

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, 2018

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 and Affiliates"), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, 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.

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, 2018 and 2017, 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 22, 2018 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 22, 2018

Children's Hospital Medical Center and Affiliates

Consolidated Balance Sheets June 30, 2018 and 2017 (dollars in thousands)

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 179,077	\$ 143,004
Marketable securities	879,659	847,810
Cash, cash equivalents and marketable securities	<u>1,058,736</u>	<u>990,814</u>
Patient receivables, net of allowances of \$77,468 in 2018 and \$79,162 in 2017	337,139	346,748
Other receivables, net	146,360	139,769
Inventories and prepaid expenses	44,902	41,854
Total current assets	<u>1,587,137</u>	<u>1,519,185</u>
ASSETS LIMITED AS TO USE - Funds in trust	9,632	11,395
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,188,506	1,164,232
PENSION BENEFIT ASSET (Note 9)	36,275	-
OTHER LONG-TERM ASSETS	52,931	58,839
INTEREST IN NET ASSETS OF SUPPORTING ORGANIZATIONS (Note 1(b))	<u>2,837,381</u>	<u>2,447,554</u>
Total assets	<u>\$5,711,862</u>	<u>\$5,201,205</u>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 300,177	\$ 253,322
Current portion of long-term debt and capital lease obligations	23,858	36,255
Commercial paper (Note 8)	100,000	-
Bonds payable subject to remarketing, net (Note 8)	106,445	-
Total current liabilities	<u>530,480</u>	<u>289,577</u>
ACCRUED PENSION BENEFIT LIABILITY (Note 9)	-	193,078
SELF-INSURANCE RESERVES	40,777	40,133
LONG-TERM DEBT:		
Tax-exempt bonds payable	194,687	321,831
Taxable bonds payable	396,816	396,635
Notes payable	77,340	72,584
Capital lease obligations	6,536	4,006
OTHER LONG-TERM LIABILITIES	<u>19,947</u>	<u>20,390</u>
Total liabilities	<u>1,266,583</u>	<u>1,338,234</u>
COMMITMENTS AND CONTINGENCIES (Notes 6 and 10)	-	-
NET ASSETS:		
Unrestricted	1,444,444	1,271,934
Temporarily restricted	1,335,182	1,105,023
Permanently restricted (Note 1(b))	1,665,653	1,486,014
Total net assets	<u>4,445,279</u>	<u>3,862,971</u>
Total liabilities and net assets	<u>\$5,711,862</u>	<u>\$5,201,205</u>

See accompanying notes to consolidated financial statements.

Children's Hospital Medical Center and Affiliates

Consolidated Statements of Operations and Changes in Net Assets For the Years Ended June 30, 2018 and 2017 (dollars in thousands)

	<u>2018</u>	<u>2017</u>
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT:		
Net hospital patient service revenue	\$1,676,732	\$1,602,561
Provision for bad debt	(16,922)	(14,763)
Net hospital patient service revenue less provision for bad debts	<u>1,659,810</u>	<u>1,587,798</u>
Capitation revenue	9,040	25,798
Net professional services revenue	322,862	305,453
Net assets released from restriction used for operations-		
Grant revenue	180,959	171,766
Other restricted net assets used to support operations	84,824	78,544
Investment income	16,972	21,188
Other revenue	<u>133,374</u>	<u>129,761</u>
Total unrestricted revenues, gains and other support	<u>2,407,841</u>	<u>2,320,308</u>
EXPENSES:		
Salaries	1,125,097	1,093,470
Employee benefits	303,130	297,491
Supplies, drugs and other	417,328	353,808
Purchased services	218,141	219,637
Depreciation	129,410	127,399
Utilities	18,986	20,291
Interest	27,510	27,032
Enabling expenses (Note 1(o))	20,329	-
Total expenses	<u>2,259,931</u>	<u>2,139,128</u>
Excess of revenues over expenses	147,910	181,180
OTHER CHANGES IN UNRESTRICTED NET ASSETS:		
Receipts from supporting organizations (Notes 1(b))	3,086	3,357
Net assets released from restrictions used for purchase of property and equipment	<u>502</u>	<u>1,118</u>
Increase in unrestricted net assets before transfers to supporting organizations and pension and post-retirement health liability adjustment	151,498	185,655
Transfers to supporting organizations (Note 1(b))	(101,000)	(68,400)
Pension and post-retirement health liability adjustment (Note 9)	<u>122,012</u>	<u>118,472</u>
Increase in unrestricted net assets	<u>\$ 172,510</u>	<u>\$ 235,727</u>

(Continued on next page)

Children's Hospital Medical Center and Affiliates

Consolidated Statements of Operations and Changes in Net Assets For the Years Ended June 30, 2018 and 2017 (dollars in thousands)

	<u>2018</u>	<u>2017</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and investment income-		
Grant receipts	\$ 181,368	\$ 172,195
Gifts, contributions and other income	103,846	82,750
Income transfers from permanently restricted net assets	88	53
	<u>285,302</u>	<u>254,998</u>
Net assets released from restriction-		
Grant expenditures	(180,959)	(171,766)
Restricted net assets used to support operations	(84,824)	(78,544)
Restricted net assets used for purchase of property and equipment	(502)	(1,118)
	<u>(266,285)</u>	<u>(251,428)</u>
Gain in interest in net assets of supporting organizations (Note 1(b))	211,142	945,895
Increase in temporarily restricted net assets	<u>230,159</u>	<u>949,465</u>
PERMANENTLY RESTRICTED NET ASSETS:		
Investment income	88	53
Income transfers based on donor stipulations	(88)	(53)
Gifts and contributions	954	916
Gain in interest in net assets of supporting organizations	178,685	124,204
Increase in permanently restricted net assets	<u>179,639</u>	<u>125,120</u>
INCREASE IN NET ASSETS	582,308	1,310,312
NET ASSETS, beginning of year	<u>3,862,971</u>	<u>2,552,659</u>
NET ASSETS, end of year	<u>\$4,445,279</u>	<u>\$3,862,971</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, 2018 and 2017 (dollars in thousands)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 582,308	\$ 1,310,312
Adjustments to reconcile increase in net assets to net cash provided by operating activities-		
Depreciation and amortization	127,374	126,782
Loss on disposal of property and equipment	4,299	2,624
Impairment of land	244	4,404
Proceeds from sale of donated securities	3,953	2,277
Receipts from supporting organizations	(3,086)	(3,357)
Contributions to supporting organizations	101,000	68,400
Contributions restricted for purchase of property and equipment	(502)	(1,118)
Gain in interest in net assets of supporting organizations	(389,827)	(1,070,099)
Unrealized and realized losses on marketable securities, net	12,565	2,446
(Decrease) Increase in allowances on receivables	(1,694)	2,804
Decrease (increase) in receivables	4,712	(5,014)
Decrease (increase) in inventories and prepaid expenses and other assets	2,860	(4,225)
Increase in pension benefit asset	(36,275)	-
Increase in accounts payable and accrued expenses	25,658	8,130
Decrease in accrued pension liability	(193,078)	(228,617)
Increase in self-insurance reserves and other long-term liabilities	201	2,644
Net cash provided by operating activities	<u>240,712</u>	<u>218,393</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property and equipment	(130,705)	(122,980)
Receipts from sale of fixed assets	41	-
Purchases of marketable securities	(3,133,045)	(3,023,710)
Sales and maturities of marketable securities	3,083,103	2,894,200
Cash withdrawn from funds in trust	244,311	108,388
Cash invested in funds in trust	(242,549)	(108,837)
Net cash used in investing activities	<u>(178,844)</u>	<u>(252,939)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of bonds and notes payable	112,837	189,733
Issuance of commercial paper	100,000	-
Repayment of bonds and notes payable	(141,220)	(97,171)
Contributions restricted for purchase of property and equipment	502	1,118
Receipts from supporting organizations	3,086	3,357
Contributions to supporting organizations	(101,000)	(68,400)
Net cash (used in) provided by financing activities	<u>(25,795)</u>	<u>28,637</u>
Net increase (decrease) in cash and cash equivalents	36,073	(5,909)
CASH AND CASH EQUIVALENTS, beginning of year	<u>143,004</u>	<u>148,913</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 179,077</u>	<u>\$ 143,004</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Capital expenditures in accounts payable and accrued expenses	\$ 33,463	\$ 12,266
Acquisition of property through capital leases	\$ 4,451	\$ -

See accompanying notes to consolidated financial statements.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017, 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), Burnet Ave LLC (Burnet), TSHCH LLC (TSHCH), DTPM2 LLC, BACE, and Avondale Rentals, which are under common management, are included in the accompanying consolidated financial statements and are collectively referred to as Cincinnati Children's. 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. Burnet, TSHCH, DTPM2 LLC, BACE and Avondale Rentals are wholly-owned subsidiaries of Cincinnati Children's whose purpose is to hold land.

Supporting Organizations – The Children's Hospital (TCH) and Convalescent Hospital for Children and Orphan Asylum (CHCOA) are both Ohio not-for-profit corporations that 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. Additionally, effective July 1, 2016, TCH amended its purpose clause to specify the support of Cincinnati Children's as its sole purpose. After this amendment, Unrestricted Net Assets of TCH are recorded in Cincinnati Children's consolidated financial statements as an increase in Interest in Net Assets of Supporting Organizations and an increase in Temporarily Restricted Net Assets. The impact of the amendment as of July 1, 2016, was to increase Interest in Net Assets of Supporting Organizations and a gain in Interest in Net Assets of Supporting Organizations of \$776,504.

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. Changes in the fair value of Interest in Net Assets of Supporting Organizations are recorded as a Gain in Interest in Net Assets of Supporting Organizations in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

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.

Children's Hospital Medical Center and Affiliates

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For the Years Ended June 30, 2018 and 2017, respectively (dollars in thousands)

- (b) 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, 2018, TCH had outstanding revocable pledges of \$250,000. All outstanding pledges of principal support are revocable at the discretion of TCH's Board of Trustees. As a result, such revocable pledges are not recorded as receivables in the accompanying consolidated financial statements.

The following table details transfers between Cincinnati Children's and Supporting Organizations in the Consolidated Statement of Operations and Changes in Net Assets:

	<u>2018</u>	<u>2017</u>
Temporarily Restricted Transfers included in Gifts, contributions and other income:		
Cincinnati Children's from TCH (1)	\$ 77,612	\$ 59,189
Cincinnati Children's from CHCOA	3,474	3,283
Total	<u>81,086</u>	<u>62,472</u>
Unrestricted Net Asset Transfers included in Receipts from (Transfers to) Supporting Organizations:		
Cincinnati Children's from TCH	3,086	3,357
Cincinnati Children's to TCH (2)	(101,000)	(68,400)
Total	<u>(97,914)</u>	<u>(65,043)</u>
Receivables at June 30		
Cincinnati Children's from TCH (3)	10,746	10,609
Cincinnati Children's from CHCOA (4)	-	1,542
Total	<u>\$ 10,746</u>	<u>\$ 12,151</u>

- (1) \$10,000 of this transfer was made in support of surgical programs.
- (2) The purpose of this transfer was to establish funds designated to support divisional activities and strategic priorities.
- (3) \$10,587 of this receivable relates to an expected payment upon the maturity of a life insurance policy.
- (4) The receivable was an irrevocable pledge in support of the renovation of the College Hill facility.
- (c) Concentration of Patient Accounts Receivable and Revenue and Revenue Recognition – In both fiscal years 2018 and 2017, respectively, substantially all of net hospital patient service revenue is derived from third-party payment programs (Medicaid, insurance companies and various managed care agreements).

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017, respectively (dollars in thousands)

The following details the percentage of net hospital patient service revenue by payer category for the fiscal years ended June 30, 2018 and 2017:

	2018		2017	
	Gross	Net	Gross	Net
Commercial insurers	1%	2%	1%	2%
Managed care	46%	66%	44%	64%
Government (HMO and third party)	46%	25%	47%	26%
International	3%	4%	4%	5%
Specialty contracts	3%	3%	3%	3%
Self-pay	1%	-	1%	-

The following details the percentage of accounts receivable by payer category as of June 30, 2018 and 2017:

	2018	2017
Commercial insurers	2%	2%
Managed care	49%	43%
Government (HMO and third party)	30%	29%
International	12%	18%
Specialty contracts	5%	7%
Self-pay	2%	1%

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 financial assistance policy). On the basis of historical experience, a significant portion of Cincinnati Children's uninsured patients will be 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 26%, respectively, of Cincinnati Children's net hospital patient service revenue for the fiscal years ended June 30, 2018 and 2017, 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 adjustments could occur and recorded estimates could change a material amount upon settlement of open cost reports. At June 30, 2018, Cincinnati Children's has settled all Medicaid cost reports through 2013 and all Medicare cost reports through 2016.

Children's Hospital Medical Center and Affiliates

Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017, respectively (dollars in thousands)

The following table reconciles gross patient service revenue to net hospital patient service revenue for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Charges at established rates	\$3,075,077	\$2,896,211
Deductions:		
Discounts on commercial contractals	(373,274)	(353,663)
Write-downs related to services to the underserved: Including Medicaid and governmental contractuals, charity care and other uncollectible self-pay write-offs	<u>(1,058,419)</u>	<u>(978,383)</u>
	1,643,384	1,564,165
Tax Levy Program	4,465	4,700
Care Assurance Program	28,883	33,696
Net Hospital Patient Service Revenue	<u>\$1,676,732</u>	<u>\$1,602,561</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 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 25.7% and 22.5% of self-pay accounts receivable at June 30, 2018 and 2017. In addition, Cincinnati Children's bad debt write-offs (before recoveries) totaled approximately \$30,102 and \$27,912 for the years ended June 30, 2018 and 2017, 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 due to bad debt. Instead, Cincinnati Children's allowance is primarily comprised of contractual write-offs for third party payers in order to appropriately reduce receivables to net realizable value.

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A summary of activity in Cincinnati Children's provision for doubtful accounts for the year ended June 30, 2018 and 2017 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, 2018	\$10,662	\$19,250	\$(16,922)	\$12,990
Year Ended June 30, 2017	\$12,684	\$12,740	\$(14,762)	\$10,662

The Consolidated Balance Sheet also includes \$64,478 and \$68,500 of contractual reserves related to net patient receivables as of June 30, 2018 and 2017.

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

- (d) Capitation Revenue – Prior to October 1, 2017, Cincinnati Children's had agreements with two Ohio Medicaid managed care companies, covering approximately 31,900 children to provide for reimbursement under a variable capitation methodology for hospital services. Under these two contracts, all physician and home care services were to be reimbursed based on provider fee schedules. The hospital services were 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 received fixed payments to perform the required medical management, care management and care coordination functions. Medicaid managed care organizations retained risk for payments to providers.

Effective October 1, 2017, Cincinnati Children's renegotiated both contracts providing variable capitation payments to change the reimbursement methodology to be consistent with traditional Medicaid reimbursement.

- (e) 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.
- (f) Graduate Medical Education – Cincinnati Children's receives Federal graduate medical education funding, which has resulted in other revenue of \$10,651 and \$10,658 recognized in the accompanying consolidated financial statements for the years ended June 30, 2018 and 2017, respectively.

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For the Years Ended June 30, 2018 and 2017, respectively (dollars in thousands)

- (g) 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. Burnet, TSHCH, DTPM2 LLC, BACE, and Avondale Rentals 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, 2018 and 2017.

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 years 2018 and 2017.

Fiscal years 2015 through 2018 are subject to examination by both the Federal and State tax jurisdictions.

- (h) 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 financial institution.
- (i) Inventories – Inventories consist primarily of medical supplies and pharmaceuticals and are valued on an average cost method.
- (j) 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, 2018 and 2017, Cincinnati Children's marketable securities included 26% and 31% in U.S. Treasury securities, respectively.

- (k) Assets Limited As To Use – Assets limited as to use include funds in trust (Note 4) and 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.
- (l) Investment Income – The following details the components of investment income on marketable securities and funds in trust for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest income	\$29,537	\$23,634
Unrealized and realized losses, net	(12,565)	(2,446)
Investment income	<u>\$16,972</u>	<u>\$21,188</u>

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- (m) 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 years 2018 and 2017, Cincinnati Children's recorded losses of \$244 and \$4,404, 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.

- (n) 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 years 2018 and 2017, Cincinnati Children's capitalized \$1,138 and \$420 of interest related to construction in progress, respectfully. Total cash paid for interest was approximately \$28,836 and \$27,029 and in fiscal years 2018 and 2017, respectively.

