


Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

ARKANSAS CHILDREN'S HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address)Room/suite

1 CHILDRENS WAY

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

LITTLE ROCK, AR 72202

F Name and address of principal officer

MARCELLA DODERER

1 CHILDRENS WAY

LITTLE ROCK,AR 72202

D Employer identification number

71-0236857

E Telephone number

(501) 364-2555

G Gross receipts \$ 562,297,006

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3)☐ 501(c) () (Insert no)☐ 4947(a)(1) or ☐ 527

J Website: WWW ARCHILDRENS ORG

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation 1912

M State of legal domicile AR

Part I	Summary																																																				
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>TO IMPROVE CHILDREN'S HEALTH BY PROVIDING INTEGRATED "PREP" PATIENT CARE, RESEARCH, EDUCATION, AND PREVENTION</div></div>																																																				
	<div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>																																																				
Revenue	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>29</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>24</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>4,915</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>2,830</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>0</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>0</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	29	4	Number of independent voting members of the governing body (Part VI, line 1b)	24	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	4,915	6	Total number of volunteers (estimate if necessary)	2,830	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0	7b	Net unrelated business taxable income from Form 990-T, line 34	0																																		
3	Number of voting members of the governing body (Part VI, line 1a)	29																																																			
4	Number of independent voting members of the governing body (Part VI, line 1b)	24																																																			
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	4,915																																																			
6	Total number of volunteers (estimate if necessary)	2,830																																																			
7a	Total unrelated business revenue from Part VIII, column (C), line 12	0																																																			
7b	Net unrelated business taxable income from Form 990-T, line 34	0																																																			
Expenses	<table><tr><td>8</td><td>Contributions and grants (Part VIII, line 1h)</td><td>27,150,943</td><td>32,456,742</td></tr><tr><td>9</td><td>Program service revenue (Part VIII, line 2g)</td><td>492,992,212</td><td>512,741,985</td></tr><tr><td>10</td><td>Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td><td>4,581,341</td><td>4,273,158</td></tr><tr><td>11</td><td>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td>12,086,901</td><td>12,681,858</td></tr><tr><td>12</td><td>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td><td>536,811,397</td><td>562,153,743</td></tr><tr><td>13</td><td>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</td><td>6,892,049</td><td>6,765,979</td></tr><tr><td>14</td><td>Benefits paid to or for members (Part IX, column (A), line 4)</td><td>0</td><td>0</td></tr><tr><td>15</td><td>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</td><td>248,100,785</td><td>260,050,732</td></tr><tr><td>16a</td><td>Professional fundraising fees (Part IX, column (A), line 11e)</td><td>0</td><td>0</td></tr><tr><td>16b</td><td>Total fundraising expenses (Part IX, column (D), line 25)</td><td></td><td></td></tr><tr><td>17</td><td>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</td><td>245,800,638</td><td>247,750,171</td></tr><tr><td>18</td><td>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</td><td>500,793,472</td><td>514,566,882</td></tr><tr><td>19</td><td>Revenue less expenses Subtract line 18 from line 12</td><td>36,017,925</td><td>47,586,861</td></tr></table>	8	Contributions and grants (Part VIII, line 1h)	27,150,943	32,456,742	9	Program service revenue (Part VIII, line 2g)	492,992,212	512,741,985	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,581,341	4,273,158	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,086,901	12,681,858	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	536,811,397	562,153,743	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	6,892,049	6,765,979	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	248,100,785	260,050,732	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0	16b	Total fundraising expenses (Part IX, column (D), line 25)			17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	245,800,638	247,750,171	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	500,793,472	514,566,882	19	Revenue less expenses Subtract line 18 from line 12	36,017,925	47,586,861
8	Contributions and grants (Part VIII, line 1h)	27,150,943	32,456,742																																																		
9	Program service revenue (Part VIII, line 2g)	492,992,212	512,741,985																																																		
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,581,341	4,273,158																																																		
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,086,901	12,681,858																																																		
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	536,811,397	562,153,743																																																		
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	6,892,049	6,765,979																																																		
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0																																																		
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	248,100,785	260,050,732																																																		
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0																																																		
16b	Total fundraising expenses (Part IX, column (D), line 25)																																																				
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	245,800,638	247,750,171																																																		
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	500,793,472	514,566,882																																																		
19	Revenue less expenses Subtract line 18 from line 12	36,017,925	47,586,861																																																		
Net Assets or Fund Balances	<table><tr><td></td><td>Beginning of Current Year</td><td>End of Year</td></tr><tr><td>20</td><td>Total assets (Part X, line 16)</td><td>722,882,134</td><td>762,641,298</td></tr><tr><td>21</td><td>Total liabilities (Part X, line 26)</td><td>203,968,163</td><td>217,255,423</td></tr><tr><td>22</td><td>Net assets or fund balances Subtract line 21 from line 20</td><td>518,913,971</td><td>545,385,875</td></tr></table>		Beginning of Current Year	End of Year	20	Total assets (Part X, line 16)	722,882,134	762,641,298	21	Total liabilities (Part X, line 26)	203,968,163	217,255,423	22	Net assets or fund balances Subtract line 21 from line 20	518,913,971	545,385,875																																					
	Beginning of Current Year	End of Year																																																			
20	Total assets (Part X, line 16)	722,882,134	762,641,298																																																		
21	Total liabilities (Part X, line 26)	203,968,163	217,255,423																																																		
22	Net assets or fund balances Subtract line 21 from line 20	518,913,971	545,385,875																																																		

Part II

Signature Block

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

Sign Here

Signature of officer

MARCELLA DODERER PRESIDENT & CEO

Type or print name and title

Prnt/Type preparer's name

BROOKE KITCHEN

Preparer's signature

Firm's name DELOITTE TAX LLP

Firm's address 1111 BAGBY STREET SUITE 4500

HOUSTON, TX 770022591

Paid Preparer Use Only

May the IRS discuss this return with the preparer shown above? (see instructions)

For Paperwork Reduction Act Notice, see the separate instructions.

