and Affiliates
Cincinnati, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated balance sheets as of June 30, 2016, and the related consolidated statements of operations and changes in net assets and of cash flows for the years then ended, and the related notes to the consolidated financial statements which collectively comprise Children's Hospital Medical Center and Affiliates ("Cincinnati Children's") basic consolidated financial statements and have issued our report thereon dated October 17, 2016, except for Note 12, as to which the date is January 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Cincinnati Children's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cincinnati Children's internal control. Accordingly, we do not express an opinion on the effectiveness of Cincinnati Children's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cincinnati Children's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cincinnati Children's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cincinnati Children's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

October 17, 2016, Except for Note 12, as to which the date is January 27, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Children's Hospital Medical Center and Affiliates
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

We have audited Children's Hospital Medical Center and Affiliates ("Cincinnati Children's") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of Cincinnati Children's major federal programs for the year ended June 30, 2016. Cincinnati Children's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cincinnati Children's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cincinnati Children's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cincinnati Children's compliance.

Opinion on Each Major Federal Program

In our opinion, Cincinnati Children's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Cincinnati Children's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cincinnati Children's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cincinnati Children's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Cincinnati Children's as of and for the year ended June 30, 2016, and have issued our report thereon dated October 17, 2016, except for Note 12, as to which the date is January 27, 2017, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The

accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

October 17, 2016, Except for Note 12, as to which the date is January 27, 2017

CHILDREN'S HOSPITAL MEDICAL CENTER AND AFFILIATES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 2016**

PART II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None

PART III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None