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

- (o) Enabling Expenses – During fiscal year 2018, Cincinnati Children's began construction of a 633,000 square foot clinical building. Enabling expenses are reimbursements to third parties for costs incurred, such as to move existing utilities and roadwork, to allow for construction of the building to commence. The costs do not qualify for capitalization.
- (p) 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 \$159,780 and \$140,744 at June 30, 2018 and 2017, 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, deferred gift programs, or life insurance contracts where the restriction is a time restriction tied to the life expectancy of the donor or unrestricted assets that are subject to Board discretion on utilization at Cincinnati Children's. The amount of temporarily restricted net assets held at supporting organizations was \$1,175,402 and \$964,279 at June 30, 2018 and 2017, respectively.

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- (q) 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. Permanently restricted net assets held at Cincinnati Children's with expendable investment income restricted by donors was \$3,673 and \$2,719 at June 30, 2018 and 2017, respectively. The assets underlying such permanently restricted net assets held at Cincinnati Children's are primarily equity securities.

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 \$1,661,980 and \$1,483,295 at June 30, 2018 and 2017, respectively. The assets underlying Cincinnati Children's permanently restricted net assets held by supporting organizations have been invested primarily in equity securities.

As of June 30, 2018 and 2017, permanently restricted net assets consisted of the following amounts with expendable investment income restricted by donors to be used for the following purposes:

	<u>2018</u>	<u>2017</u>
Research activities	\$1,578,817	\$1,407,224
Clinical activities	86,836	78,790
	<u>\$1,665,653</u>	<u>\$1,486,014</u>

- (r) 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).
- (s) 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.
- (t) 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, 2017, and early adoption is permitted. 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 believes the most significant

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impact of adopting the new standard (and all related amendments) will be to the presentation of our income statement where the provision for doubtful accounts will be recorded as a direct reduction to revenues and will not be presented as a separate line item. We expect to adopt the new standard in fiscal 2019 using the full retrospective application, and we do not believe the adoption will have a significant impact on our recognition of net revenues or related disclosures for any period.

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. In July 2018, ASU 2016-02 was amended by ASU 2018-11. The amendment allows an optional transition method in which entities may recognize a cumulate-effect adjustment to the opening balance of retained earnings in the period of adoption and has the same effective date as ASU 2016-02. Management is currently evaluating the impact of ASU 2016-02 and ASU 2018-11 on the consolidated financial statements and related disclosures.

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 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 believes the most significant impacts of adopting ASU 2016-14 will be related to presentation of net assets and expanded disclosures.

In November 2016, the FASB issued ASU 2016-18 "Statement of Cash Flows (Topic 230): Restricted Cash" to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018 with retrospective transition, and early adoption is permitted. Management does not believe the impact of ASU 2016-18 will be significant to the consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07 "Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." The amendment requires the service cost component of net benefit cost to be presented with other employee compensation costs in operating income. The other components of net benefit cost will be reported separately outside of operations. The ASU will be effective for fiscal years beginning after December 15, 2018, with application applied retrospectively; early adoption is permitted. Management does not believe the impact of ASU 2017-07 will be significant to the consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08 "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The amendment clarifies and enhances current guidance about whether a transfer of assets is a contribution or an exchange transaction. In addition, the amendment clarifies how an entity

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determines whether a resource provider is participating in an exchange transaction and improves the framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU will be effective for fiscal years beginning after December 15, 2018 with modified prospective application for agreements not completed as of the effective date or entered into after the effective date, and early adoption is permitted. The impact of ASU 2018-08 is not significant to the consolidated financial statements, and management has elected to adopt the ASU as of July 1, 2018.

(2) 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, 2018.

	Level 1	Level 2	Level 3	Total
Marketable Securities:				
U.S. Government and agency securities	\$ -	\$349,687	\$ -	\$349,687
Foreign bonds	-	44,321	-	44,321
Municipal bonds	-	3,133	-	3,133
Common stock	95,201	-	-	95,201
Corporate obligations	-	327,606	-	327,606
	<u>95,201</u>	<u>724,747</u>	<u>-</u>	<u>819,948</u>
Assets Limited As To Use:				
Money market mutual funds	3,576	-	-	3,576
Common stock	6,056	-	-	6,056
	<u>9,632</u>	<u>-</u>	<u>-</u>	<u>9,632</u>
Deferred Compensation Plans (included in Other Long-term Assets):				
Common stock	5,063	-	-	5,063
Mutual Funds:				
Money Market	235	-	-	235
Equity	1,522	-	-	1,522
International Equity	829	-	-	829
Bond	848	-	-	848
Lifecycle	4,365	-	-	4,365
Real Estate	3	-	-	3
Variable Annuities:				
Bond	-	22	-	22
Equity	-	95	-	95
International Equity	-	21	-	21
Money Market	-	6	-	6
Guaranteed Insurance Contract	-	-	3,076	3,076
	<u>12,865</u>	<u>144</u>	<u>3,076</u>	<u>16,085</u>
Total assets measured in the fair value hierarchy	117,698	724,981	3,076	845,665
Investments measured at net asset value¹:				
Full Discretion Fixed Income Fixed Income Investment Partnership				39,569
High yield corporate obligations				19,976
				<u>166</u>
Total assets at fair value	<u>\$117,698</u>	<u>\$724,891</u>	<u>\$ 3,076</u>	<u>\$905,376</u>

¹ Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

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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, 2017.

	Level 1	Level 2	Level 3	Total
Marketable Securities:				
U.S. Government and agency securities	\$ -	\$378,275	\$ -	\$ 378,275
Foreign bonds	-	36,924	-	36,924
Municipal bonds	-	3,726	-	3,726
Common stock	81,031	-	-	81,031
Corporate obligations	-	343,300	-	343,300
	<u>81,031</u>	<u>762,225</u>	<u>-</u>	<u>843,256</u>
Assets Limited As To Use:				
Money market mutual funds	8,956	-	-	8,956
Common stock	2,439	-	-	2,439
	<u>11,395</u>	<u>-</u>	<u>-</u>	<u>11,395</u>
Deferred Compensation Plans (included in Other Long-term Assets):				
Cash	2,577	-	-	2,577
Common stock	4,127	-	-	4,127
Mutual Funds:				
Money Market	84	-	-	84
Equity	1,319	-	-	1,319
International Equity	1,183	-	-	1,183
Bond	810	-	-	810
Lifecycle	2,840	-	-	2,840
Real Estate	79	-	-	79
Variable Annuities:				
Bond	-	22	-	22
Equity	-	66	-	66
International Equity	-	29	-	29
Money Market	-	6	-	6
Guaranteed Insurance Contract	-	-	2,753	2,753
	<u>13,019</u>	<u>123</u>	<u>2,753</u>	<u>15,895</u>
Total assets measured in the fair value hierarchy	105,445	762,348	2,753	870,546
Investments measured at net asset value¹:				
High yield corporate obligations				4,554
Total assets at fair value	<u>\$ 105,445</u>	<u>\$ 762,348</u>	<u>\$ 2,753</u>	<u>\$ 875,100</u>

¹ Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

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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.

Cincinnati Children's primarily bases fair value for investments in fixed income securities, including U.S. 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.

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. The High Yield Corporate Obligations is measured at fair value using the net asset value per share practical expedient.

Cincinnati Children's investment in Full Discretion Fixed Income is an investment in a limited liability company whose investment objective is to invest in marketable and non-marketable securities with issue and industry diversification. As set forth in the LLC agreement, the LLC will dissolve on May 22, 2047, but may dissolve earlier under certain conditions. Any Investing Member may elect to withdraw, in whole or in part from the LLC if the Member notifies of intent to withdraw sixty calendar days in advance and if the Member withdraw will not adversely affect the Company. The Full Discretion Fixed Income is measured at fair value using the net asset value per share practical expedient.

Cincinnati Children's is invested in a Fixed Income investment partnership measured at net asset value. The investment objective is to provide for a balance of preservation of assets and growth in principle. The investment in an investment partnership is generally associated with liquidation restrictions that are semi-monthly. As set forth in the participation agreement, Cincinnati Children's or the investment advisor may terminate the agreement without penalty upon thirty days' written notice to either party. The Corporation has \$19,976 of investments in a fund with semi-monthly liquidity.

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.

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

	<u>2018</u>	<u>2017</u>
Balance Beginning of Year	\$2,753	\$2,321
Purchases	905	1,250
Unrealized gains	49	40
Sales	<u>(631)</u>	<u>(858)</u>
Balance at June 30,	<u>\$3,076</u>	<u>\$2,753</u>
The amount of total gains 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,	<u>\$49</u>	<u>\$40</u>

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, 2018 and 2017, there were no material transfers in or out of Levels 1, 2 or 3.

(3) 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 Cincinnati Children's 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, 2018 and 2017:

2018			
CHARGES	Hospital	Physician	Total
Charges under Medicaid and other entitlement programs	\$1,437,141	\$342,588	\$1,779,729
Charity care not eligible for Medicaid assistance, at established charges	28,345	1,096	29,441
Other uncollectible self-pay, at established charges	16,922	8,253	25,175
Total Medicaid, charity care and other uncollectible self-pay charges	<u>\$1,482,408</u>	<u>\$351,937</u>	<u>\$1,834,345</u>
COSTS/LOSSES			
Estimated costs to provide uncompensated care	\$ 643,742	\$134,283	\$ 778,025
Reimbursement from Medicaid programs	(436,829)	(40,787)	(477,616)
Losses on the provision of uncompensated care	(206,913)	(93,496)	(300,409)
Funds received from HCAP and tax levy	33,348	-	33,348
Losses on provision of uncompensated care net of HCAP and tax levy	<u>\$ (173,565)</u>	<u>\$ (93,496)</u>	<u>\$ (267,061)</u>
2017			
CHARGES	Hospital	Physician	Total
Charges under Medicaid and other entitlement programs	\$1,338,432	\$298,360	\$1,636,792
Charity care not eligible for Medicaid assistance, at established charges	24,311	1,792	26,103
Other uncollectible self-pay, at established charges	14,763	6,904	21,667
Total Medicaid, charity care and other uncollectible self-pay charges	<u>\$1,377,506</u>	<u>\$307,056</u>	<u>\$1,684,562</u>
COSTS/LOSSES			
Estimated costs to provide uncompensated care	\$ 604,495	\$126,507	\$ 731,002
Reimbursement from Medicaid programs	(426,738)	(35,678)	(462,416)
Losses on the provision of uncompensated care	(177,757)	(90,829)	(268,586)
Funds received from HCAP and tax levy	38,396	-	38,396
Losses on provision of uncompensated care net of HCAP and tax levy	<u>\$ (139,361)</u>	<u>\$ (90,829)</u>	<u>\$ (230,190)</u>

The 2018 and 2017 cost amounts reflected in the tables above are calculated using cost to charge ratios calculated from prior year cost reports because 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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(4) 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,	
	2018	2017
Self-insurance Funds-		
Professional liability (A)	\$ 160	\$ 160
Employee health and workers' compensation (B)	140	140
Health Network Escrow (C)	-	3,549
Bond interest escrow funds (D)	5,659	4,827
Endowment funds held at Cincinnati Children's (E)	3,673	2,719
	<u>\$9,632</u>	<u>\$11,395</u>

- (A) Cincinnati Children's has established an irrevocable trust fund for the payment of professional liability claim settlements. See Note 6 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 maintained 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 as non-Cincinnati Children's providers. The fund was liquidated in fiscal year 2018 as part of the renegotiation of the variable capitation agreements.
- (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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(5) Property and Equipment –

Property and equipment consists of the following:

	June 30,	
	2018	2017
Land	\$ 38,811	\$ 37,935
Land improvements	32,262	30,252
Buildings and building improvements	1,550,394	1,491,758
Equipment	693,030	670,924
Construction in progress	64,533	46,781
	<u>2,379,030</u>	<u>2,277,650</u>
Accumulated depreciation	(1,190,524)	(1,113,418)
Property and equipment, net	<u>\$1,188,506</u>	<u>\$1,164,232</u>

(6) Professional Liability –

Cincinnati Children'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 \$10,000 (\$25,000 in aggregate). Cincinnati Children's annually purchases 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 \$41,062 and \$40,373 for 2018 and 2017, respectively, has been accrued in the accompanying Consolidated Balance Sheets. Accrued healthcare professional liability losses have been discounted at a rate of 4% at June 30, 2018 and 2017, respectively. The costs of Cincinnati Children'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 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 \$23,747 and \$6,874 for fiscal years 2018 and 2017, respectively.

(7) Capital Lease Obligations –

Cincinnati Children's leases certain equipment under capital leases. The aggregate future minimum lease payments total \$8,924, with \$2,388 due in fiscal year 2019. In fiscal year 2018, Cincinnati Children's entered into one new capital lease for certain equipment. Cincinnati Children's did not enter into any new capital leases in fiscal year 2017.

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(8) Debt –

Debt at June 30, 2018 and 2017 is summarized as follows:

	<u>2018</u>	<u>2017</u>
Series 2018BB commercial paper, variable interest (1.99% to 2.07% at June 30, 2018), taxable	\$100,000	\$ -
Bonds payable:		
Series 2002, variable interest, due through 2028	-	16,078
Series 2009, 4.20% due through 2019	2,992	5,985
Series 2010, 2.27% due through 2020	5,987	8,980
Series 2011, 2.18% due through 2022	31,570	38,545
Series 2014S, 3.0% to 5.0% due through 2034, net of unamortized premium of \$5,335 in 2018 and \$6,453 in 2017	110,439	115,223
Series 2014T, 4.268% due 2044, taxable	297,517	297,422
Series 2016U, variable interest due through 2026	-	45,950
Series 2016V, variable interest due through 2037	-	30,615
Series 2016W, variable interest due through 2036	-	19,045
Series 2016X, 5.00%, due through 2032, net of unamortized premium of \$11,063 in 2018 and \$11,791 in 2017	62,124	62,810
Series 2016Y, 2.853% due 2026, taxable	99,299	99,213
Series 2018Z*, variable interest (1.49% at June 30, 2018), due through 2037	41,823	-
Series 2018AA*, variable interest (1.58% at June 30, 2018), due through 2037	64,622	-
Notes Payable:		
Term Note Payable, 2.20% due through 2022	21,000	30,000
Note Payable on Vernon Manor Property I, interest at 6.755%	22,707	23,518
Note Payable on Vernon Manor Property II, interest at 0.898%	36,678	31,461
Total	<u>896,758</u>	<u>824,845</u>
Less:		
Current portion of bonds and notes payable	(21,470)	(33,796)
Commercial paper notes	(100,000)	-
Bonds payable subject to remarketing, net	(106,445)	-
Bonds payable and notes payable - long-term	<u>\$668,843</u>	<u>\$791,049</u>

*Denotes variable rate bonds subject to remarketing agreements

- (a) Bonds Payable – Cincinnati Children's has pledged their gross revenues, as defined, to secure the payment of Series 2009, 2010, 2011, 2014S, 2014T, 2016X, 2016Y, 2018Z, and 2018AA bonds. Cincinnati Children's is bound by certain financial covenants included in the bond indentures, direct placement agreements, and related agreements. Among other restrictions is a requirement to maintain a minimum Debt Service Coverage Ratio, as defined in the agreement.

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In February 2018, Cincinnati Children's issued 2018Z and 2018AA tax-exempt bonds that mature in fiscal year 2037. The obligations are subject to mandatory tender purchase seven days after notice from bondholders and may be remarketed. If the bonds are not remarketed, Cincinnati Children's must repay the bonds. The 2018Z and 2018AA bonds are classified as current liabilities in bonds payable subject to remarketing, net in the accompanying Consolidated Balance Sheets. The interest rates on the 2018Z and 2018AA variable rate bonds are reset weekly by a rate-setting agent.

- (b) Commercial Paper – In February 2018, Cincinnati Children's issued Series 2018BB taxable commercial paper in the original aggregate principal amount of \$100,000 and outstanding at any one time in a principal amount not to exceed \$100,000. The Notes shall mature no later than May 15, 2048. The commercial paper notes have a maximum maturity period of 270 days and are resold at maturity. In the event the notes have not been resold, Cincinnati Children's must repay the notes. The 2018BB commercial paper is classified as current liabilities in the accompanying Consolidated Balance Sheets. The interest rates on the 2018BB commercial paper are reset with each remarketing by a rate-setting agent.
- (c) Early Extinguishment of Bonds Payable – In December 2016, Cincinnati Children's refinanced \$63,075 of the outstanding 2006 tax-exempt bonds with a \$51,690 tax-exempt bond offering (2016X), with a premium recorded of \$12,266. The obligations bear interest at a fixed rate of 5% and mature in fiscal year 2032. As part of the refunding, Cincinnati Children's recorded a \$645 loss on early extinguishment of tax-exempt bonds payable in fiscal year 2017.