Part IIIS

Statement of Program Service Accomplishments

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

☐ Yes☒ No

1

Briefly describe the organization’s mission

TO IMPROVE CHILDREN'S HEALTH BY PROVIDING INTEGRATED "PREP" PATIENT CARE, RESEARCH, EDUCATION, AND PREVENTION

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes☒ No

If "Yes," describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes☒ No

If "Yes," describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 430,955,679 including grants of \$ 6,765,979) (Revenue \$ 519,098,724)

ARKANSAS CHILDREN'S HOSPITAL (ACH) IS A NOT-FOR-PROFIT PEDIATRIC HOSPITAL THAT SERVES AS THE ONLY TERTIARY HEALTH CARE FACILITY FOR CHILDREN IN THE STATE OF ARKANSAS ACH HAS THE ONLY BURN CENTER IN ARKANSAS AND PROVIDES TREATMENT TO ADULTS AS WELL AS CHILDREN DURING THE YEAR ENDED JUNE 30, 2014, ACH EXPERIENCED THE FOLLOWING 14,550 ADMISSIONS WITH AN AVERAGE STAY OF 5 59 DAYS, 79,643 PATIENT DAYS, 218 2 AVERAGE DAILY CENSUS, 342 OPERATING BEDS, INCLUDING 170 INTENSIVE CARE BEDS AND 159 MEDICAL/SURGICAL BEDS, 246,455 OUTPATIENT VISITS, EXCLUDING ER VISITS WHICH WERE 53,259, AND 14,465 SURGERIES INCLUDING 21 HEART TRANSPLANTS AND 4 KIDNEY TRANSPLANTS CONTINUED ON SCHEDULE O IN ADDITION TO PROVIDING CHARITY CARE, ACH WORKS WITH THE CENTRAL ARKANSAS COMMUNITY AND ORGANIZATIONS THROUGHOUT THE STATE TO PROVIDE THE FOLLOWING FREE PHYSICALS, STAFF FOR HEALTH CAMPS, PROGRAMS ON HEALTH CARE TO ELEMENTARY STUDENTS, AND INFORMATION AND LEARNING EXPERIENCES FOR CHILDREN AND FAMILIES AT HEALTH FAIRS AND SEMINARS ACH IS THE STATE'S ONLY PEDIATRIC LEVEL 1 TRAUMA CENTER, AN INDICATION THAT IT PROVIDES THE HIGHEST STANDARD OF CARE FOR INJURED CHILDREN

4b

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

4c

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

4d




















Other program services (Describe in Schedule O)

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

4e

Total program service expenses ▶ 430,955,679

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV		No
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		No
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter:		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶GENA WINGFIELD 1 CHILDRENS WAY LITTLE ROCK, AR 72202 (501) 364-2555

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

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

[illegible]

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	8,448,066	229,131	355,687

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization: 211

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
UNIVERSITY OF ARKANSAS FOR MEDICAL SCIEN 4301 WEST MARKHAM LITTLE ROCK AR 72205	MEDICAL SERVICES	60,647,602
NABHOLZ CONSTRUCTION CORP PO BOX 2090 CONWAY AR 72033	GENERAL CONSTRUCTION CONTRACTOR	7,936,584
ARAMARK 24836 NETWORK PLACE CHICAGO IL 60673	FOOD SERVICE	6,198,817
CROMWELL ARCHITECTS ENGINEERS 101 SOUTH SPRING STREET LITTLE ROCK AR 72201	ARCHITECT/ENGINEERING	1,661,237
ARUP INC PO BOX 27964 SALT LAKE CITY UT 84127	REFERRED PATIENT LAB TESTING	1,592,256

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶82

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d	16,674,899				
	e	Government grants (contributions) 1e	15,781,843				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f					
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	32,456,742				
Program Service Revenue	2a	PAYMENTS FOR MED SVCS	900099	512,741,985	512,741,985		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	512,741,985				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	4,208,864			4,208,864
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross rents	(i) Real 1,264,262	(ii) Personal			
b		Less rental expenses	1,488				
c		Rental income or (loss)	1,262,774				
d		Net rental income or (loss)	1,262,774			1,262,774	
7a		Gross amount from sales of assets other than inventory	(i) Securities 198,569	(ii) Other 7,500			
b		Less cost or other basis and sales expenses	62,500	79,275			
c		Gain or (loss)	136,069	-71,775			
d		Net gain or (loss)	64,294			64,294	
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses b					
c		Net income or (loss) from fundraising events					
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses b					
c		Net income or (loss) from gaming activities					
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold b					
c		Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
11a		NUTRITIONAL SERVICES	900099	3,755,912			3,755,912
b	NWAR CLINICS O/I	900099	1,716,967	1,716,967			
c	CHILD ENRICHMENT	900099	1,306,433			1,306,433	
d	All other revenue		4,639,772	4,639,772			
e	Total. Add lines 11a-11d		11,419,084				
12	Total revenue. See Instructions		562,153,743	519,098,724	0	10,598,277	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	6,346,337	6,346,337		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	419,642	419,642		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	8,475,856	3,242,818	5,233,038	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	210,157,317	170,199,495	39,957,822	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	7,653,804	6,344,212	1,309,592	
9	Other employee benefits.	18,261,034	15,110,748	3,150,286	
10	Payroll taxes.	15,502,721	12,850,152	2,652,569	
11	Fees for services (non-employees):				
a	Management.	2,426,012	1,242,904	1,183,108	
b	Legal.	260,473		260,473	
c	Accounting.	312,724		312,724	
d	Lobbying.	104,823	104,823		
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	92,781,186	88,081,335	4,699,851	
12	Advertising and promotion.	447,623	430,121	17,502	
13	Office expenses.	11,230,695	5,142,854	6,087,841	
14	Information technology.	11,107,014	6,668,296	4,438,718	
15	Royalties.				
16	Occupancy.	5,565,225	4,125,882	1,439,343	
17	Travel.	1,699,604	1,588,283	111,321	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	298,947	230,245	68,702	
20	Interest.	7,347,239		7,347,239	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	24,818,883	21,630,066	3,188,817	
23	Insurance.	1,853,633	1,243,984	609,649	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	75,367,119	75,367,119		
b	PROVISION FOR BAD DEBT	3,116,333	3,116,333		
c	MINOR EQUIPMENT	1,669,638	1,312,310	357,328	
d	DUES & SUBSCRIPTIONS	1,364,842	676,772	688,070	
e	All other expenses	5,978,158	5,480,948	497,210	
25	Total functional expenses. Add lines 1 through 24e.	514,566,882	430,955,679	83,611,203	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		11,920	1	12,339
	2	Savings and temporary cash investments		39,240,431	2	41,205,732
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		50,585,370	4	48,158,543
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L.		23,104	5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L.			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		7,448,404	8	7,925,875
	9	Prepaid expenses and deferred charges		9,202,239	9	6,044,785
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a543,741,176			
	b	Less: accumulated depreciation	10b269,611,026	253,333,000	10c	274,130,150
	11	Investments—publicly traded securities		246,540,780	11	251,092,720
	12	Investments—other securities. See Part IV, line 11.		461,560	12	410,404
	13	Investments—program-related. See Part IV, line 11.		927,440	13	800,468
	14	Intangible assets			14	
	15	Other assets. See Part IV, line 11.		115,107,886	15	132,860,282
	16	Total assets. Add lines 1 through 15 (must equal line 34).		722,882,134	16	762,641,298
Liabilities	17	Accounts payable and accrued expenses		51,848,216	17	53,347,387
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		152,119,947	20	163,714,022
	21	Escrow or custodial account liability. Complete Part IV of Schedule D.			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L.			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D.		0	25	194,014
	26	Total liabilities. Add lines 17 through 25.		203,968,163	26	217,255,423
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		495,293,881	27	524,564,887
	28	Temporarily restricted net assets		23,620,090	28	20,820,988
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		518,913,971	33	545,385,875
	34	Total liabilities and net assets/fund balances		722,882,134	34	762,641,298