In February 2018, Cincinnati Children's refinanced \$107,160 of the outstanding 2002, 2016U, 2016V and 2016W tax-exempt bonds with a \$42,160 tax-exempt bond offering (2018Z) and a \$65,000 tax-exempt bond offering (2018AA). The 2018Z and 2018AA obligations bear interest at a variable rate and mature in fiscal year 2037. As part of the refunding, Cincinnati Children's recorded a \$97 loss on early extinguishment of tax-exempt bonds payable in fiscal year 2018.

- (d) Future Debt Maturities –
The following is a schedule of future debt maturities, excluding discounts/premiums and deferred issuance costs:

2019	\$ 228,630
2020	28,163
2021	22,904
2022	23,675
2023	12,696
Thereafter	569,722
	<u>\$885,790</u>

- (e) Lines of Credit – In June 2016 Cincinnati Children's entered into a 5-year agreement for a line of credit of \$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%. There were no draws on the line of credit during fiscal years 2018 and 2017.

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- (f) 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 to provide 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 year 2017, Cincinnati Children's agreed to a four-year extension of the agreement to expire in fiscal year 2032. In fiscal year 2018, the agreement was amended to extend the term of the lease to December 31, 2032. The present value of such fixed payments at June 30, 2018 and 2017 is \$22,707 and \$23,518, respectively, using Cincinnati Children's estimated tax-exempt interest rate at the time of the amended agreement of 6.755%. The agreement also calls for variable payments monthly to cover operating expenses for the office building and the parking garage.
- (g) 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 property. As part of the agreement, Cincinnati Children's agreed to make fixed monthly payments over the fifteen year term of the agreement at commencement of the lease in January 2018. Cincinnati Children's placed total assets in service of \$37,138 for the garage, office space and building improvements. During fiscal year 2017, assets of \$14,631 were placed in service upon completion of the new garage, and during fiscal year 2018, the remaining assets of \$22,507 were placed in service upon completion of the remainder of the construction project. In fiscal years 2018 and 2017, the related notes payable were recorded for \$5,677 and \$31,461, respectively. The agreement also calls for variable payments monthly to cover operating expenses for the office building and the parking garage.

(9) 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 between return-seeking assets and liability-hedging assets based on the funded status of the Plan and prevailing yields. As the funded ratio improves, allocations to liability-hedging assets increase accordingly.

Cincinnati Children's seeks to maintain diversified portfolios and has adopted allocation targets within the return-seeking and liability hedging portfolios as follows:

Return-Seeking Allocation:

Global Equity	60%-80%
Private Equity	5%-15%
Real Estate	5%-15%
Multi-Asset Credit	10%-20%

Liability-Hedging Allocation:

Long Credit	50%-100%
STRIPS (Long Duration Treasury Instruments)	0%-50%

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In order to maintain the portfolio's actual asset allocation in line with the target allocations specified above, rebalancing will occur periodically. As of June 30, 2018, Cincinnati Children's made \$126,400 in funding commitments in eleven investment partnerships of which \$92,280 had been funded. Additionally, Cincinnati Children's made \$72,500 in funding commitments in nine real estate investment partnerships of which \$51,660 had been funded. It is anticipated that these commitments will be funded from liquid investments in the plan and any required funding contributions.

Cincinnati Children's defined benefit plan investment allocation at the actuarial measurement date of June 30, 2018 and 2017 by asset category is as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	2.6%	2.0%
Equity mutual funds and EFTs	-	5.9%
Bond mutual funds and EFTs	-	1.0%
Common stock	-	1.3%
Corporate bonds	15.1%	15.5%
Government bonds	1.3%	2.2%
Investment Partnerships:		
Equity	4.7%	11.4%
Bond	7.9%	23.4%
International equity	-	33.8%
Real estate	3.5%	3.5%
Commingled Investment Funds		
Equity	32.7%	-
Bond	19.7%	-
Government	12.5%	-
	<u>100.0%</u>	<u>100.0%</u>

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At June 30, 2018, 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 2 for further discussion on the fair value hierarchy and fair value principles):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$33,668	\$ -	\$ -	\$ 33,668
Bond mutual funds and EFTs	20	-	-	20
Corporate bonds	-	196,588	-	196,588
Common stock	365	-	-	365
Government bonds	<u>-</u>	<u>17,070</u>	<u>-</u>	<u>17,070</u>
Total assets in the fair value hierarchy	34,053	213,658	-	247,711
Investments measured at net asset value ¹ :				
Investment Partnerships:				
Equity				60,260
Bond				102,123
Real Estate				45,720
Commingled Investment Funds ² :				
Equity				424,372
Bond				255,434
Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,715</u>
Total assets at fair value	<u>\$34,053</u>	<u>\$213,658</u>	<u>\$ -</u>	<u>\$1,298,335</u>

¹ Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

² Commingled investment funds are private funds for institutional investors valued daily at net asset value. The funds primarily consist of actively traded equity mutual funds, bond mutual funds, and US Treasury STRIPS with daily liquidity and no lockup period.

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At June 30, 2017, 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 2 for further discussion on the fair value hierarchy and fair value principles):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 22,066	\$ -	\$ -	\$ 22,066
Equity mutual funds and EFTs	66,711	-	-	66,711
Bond mutual funds and EFTs	11,033	-	-	11,033
Corporate bonds	-	174,267	-	174,267
Common stock	14,420	-	-	14,420
Government bonds	-	<u>24,023</u>	-	<u>24,023</u>
Total assets in the fair value hierarchy	114,230	198,290	-	312,520
Investment partnerships measured at net asset value ¹ :				
Equity				127,759
Bond				263,434
International equity				380,058
Real Estate				<u>39,340</u>
Total assets at fair value	<u>\$ 114,230</u>	<u>\$ 198,290</u>	<u>\$ -</u>	<u>\$1,123,111</u>

The fair values of Level 1 investments are based on quoted prices in active markets. The fair value for investments in fixed income securities, including U.S. government securities and corporate obligations, is based 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 partnerships – U.S. equities, international equities, real estate and bonds – 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 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.

There were no transfers between levels in fiscal year 2018 or fiscal year 2017.

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

	<u>2018</u>	<u>2017</u>
Discount rate used to determine actuarial present value of the projected benefit obligation	4.25%	3.89%
Assumed rate of increase in compensation levels	3.50%	3.50%
Long-term rate of return	6.00%	6.00%

¹ Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet.

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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, 2018 and 2017, utilizing actuarial measurement dates as of June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$1,316,188	\$1,305,693
Service cost	56,404	53,113
Interest cost	49,611	45,380
Other actuarial gain	(87,380)	(25,020)
Benefits paid	(72,763)	(62,978)
Projected benefit obligation at end of year	<u>1,262,060</u>	<u>1,316,188</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	1,123,110	883,998
Actual gain on plan assets	77,988	132,090
Employer contributions	170,000	170,000
Benefits paid	(72,763)	(62,978)
Fair value of plan assets at end of year	<u>1,298,335</u>	<u>1,123,110</u>
Funded status	36,275	(193,078)
Net accrued pension benefit asset (liability) in Consolidated Balance Sheets	<u>\$ 36,275</u>	<u>\$(193,078)</u>

In 2018 and 2017, 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 gain in fiscal years 2018 and 2017.

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

	<u>2018</u>	<u>2017</u>
Net actuarial loss	\$424,735	\$558,616
Net prior service credit	(112,294)	(124,045)
	<u>\$312,441</u>	<u>\$434,571</u>

The estimated actuarial loss and prior service credit that will be amortized from Unrestricted Net Assets into net pension cost in fiscal year 2019 are \$28,856 and \$(11,751), respectively.

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

	<u>2018</u>	<u>2017</u>
Discount rate used to determine actuarial present value of the projected benefit obligation	3.89%	3.58%
Assumed rate of increase in compensation levels	3.50%	3.50%
Expected long-term rate of return on plan assets	6.00%	7.00%

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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 2018 and 2017 related to the defined benefit plan consisted of the following components:

	<u>2018</u>	<u>2017</u>
Service cost	\$56,403	\$53,113
Interest cost	49,611	45,379
Return on plan assets	(65,104)	(63,737)
Amortization of prior service credit	(11,751)	(11,751)
Recognized net actuarial loss	33,619	36,567
Net periodic pension cost	<u>\$62,778</u>	<u>\$59,571</u>

Based on preliminary estimates, we do not expect any required fiscal year 2019 contributions for the qualified defined benefit plan under the current funding regulations.

The accumulated benefit obligation for the pension plan was \$1,224,376 and \$1,276,220 at June 30, 2018 and 2017, 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:

2019	\$62,822
2020	58,005
2021	60,882
2022	63,277
2023	65,672
2024-2028	364,868

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, net of forfeitures, related to these other plans was approximately \$20,600 and \$23,770 in fiscal years 2018 and 2017, 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 deferral period is two years. The amounts are at a substantial risk of forfeiture and 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 other long-term assets and other long-term liabilities in the accompanying Consolidated Balance Sheets were \$8,628 and \$8,649 at June 30, 2018 and 2017, respectively. The amount of deferred compensation income recognized in fiscal year 2018 and fiscal year 2017 was \$451 and \$644, respectively. 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 included in other long-term assets and other long-term liabilities in the accompanying Consolidated Balance Sheets were \$7,458 and \$7,245, respectively at June 30, 2018 and 2017.

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In addition to providing pension benefits, former employees who retired prior to March 1, 1997 are entitled to subsidized medical and dental benefits. Effective January 1, 2017, the retiree dental plan was transitioned from a Cincinnati Children's sponsored plan to a fixed dollar Health Reimbursement Account. The medical plan is based on a fixed dollar Health Reimbursement Account, and thus the postretirement plan has no sensitivity to the health care cost trend.

The postretirement benefit obligations, included within other long-term liabilities, as of June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$2,388	\$3,158
Interest cost	65	73
Actuarial gains	(184)	(508)
Benefits paid	(309)	(335)
Benefit obligation at end of year	<u>\$1,960</u>	<u>\$2,388</u>

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

	<u>2018</u>	<u>2017</u>
Net actuarial loss	\$ 1,867	\$ 2,336
Net prior service cost	(1,299)	(1,878)
	<u>\$ 568</u>	<u>\$ 458</u>

The estimated actuarial loss and prior service credit which will be amortized from Unrestricted Net Assets into net postretirement cost in fiscal year 2019 are \$236 and \$(578), respectively.

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

	<u>2018</u>	<u>2017</u>
Discount rate	3.82%	2.94%

Net periodic cost for 2018 and 2017 related to the medical and dental postretirement benefits consisted of the following components:

	<u>2018</u>	<u>2017</u>
Interest cost	\$ 65	\$ 73
Amortization of unrecognized net gain and prior service credit	(294)	(225)
	<u>\$(229)</u>	<u>\$(152)</u>

For fiscal years 2018 and 2017, the discount rate used to determine the net periodic postretirement costs was 2.94% and 2.47%, respectively.

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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 five fiscal years thereafter:

	<u>Payments</u>
2019	\$300
2020	274
2021	248
2022	224
2023	200
2024-2028	692

(10) 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. Within the healthcare industry in general, Federal and State government activity continues with respect to investigations and allegations concerning possible violations of regulations by health care providers. This activity often includes the imposition of significant fines and penalties, as well as demands for significant repayment of previously billed and collected revenue from patient services.

Management believes that 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.

- (c) Capital Commitments – In fiscal year 2018, Cincinnati Children’s entered into agreements to build and equip a 633,000 square foot clinical building and renovate 146,000 square feet of existing space. Cincinnati Children’s has spent approximately \$72,136 through June 30, 2018 and is expected to spend an additional \$527,864 in conjunction with the construction project. Construction commenced in fiscal year 2018. The new building is projected to be completed in fiscal year 2022 and the renovation will be complete in fiscal year 2023.

Cincinnati Children’s has entered into agreements with general contractors for several new construction projects, renovation projects, equipment and information system technology projects. Cincinnati Children’s additionally has committed to spend approximately \$35,584 in connection with current active projects as of June 30, 2018. The projects are expected to be completed primarily in fiscal year 2019.

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- (d) Funding Commitments – During fiscal year 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. Cincinnati Children's has provided \$12,867 of funding in relation to this commitment through June 30, 2018, and management does not anticipate any additional funding. These funds were used to invest in commercial and residential projects in the uptown area. During fiscal year 2018, \$7,800 of the loans were repaid. Cincinnati Children's expects to receive an additional \$5,000 related to the loan.

During fiscal year 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, 2018, Cincinnati Children's has provided \$5,000 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, 2018 and 2017, Cincinnati Children's has funded \$10,376 of this commitment. At June 30, 2018 and 2017, respectively, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$3,930 and \$5,913. 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, 2018 and 2017, Cincinnati Children's has funded \$4,113 of this commitment. At June 30, 2018 and 2017, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$4,161 and \$4,147, 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.

Cincinnati Children's has made a commitment to invest \$7,000 in two limited liability corporations (LLC's) that focus 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, 2018 and 2017, Cincinnati Children's has funded \$3,874 and \$2,676, respectively, of the commitment. At June 30, 2018 and 2017 the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$4,577 and \$2,924, 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 three one-year increments with written notice. In general, no member has the right to withdraw from the LLC.

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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 and/or less expensive. As of June 30, 2018 and 2017, Cincinnati Children's has funded \$2,550 and \$1,860, respectively, of this commitment. At June 30, 2018 and 2017, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$2,910 and \$2,199, 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 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, 2018 and 2017, Cincinnati Children's has funded \$1,919 and \$1,639, respectively, of this commitment. At June 30, 2018 and 2017, respectively, the value of the investment recorded in Other Assets in the Consolidated Balance Sheets is \$1,532 and \$1,685, 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 three one-year increments with written notice. In general, no member has 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 \$5,623 and \$5,458 in fiscal years 2018 and 2017, respectively. Future minimum rental commitments under non-cancellable operating leases are as follows:

2019	\$3,162
2020	2,497
2021	2,016
2022	1,543
2023	1,465
Thereafter	-

- (11) Functional Expenses –

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

	<u>2018</u>	<u>2017</u>
Patient services	\$1,427,156	\$1,344,622
Physician services, research and education	537,347	528,203
Support services	295,428	266,303
	<u>\$2,259,931</u>	<u>\$2,139,128</u>

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(12) 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 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 and notes payable at June 30, 2018 and 2017 was \$914,704 and \$858,736, respectively. These would be classified as Level 2 investments in the fair value hierarchy.

(13) Subsequent Events –

Management reviewed subsequent events through October 22, 2018, the date the consolidated financial statements were issued, noting no changes are required to the consolidated financial statements or footnotes.

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Supplementary Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

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 Regulation of Intracellular Trafficking in NF2				W81XWH1210133	12.420	\$ -	\$ (5,881)	\$ (5,881)		
		Investigating the Mechanisms of Leukemia Initiation in Mechanisms of nonalcoholic steatohepatitis				W81XWH1310136	12.420	-	(6,200)	(6,200)		
		IL-9-Producing Mast Cell Precursors and Food Allergy				W81XWH1510344	12.420	-	242,032	242,032		
		Modelling and Targeting of Oncogenic Liability in Drug-R Identification of Novel Signaling Pathways in NF2				University of Cincinnati..	W81XWH1510370	12.420	3,480	376,538	380,018	
		Schwann cell interactions with the neurofibroma microenv Ionic Mechanisms of Resistance to Immunotherapy in Head Therapeutic Benefit of Hsp90 Inhibition in Pulmonary Fib A Novel and Rapid System to CI				University of Cincinnati..	W81XWH1510517	12.420	18,940	678,201	697,141	
		A study of INFUSE Bone Graft in the treatment of Tibial A Phase II Trial on the Effect of Low-Dose versus High-D Global Mapping of Antimicrobial Resistance					W81XWH1610028	12.420	-	179,637	179,637	
		DoD Neurofibromatosis Clinical Consortium					W81XWH1710152	12.420	-	69,671	69,671	
							W81XWH1710289	12.420	-	256,130	256,130	
							W81XWH1710378	12.420	-	164,597	164,597	
							University of Cincinnati..	W81XWH1710666	12.420	8,525	432,070	440,595
							W81XWH1810269	12.420	-	214	214	
							University of Alabama-Birmingham	W81XWH1210155	12.420	-	286	286
							University of Utah	W81XWH1210487	12.420	-	622	622
							Georgetown University	411401 GR411256-CHMC	12.420	-	7,442	7,442
							University of Alabama-Birmingham	000516840-004-T001	12.420	-	228	228
		Military Medical Research and Development Total								30,945	2,395,588	2,426,532
			Research and Technology Development	Biochronicity: Time, Evolution, Networks and Function	University of Pennsylvania	558910 / CREF 4212		12DARPA1068	12.910	-	(32,609)	(32,609)
	Research and Technology Development Total								-	(32,609)	(32,609)	
		Research on Chemical and Biological Defense	Dose-Finding Study of Lyophilized Shigella sonnei 53G Ch				W911QY1620002	12.360	-	179,589	179,589	
	Research on Chemical and Biological Defense Total								-	179,589	179,589	
		BSVE Food System Surveillance	University of Minnesota	P006563901		HDTRA117C0076	12.351	-	28,783	28,783		
Basic Scientific Research - Combating Weapons of Mass Destruction								-	28,783	28,783		
Department of Defense Total								30,945	2,571,351	2,602,296		
Department of Education	Education Research, Development and Dissemination	Longitudinal Evaluation of the Impact of Sleep Problems	Virginia Commonwealth University	FP00000519 SA001		5A160126	84.305	-	193,200	193,200		
Education Research, Development and Dissemination Total								-	193,200	193,200		
	Research in Special Education	Sluggish Cognitive Tempo: Examining its Impact on Educat				5A160064	84.324	-	303,512	303,512		
Research in Special Education Total								-	303,512	303,512		
Department of Education Total								-	496,712	496,712		
Department of Justice	Crime Victim Assistance	VOCA 2017	Crime Victims Assistance Office	2017-VOCA-43552065		2017-VOCA-43552065	16.575	-	31,014	31,014		
		VOCA 2018	Crime Victims Assistance Office	2018-VOCA-109309504		2018-VOCA-109309504	16.575	-	311,966	311,966		
Crime Victim Assistance Total								-	342,980	342,980		
	National Institute of Justice Research	Identifying and Embedding Broker into a Multi-tiered System	Campbell County Schools	5NIJC		2016-CK-BX-0009	16.560	-	291,371	291,371		
National Institute of Justice Research, Evaluation, and Development Project Grants Total								-	291,371	291,371		
Department of Justice Total								-	634,352	634,352		
Department of Transportation	National Priority Safety Programs	Occupant Protection Regional Coordination				03130014BB0118	20.616	-	11,259	11,259		
National Priority Safety Programs Total								-	11,259	11,259		
Department of Transportation Total								-	11,259	11,259		

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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	
National Science Foundation	Biological Sciences	NSF/MCB-BSF: Quantitative analysis and modeling of Note			University of Cincinnati..	MCB1715822	47.074	6,754	146,225	152,978	
								Biological Sciences Total	6,754	146,225	152,978
								National Science Foundation Total	6,754	146,225	152,978
Department of Agriculture		DOE-VA Suicide research	UT-Battelle, LLC	4000161117		DE-AC05-00OR22725	81.RD	-	29,930	29,930	
								Department of Energy Total	-	29,930	29,930
Department of Agriculture	Agriculture and Food Research Initiative (AFRI)	Universal Flu Vaccine by a Norovirus P Particle Platform	Ohio State University	60033189		2013-87015-20479	10.310	-	260,539	260,539	
								Agriculture and Food Research Initiative (AFRI) Total	-	260,539	260,539
								Department of Agriculture Total	-	260,539	260,539
Dept of Health and Human Serv	Affordable Care Act (ACA) Primary Care Residency Expansion Program	Expansion of a Pediatric Primary Care Resident Training				HP20766	93.510	-	(2,093)	(2,093)	
								Affordable Care Act (ACA) Primary Care Residency Expansion Program Total	-	(2,093)	(2,093)
	Aging Research	Homeostasis and function of regulatory T cells in aging			Pennington Biomedical Research Center University of Cincinnati..	AG033057	93.866	10,462 884	161,315	172,662	
		Lineage Determination and Tissue HomeOstasis in the Aged Metabolic alterations in age-associated dendritic cell d			University of Cincinnati..	AG040118 AG053498	93.866 93.866	- 16,234	(12,862) 294,454	(12,862) 310,688	
								Aging Research Total	27,581	442,908	470,488
	Allergy, Immunology and Transplantation Research	Clinical Immunization Safety Assessment Vaccine and Treatment Evaluation Units (VTEUs) Vaccine and Treatment Evaluation Unites (VTEU).				200-2012-53661 HHSN272200800006C HHSN272201300016I	93.855 93.855 93.855	- - 26,106 48,066	142,326 (73,037) 4,098,453	142,326 (73,037) 4,172,626	
		Base IDIQ Contract Kick-Off				HHSN272201700017I	93.855	-	4,706	4,706	
		Genetic Linkage in Lupus				AI024717	93.855	-	285,516	285,516	
		Regulation of Gastrointestinal Eosinophils				AI045898	93.855	-	461,899	461,899	
		The immune pathogenesis of prenatal listeria monocytogen				AI100934	93.855	-	(24,940)	(24,940)	
		Epidemiologic Impact of HPV Vaccination			Indiana University University of California	AI104709	93.855	123,528 18,995	410,309	552,833	
		Epithelial Genes in Allergic Inflammation				AI070235	93.855	-	1,790,414	1,790,414	
		Novel Vaccine Against Norovirus				AI089634	93.855	-	128,793	128,793	
		HSV latency and reactivation and the novel neuronal regu			University of Cincinnati.. Van Andel Institute	AI093614	93.855	104,053 33,642	217,392	355,088	
		Exploiting the DNA damage response to selectively sculpt Mucosal Protection Against HIV Generated by PIV5 Priming				AI109810 AII11863	93.855 93.855	- 339,851 180,688	312,121 232,777	312,121 753,316	
		Inpatient Asthma Care for Children: Adding a Place-Based Food Allergy and Goblet Cell Antigen Passages				AII12916 AII12626	93.855 93.855	- 12,347	150,461 216,571	150,461 420,275	
		Receptors of rotaviruses			Washington University			191,358			
		L-citrulline and anti-tuberculosis host defense			Miami University..	AII14831	93.855	104,297	39,793	144,091	
		Consortium of Eosinophilic Gastrointestinal Disease Rese				AII16668 AII17804	93.855 93.855	- 99,565	396,682 775,509	396,682 1,738,188	
					Children's Hospital of Philadelphia Northwestern University Tufts Medical Center, Inc University of California University of Colorado University of Illinois at Chicago University of North Carolina-Chapel Hill			183,350 66,932 147,928 317,950 79,733 67,223			

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		A follicular regulatory subset of natural killer cells				AI118179	93.855	-	31,600	31,600
		Pathogenesis and therapeutic targeting of immune disorder				AI118697	93.855	-	120,445	120,445
		The role of Tet1 in childhood asthma				AI119236	93.855	-	37,554	37,554
		Impact of prenatal HDM exposure in severely asthmatic mothers				AI119385	93.855	-	273,570	273,570
		Maternal Regulatory T cell antigen-specificity				AI120202	93.855	-	377,800	377,800
		Biomarkers and Risk Stratification in Pediatric Community				AI121325	93.855	-	237,013	237,013
		Human monoclonal antibodies against norovirus.				AI122132	93.855	-	168,856	168,856
		Systemic immune modulation by enteric commensal fungi.				AI123089	93.855	-	220,530	220,530
		Genetic and Immunological Dissection of Eosinophilic Esophagitis				AI124355	93.855	-	401,527	401,527
		Functional immune tolerance to non-inherited maternal antigens				AI124657	93.855	-	286,527	286,527
		Metabolomics Evaluation of the Etiology of Pneumonia				AI125413	93.855	-	158,812	158,812
		ORMDL3 Regulation of Dendritic Cells in Asthma				AI125675	93.855	-	182,865	182,865
		Role and Regulation of TSLP in Childhood Allergic Diseases				AI127392	93.855	-	242,826	242,826
		Direct interactions with HDL promote regulatory T cells			University of Cincinnati..	AI128218	93.855	49,106	114,940	164,046
		Characterization of a novel hematopoietic site				AI128445	93.855	-	213,980	213,980
		Commensal fungi positively calibrate asthma susceptibility				AI128932	93.855	-	118,367	118,367
		Role of Aiolos in eosinophilic asthma				AI130033	93.855	-	473,087	473,087
		Prevalence of P[6] and P[11] rotaviruses in developing countries			Sefaco Makgatho Health Science Univ.	AI130631	93.855	42,026	128,211	170,237
		Immunological identity redefined by genetically foreign antigens				AI131080	93.855	-	710,187	710,187
		Gene Regulation as a Foundation for Autoimmune Disease Pathogenesis			Stanford University..	AI130830	93.855	32,746	820,523	867,117
					The Scripps Research Institute			6,546		
					University of Colorado			7,303		
		Defining the role of Gimap5 in T cell differentiation and function				AI131050	93.855	-	68,739	68,739
		Mechanisms of LRB-mediated control of CTLA4 expression				AI132822	93.855	-	156,848	156,848
		Transition states in lineage specification				AI135595	93.855	-	39,282	39,282
		Murine Memory B Cell Development	University of Pittsburgh	0053142 (129815-1)		AI043603	93.855	-	32,373	32,373
		Allergy & Immunology Fellowship Training Grant	University of Cincinnati	1012740		AI060515	93.855	-	134,127	134,127
		Airway inflammation and airway monitoring	University of California San Diego	83115022		AI070535	93.855	-	44,120	44,120
		CTOTC-11: Prevalence and Correlates of Postnatal Asthma	Washington University	WU-18-129		AI077810	93.855	-	130,488	130,488
		Defining the Impact of Alemtuzumab on Outcomes in Multiple Sclerosis	University of California, San Francisco	10546sc		AI082973	93.855	-	26,940	26,940
		Resources to Assist Investigations in Primary Immunodeficiency	US Immunodeficiency Network	2U24AI086037-08		AI086037	93.855	-	30,736	30,736
		Role of Viral Chemokine Receptors in Cytomegalovirus Latency	Louisiana State University	PO-000021768		AI087683	93.855	-	(178)	(178)
		Immunosuppression Withdrawal for Stable Pediatric Liver Transplant	University of California	7147sc		AI100807	93.855	-	74,579	74,579
		Biomarkers for Post-Transplant Lymphoproliferative Disorder	Stanford University	60837668-107582		AI104342	93.855	-	49,775	49,775
		GM-CSF-Induced Metal Sequestration and Histoplasma Infection	University of Cincinnati	1010447		AI106269	93.855	-	28,407	28,407
		Suppression of IgE-Mediated Disease by Polyclonal Rapid Response	University of Cincinnati	009245-007/008		AI113162	93.855	-	192,669	192,669
		Inner City Asthma Consortium 4	University of Wisconsin	800K505		AI114271	93.855	-	932,269	932,269
		Infant specific-IgE, rhinovirus-C bronchiolitis, and innate immunity	Massachusetts General Hospital	225488		AI114552	93.855	-	2,994	2,994
		Epigenetic Programming of Innate Immunity in Pediatric Asthma	U.C. Davis Medical Center	201501947-01		AI116129	93.855	-	33,981	33,981
		Revealing networks targeted by HSV-1 ncRNAs with in vivo screening	University of Cincinnati	1011619		AI116389	93.855	-	53,130	53,130
		Intestinal Organoids as a model system for studying enteric pathogens	University of Cincinnati	009620-020		AI116491	93.855	-	403,457	403,457
		Microwave-Accelerated Metal-Enhanced Fluorescence (MAMEF)	University of Maryland	0000016499		AI117272	93.855	-	(382)	(382)
		A novel lactic acid bacteria-based norovirus vaccine.	Ohio State University	60055306		AI123661	93.855	-	129,643	129,643
		Comparison of High vs. Standard Dose Flu Vaccine in Pediatric Populations	Vanderbilt University	VUMC59100		AI125135	93.855	-	83,803	83,803
		Dendritic cell KLF2/Notch Axis and Th2 Responses to Eukaryotic Antigens	University of Cincinnati	010379-002		AI126818	93.855	-	27,035	27,035
		Activated protein C peptides for radio-mitigation	P2D Bioscience	1R43AI127065-01A1		AI127065	93.855	-	66,244	66,244
		Wimpy antibody isotypes protect against antibody-mediated immunity	University of Cincinnati	010728-002		AI130103	93.855	-	58,650	58,650
		Targeted Clinical Research to Address Select Viral Infections	Children's Hospital of Philadelphia	7300250621		HHSN272201600014C	93.RD	-	124,754	124,754
		A Phase II Multi-Center, Prospective, Randomized, Double-Blind Study	Northwestern University	SP0033779 60044358		HHSN272201600016C	93.RD	-	59,713	59,713
		Burden of Neonatal Herpes Simplex Virus Infections: Disease Pathogenesis	University of Alabama-Birmingham	000509734-001		HHSN272201600018C	93.RD	-	55,744	55,744
Allergy, Immunology and Transplantation Research Total								2,283,338	17,924,903	20,208,241

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	Arthritis, Musculoskeletal and Skin Diseases Research	Cincinnati Rheumatic Disease Core Center				AR047363	93.846	-	(14,503)	(14,503)
		Behavioral Interventions and Long Term Outcomes in Juven				AR056687	93.846	-	167,730	167,730
		MUNC13-4 gene Polymorphisms in Macrophage Activation syn				AR059049	93.846	-	5,048	5,048
		Inhibition of GSK3 beta as potential therapy for DM1				AR064488	93.846	-	29,071	29,071
		Mechanisms of Muscle Afferent Sensitization after Ischem				AR064551	93.846	-	93,699	93,699
		Identification of Patellofemoral Pain Risk Factors Devel				AR065068	93.846	-	(3,144)	(3,144)
		Innovative Efficacy Measures of Lupus Nephritis Therapie				AR065098	93.846	-	(723)	(723)
		Optimization of Outcome Measures For Clinical Trials in			University of Cincinnati...	AR067166	93.846	16,529	196,509	213,038
		Deciphering mechanisms of myoblast fusion				AR068286	93.846	-	296,936	296,936
		Linking Sex Differences in Cardiovascular Reflexes and P				AR068896	93.846	-	(49,181)	(49,181)
		Cincinnati Training Program in Pediatric Rheumatology				AR069512	93.846	-	162,887	162,887
		Role of the Fanconi Anemia DNA Repair Pathway in Epiderm				AR070008	93.846	-	22,566	22,566
		Cincinnati Rheumatic Diseases Resource Center			Brigham and Women's Hospital	AR070549	93.846	9,489	708,051	717,540
		In vivo role of the fibroblast in muscular dystrophy				AR071301	93.846	-	117,974	117,974
		Monocyte and macrophage polarization in systemic juvenil				AR072075	93.846	-	168,833	168,833
		Multi-site Randomized Clinical Trial of FIT Teens for Ju			Children's Hospital Boston	AR070474	93.846	64,703	854,217	1,158,875
					Children's Mercy Hospital			58,929		
					Connecticut Childrens Medical Center			116,642		
					Nationwide Childrens Hospital			56,457		
					The Ohio State University			7,926		
		Real-Time Sensorimotor Feedback for Injury Prevention As			University of Cincinnati..	AR067997	93.846	22,825	646,926	672,539
					Mayo Clinic Rochester			2,789		
		Gene Expression In Pediatric Arthritis			Children's Mercy Hospital	AR048929	93.846	342	363,804	365,052
					University of Pittsburgh			906		
		Multi-faceted approach to modeling ACL injury mechanisms	Mayo Clinic	CIN-205886-01		AR056259	93.846	-	22,263	22,263
		Prospective Study of Bio-mechanics and Early Degeneratio	Ohio State University	60041378		AR064923	93.846	-	(26,268)	(26,268)
		Distinct functional Outcomes of BCR/TLR7 and BCR/TLR9 Co	University of Massachusetts	RFS2015154		AR066808	93.846	-	74,956	74,956
		PEARL: Pathway Exploration and Analysis in Renal Lupus	Feinstein Institute	500678CHMC		AR067688	93.846	-	58,612	58,612
		The Child-Centered Outcomes in Practice and Research (CO	Children's Hospital of Philadelphia	3210940919-XX		AR069525	93.846	-	74,268	74,268
		Real-time Optimized Biofeedback Utilizing Sport Techniqu	High Point University	15-014-01		AR069873	93.846	-	26,504	26,504
									357,538	3,997,036
										4,354,574
	Assistance Programs for Chronic Disease Prevention and Control	SEARCH for Diabetes in Youth Registry Study, Phase 4: Oh				DP006134	93.945	-	495,181	495,181
									495,181	495,181
	Biomedical Research and Research Training	Biochemical and Computational Analysis of Notch				GM055479	93.859	-	100,587	100,587
		Regulation of Wingless (Wg) Signaling and Morphogen Grad				GM063891	93.859	-	(7,818)	(7,818)
		PPARgamma and PPARgamma Agonists in Septic Shock				GM067202	93.859	-	27,315	27,315
		Hox Control of Cell-Specific EGF Signaling During Develo				GM079428	93.859	-	37,283	37,283
		DNA Damage Response Pathways in Meiotic Sex Chromosome I				GM098605	93.859	-	346,780	346,780
		Stratification of pediatric septic shock				GM099773	93.859	-	(16,709)	(16,709)
		Regulation and Scaling of a Morphogen Gradient				GM101373	93.859	-	(549)	(549)
		Organization of the inactive X-chromosome				GM102184	93.859	-	65,391	65,391
		Molecular and Neural Mechanisms of Temperature Preferenc				GM107582	93.859	-	295,973	295,973
		Novel diagnostic and stratification tools for septic sho			Baylor College of Medicine.	GM108025	93.859	4,000	480,135	538,972
					Children's Hosp & Clinics of Minnesota			1,500		
					Children's Hospital Med Center of Akron			5,000		
					Children's Hospital of Philadelphia			4,000		
					Children's Mercy Hospital			4,000		
					CHOC Children's Hospital			3,000		
					Indiana University			3,000		
					The Pennsylvania State University			1,500		
					University of Cincinnati..			13,716		