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	562,153,743
2	Total expenses (must equal Part IX, column (A), line 25)	2	514,566,882
3	Revenue less expenses Subtract line 2 from line 1	3	47,586,861
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	518,913,971
5	Net unrealized gains (losses) on investments	5	-1,228,875
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-19,886,082
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	545,385,875

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization ARKANSAS CHILDREN'S HOSPITAL	Employer identification number 71-0236857
---	---

Part I

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

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

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

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

Part IV

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

Facts And Circumstances Test		
Return Reference	Explanation	

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization ARKANSAS CHILDREN'S HOSPITAL	Employer identification number 71-0236857
--	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		84,823
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		222,276
j	Total. Add lines 1c through 1i.			307,099
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

	Yes	No
1		
2		
3		

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1	IN ORDER TO EFFECTIVELY ADVOCATE FOR AND ASSIST WITH THE IMPROVEMENT OF CHILDREN'S HEALTH, ARKANSAS CHILDREN'S HOSPITAL HAS AN OFFICE OF GOVERNMENT RELATIONS THAT WORKS WITH OTHER ORGANIZATIONS, ON A STATE AND NATIONAL LEVEL, TO FORMULATE POLICY AND TO ARTICULATE OUR PUBLIC POLICY AGENDA. IN ADDITION, A PERCENTAGE OF DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION, ARKANSAS HOSPITAL ASSOCIATION, ASSOCIATION OF AMERICAN MEDICAL COLLEGES, CHILDREN'S HOSPITAL ASSOCIATION, LITTLE ROCK REGIONAL CHAMBER OF COMMERCE AND THE ARKANSAS STATE CHAMBER OF COMMERCE WAS FOR LOBBYING.

Part IV

[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization ARKANSAS CHILDREN'S HOSPITAL	Employer identification number 71-0236857
---	---

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

	Amount
1c	
1d	
1e	
1f	
- 2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	212,925,418	176,416,750	166,396,164	145,568,315	135,770,735
b Contributions	25,377,876	27,950,863	13,882,530	4,959,714	7,045,011
c Net investment earnings, gains, and losses	27,631,730	11,723,854	1,770,907	21,536,391	13,385,881
d Grants or scholarships					
e Other expenditures for facilities and programs	5,127,265	3,166,049	5,632,851	5,668,256	10,633,312
f Administrative expenses					
g End of year balance	260,807,759	212,925,418	176,416,750	166,396,164	145,568,315

- 2

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

a

Board designated or quasi-endowment

75 000 %

b

Permanent endowment

13 000 %

c

Temporarily restricted endowment

12 000 %

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

3a

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐

b

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

3b

☐ Yes

☐
- 4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		13,099,002		13,099,002
b Buildings		318,359,115	153,150,535	165,208,580
c Leasehold improvements				
d Equipment		175,361,286	107,960,148	67,401,138
e Other		36,921,773	8,500,343	28,421,430
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				274,130,150

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)		5	

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b		4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)		5	

Part XIII

Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Explanation
PART V, LINE 4	EARNINGS FROM ENDOWMENT FUNDS WILL BE USED TO SUPPORT VARIOUS HOSPITAL PROGRAMS. THE FILING ORGANIZATION DOES NOT HOLD ANY ENDOWMENTS, ALL ENDOWMENTS ARE HELD BY ARKANSAS CHILDREN'S HOSPITAL FOUNDATION, A RELATED ORGANIZATION.
PART X, LINE 2	EFFECTIVE JULY 1, 2007, THE HOSPITAL ADOPTED FIN 48 (ASC 740), ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES. FOR FY14, THE HOSPITAL DID NOT RECOGNIZE ANY ADJUSTMENT RELATED TO UNCERTAIN TAX POSITIONS.

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ARKANSAS CHILDREN'S HOSPITAL

Employer identification number
71-0236857

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			11,479,819	0	11,479,819	2 230 %
b Medicaid (from Worksheet 3, column a)			275,039,656	286,856,986	-11,817,330	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			286,519,475	286,856,986	-337,511	2 230 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			17,788,418	11,707,864	6,080,554	1 180 %
f Health professions education (from Worksheet 5)			21,476,766	7,039,670	14,437,096	2 810 %
g Subsidized health services (from Worksheet 6)			43,636,124	21,117,434	22,518,690	4 380 %
h Research (from Worksheet 7)			4,812,081		4,812,081	0 940 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			582,114	82,572	499,542	0 100 %
j Total Other Benefits			88,295,503	39,947,540	48,347,963	9 410 %
k Total. Add lines 7d and 7j			374,814,978	326,804,526	48,010,452	11 640 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development		30,191		30,191	0.010 %
3	Community support		49,789		49,789	0.010 %
4	Environmental improvements					
5	Leadership development and training for community members		1,860		1,860	0 %
6	Coalition building		11,700		11,700	0 %
7	Community health improvement advocacy		27,423		27,423	0.010 %
8	Workforce development		14,200		14,200	0 %
9	Other		54,927		54,927	0.010 %
10	Total		190,090		190,090	0.040 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

1,754,309

3

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

3

4

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

Section B. Medicare

5

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

5

2,917,471

6

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

6

3,754,448

7

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

7

-836,977

8

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

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

9a

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

9a

Yes

9b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

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

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

ARKANSAS CHILDREN'S HOSPITAL

Name of hospital facility or facility reporting group

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

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input checked="" type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW ARCHILDRENS ORG</u>		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input checked="" type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input checked="" type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9 Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10 Yes	
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11 Yes	
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Residency i <input type="checkbox"/> Other (describe in Part VI)		12	No
13 Explained the method for applying for financial assistance?		13 Yes	
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website b <input type="checkbox"/> The policy was attached to billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)		14 Yes	
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15 Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Section C)		17	No

Part V

Facility Information *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** ☐ Notified individuals of the financial assistance policy on admission

b ☐ Notified individuals of the financial assistance policy prior to discharge

c ☐ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills

d ☐ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy

e ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

[illegible]

Part V

Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **3**

Name and address		Type of Facility (describe)
1	WEST LITTLE ROCK PEDIATRIC CLINIC BELLA ROSA CENTER 16101 CANTRELL RD LITTLE ROCK, AR 72223	OUTPATIENT HOSPITAL CLINIC
2	CENTERS FOR CHILDREN 519 LATHAM DRIVE LOWELL, AR 72745	OUTPATIENT HOSPITAL CLINIC
3	CENTERS FOR CHILDREN 520 CARSON STREET JONESBORO, AR 72401	OUTPATIENT HOSPITAL CLINIC
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 7	COSTING METHOD - ARKANSAS CHILDREN'S HOSPITAL (ACH) USES A COST ACCOUNTING (CA) SYSTEM AS THE BASIS FOR DETERMINING COST FOR ITS PATIENTS ALL PATIENT ENCOUNTERS (INPATIENT, OUTPATIENT, ED, AMBULATORY SURGERY) ARE CAPTURED IN THE CA SYSTEM FOR ALL PATIENTS (MEDICAID, INSURANCE, UNINSURED) WITH NO DIFFERENTIATION FOR TYPE OF INSURANCE, IF ANY A BRIEF DESCRIPTION OF THE CA SYSTEM IS BELOW THE COST ACCOUNTING SYSTEM AT ACH IS A DETAILED PROCEDURE SYSTEM ALL SERVICES PERFORMED BY PATIENT CARE STAFF HAVE BEEN EVALUATED AS TO THE RESOURCES UTILIZED TO PROVIDE THE SERVICES INCLUDING LABOR, DIRECT MATERIALS AND EQUIPMENT IN ADDITION, OVERHEAD TYPE COSTS (BUILDING, UTILITIES, PAYROLL, ETC) HAVE ALSO BEEN ALLOCATED TO THESE SERVICES THE TWO COMPONENTS, DIRECT AND INDIRECT COSTS, ARE COMBINED AND REPRESENT THE TOTAL COST TO PROVIDE EACH SERVICE THIS IS DONE ON A PROCEDURE LEVEL BASIS AS A PATIENT IS ADMITTED AND INCURS SERVICES (X-RAYS, ROOM & BOARD, LAB, ETC), THE APPLICABLE PROCEDURE COSTS ARE ASSIGNED TO EACH PARTICULAR PATIENT UPON DISCHARGE, THE COSTS FROM THE INDIVIDUAL PROCEDURES THAT WERE PROVIDED TO EACH PATIENT ARE ADDED UP FOR A TOTAL COST OF PROVIDING CARE FOR EACH INDIVIDUAL PATIENT THE CA SYSTEM IS UPDATED ANNUALLY TO REFLECT THE CURRENT YEAR'S EXPENSES

Form and Line Reference	Explanation
PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES - ACH PROVIDES MANY PEDIATRIC AND SOME ADULT SPECIALIZED SERVICES TO THE COMMUNITY THAT ARE EITHER NOT AVAILABLE OR ARE BEYOND THE CAPACITY OF THE COMMUNITY TO PROVIDE MANY OF THESE SERVICES ARE PROVIDED BY ACH AT A LOSS THESE LOSSES WERE OBTAINED FROM THE CA SYSTEM IN ADDITION, ACH PROVIDES PEDIATRIC RENAL SERVICES THAT ARE NOT PROVIDED IN THE COMMUNITY THE COST OF THESE SERVICES PROVIDED TO PEDIATRIC PATIENTS IS MORE EXPENSIVE DUE TO THE SPECIALTY NATURE OF THE PATIENTS THESE COSTS ARE GREATER THAN WHAT IS ALLOWED ON THE MEDICARE COST REPORT, AND THAT LOSS HAS BEEN REPORTED IN SUBSIDIZED HEALTH SERVICES SIMILARLY, ACH INCURS LOSSES FROM PROVIDING PEDIATRIC LAB SERVICES TO ITS MEDICARE PATIENT POPULATION THAT ARE REIMBURSED LESS THAN COST THOSE LOSSES ARE ALSO INCLUDED AS SUBSIDIZED HEALTH SERVICES

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	BAD DEBT EXPENSE - BAD DEBT EXPENSE OF \$3,116,333 IS INCLUDED IN THE TOTAL PRESENTED ON FORM 990, PART IX, LINE 24D THIS AMOUNT HAS BEEN SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN SCHEDULE H, PART I, LINE 7, COLUMN F