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					Vanderbilt University Medical Center			19,121		
		novel signaling function of Cdc42 GTPase in vivo				GM108661	93.859	-	171,391	171,391
		G-CSF in Human Severe Congenital Neutropenia				GM110628	93.859	-	293,773	293,773
		Viral and Cellular Determinants of HIV-1 Assembly				GM111027	93.859	-	71,116	71,116
		Regulatory Mechanisms Governing Vertebral Segmentation				GM111987	93.859	-	336,397	336,397
		A genetic approach to defining the Ttc21b interactome in				GM112744	93.859	-	222,697	222,697
		Molecular Regulation of Neutrophil Transcellular Migrati				GM112792	93.859	-	229,543	229,543
		Age-dependent mechanisms of metabolic recovery in hemorr				GM115973	93.859	-	244,559	244,559
		Molecular mechanisms regulating intestinal stem cell act				GM115995	93.859	-	295,096	295,096
		Macrophage regulation of the spermatogonial stem cell ni				GM119458	93.859	-	395,848	395,848
		Epigenetic Regulation of Gene Expression during Spermato				GM122776	93.859	-	80,335	80,335
		Elucidating the Mechanism of Precision in Vertebral Segm				GM122956	93.859	-	168,822	168,822
		The Role of Olfactomedin 4 in Septic Shock				GM124298	93.859	-	173,648	173,648
		Role of STAT3 in sepsis-induced adipose tissue browning				GM126551	93.859	-	262,870	262,870
		Sepsis from Bedside to Bench t				GM126943	93.859	-	6,735	6,735
		Mouse and Guinea Pig Models for Cytomegalovirus and Herp				HHSN27200003	93.859	-	359,188	359,188
		Mouse and Guinea Pig Models for Herpesviruses			Pennington Biomedical Research Center	HHSN272201000008I	93.859	17,815	125,085	142,900
		Duplex miR-223 and Exosomes in Sepsis	University of Cincinnati	009567-007		GM112930	93.859	-	11,165	11,165
		Structure-Function Investigation of DAN-mediated BMP Ant	University of Cincinnati	009661-005		GM114640	93.859	-	21,296	21,296
		Mechanisms of Foxh1 Pioneer Factor Action During	University of California	2017-3532		GM126395	93.859	-	14,243	14,243
		Growing Community Change Researchers in STEM	University of Cincinnati	011145-003		OD023763	93.859	-	10,306	10,306
								76,652	4,822,503	4,899,155
Blood Diseases and Resources Research		Role of FA Proteins in Hematopoiesis				HL076712	93.839	-	249,662	249,662
		The NK Cell Response to Prenatal Allograft Transplantation				HL103745	93.839	-	(6,349)	(6,349)
		Mechanisms Linking Hemostatic Factors to Neuroinflammato				HL105672	93.839	-	(6,198)	(6,198)
		Fanconi Anemia as a Model for Susceptibility to Human Pa				HL108102	93.839	-	66,581	66,581
		Identification and characterization of genes in del(5q)				HL111103	93.839	-	(359)	(359)
		The Role of MEIS1 in Hematopoiesis and Hematopoietic Tra				HL111192	93.839	-	18,499	18,499
		Hemostatic factors and sickle cell disease				HL112603	93.839	-	(18,985)	(18,985)
		Role of TRAF6 in Myelodysplastic Syndromes				HL114582	93.839	-	(101,384)	(101,384)
		Rho GTPases in Terminal Erythroid Maturation				HL116352	93.839	-	(7,608)	(7,608)
		Cincinnati Center of Excellence in Hemoglobinopathies Re			Medical College of Wisconsin	HL117709	93.839	36,181	1,471,997	1,508,178
		Mechanisms of granulocyte homeostasis				HL122661	93.839	-	426,445	426,445
		Hematopoietic Stem Cells in Obesity				HL131861	93.839	-	50,152	50,152
		Scribble in hematopoietic stem cell activity				HL132468	93.839	-	36,355	36,355
		Realizing Effectiveness Across Continents with Hydroxyur			Baylor College of Medicine.	HL133883	93.839	17,094	219,893	236,988
		Blood stem cell aging and biomarker studies				HL134617	93.839	-	649,177	649,177
		Decoding innate immune signaling in normal and myelodysp				HL135787	93.839	-	890,188	890,188
		Identification of a novel population of hematopoietic pr				HL135986	93.839	-	16,633	16,633
		Impact of abnormal bone marrow endothelial niche onhem				HL136229	93.839	-	34,292	34,292
		Cellular crosstalk in the hema				HL136529	93.839	-	30,617	30,617
		Normal and Pathological Hematopoietic Stem Cells in Obesity				HL141418	93.839	-	35,061	35,061
		Endothelialized microfluidics for sickle cell disease r	Emory University	T223869		HL121264	93.839	-	9,099	9,099
		Multiscale Modeling of Myelodysplastic Syndromes	Virginia Commonwealth University	FP00000825 SA002		HL128173	93.839	-	(13,950)	(13,950)
		DISPLACE: Dissemination and Implementation of Stroke Pre	Medical University of South Carolina	MUSC17-068-8C868		HL133896	93.839	-	24,053	24,053
		Darbepoetin for Increased Red Cell Mass and Neuro	University of New Mexico	3RCR5		HL136318	93.839	-	66,362	66,362
								53,275	4,140,231	4,193,506

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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
	Cancer Biology Research	MicroRNA in Acute Myeloid Leukemia				CA159845	93.396	-	(17,246)	(17,246)
		Role of Age in Liver Cancer				CA159942	93.396	-	(20,962)	(20,962)
		A Novel Epigenetic Circuit in Acute Leukemia				CA187276	93.396	-	(6,487)	(6,487)
		Exploiting proteotoxic stress in therapy-refractory HER2				CA193549	93.396	-	322,830	322,830
		Hemostatic Factors Drive Prostate Cancer Pathogenesis				CA193678	93.396	-	494,499	494,499
		A rapid spontaneous murine model of CN-AML			University of California	CA196658	93.396	30,225	304,639	492,908
					University of Chicago			59,501		
					University of Miami			98,543		
		Coagulation factors as modifiers of the colon cancer mic				CA204058	93.396	-	250,662	250,662
		Leukemia stem cell polarity and differentiation therapy				CA204895	93.396	-	415,270	415,270
		Thrombin-dependent mechanisms of pancreatic ductal adeno			Purdue University	CA211098	93.396	170,683	210,361	381,044
		Therapeutic insights through patient derived leukemia xe				CA211404	93.396	-	170,119	170,119
		Mechanisms coupling DEK to oncogenesis				CA218072	93.396	-	24,441	24,441
		Hypoxia and Potassium Channel Activity in T Lymphocytes	University of Cincinnati	009794-004		CA095286	93.396	-	8,552	8,552
		Roles for Lrig1 in Intestinal Neoplasia	Vanderbilt University Medical Center	VUMC59664		CA151566	93.396	-	(1,828)	(1,828)
		Molecular and Cellular Mechanisms of Chronic Myelomonocy	University of Wisconsin-Madison	731K430		CA152108	93.396	-	22,886	22,886
						Cancer Biology Research Total		358,952	2,177,736	2,536,688
	Cancer Cause and Prevention Research	Role and Regulaton of the Human DEK Proto-Oncogene			University of Cincinnati..	CA116316	93.393	7,849	11,856	19,705
		Pediatric Emergency Department Decision Supp System				CA184337	93.393	-	22,222	22,222
		The role of Bioactive Lipids in Inflammation and Cancer	Mayo Clinic	CIN-179918-08		CA077839	93.393	-	93,011	93,011
		University of Louisville Sub Award	University of Louisville	ULRF 16-1486-01		CA207538	93.393	-	34,964	34,964
		Instructive role of MLL fusion proteins in lineage deter	The University of Chicago	FP064422-01		CA215504	93.393	-	328,502	328,502
						Cancer Cause and Prevention Research Total		7,849	490,555	498,404
	Cancer Detection and Diagnosis Research	Effect of different MRgHIFU approaches on anti-tumor res				CA201918	93.394	-	82,529	82,529
						Cancer Detection and Diagnosis Research Total		-	82,529	82,529
	Cancer Research Manpower	Patient Preferences & Adherence in Adolescents				CA200668	93.398	-	143,221	143,221
		Novel mechanisms and therapeutic strategies of refractor				CA217140	93.398	-	12,877	12,877
		Training Program in Cancer Therapeutics	University of Cincinnati	1012116		CA117846	93.398	-	(210)	(210)
						Cancer Research Manpower Total		-	155,888	155,888
	Cancer Treatment Research	Improved therapeutic approaches for hematological disord				CA155091	93.395	-	(19,495)	(19,495)
		Nonadherence: Undermining health outcomes in pediatric			Children's Hospital of Philadelphia	CA157460	93.395	42,023	206,406	318,831
					St Jude Children's Research Hospital			70,402		
		Assessing the Therapeutic Window for Future Anti-Notch				CA163653	93.395	-	242,949	242,949
		Developing Novel STAT5 Protein Inhibitors for treatment				CA186945	93.395	-	(7,767)	(7,767)
		Targeting Cdc42 for bone marrow transplant therapies				CA193350	93.395	-	263,709	263,709
		Novel therapeutics of targeting mTOR pathway in T-cell l				CA198358	93.395	-	4,403	4,403
		Linked regulation of tumor angiogenesis and chemo-resist				CA207068	93.395	-	261,709	261,709
		Mechanism of non-oncogene addi				CA211594	93.395	-	44,374	44,374
		Automated Activities of Daily				CA223503	93.395	-	70,648	70,648
		Childhood Cancer Survivor Study	St Jude's Children's Hospital	111287240-7798423		CA055727	93.395	-	268,455	268,455
		Pediatric Brain Tumor Consortium (PBTC)	St Jude's Children's Hospital	110068190-7761720		CA081457	93.395	-	119,236	119,236
		Transporters and hematopoietic toxicity	St Jude's Children's Hospital	112128020-7768611		CA194206	93.395	-	29,243	29,243
		Targeting TET1 signaling to treat acute myeloid leukemia	City of Hope	60677.2004668.669301		CA211614	93.395	-	24,591	24,591
			University of Cincinnati	010739-002		CA211614	93.395	-	49,065	49,065
						Cancer Treatment Research Total		112,425	1,557,525	1,669,950

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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
	Cardiovascular Diseases Research	Molecular pathways controlling cardiac gene expression				HL060562	93.837	-	365,967	365,967
		Signaling Processes Underlying Cardiovascular Function			University of Cincinnati..	HL069779	93.837	79,652	1,499,019	1,578,672
		Pathogenesis-Based Diagnostics & Pharmacotherapeutics				HL085453	93.837	-	399,959	399,959
		Admixture Mapping in African American Asthmatic Children				HL103165	93.837	-	1,425	1,425
		National Biological Sample and Data Repository for PAH			AHN Research Institute	HL105333	93.837	13,420	597,062	804,147
					Baylor Research Institute			760		
					Case Western Reserve University			2,280		
					Childrens Hospital Colorado			6,337		
					Duke University			14,440		
					East Carolina University			760		
					Houston Methodist Research Institute			27,789		
					Indiana University Health			7,080		
					Inova Healthcare Service			5,600		
					LA Biomed			8,360		
					LSU Health Sciences Center/Shreveport			1,520		
					Mayo Clinic Jacksonville			8,360		
					Medical University South Carolina			5,320		
					MedStar Health Research Institute, Inc			13,680		
					Primary Children's Med Cnt			760		
					Rhode Island Hospital			5,320		
					Seattle Children's Hospital			3,040		
					The Ohio State University			8,360		
					Tufts Medical Center, Inc			3,280		
					University of Arizona			10,640		
					University of Cincinnati....			1,506		
					University of Colorado			14,000		
					University of Minnesota			760		
					University of Pittsburgh			4,560		
					University of Rochester			22,432		
					University of Texas Southwestern			14,440		
					Vanderbilt University			2,280		
		Thrombospondin 4 regulates adaptive ER stress response				HL105924	93.837	-	298,477	298,477
		Molecular Mechanisms of Arterial-Venous Differentiation				HL107369	93.837	-	(19,785)	(19,785)
		Hybrid ImmunoTherapy (ATG/Dexamethasone/Etoposide)				HL107801	93.837	-	(11,394)	(11,394)
		A Mouse model of Barth syndrome, a mitochondrial cardiol				HL108867	93.837	-	(66)	(66)
		Time-Resolved 129Xe Ventilation-Perfusion MRI in Models				HL111217	93.837	-	246,076	246,076
		A Network-based Approach to Assoc HDL Subspeciation			University of Cincinnati..	HL111829	93.837	4,923	318,061	322,984
		Coup-tf dependent mechanism of ventricular & hemangio				HL112893	93.837	-	254,564	254,564
		Cincinnati Children's Summer Medical Student Respiratory				HL113229	93.837	-	92,369	92,369
		Mechanisms of drug resistance in Myeloproliferative neop				HL114074	93.837	-	(163)	(163)
		Cell Signaling Mechanisms of Calcific Aortic Valve Disea				HL114682	93.837	-	(17,143)	(17,143)
		Molecular mechanisms underlying upper airway patterning				HL115447	93.837	-	7,052	7,052
		Genetics, Mechanisms & Clinical Phenotypes of Arrhythm			Beth Israel Deaconess Medical Center	HL116906	93.837	83,832	175,374	1,136,584
					Boston University			6,913		
					Good Samaritan Hospital.			3,260		
					Johns Hopkins University			15,047		
					Loyola University Chicago			9,280		
					The University of Arizona			159,678		
					Tufts Medical Center, Inc			16,800		
					University of Colorado			91,953		
					University of Pennsylvania			7,000		
					University of Rochester			515,139		
					University of Tennessee			52,307		