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 4	ACH DOES NOT HAVE A SPECIFIC FINANCIAL ASSISTANCE PROGRAM FOR THE MEDICALLY INDIGENT, BUT ITS FINANCIAL ASSISTANCE POLICY DOES PROVIDE DISCOUNTED CARE FOR INDIVIDUALS WITH HOUSEHOLD INCOMES UP TO 400% OF POVERTY ACH ALSO ASSISTS FAMILIES IN APPLYING FOR MEDICAID (INCLUDING THE TEFRA PROGRAM FOR DISABLED CHILDREN THAT ONLY CONSIDERS THE CHILD'S INCOME), SSI, CHILDREN'S MEDICAL SERVICES, AS WELL AS ACH'S OWN FINANCIAL ASSISTANCE PROGRAM THE HOSPITAL ALSO ALLOWS INTEREST FREE PAYMENTS TO BE MADE UNTIL THE OUTSTANDING BALANCE IS PAID WITHOUT TIME CONSTRAINTS ACH DOES NOT REPORT TO COLLECTION AGENCIES OR TAKE OTHER EXTRAORDINARY COLLECTION EFFORTS

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	<p>ACH CONTRIBUTES TO THE COMMUNITY IT SERVES BOTH AT A NEIGHBORHOOD LEVEL AND AT A STATEWIDE LEVEL. LOCALLY, ACH IS A MAJOR EMPLOYER IN THE DOWNTOWN LITTLE ROCK AREA AND SERVES AS AN ACTIVE MEMBER OF THE BUSINESS COMMUNITY'S WORK TO RE-VITALIZE THE AREA FOR BOTH COMMERCE AND LIVING. ACH PARTICIPATES IN THE DOWNTOWN LITTLE ROCK PARTNERSHIP AND SUPPORTS EFFORTS TO IMPROVE CENTRAL ARKANSAS IN COLLABORATION WITH THE LITTLE ROCK CHAMBER OF COMMERCE, THE ARKANSAS ECONOMIC DEVELOPMENT FOUNDATION, THE LITTLE ROCK POLICE DEPARTMENT, AND THE CLINTON FOUNDATION, AMONG OTHERS. THESE ORGANIZATIONS ADDRESS WORKFORCE ISSUES, SAFETY, AND EDUCATIONAL ACHIEVEMENT IN THE NEIGHBORHOOD AND CITY IN WHICH ACH RESIDES. IN 2011, ACH BECAME INVOLVED AS A PARTNER IN THE DEVELOPMENT OF THE CENTRAL LITTLE ROCK PROMISE NEIGHBORHOOD (CLRPN). MODELED AFTER THE HARLEM CHILDREN'S ZONE, THE CLRPN INCLUDES AN AREA INCLUDING THE ACH CAMPUS AND STRETCHING WEST AND SOUTH TO INCLUDE SEVEN CENSUS TRACTS. THE PROMISE TO ALL THE CHILDREN GROWING UP IN THE CLRPN IS THAT WE, AS A COMMUNITY, HAVE TAKEN STEPS TO ENSURE THAT THEY HAVE HAPPY, HEALTHY AND PRODUCTIVE CHILDHOODS AND CAN NAVIGATE THE ROAD FROM CRADLE TO CAREER SUCCESSFULLY. WORKING WITH OTHER PARTNERS, INCLUDING THE UNIVERSITY OF ARKANSAS AT LITTLE ROCK, THE UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCE, THE CENTRAL LITTLE ROCK LIBRARY, THE CITY OF LITTLE ROCK, THE LITTLE ROCK SCHOOL DISTRICT, NEW FUTURES, AND THE LITTLE ROCK PREPARATORY ACADEMY, ACH IS HELPING ORGANIZE PROGRAMS AND SERVICES NEEDED TO FULFILL THIS PROMISE TO THE COMMUNITY IN 10 FOCUS AREAS (PARENTING AND NURTURING SUPPORT, EARLY LEARNING, SUCCESSFUL SCHOOLS, AFTER SCHOOL/SUMMER PROGRAMS, COLLEGE/CAREER READINESS, SCHOLARSHIP, MEANINGFUL EMPLOYMENT, COMMUNITY-CENTERED FACILITIES, COMMUNITY BUILDING, AND COMMUNITY WELLNESS). ACH HAS FOCUSED ITS EFFORTS ON THE DELIVERY OF HEALTH CARE TO CHILDREN IN THE CLRPN, ESTABLISHING HOME VISITING PROGRAMS IN THE AREA, PROVIDING COMMUNITY EDUCATION/OUTREACH AROUND CHILDREN'S HEALTH ISSUES, PROVIDING HEALTH LITERACY PROGRAMMING FOR THE CLRPN SCHOOLS, AND WORKING TO PREVENT AVOIDABLE CHILD INJURIES LOCALLY AND AROUND THE STATE. ACH PARTNERS WITH COMMUNITY ORGANIZATIONS TO IMPROVE THE CONDITIONS IN WHICH CHILDREN GROW UP. ACH IS A LEADING MEMBER OF MANY COALITIONS FOCUSING ON CHILD SAFETY MATTERS, INJURY PREVENTION, AND ENHANCED HEALTH SERVICES FOR CHILDREN. ACH HAS LONG SUPPORTED EDUCATION AND TRAINING PROGRAMS FOR YOUTH AND THEIR PARENTS, FOCUSING ON VIOLENCE PREVENTION, ALTERNATIVE DISPUTE RESOLUTION AMONG STUDENTS, AND DIVERSITY AND INCLUSION AMONG YOUTH. ACH SUPPORTS THE DEVELOPMENT OF INFORMATION AND EDUCATIONAL EFFORTS TO ILLUMINATE PROBLEMS IN CHILD HEALTH & SAFETY AND IDENTIFY BEST PRACTICES TO IMPROVE IDENTIFIED ISSUES. THROUGH ITS SUPPORT OF ORGANIZATIONS DEALING WITH SPECIFIC DISEASE STATES OR CHRONIC PHYSICAL AND BEHAVIORAL HEALTH CONDITIONS, ACH REMAINS AN ACTIVE PARTNER IN BUILDING COMMUNITIES TO BETTER SERVE THE OVERALL HEALTH NEEDS OF CHILDREN. ADDITIONALLY, THE HOSPITAL PARTNERS WITH VARIOUS AGENCIES' EFFORTS TO WORK WITH PARENTS TO ADDRESS THE SOCIAL DETERMINANTS OF ISSUES THAT IMPACT CHILDREN'S HEALTH, IMPROVE MENTAL HEALTH SERVICES FOR CHILDREN, AND SUPPORT VICTIMS OF DOMESTIC VIOLENCE AND CHILD ABUSE. ACH MAINTAINS ACTIVE PARTNERSHIPS WITH LOCAL UNIVERSITIES TO ENCOURAGE STUDENT INTEREST IN THE VARIOUS AREAS OF PROFESSIONAL DEVELOPMENT AND TO PROVIDE CLINICAL AND NON-CLINICAL TRAINING IMPORTANT TO ARKANSAS' HEALTH SYSTEM OPERATION. WHETHER ENCOURAGING YOUNG WOMEN AND MINORITIES TO CHOOSE PROFESSIONAL CAREERS IN HEALTHCARE AND SCIENCE OR WORKING WITH UNIVERSITY PROGRAMS TO PROVIDE CLINICAL EXPERIENCE FOR STUDENTS, ACH IS A KEY PLAYER IN COMMUNITY WORKFORCE DEVELOPMENT. ACH STAFF AND LEADERS CONTRIBUTE EXPERTISE AND LEADERSHIP IN MANY COMMUNITY SETTINGS IN PURSUIT OF THE HOSPITAL'S MISSION TO IMPROVE THE LIVES OF CHILDREN IN ARKANSAS. WHETHER SERVING ON VARIOUS BOARDS, COMMITTEES OR ADVISORY GROUPS OR SPENDING TIME WITH STUDENTS IN SUPPORT OF EDUCATION AND DEVELOPMENT, ACH IS AN ACTIVE CORPORATE PARTNER IN ITS COMMUNITY. ACH REGARDS THIS AS AN IMPORTANT COMPONENT OF ITS WORK IN THE LITTLE ROCK AND ARKANSAS COMMUNITY.</p>

Form and Line Reference	Explanation
PART III, LINE 2	THE BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS DOES NOT INCLUDE THE EXPENSE FOR PATIENTS WHO ARE LIKELY TO QUALIFY FOR FINANCIAL ASSISTANCE AT YEAR END, ALL ACCOUNTS WRITTEN OFF AS BAD DEBT ARE SENT TO TRANSUNION FOR CREDIT ANALYSIS THOSE WITH CREDIT SCORES OF 620 AND BELOW ARE RECLASSIFIED AS CHARITY SINCE THESE WOULD LIKELY QUALIFY FOR FINANCIAL ASSISTANCE HAD THE FAMILIES FURNISHED SUFFICIENT INFORMATION THIS AMOUNT IS ADDED TO THE OTHER CHARITY ADJUSTMENTS FOR THOSE ACCOUNTS REMAINING CLASSIFIED AS BAD DEBT, THE COST TO CHARGE RATIO FOR EACH ACCOUNT IS CALCULATED AND APPLIED TO THE BAD DEBT WRITE OFF TO ADJUST THIS AMOUNT TO COST

Form and Line Reference	Explanation
PART III, LINE 4	UNCOLLECTIBLE UNCOMPENSATED CARE GENERALLY REPRESENTS STANDARD CHARGES THAT ARE UNREALIZED DUE TO AN UNWILLINGNESS TO PAY BY THOSE RESPONSIBLE FOR PAYMENT, THEREFORE BAD DEBT UNCOLLECTIBLE UNCOMPENSATED CARE IS REPORTED AS A DEDUCTION FROM GROSS PATIENT REVENUE

Form and Line Reference	Explanation
PART III, LINE 8	THE ACH MEDICARE POPULATION IS PRIMARILY RENAL PEDIATRIC PATIENTS AND ADULT BURN PATIENTS ACH IS THE ONLY BURN CENTER IN THE STATE AND SERVES BOTH PEDIATRIC AND ADULT PATIENTS THE COST OF PROVIDING CARE FOR THE ACUTE ADULT PATIENTS IS TYPICALLY GREATER THAN THE REIMBURSEMENT THAT MEDICARE ALLOWS ON THE MEDICARE COST REPORT THEREFORE, THE MEDICARE SHORTFALL SHOULD BE INCLUDED AS A COMPONENT OF COMMUNITY BENEFIT BECAUSE THE REIMBURSEMENT IS NOT NEGOTIATED AND SERVICES CANNOT BE PROVIDED ELSEWHERE ACH INCLUDED \$100,976 FROM PRIOR YEAR MEDICARE COST REPORT SETTLEMENTS THAT IS DUE TO ACH FROM THE MEDICARE PROGRAM