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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
		Venous Malformations (VM): A Murine Model to Identify				HL117952	93.837	-	163,059	163,059
		Understanding the Role of HDL Subspecies in Adolescents				HL118132	93.837	-	192,435	192,435
		Omics of Lung Diseases				HL119986	93.837	-	140,547	140,547
		Childhood CV Risk & Adult CVD Outcomes: an International			Tulane University Health Sciences Center	HL121230	93.837	483,934	702,620	2,692,569
					University of Cincinnati..			55,372		
					University of Iowa			594,553		
					University of Minnesota			569,190		
					University of Tasmania			89,796		
					University of Turku			197,105		
		The role of thrombospondin-4 in the secretory pathway				HL124698	93.837	-	(1,075)	(1,075)
		Validation of aneurysm associated genes in a zebrafish				HL124889	93.837	-	25,996	25,996
		Understanding Cardiovascular Disease Mechanisms				HL125204	93.837	-	271,825	271,825
		RLDC: Molecular Pathway-Driven Diagnostics & Therapeutic			Columbia University	HL127672	93.837	19,081	348,297	694,679
					University of California			13,494		
					University of Cincinnati..			134,059		
					University of South Florida			46,037		
					Vanderbilt University			133,710		
		Preventing rapid decline in CF: statistical research car				HL125954	93.837	-	186,322	186,322
		The Role of Sca-1+ and ABCG2+ Cardiac Progenitor Cells i				HL128083	93.837	-	42,677	42,677
		Therapeutic Response Evaluation and Adherence Trial: A P				HL128885	93.837	-	146,548	146,548
		Small molecule targeting of MLK3 for heart failure				HL129772	93.837	-	274,841	274,841
		Administrative Coordinating Center: Cardiovascular Devel			Children's Hospital Boston	HL131003	93.837	165,709	4,409,995	6,110,695
					Children's Hospital of Philadelphia			237,954		
					Columbia University			277,402		
					Harvard College			38,158		
					J David Gladstone Institutes			37,729		
					Mount Sinai School of Medicine			72,619		
					University of California			456,967		
					University of Utah			305,909		
					Yale University			108,254		
		Cela1 Mediates Stretch-regulated Elastin Remodeling Duri				HL131261	93.837	-	178,994	178,994
		Role of GPR116 in Alveolar Homeostasis			University of Cincinnati..	HL131634	93.837	20,638	502,230	522,868
		Hippo Signaling in Heart Development and Repair				HL132211	93.837	-	287,257	287,257
		Unraveling ancestry and environmental exposure interacti			University of Cincinnati..	HL132344	93.837	27,202	703,101	730,303
		Aberrant Ubiquitin Editing in the Pathogenesis of Myeloi			Medical College of Wisconsin	HL132420	93.837	24,080	4,226	28,306
					University of Illinois at Chicago	HL132420	93.837	19,466	-	19,466
		Targeting Gβγ-GRK2 signaling i				HL132551	93.837	-	350,320	350,320
		Molecular examination of mitochondrial calcium control			University of California	HL132831	93.837	435,193	153,168	588,362
		Targeting Foxm1 in pulmonary fibrosis				HL132849	93.837	-	437,672	437,672
		The Role of PPARα in Sepsis				HL133377	93.837	-	90,505	90,505
		Molecular basis of dorsal-ventral patterning of the cond				HL133420	93.837	-	76,411	76,411
		Targeting pathologic G-protein signaling in cardiac and				HL133695	93.837	-	481,714	481,714
		Ancestry-Environmental Exposure Interactions & Asthma				HL133713	93.837	-	51,874	51,874
		Deficiency of Phospholipid Transfer Protein, a driver of				HL134186	93.837	-	601,875	601,875
		Targeting fibronectin in cardiac remodeling and fibrosis				HL134312	93.837	-	395,078	395,078
		The role of Collagen COL22A1 in intracranial aneurysms			Indiana University	HL134815	93.837	4,834	388,463	401,090
					University of Cincinnati..			7,793		

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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
		Pediatric Heart Network Prairieland Consortium			Indiana University	HL135678	93.837	177,932	284,767	462,699
		A Novel Mouse Model of Eosinophilic Vasculitis with Card				HL135507	93.837	-	256,895	256,895
		Regulatory mechanisms of adult cardiomyocyte proliferati				HL135848	93.837	-	475,284	475,284
		The role of palmitoylation in cardiac signal transductio				HL136695	93.837	-	64,026	64,026
		Cardiovascular Impact of Gata4 Loss in the c-Kit Lineage				HL137239	93.837	-	14,510	14,510
		Molecular mechanisms of atrial develop and regenerat				HL137766	93.837	-	328,668	328,668
		Defining the mechanisms MEK1/2 and ERK1/2 signal				HL138747	93.837	-	53,155	53,155
		Retinoic acid-dependent epigenetic and transcriptional				HL141186	93.837	-	67,383	67,383
		Cela1 in Lung Development and Disease				HL141229	93.837	-	9,195	9,195
		Fontan Udenafil Exercise Longitudinal Assessment Trial	New England Research Institutes	PHN-Udenafil-02		HL068270	93.837	-	(4,346)	(4,346)
		Novel Biomarkers in Cardiac Surg to Detect Acute Kidn	Yale University	M17A1246 (A11073)		HL085757	93.837	-	14,728	14,728
		NHLBI Progenitor Cell Biology Consortium Bioinformatics	University of Maryland	101330A		HL099997	93.837	-	(44)	(44)
		Improving Cardiac Function after Myocardial Infarction	Temple University	242707		HL108806	93.837	-	(71)	(71)
		Cardiac Biomarkers in Pediatric Cardiomyopathy	Wayne State University	WSU14110-A1		HL109090	93.837	-	739	739
		Genotype-Phenotype Assoc in Pediatric Cardiomyopa	Wayne State University	WSU15066-A1		HL111459	93.837	-	66,954	66,954
		Mechanisms of Refractory Hypertension	University of Alabama-Birmingham	000502641-001		HL113004	93.837	-	19,781	19,781
		Personalization of Therapeutic Efficacy Risk	University of Pennsylvania	569016		HL117796	93.837	-	10,994	10,994
		Eya Inhibitors in the Treatment of Peripheral Vascular D	Cleveland Clinic	796-SUB		HL119810	93.837	-	196,180	196,180
		Understanding Quality and Costs in Congenital Heart Surg	University of Michigan	3003050899		HL122261	93.837	-	20,105	20,105
		Genetic Modifiers of Transfusional Iron Overload	Baylor College of Medicine	5601175237		HL123641	93.837	-	1,325	1,325
		Data Coordination and Integration Center for LINCS-BD2K	Icahn School of Medicine @ Mt Sinai	0255-7885-4609		HL127624	93.837	-	42,203	42,203
		Integrated GWAS and EWAS of Cardopmetabolic	University of Cincinnati	010561-002		HL128493	93.837	-	2,387	2,387
		Identifying Therapeutic Targets for RNA Splicing-Related	The J. David Gladstone Institute	R2248-A		HL130533	93.837	-	81,632	81,632
		Multicenter Interventional Lymphangiomyomatosis Earl	University of Cincinnati	010575-005		HL131755	93.837	-	6,184	6,184
		Functional Impact of Col18a1/Endostatin Variants in PAH	Johns Hopkins School of Medicine	2003336003		HL132153	93.837	-	49,638	49,638
		Paracrine hypothesis underlying cardiac stem cell therap	Temple University School of Medicine	258578		HL132391	93.837	-	395,556	395,556
		Clinical and mechanistic role of HDGF in pulmonary hyper	Johns Hopkins School of Medicine	2003274979		HL135114	93.837	-	102,090	102,090
		Autologous Cardiomyocytes Masseter Muscles	University of Cincinnati	010790-002		HL136025	93.837	-	13,633	13,633
						Cardiovascular Diseases Research Total		6,007,040	18,387,380	24,394,420
	Centers for Disease Control and Prevention_ Investigations and Technical Assistance	Apnea in Hospitalized Preterm Infants Following the Admi			University of Cincinnati..	200-2012-53661	93.283	16,123	59,403	75,527
		Metagenomic predictors of infection and transmission of				200-2016-91939	93.283	-	95,669	95,669
		Language & functional outcomes in children who are dea	University of South Carolina	17-3222		DD001007	93.283	-	39,337	39,337
						Centers for Disease Control and Prevention_ Investigations and Technical Assistance Total		16,123	194,409	210,533
	Child Health and Human Development Extramural Research	Pediatric Scientist Development Program (PSDP) [K12]			Children's Hospital Boston	HD000850	93.865	197,227	10,219	1,235,924
					Children's Hospital of Philadelphia			98,704		
					Columbia University			52,889		
					Stanford University			131,411		
					University of California			502,220		
					University of Colorado			101,154		
					University of Washington			22,818		
					Washington University			119,283		

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		NICHD Coop Multicenter Neonatal Research Network				HD027853	93.865	-	323,417	323,417
		Child Health Research Career Dev Award (K12)				HD028827	93.865	-	256,640	256,640
		Xenbase: The Xenopus model organism database			University of Calgary	HD064556	93.865	470,819	869,982	1,340,801
		Injury Prevention in a Home Visitation Population				HD066115	93.865	-	826	826
		Telehealth Enhancement of Adhere to Medication in Ped			Children's Hospital of Philadelphia	HD067174	93.865	5,055	(3,349)	1,707
		Enhancing treatment adherence and health outcomes				HD068223	93.865	-	220,525	220,525
		Molecular signaling in uterine receptivity to implantati				HD068524	93.865	-	355,597	355,597
		Cincinnati Pediatric Clinical Pharmacology Postdoctoral				HD069054	93.865	-	288,572	288,572
		Engaging Fathers in Home Visitation: Incorporation			The Pennsylvania State University	HD069431	93.865	17,167	267,127	284,294
		Physician Attitudes toward New Biomedical HIV Prevent				HD072807	93.865	-	134,456	134,456
		Initiation and Progression of Preterm Lung Injury with V			Saint Louis University	HD072842	93.865	38,534	(6,044)	55,591
					University of Western Australia			23,101		
		Supporting Treatment Adherence Regimens in Pediatric Epi				HD073115	93.865	-	437,804	437,804
		Abused & non-abused females' high-risk online behavior				HD073130	93.865	-	173,123	173,123
		Shared Decision Making In Pediatric Chronic Conditions:				HD073149	93.865	-	42,768	42,768
		Rare Genetic Variants as Novel Causes of Idopathic or Sy				HD073351	93.865	-	(3,291)	(3,291)
		Decreasing teen STI prevalence thru universal emergen				HD075751	93.865	-	136,257	136,257
		Bone Mineral Accretion in Young Children			Children's Hospital of Philadelphia	HD076321	93.865	348,521	426,659	872,274
					University of California			97,095		
		Maternal temperament, stress, and inflammation in preter			University of California-Davis	HD078127	93.865	155,986	86,895	242,881
		Roles of STAT5b in IGF-1 Production and Human Growth				HD078592	93.865	-	390,128	390,128
		Research on Children in Miliary Families: The Impact of			Ryerson University	HD079899	93.865	13,166	21,381	93,025
					University of Cincinnati..			58,477		
		The role of Na+, K+-ATPase function in Creatine Transpor			University of Cincinnati..	HD080910	93.865	6,677	64,599	71,276
		Treatment of sleep disturbances in school-age children				HD082307	93.865	-	57,322	57,322
		Morphine Pharmacogenomics to Predict Risk of Respiratory				HD082782	93.865	-	176,002	176,002
		Web-based Intervention to Improve Executive Functioning				HD083335	93.865	-	139,373	139,373
		An Intervention to Red SHS Exposure among Pediatric E			San Diego State University	HD083354	93.865	21,237	583,828	655,850
					University of Arizona			50,785		
		Improving ADHD Teen Driving by Targeting Visual Inatt			Saint Louis University	HD084430	93.865	10,367	510,559	552,676
					University of Massachusetts Boston			31,750		
		Role of commensal bacteria in regulating neutrophil-med				HD084686	93.865	-	159,774	159,774
		ISCThrive: Improving Self-Management in Adolescents				HD084810	93.865	-	158,908	158,908
		Systems analysis of guideline adherence in neonatal			Johns Hopkins University	HD084863	93.865	22,346	54,636	96,309
					The Ohio State University			19,326		
		The role of executive functions in reading and reading			Washington University	HD086011	93.865	83,495	324,124	478,474
					Technion Research & Dev Foundation			70,855		
		Novel eMedicine Self-Management Program for Youth			University of Cincinnati..	HD087844	93.865	8,347	123,906	132,253
		Online Family Based Problem Solving after Pediatric Trau				HD088011	93.865	-	59,932	59,932
		Pediatric TBI Treatments: Optimal Timing, Targets, and P			Case Western Reserve University	HD089076	93.865	26,085	184,188	221,142
					The Ohio State University			10,869	-	
		Pharmacogenetics of Oxycodone, Personalized Care			University of Cincinnati..	HD089458	93.865	11,730	19,009	30,739
		Identifying Pharmacogenomic Predict of Methotrexate			CARRA Inc	HD089928	93.865	20,929	446,769	554,146
					Children's Mercy Hospital			74,883		
					Wake Forest Univ School of Medicine			11,565		

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		Human Endocrine Cell Development				DK092456	93.847	-	30,050	30,050
		LPA2 receptor-containing complexes in regulating secreto				DK093045	93.847	-	356,538	356,538
		Th2 Cytokines and Signaling in Pediatric Inflammatory Bo				DK094832	93.847	-	130,183	130,183
		The Role of Regulatory T Cells in Biliary Atresia				DK095001	93.847	-	(42,311)	(42,311)
		Critical Translational Studies in Pediatric Nephrology			University of Cincinnati..	DK096418	93.847	60,020	777,003	837,023
		Single Cell/RNA-Seq dissection of Human iPSC cell develop				DK098350	93.847	-	151,453	151,453
		Immunopathogenesis of Non-alcoholic Fatty Liver Disease				DK099222	93.847	-	219,670	219,670
		Recombineering based analysis of Hox function in kidney				DK099995	93.847	-	324,020	324,020
		NAFLD Improvement after Bariatric Surgery: The role of b				DK100314	93.847	-	794	794
		Cell Fate Regulation of Nephron Progenitors				DK100315	93.847	-	320,192	320,192
		Outcome of NASH in Adolescents after Bariatric Surgery v				DK100429	93.847	-	397,986	397,986
		Wnt/PCP Signaling in the Intestinal Epithelium				DK101618	93.847	-	109,654	109,654
		NAFLD: Mechanisms and Treatments			Baylor College of Medicine.	DK102597	93.847	14,856	372,313	387,170
		Molecular Pathogenesis of MDS			Univ of Texas M D Anderson Cancer Cntr	DK102759	93.847	691	215,776	216,467
		Regulation of hematopoietic stem cell self-renewal by GT			Indiana University	DK102890	93.847	17,802	472,645	490,448
		Investigation of Regional Identity in Human Intestinal S			Baylor College of Medicine.	DK103117	93.847	87,547	184,876	272,423
		Cdc42, hematopoietic stem cell polarity, and cell fate				DK104814	93.847	-	672,704	672,704
		Role of the Hypoxia-Inducible Factor-1alpha in Myelodysp				DK105014	93.847	-	311,940	311,940
		Therapeutic Monitoring and Targeting of Neutrophil Activ				DK105229	93.847	-	208,710	208,710
		The Mechanism Regulating Renal Progenitor Aging				DK106225	93.847	-	476,063	476,063
		Antifungal immunity controlled by commensal bacteria.				DK107199	93.847	-	37,028	37,028
		Mechanisms of genetic risk at 2p23 in Eosinophilic Esoph				DK107502	93.847	-	317,629	317,629
		Role of Hepatic RNA Silencing in Insulin Resistance and				DK107530	93.847	-	357,084	357,084
		Building a functional biliary system from hepatocytes			University of California	DK107553	93.847	213,876	265,248	479,124
		Role of nuclear IL-33 in mucosal inflammation				DK109573	93.847	-	31,488	31,488
		Level and timing of diabetic hyperglycemia in utero: the			Case Western Reserve University	DK109956	93.847	2,431	414,286	418,997
					MedStar Health Research Institute, Inc			2,281		
		Human in vivo model to study the role of a functional e				DK110414	93.847	-	110,929	110,929
		Impact of ST2 signaling and IBD risk variants on the int				DK110487	93.847	-	60,216	60,216
		Human Enteroids, Colonoids, and iPSC derived HIOs to st				DK112321	93.847	-	57,405	57,405
		Targeting IRAK1/4 in Myelodysplastic Syndromes			Univ of Texas M D Anderson Cancer Cntr	DK113639	93.847	12,950	260,907	273,856
		Epigenomic control of antimicrobial immunity in the inte				DK114123	93.847	-	37,437	37,437
		Host integration of commensal and pathogenic bacterial-d				DK116868	93.847	-	7,792	7,792
		TODAY2 Phase 2 (T2P2): Long-Term Post-Intervent Follo	George Washington University	15-D05		DK061230	93.847	-	96,844	96,844
		Clinical Research Network in NASH	Cleveland Clinic	936-SUB		DK061732	93.847	-	190,188	190,188
		Chronic Kidney Disease in Children (CKiD III)	Children's Mercy Hospital	13-0011		DK066143	93.847	-	56,475	56,475
		A Multi-Center Group to Study Acute Liver Failure in	University of Pittsburgh	0019927 (124826-11)		DK072146	93.847	-	181,416	181,416
		Teen Longitudinal Assessment of Bariatric Surgery (Teen-	University of Colorado	FY 18.896.002		DK072493	93.847	-	135,873	135,873
		Pharmacological Activation of TRPP2 to Restore Calcium L	University of Alabama-Birmingham	000508172-SP006-007		DK074083	93.847	-	19,726	19,726
		Search Nutrition Ancillary Study 2	University of Cincinnati	009206-005		DK077949	93.847	-	13,534	13,534
		Progression of Acute Kidney Injury to Chronic Kidney Dis	Yale University	GR101308 (CON-80000977)		DK082185	93.847	-	11,446	11,446
		The role of Hedgehog Signaling in gastric tissue repair	University of Cincinnati	010446-005		DK083402	93.847	-	61,202	61,202
		The LiverChip - A diagnostic tool for genetic liver dise	Phase 2 Discovery, Inc	5R44DK093214-03		DK093214	93.847	-	(221)	(221)
		Teen Longitudinal Assessment of Bariatric Surgery (Teen-	University of Cincinnati	010577-003		DK095710	93.847	-	723,914	723,914
		Predicting Response to Standardized Pediatric Colitis Th	Connecticut Children's	18-179296-01		DK095745	93.847	-	4,705	4,705
		Novel Serum & Urinary Biomarkers of Diabetic Kidney Di	Mount Sinai Hospital	0255-8161-4609		DK096549	93.847	-	4,704	4,704
		Causes & Consequences of Neutrophil Dysfunction in Ear	Emory University	T660056 (T151016)		DK098231	93.847	-	307,140	307,140
		Comprehensive Quantitative Ultrafast 3D Liver MRI	Case Western University	RES511409		DK098503	93.847	-	2,037	2,037
		NAFLD Improvement after Bariatric Surgery: The role of	Children's Hospital Los Angeles	RGF010633-A		DK100314	93.847	-	49,662	49,662
		FL3X: An Adaptive Intervention to Improve Outcomes for Y	University of North Carolina	5-33709		DK101132	93.847	-	691,530	691,530
		Recombinant Erythropoietin Protects Against Kidney disca	Children's Hospital-Seattle	11111SUB		DK103608	93.847	-	29,096	29,096
		Using cold active proteases for single cell dissociation	University of Southern California	84057268		DK107350	93.847	-	56,435	56,435
		Mechanistic & therapeutic role of the CD137-CD137L axi	University of Cincinnati	010459-003		DK107541	93.847	-	36,744	36,744
		Limited Competition for the Continuation of the SEARCH f	Wake Forest University	WFUHS 114580		DK108175	93.847	-	233,593	233,593
		Nonlinear Ultrasound: an Imaging Biomarker of Intestinal	University of Michigan	3004067897		DK109032	93.847	-	163,007	163,007
		Negative regulation of Jagged1 by glycosylation: towards	Baylor College of Medicine	7000000253		DK109982	93.847	-	16,566	16,566

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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	-	410,369	410,369
		Roles of Gsx factors in telencephalic neurogenesis				NS044080	93.853	-	595,810	595,810
		Impact of Initial Therapy and Response on Long Term Outcome				NS045911	93.853	-	(41)	(41)
		Molecular, cellular and physiological mechanisms of the mTOR regulation of aberrant neuronal integration and epigenetic			University of Memphis	NS054794	93.853	58,850	181,337	240,187
		Identification and reversal of primary and secondary epigenetic				NS062806	93.853	-	233,369	233,369
		Imaging the effect of centrotemporal spikes and seizures				NS065020	93.853	-	294,767	294,767
		Molecular control of neurogenesis in the adult subventricular zone				NS065840	93.853	-	(7,702)	(7,702)
		Molecular Mechanisms of Oligodendrocyte Differentiation				NS069893	93.853	-	479,643	479,643
		Regulation of Forebrain Neurogenesis by the Energy Sensor				NS072427	93.853	-	539,521	539,521
		Chromatin remodeling control of myelination and remyelination				NS072591	93.853	-	(26,745)	(26,745)
		Amitriptyline and Topiramate in the Prevention of Childhood Epilepsy				NS075243	93.853	-	267,862	267,862
		A Novel Model of Medulloblastoma to Define Cancer Pathways				NS076788	93.853	-	55,646	55,646
		Aberrant Neuromagnetic Signatures with Chronic Migraine				NS078092	93.853	-	219,388	219,388
		Ras Proteins in Nerve Tumorigenesis				NS081420	93.853	-	(1,433)	(1,433)
		Forward Genetic Analysis of Congenital Defects in Corticospinal Tract				NS083580	93.853	-	404,321	404,321
		Brain Mechanisms Supporting Individual Differences in Parkinson's Disease			Virginia Tech	NS085023	93.853	-	269,740	269,740
		Gaucher disease: Treatment of neurodegenerative disease				NS085391	93.853	27,313	507,063	534,376
		Signaling pathways regulating oligodendrocyte development				NS086134	93.853	-	296,579	296,579
		Brain Dysfunction in Neurofibromatosis			Technion Research & Dev Foundation	NS088529	93.853	-	347,689	347,689
		MicroRNA-mediated silencing of the Kv4.2 complex in epileptogenesis				NS091037	93.853	73,905	248,902	322,807
		Synapse elimination in the central nervous system				NS092705	93.853	-	369,725	369,725
		A New Model to Identify Preterm Neonates at High-Risk for Neurodevelopmental Delay			Research Foundation of City Univ of NY	NS093002	93.853	12,284	273,583	285,867
		MigraineManager: A Self-Management Health Care Resource				NS094200	93.853	-	614,778	614,778
		Early Prediction of Cerebral Palsy in Premature Infants				NS094476	93.853	-	152,794	152,794
		Genetic & environmental influences on recovery of severe			Children's Healthcare of Atlanta	NS096037	93.853	-	416,535	416,535
					Children's Hospital Boston	NS096053	93.853	600	354,614	441,938
					Children's Hospital Colorado			3,750		
					Johns Hopkins University			1,000		
					Murdoch Childrens Research Institute			2,200		
					Nationwide Childrens Hospital			4,025		
					Pennsylvania State University			4,410		
					Phoenix Children's Hospital			2,900		
					University of Alabama at Birmingham			1,000		
					University of California			300		
					University of Exeter			1,000		
					University of Pittsburgh			8,401		
					University of Texas Southwestern			50,163		
					University of Utah			1,000		
					University of Washington			1,750		
					Vall d'Hebron Hospital			4,150		
					Washington University			375		
								300		

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		Molecular and signaling mechanisms of peripheral nerve				NS096359	93.853	-	422,673	422,673	
		Cytokine signaling in neurofibroma development				NS096796	93.853	-	26,372	26,372	
		miR-155 and RUNX function in neurofibroma tumorigenesis				NS097233	93.853	-	340,955	340,955	
		Binding of Epstein Barr Virus EBNA2 unifies multiple scl			Stanford University..	NS099068	93.853	14,873	344,778	359,651	
		Biguanide Sensitivity of Glioma Stem Cells			University of Cincinnati..	NS099162	93.853	11,253	463,812	475,065	
		A novel combinatorial approach to restore motor function			University of Cincinnati..	NS100772	93.853	21,284	308,209	329,492	
		Distinct Mechanisms of Cognitive Behavioral Therapy Effe				NS101321	93.853	-	7,110	7,110	
		Sensitization of developing sensory neurons during infla				NS103179	93.853	-	384,066	384,066	
		HIV-1 Particle Capture and VCC				NS107031	93.853	-	13,608	13,608	
		Comparison Hemorrhagic & Ischemic Stroke Among Blacks	University of Cincinnati	009554-011		NS030678	93.853	-	212,490	212,490	
		Study of Activity-Dependent Sympathetic Sprouting	University of Cincinnati	010133-005		NS045594	93.853	-	7,996	7,996	
		Ultrasound-assisted thrombolysis for stroke therapy	University of Cincinnati	009291-008		NS047603	93.853	-	122,667	122,667	
		The Establishment of Schwann Cell Polarity and the Infla	University of California	8146sc		NS062796	93.853	-	143,231	143,231	
		Brain Vascular Malformation Consortium: Predictors of CI	Kennedy Krieger Research Inst	5U54NS065705		NS065705	93.853	-	22,208	22,208	
		Brain Vascular Malformation Consortium: Predictors of CI	University of California	8415sc		NS065705	93.853	-	3,078	3,078	
		Cincinnati Neuroscience Clinical Trials Research Center	University of Cincinnati	007772-015		NS077311	93.853	-	150,302	150,302	
		Potential EEG biomarkers and antiepileptogenic strategie	University of Alabama-Birmingham	000427597-004		NS080199	93.853	-	(936)	(936)	
		Early biomarkers of Autism Spectrum Disorders in infants	Children's Hospital Boston	GENFD0001358258		NS082320	93.853	-	194,390	194,390	
		Disordered Regulation of Wnt/B-catenin Signaling in MPNS	University of Minnesota	P004264101		NS086219	93.853	-	241,534	241,534	
		Targeting the Blood-Brain Barrier in Ischemic Stroke	University of Cincinnati	009662-002		NS088384	93.853	-	(526)	(526)	
		Developmental Synaptopathies Associated w/ TSC, PTEN	Children's Hospital Boston	GENFD0001329656		NS092090	93.853	-	67,700	67,700	
		Preventing Epilepsy Using Vigabatrin in Infants with Tub	University of Alabama-Birmingham	000510297-001		NS092595	93.853	-	158,748	158,748	
		High-dose Erythropoietin for Asphyxia and Encephalopathy	University of California	10018sc		NS092764	93.853	-	42,469	42,469	
		The Development of Small Molecule Inhibitors for Gaucher	University of Michigan	3003684045		NS092981	93.853	-	177,687	177,687	
		Nanovesicle-based intravenous protein/enzyme therapy	University of Cincinnati	009949-003		NS095047	93.853	-	10,713	10,713	
		Targeting Tumors with NF1 loss	Dartmouth	R836		NS095411	93.853	-	179,294	179,294	
		GABAergic Sensorimotor Dysfunction in Tourette Syndr	Kennedy Krieger Research Inst	113091-0319		NS096207	93.853	-	188,679	188,679	
		ICH Recovery Grant	University of Cincinnati	011078-003		NS100417	93.853	-	55,632	55,632	
		Progranulin:A Novel Gene in Gaucher Diseases	New York University	17-A0-00-008041-01		NS103931	93.853	-	82,355	82,355	
									307,085	11,869,407	12,176,492
		Extramural Research Programs in the Neurosciences and Neurological Disorders Total									
	Food and Drug Administration_Research	Quercetin: Novel Targeted Chemoprevention for Fanconi An				FD004383	93.103	-	22,190	22,190	
		Annual Meeting of the Neurobeh				FD004852	93.103	-	2,500	2,500	
		Phase II: Vincristine vs sirolimus for High Risk Kaposif	Children's Hospital Boston	GENFD0001396253		FD004363	93.103	-	27,618	27,618	
		Phase-II Study of Selective Cytopheretic Device for the	Innovative BioTherapies, Inc.	2015-003	Emory University	FD005092	93.103	18,736	136,466	219,843	
					University of Michigan			14,240			
					University of Alabama at Birmingham			33,643			
					University of Iowa			16,758			
		I-ACT for Children, Global Pediatric	Inst For Adv Clin Trials For Children	CCHMC-01		FD006297	93.103	-	61,220	61,220	
									83,378	249,994	333,372
		Food and Drug Administration_Research Total									
	Grants for Training in Primary Care Medicine and Dentistry	Faculty Development in Primary Care				HP23195	93.884	-	(11,434)	(11,434)	
		Leveraging the EHR to enable data collection at scale th				90AX001001-00	93.884	-	31,862	31,862	
									-	20,428	20,428
		Grants for Training in Primary Care Medicine and Dentistry Total									
	International Research and Research Training	Cellular and Molecular Mechanisms of Alanyl-Glutamine Or				TW008767	93.989	-	(1,384)	(1,384)	
									-	(1,384)	(1,384)
		International Research and Research Training Total									

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	Lung Diseases Research	Lung and Cardiovascular Development and Disease Pathogen				HL007752	93.838	-	208,751	208,751
		Foxfl Transcription Factor in Development of Pulmonary C				HL084151	93.838	-	377,943	377,943
		Transcriptional Programming of Asthma Related Pathology				HL095580	93.838	-	406,664	406,664
		Biomarkers of Immunologic Function and Preterm Respirato				HL101800	93.838	-	(1,082)	(1,082)
		Airway Progenitor Cell Proliferation and Differentiation			Oregon Health & Science University	HL110964	93.838	17,674	451	18,124
		Osr transcription factors regulate embryonic lung develo				HL114898	93.838	-	54,734	54,734
		MR predictors of infection, inflammation, and structural				HL116226	93.838	-	(11,092)	(11,092)
		Macrophage Based Gene Therapy for Hereditary Pulmonary A				HL118342	93.838	-	641,414	641,414
		Stard7, a Novel Inhibitor of Allergic Lung Disease				HL122130	93.838	-	188,829	188,829
		Mechanisms of IL-17A-mediated enhancement of asthma sev				HL122300	93.838	-	395,754	395,754
		"Lung MAP" Atlas Research Center			Cedars-Sinai Medical Center	HL122642	93.838	50,816	754,279	805,095
		Transcriptional regulation of goblet cell metaplasia				HL123490	93.838	-	445,009	445,009
		The role of the long non-coding RNA Falcor in early endo				HL130666	93.838	-	160,273	160,273
		UTE MRI to monitor CF lung disease and response to CFTR			Politecnico di Milano-Dipartimento di	HL131012	93.838	10,000	527,778	537,778
		Interstitial resident fibroblasts direct alveolar epithe				HL131661	93.838	-	432,335	432,335
		Integrative analysis of multi-omics data to target fibro			University of Cincinnati..	HL133539	93.838	18,883	98,537	117,420
		Editing Alveolar Progenitor Cells for Correction of Mono			Battelle Memorial Institute	HL134745	93.838	87,728	354,369	1,119,695
					Boston University			318,135		
					Johns Hopkins University			29,744		
					University of Pennsylvania			296,083		
					Washington University			33,636		
		WT1 Regulation of pulmonary fibrosis			University of Cincinnati..	HL134801	93.838	8,755	391,097	399,851
		A Novel Donor Risk Scoring System for Better Organ Utili				HL135306	93.838	-	173,409	173,409
		Discovery and characterization of candidate therapeutics				HL135368	93.838	-	124,545	124,545
		Genome edited iPS cell-derived macrophages as a novel				HL136721	93.838	-	405,095	405,095
		Role of EMC3/TMEM111 in Alveolar Epithelial Cell Functio			Battelle Memorial Institute	HL136722	93.838	58,312	529,689	588,001
		Early detection of regional BOS in BMT patients using UT				HL138255	93.838	-	77,388	77,388
		Transcriptional Regul of Endothelial Cells after Acute Lung				HL141174	93.838	-	117,833	117,833
		Identifying Gli-Regulated Targ				HL142201	93.838	-	917	917
		Gastrin-Releasing Peptide and Bronchopulmonary Dysplasia	Duke University	2034350		HL105702	93.838	-	3,428	3,428
		Severe Asthma Research Program	Washington University	WU-16-394		HL109257	93.838	-	(1,879)	(1,879)
		Directed Culturing of Pneumocystis Using Metatranscripto	University of Cincinnati	008635-014		HL119190	93.838	-	79,520	79,520
		Deficient Sleep, Lung Functioning, and Functional Outcom	National Jewish Health	20094504		HL119441	93.838	-	27,727	27,727
		Molecular Atlas of Lung Development - Data Coordinating	Duke University	203-7784		HL122638	93.838	-	283,486	283,486
		A Phase III Trial to Validate HP 129Xe MRI as a Function	Polarean Inc.	R44HL123299		HL123299	93.838	-	402,252	402,252
		Characterization of an inhibitory protein complex for cy	University of Tennessee	HL 123535 CCHMC		HL123535	93.838	-	16,733	16,733
		Pathogenesis-Driven Therapeutic Development for Pulmonary	University of Cincinnati	009628-005		HL127455	93.838	-	35,940	35,940
		ORBEX: Primary Prevention of Asthma and Wheezing in Chil	University of Arizona	438886		HL130045	93.838	-	26,326	26,326
		1/2 Hydrocortisone for PBD Respiratory	Children's Hospital of Philadelphia	3200930818		HL137872	93.838	-	26,189	26,189
		Resveratrol and Sirolimus in LAM Trial (RESULT)	University of Cincinnati	011018-002		HL138235	93.838	-	25,560	25,560
		Targeting prostaglandin biosynthesis and action in lymph	University of Cincinnati	011080-002		HL138481	93.838	-	1,965	1,965
									Lung Diseases Research Total	929,764
									7,782,166	8,711,930
	Maternal and Child Health Federal Consolidated Programs	Leadership Education in Neurodevelopmental and Other Rel	University of Cincinnati	010404-007		MC000322600	93.11	-	567,697	567,697
		Autism Intervention Research Networkss ECHO Projects	Massachusetts General Hospital	UA3MC11054		MC11054	93.11	-	343,413	343,413
		Region V East Comprehensive Care Network for Bleeding	Hemophilia Foundation of Michigan	MCHB 433 18-19		MC24047	93.11	-	25,097	25,097
									Maternal and Child Health Federal Consolidated Programs Total	936,207
									936,207	936,207