Form and Line Reference	Explanation
PART III, LINE 9B	<p>ARKANSAS CHILDREN'S HOSPITAL'S PATIENT ACCOUNTS DEPARTMENT USES ITS BEST EFFORTS TO ASSIST PATIENTS/GUARANTORS IN MEETING THEIR FINANCIAL RESPONSIBILITY FOR SERVICES PROVIDED AT ACH. THE ACH POLICY IS TO ACT WITH INTEGRITY IN ALL ENDEAVORS, TREATING ALL PATIENTS AND THEIR FAMILIES WITH DIGNITY, RESPECT, AND COMPASSION. THE STANDARD PROCESS INCLUDES OFFERING FINANCIAL ASSISTANCE TO ELIGIBLE FAMILIES. NOTICES REGARDING THE FINANCIAL ASSISTANCE PROGRAM ARE POSTED IN ENGLISH AND SPANISH IN ALL REGISTRATION AREAS. FINANCIAL ASSISTANCE BROCHURES ARE AVAILABLE TO FAMILIES UPON REQUEST. THE GUARANTOR STATEMENTS AND THE ACH WEBSITE CONTAIN INFORMATION ABOUT THIS PROGRAM. THERE ARE FINANCIAL COUNSELORS AVAILABLE TO ALL REGISTRATION AREAS OF THE HOSPITAL TO ASSIST IN COMPLETING MEDICAID, CMS, SSI INTENTS, AND FINANCIAL ASSISTANCE APPLICATIONS. IT IS STANDARD PRACTICE AT ACH TO UTILIZE INTERNAL RESOURCES FOR COLLECTION THROUGH OUR PATIENT ACCOUNTS DEPARTMENT. NO EXTRAORDINARY COLLECTION EFFORTS ARE TAKEN. ACH DOES NOT REPORT TO CREDIT BUREAUS OR CHARGE INTEREST OR FILE LIENS AGAINST A PATIENT'S OR FAMILY'S RESIDENCE TO SECURE PAYMENT ON PATIENT ACCOUNT BALANCES. UPON RECEIPT OF A PERSONAL BANKRUPTCY NOTICE, ANY OUTSTANDING SELF-PAY BALANCES FOR THE ASSOCIATED PATIENT ARE WRITTEN OFF ONCE ALL OTHER PAYMENTS HAVE BEEN RECEIVED. ALL SELF-PAY COLLECTION ACTIVITY IS STOPPED UPON NOTIFICATION OF THE BANKRUPTCY. UPFRONT DISCOUNTS ON SERVICES FOR THE UNINSURED ARE OFFERED. THE FAMILY CAN ALSO REQUEST A PROMPT PAY DISCOUNT. ADDITIONALLY, ACH ATTEMPTS TO ACCOMMODATE U.S. FAMILIES WHO DESIRE TO SET UP REASONABLE PAYMENT PLANS. INTEREST IS NOT CHARGED. THE HOSPITAL'S GUARANTOR STATEMENTS ARE DESIGNED TO KEEP THE GUARANTOR UPDATED AS TO WHETHER THE ACCOUNT IS STILL PENDING RESOLUTION BY INSURANCE OR DUE FROM THE GUARANTOR. SELF-PAY COLLECTION ATTEMPTS ARE DISCONTINUED ONCE CHARGES ARE DETERMINED TO QUALIFY FOR FINANCIAL ASSISTANCE.</p>

Form and Line Reference	Explanation
PART VI, LINE 2	<p>ARKANSAS CHILDREN'S HOSPITAL BEGAN A FORMAL NEEDS ASSESSMENT OF THE STATUS OF CHILDREN'S H EALTH IN ARKANSAS IN 2006, WITH REPORTS PUBLISHED IN 2007, 2009, AND 2011 SINCE ACH SERVE S THE ENTIRE STATE OF ARKANSAS, THE WORK IN THIS AREA ENCOMPASSES ALL CHILDREN IN THE STAT E VS A SINGLE COMMUNITY OR NEIGHBORHOOD THE INITIAL NEEDS ASSESSMENT EFFORTS INCLUDED A REVIEW OF 44 SEPARATE DATASETS, EACH DEALING WITH SOME ASPECT OF CHILDREN'S HEALTH THIS F IRST NEEDS ASSESSMENT, REFERRED TO AS THE "NATURAL WONDERS" REPORT, REFLECTED NOT ONLY THE THOUGHTS OF ACH BUT OF THE NATURAL WONDERS PARTNERSHIP COUNCIL (NWPC), A GROUP OF THEN 11 (NOW IN EXCESS OF TWO DOZEN) ORGANIZATIONS AND AGENCIES COMMITTED TO COLLABORATIVE EFFORT S AINED AT IMPROVING THE STATUS OF THE HEALTH OF THE CHILDREN OF ARKANSAS IN 2007 AND 200 8, ACH EXPANDED ITS NEEDS ASSESSMENT EFFORTS WITH RANDOM TELEPHONE INTERVIEWS WITH OVER 2, 500 FAMILIES ACROSS ARKANSAS TO LEARN OF THEIR HIGHEST CONCERNS REGARDING THE STATUS OF TH EIR CHILDREN'S HEALTH THIS WORK WAS SUPPLEMENTED WITH COMMUNITY FORUMS IN 5 CITIES AROUND THE STATE AND NUMEROUS FOCUS GROUPS INCLUDING HEALTHCARE PROFESSIONALS, EDUCATORS, HEALTH CARE PAYERS, AND ACADEMIC LEADERS THIS WORK WAS PUBLISHED IN THE SECOND NEEDS ASSESSMENT ("NATURAL WONDERS") REPORT IN FEBRUARY 2009 IN THE 2009 REPORT, NINE MAJOR AREAS OF NEED WERE HIGHLIGHTED, AND ACH TOOK A LEADING ROLE IN ADDRESSING FOUR OF THE AREAS WHILE PLAYIN G A SUPPORTIVE ROLE IN THE REMAINING AREAS THE AREAS IN WHICH ACH PLAYS A LEADING ROLE IN CLUDE INJURY PREVENTION, ORAL HEALTH, HEALTH LITERACY FOR CHILDREN, AND EXPANSION/IMPROVE MENT OF HOME VISITING PROGRAMS IN 2011, THE 3RD EDITION OF THE NATURAL WONDERS REPORT WAS PUBLISHED, INCLUDING A FULL REVIEW AND UPDATE OF THE ORIGINAL DATA SETS EXAMINED IN 2006 AND NOTING PROGRESS TO DATE IN THE MANY AREAS OF NEED IDENTIFIED IN THE ORIGINAL REPORT SINCE THE ORIGINAL REPORT, ACH ACHIEVED A NUMBER OF SIGNIFICANT ACCOMPLISHMENTS THE CREATI ON OF AN INJURY PREVENTION CENTER AT ACH PROVIDED A FOCUS OF ATTENTION AND ACTIVITY AROUND THE ISSUES OF UNINTENDED INJURY AND DEATH AMONG YOUNG PEOPLE THIS CONTRIBUTED IN A MAJOR WAY TO THE CREATION OF A TRAUMA SYSTEM FOR THE STATE OF ARKANSAS AS WELL AS IMPROVEMENTS SUCH AS GRADUATED DRIVERS' LICENSES, PRIMARY SEAT BELT LAWS, "NO TEXTING AND DRIVING" LAWS FOR MINORS, DRIVING CURFEWS FOR MINORS AND OTHER INJURY PREVENTION EFFORTS ASSOCIATED WIT H THE NEW TRAUMA SYSTEM THE HOSPITAL'S EFFORTS UNDER THE INJURY PREVENTION CENTER, IN COL LABORATION WITH THE OTHER STATE AGENCIES, HAVE RESULTED IN REDUCING (BY HALF) THE NUMBER O F TEEN DEATHS PER YEAR DUE TO VEHICULAR CRASHES ACH LED THE CLINICAL TEAMS IN THE DEVELOP MENT AND OPERATION OF THREE MOBILE DENTAL VANS [TWO IN PARTNERSHIP WITH DELTA DENTAL AND L OCAL RONALD MCDONALD CHARITIES] AND LED THE STATE'S EFFORTS TO PROVIDE ACCESS TO DENTAL SE ALANTS TO THE YOUNG PEOPLE IN ARKANSAS ACH IS ALSO A LEADER IN THE EFFORT TO ENACT LEGISL ATION TO FLUORIDATE THE DRINKING WATER IN COMMUNITIES IN AR WITH POPULATIONS OF 5,000 OR M ORE ACH INITIATED HEALTH LITERACY EFFORTS IN PUBLIC SCHOOLS ACROSS THE STATE AND, IN PART NERSHIP WITH OTHERS, CONTINUES TO MAKE THIS PROGRAM AVAILABLE TO ALL ARKANSAS SCHOOLS AND TO NEARLY 980,000 STUDENTS FREE OF CHARGE OVER THE PAST FEW YEARS, NEWBORN HEALTH SCREENI NGS GREATLY EXPANDED (FROM 6 CONDITIONS TO 29 CONDITIONS), RESULTING IN OVER 150 CASES OF SERIOUS DISEASE BEING DETECTED AT BIRTH AND FACILITATING EARLY INTERVENTION FOR TREATMENT AND CARE FOR THESE CHILDREN IN 2011 AND 2012 ACH (PARTNERING WITH THE ARKANSAS DEPARTMENT OF HEALTH) WAS AWARDED AND IMPLEMENTED A PROGRAM OF HOME VISITING SERVICES IN ARKANSAS TH ROUGH THE (FEDERAL) MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING (MIECHV) GRANT TH E HOSPITAL CONTINUES TO MANAGE THE MIECHV GRANT AND LEAD IN THE STATEWIDE EFFORTS TO EXPAN D EVIDENCE-BASED HOME VISITING PROGRAMS IN FY2013 (CALENDAR 2012), ARKANSAS CHILDREN'S HOS PITAL PUBLISHED ITS COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) THE CHNA ASSESSES CHILD HEAL TH IN ITS SERVICE AREA IN COMPLIANCE WITH NEW SECTION 501(R) REQUIREMENTS FOR ITS FIRST C HNA, THE HOSPITAL COMMUNICATED WITH PUBLIC HEALTH EXPERTS, GOVERNMENT AGENCIES, AND A WIDE VARIETY OF STAKEHOLDERS FROM VARIOUS COMMUNITIES TO DETERMINE NEEDS RELATED TO CHILDREN'S HEALTH IN ARKANSAS SPECIAL EMPHASIS WAS PLACED ON REACHING OUT TO LOW-INCOME FAMILIES AN D EDUCATORS IN DETERMINING ISSUES AFFECTING CHILDREN DATA COLLECTION EFFORTS INCLUDED THE FOLLOWING - SECONDARY DATA ON CHILD HEALTH ISSUES- EIGHT FOCUS GROUPS- TWENTY-FOUR KEY IN FORMANT INTERVIEWS- A PHONE SURVEY OF 1,000 HOUSEHOLDS AFTER COMPILING AND ANALYZING DATA, COMMON THEMES WERE IDENTIFIED AND PRIORITIZED BY NEED AND THE NUMBER OF SOURCES IN WHICH T HEY WERE MENTIONED FIVE TOPICS AROSE AS HIGH-PRIORITY - ACCESS TO CARE- FOOD INSECURITY- SEXUAL HEALTH- OBESITY- INTENTIONAL INJURY BUILDING ON YEARS OF EXPERIENCE ASSESSING THE NE EDS OF THE COMMUNITY THROUGH THE NATURAL WONDERS P</p>