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	Medical Assistance Program	MedTapp NICU Graduates Project	Ohio State University	60055274	University Hospitals of Cleveland	G-1617-05-0003 ODM201540	93.778	124,372	1,584	125,956
		MedTapp QI Science Project	Ohio State University	60055217		G-1617-05-0003 ODM201602	93.778	-	191	191
		MedTapp Data Infrastructure	Ohio State University	60055246		G-1617-05-0003 ODM201603	93.778	-	(8,638)	(8,638)
		MEDTAPP Progesterone	Ohio State University	60055239	Aultman Hospital Case Western Reserve University Children's Hospital of Philadelphia Ohio State University	G-1617-05-0003 ODM201604	93.778	26,469 11,866 39,940 9,478	46,912	134,666
		MEDTAPP Perinatal Project	Ohio State University	60055243	Aultman Hospital	G-1617-05-0003 ODM201605	93.778	13,235	1,461	14,696
		Healthcare Access Initiative	University of Cincinnati	60055249		G-1617-05-0003 ODM201609	93.778	-	14,347	14,347
		Neonatal Abstinence Syndrome	Ohio State University	60055272	Case Western Reserve University	G-1617-05-0003 ODM201636	93.778	52,826	(23,814)	29,012
		MEDTAPP Infant Mortality Reduction Project Phase I	Ohio State University	60058273	Ohio State University	G-1617-05-0003 ODM201751	93.778	13,565	5,292	18,857
		Infant Mortality Reduction - Federally Qualified Health	Ohio State University	60060962	Ohio State University	G-1819-05-0094 ODM201751	93.778	12,671	75,594	88,265
		Ohio Smoke Free Families-Perinatal Learning Collaborative	Ohio State University	60060953		G-1819-05-0094 ODM201803	93.778	-	131,697	131,697
		OPQC_Progesterone - ODM	Ohio State University	60060941		G-1819-05-0094 ODM201804	93.778	-	150,605	150,605
		OPQC_Progesterone	Ohio State University	60060940	Aultman Hospital Case Western Reserve University Children's Hospital of Philadelphia Miami Valley Hospital Ohio State University	G-1819-05-0094 ODM201804	93.778	38,877 26,317 31,656 7,714 97,507	444,372	646,444
		Maternal Opiate Medical Supports (MOMS)	Ohio State University	60063557	University Hospitals of Cleveland	G-1819-05-0094 ODM201810	93.778	9,777	91,366	101,143
		Ohio Opioid Analytics Project	Ohio State University	60064256		G-1819-05-0094 ODM201811	93.778	-	6,789	6,789
		Neonatal Abstinence Syndrome (NAS) (Federal)	Ohio State University	60061009	University Hospitals of Cleveland	G-1819-05-0094 ODM201836	93.778	9,777	88,614	98,391
		Family Centered NICU Transition of Neonatal Home Care	Ohio State University	60061006	Nationwide Childrens Hospital University Hospitals of Cleveland	G-1819-05-0094 ODM201840	93.778	19,792 58,659	338,582	417,033
						Medical Assistance Program Total		604,498	1,364,953	1,969,451
	Medical Library Assistance	Improving Intensive Care Medication Safety through EHR-b Personal Health Record for Youth Emancipating from Foste			University of Cincinnati..	LM012230 LM012816	93.879 93.879	33,516 -	324,777 161,841	358,293 161,841
						Medical Library Assistance Total		33,516	486,618	520,133

Children's Hospital Medical Center and Affiliates

Supplementary Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp		
Mental Health Research Grants		Longitudinal Assessment of Manic Symptoms (LAMS)				MH073816	93.242	-	10,694	10,694		
		2/2-Anomalous Motor Physiology in ADHD				MH095014	93.242	-	82,082	82,082		
		Frontal Cortical Gamma Oscillations Mark Contamination					MH100640	93.242	-	144,919	144,919	
		Developing New Technologies to Improve ADHD Medication					MH101155	93.242	-	61,263	61,263	
		Latrophilin-3 and ADHD: A new potential mechanism					MH101609	93.242	-	(4,071)	(4,071)	
		Selective targeting of PI3K to restore higher cognitive				Emory University	MH103748	93.242	3,517	(8,647)	(5,130)	
		Neurobehavioral Effects of Abrupt Methyphenidate Discont				Seattle Children's Hospital	MH105425	93.242	192,819	292,317	485,136	
		A Multi-Method Investigation to Distinguish Sluggish Cog					MH108603	93.242	-	138,327	138,327	
		Cognitive and Behavioral Effects of Sleep Restriction in					MH109787	93.242	-	54,951	54,951	
		Improving Medication Continuity among adolescents					MH112648	93.242	-	38,566	38,566	
		Anomalous Sensorimotor Physiology in Fragile X Syndrome					MH112936	93.242	-	192,143	192,143	
		Collaborative TIC Genomics 2018					MH115962	93.242	-	1,253	1,253	
		Neuroimaging study of risk factors for adolescent bipola		University of Cincinnati		009821-006		MH097818	93.242	-	22,079	22,079
		Multimodal analysis of high-risk psychosis mutations in		Stanford University		60825821-113376		MH104172	93.242	-	277,075	277,075
		(ED-STARS) Emergency Dept Screen for Teens at Risk for		University of Michigan		3003298263		MH104311	93.242	-	112,677	112,677
		Collaboration on preclinical autism cellular assays, bio		University of California San Diego		91110427		MH107367	93.242	-	250,200	250,200
		Risk and resilience factors for frontolimbic connectivit		University of Cincinnati		010227-003		MH107378	93.242	-	131,644	131,644
		Exploring Stigmas and HIV Diagnosis Delay, Linkage,		University of Rochester		416896-G		MH109350	93.242	-	18,388	18,388
		Mental Health Research Grants Total								196,336	1,815,860	2,012,196
		National Center on Sleep Disorders Research		Sleep Restriction and the Adolescent Diet: Impact and M Multi-Center Trial of Limiting PGY 2&3 Resident Work Hou	Brigham & Women's Hospital	113170		HL120879	93.233	-	394,175	394,175
HL111478	93.233							-	51,749	51,749		
National Center on Sleep Disorders Research Total								-	445,924	445,924		
National Research Service Award in Primary Care Medicine		T32 Fellowship				HP10027	93.186	-	431,041	431,041		
						National Research Service Award in Primary Care Medicine Total						
Nursing Research		A Clinic-Based Interdisciplinary Intervention for Parent Self-Management in Adolescents and Young Adults with Spi	Loyola University Chicago	517240-CCHMC	State of Oklahoma	NR014248	93.361	148,276	392,116	540,391		
						NR016235	93.361	-	40,965	40,965		
						Nursing Research Total						
Oral Diseases and Disorders Research		Molecular Patterning of Mammalian Dentition				DE018401	93.121	-	223,851	223,851		
		The role of primary cilia in craniofacial development				DE019853	93.121	-	(275)	(275)		
		Psychological and physiological correlates of endrogenou				DE022368	93.121	-	194,136	194,136		
		Large Animal Model for Novel Autologous Treatments of Al				DE023124	93.121	-	(670)	(670)		
		The Role of Primary Cilia in Murine Craniofacial Develop				DE023804	93.121	-	74,829	74,829		
		Understanding and Reducing Variation in Outcomes of Clef				DE025023	93.121	-	(8,018)	(8,018)		
		The role of ectodermal primary cilia in murine orofacial				DE025537	93.121	-	(2,853)	(2,853)		
		Mandible Development				DE027046	93.121	-	593,963	593,963		
		Harnessing the therapeutic potential of neural crest cel				The Jackson Laboratory	DE027557	93.121	29,064	729,500	758,563	
		Transcriptome Atlases of the Craniofacial Sutures		Icahn School of Med-Mount Sinai		0255-7195-4609		DE024448	93.121	-	13,324	13,324
		Exploratory Statistical Analysis of Differential Network		University of Florida		UFDSP00011346		DE025625	93.121	-	36,672	36,672
		Development of Salisphere-derived systems for the study		University of Cincinnati		011098-002		DE026267	93.121	-	9,073	9,073
Oral Diseases and Disorders Research Total								29,064	1,863,532	1,892,596		
Poison Center Support and Enhancement Grant Program		Poison Center Support and Enhancement				HS15468	93.253	-	364,973	364,973		
Poison Center Support and Enhancement Grant Program Total								-	364,973	364,973		

Children's Hospital Medical Center and Affiliates

Supplementary Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp	
Trans-NIH Research Support		Establishment of in vitro and in vivo models of human ga Direct Epigenetic Reprogramming of T Cells				EB021780	93.310	-	99,749	99,749	
						GM119134	93.310	-	431,786	431,786	
						0D023282	93.310	-	287,929	287,929	
						0D023305	93.310	-	17,670	17,670	
						0D023320	93.310	-	79,114	79,114	
						0D023850	93.310	-	215,113	215,113	
						0D023857	93.310	-	132,190	132,190	
						DK102557	93.310	-	(524)	(524)	
						TR002001	93.310	-	39,828	39,828	
						Trans-NIH Research Support Total					
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	University of Cincinnati University Center for Excellenc University of Cincinnati University Centers for Excellen	University of Cincinnati University of Cincinnati	University of Cincinnati University of Cincinnati	008131-014 90DDUC0013-01-00		90DD0696-05-01	93.632	-	(6,439)	(6,439)	
						90DDUC0013-01-00	93.632	-	487,999	487,999	
						University Centers for Excellence in Developmental Disabilities Education, Research, and Service Total					
Vision Research		Mechanism of action of Retinal Determination proteins RhoGTPases in Early Eye Development Outcomes of children with juvenile idiopathic arthritis- EYA in Retinal Angiogenesis Light Regulated Vascular Development of the Eye SLC25A46 mutations cause optic atrophy, axonal neuropath Regulation of vascular development in the eye by an opsi Regulation of eye development by an Opsin 5-dopamine pat				EY014648	93.867	-	180,331	180,331	
						EY017848	93.867	-	1,005	1,005	
						EY021760	93.867	-	20,278	20,278	
						EY022917	93.867	-	251,547	251,547	
						EY023179	93.867	44,698	2,965	47,663	
						EY026609	93.867	-	276,143	276,143	
						EY027077	93.867	30,579	379,714	410,293	
						EY027711	93.867	-	224,887	224,887	
Vision Research Total								75,277	1,336,870	1,412,147	
Cooperative Agreements to Support State- Based Safe Motherhood and Infant Health Initiative Programs	State-based Perinatal Quality Collaboratives					The Ohio State University	DP005361	93.946	9,302	109,881	119,183
						Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs Total					
Human Genome Research		Effect of disease-associated genetic variants on viral p Better Outcomes for Children: Promoting Excellence in He Overcoming bias and unwanted variability in next generat	Dana Farber Cancer Institute	1228008		HG008186	93.172	-	31,770	31,770	
						HG008666	93.172	-	776,457	776,457	
						HG005220	93.172	-	144,242	144,242	
Human Genome Research Total								-	952,468	952,468	
Prevention and Public Health Fund (Affordable Care Act) Enhanced Surveillance for New Vaccine Preven	Enhanced Surveillance for New Vaccine Preventable Dis Enhanced Surveillance for New Vaccine Preventable Dis					IP000458	93.533	-	(3,035)	(3,035)	
						University of Cincinnati..	IP001059	93.533	227,478	699,918	927,395
Prevention and Public Health Fund (Affordable Care Act) Enhanced Surveillance for New Vaccine Preven Total								227,478	696,883	924,361	
Alcohol Research Programs	Regulation of hepatic stellate cells in development and Teen Alcohol Screening in the Pediatric ER Care A		Rhode Island Hospital	7017137111-5-OH		AA020514	93.273	-	747	747	
						AA021900	93.273	-	48	48	
Alcohol Research Programs Total								-	796	796	

Children's Hospital Medical Center and Affiliates

**Supplementary Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018**

Gov Agency	Gov Branch	Award Title	Pass-Through Grantor	Identifying Number	Subrecipient Name	Federal Grant Number	CFDA	Sub Exp	Fed Exp	Total Exp						
National Center for Advancing Translational Sciences	Clinical and Translational Science Award	Optimizing sIRB Review for Genomic Research	University of Cincinnati	009904-003		TR001425	93.350	-	2,513,093	2,513,093						
								-	37,288	37,288						
								-	30,258	30,258						
								-	108,755	108,755						
								-	242,618	242,618						
								-	(2,423)	(2,423)						
								-	99,077	99,077						
								-	33,507	33,507						
National Center for Advancing Translational Sciences Total								-	3,062,173	3,062,173						
Occupational Safety and Health Program	Just-in-Time Methods for Understanding Near-misses, Inju Education and Research Center (ERC Cincinnati)	Genetic Susceptibility for Occupational Asthma	University of Cincinnati	010412-021		OH010035	93.262	-	(502)	(502)						
								-	19,862	19,862						
								-	15,023	15,023						
								-	9,893	9,893						
Occupational Safety and Health Program Total								-	44,276	44,276						
Research and Training in Complementary and Alternative Medicine	Using fMRI to understand response to an integrative trea					AT009458	93.213	-	30,346	30,346						
								Research and Training in Complementary and Alternative Medicine Total								-
HIV Prevention Activities_Health Department Based	HIV Testing in Ohio Emergency Departments					03130012HT0314	93.940	-	26,207	26,207						
								HIV Prevention Activities_Health Department Based Total								-
Hospital Prep Prog (HPP) & Public Helath Emergency Prep (PHEP) Aligned Cooperative Agreements	Ohio Poison Control Bioterrorism Grant FY15				Research Inst. at Nationwide Hos	03130012PP0415	93.074	17,911	(19,128)	(1,217)						
								Hospital Prep Prog (HPP) & Public Helath Emergency Prep (PHEP) Aligned Cooperative Agreements Total								17,911
Health Program for Toxic Substances and Disease Registry	Pediatric Environmental Health Specialty Unit - Great La		Univ of Illinois @ Chicago	7769-02		TS000237	93.161	-	20,989	20,989						
								Health Program for Toxic Substances and Disease Registry Total								-
Microbiology and Infectious Diseases Research	HBGA receptors in host cell entry and infection of norov Food Allergy Outcomes Rel to White & Africn American		Purdue University	4102-65270		AII11095	93.856	-	186,443	186,443						
								Northwestern University	60046645 CCHMC	AII30348	93.856	-	101,381	101,381		
												Microbiology and Infectious Diseases Research Total				
Healthy Start Initiative	Healthy Start Cincinnati				University of Cincinnati..	MC27823	93.926	17,126	596,370	613,496						
								Healthy Start Initiative Total								17,126
Health Care Innovation Challenge	Coordinating all resources effectively for children with		Children's National Medical Center	30002606-04		1C1CMS331335-01-00	93.610	-	130,648	130,648						
								Health Care Innovation Challenge Total								-
Community Programs to Improve Minority Health Grant Program	Communities Addressing Childhood Trauma (ACT)					A Sound Mind Counseling Service	1CPIMP161128-01-00	93.137	52,975	278,291	453,226					
									Addiction Services Council	1,400						
									Central Community Health Board of	10,500						
									Epiphany Community Services, Inc	67,500						
									IV-CHARIS	10,000						
									NAMI Urban Greater Cincinnati Network	10,000						
									Postive Influence Team	17,820						
									Urban Minority Alcoholism & Drug Abuse	4,740						
									Pathways for Emerging Healthcare Leaders	University of Cincinnati	009908-004	5CPIMP151094-02-00	93.137	-	(179)	(179)
									Community Programs to Improve Minority Health Grant Program Total							

CHILDREN'S HOSPITAL MEDICAL CENTER AND AFFILIATES

NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2018

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 Supplemental 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, 2018, 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 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 2018.

* * * * *

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, 2018, 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 22, 2018.

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 22, 2018



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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, 2018. 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, 2018.

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, 2018, and have issued our report thereon dated October 22, 2018, 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 22, 2018

CHILDREN'S HOSPITAL MEDICAL CENTER AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

PART I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	None reported
Type of auditor's report issued on compliance for major programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	<u> X </u>	No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Various	Research and Development*

* Cincinnati Children's has determined that its entire research and development program inclusive of all research and development grant activity should be considered clustered and as such, constitutes one major program.

Dollar threshold used to distinguish between Type A and Type B programs?	\$3,000,000
Research and Development program tested as a single Type A program	

Auditee qualified as low-risk auditee?	<u> X </u>	Yes	_____	No
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CHILDREN'S HOSPITAL MEDICAL CENTER AND AFFILIATES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

PART II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None

Part III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None