Form and Line Reference	Explanation
PART VI, LINE 2	ARTNERSHIP COUNCIL'S EFFORTS, ACH'S CHNA IS VERY COMPREHENSIVE AND REACHES STATEWIDE. HOWEVER, CLINICAL ASSESSMENT OF NEEDS HAS DRIVEN ADDITIONAL EFFORTS TO IMPROVE ACCESS TO APPROPRIATE HEALTH CARE FOR CHILDREN AND TO EDUCATE A VARIETY OF STAKEHOLDERS IN ARKANSAS. FOR EXAMPLE, REALIZING THAT SOME HEALTH CARE WORKERS (FROM FIRST RESPONDERS TO SMALL HOSPITALS' STAFF MEMBERS) WERE UNFAMILIAR WITH PEDIATRIC PROTOCOLS, ACH HAS WORKED TO EDUCATE PROFESSIONALS ACROSS THE STATE THROUGH SIMULATION EDUCATION. SCHOOL NURSES IDENTIFIED AREAS, SUCH AS TRACHEOSTOMY CARE, IN WHICH THEY FELT THEY NEEDED ADDITIONAL EDUCATION, AND ACH PARTNERED WITH THE AR DEPARTMENT OF HEALTH TO MEET THOSE NEEDS THROUGH THE SCHOOL NURSE ACADEMY. ACH SUPPORT OF CAMPS FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS IS ALSO DRIVEN BY STAFF MEMBERS WHO WORK IN SPECIALTY CLINICS AND INPATIENT UNITS EACH DAY. MEDICAL STAFF ALSO COLLECT AND ANALYZE DATA, FOR EXAMPLE SEVERAL PHYSICIANS COLLECT DATA FOR CHILDREN'S HEALTH WATCH ON FOOD INSECURITY, HOUSING, AND OTHER BASIC NEEDS. ACH'S FAMILY ADVISORY BOARD HELPS GUIDE THE HOSPITAL STAFF AND BOARD REGARDING ISSUES RELATED TO ITS SERVICES AND TO CREATING A FAMILY-FRIENDLY, FAMILY-CENTERED PLACE OF CARE. THE FAMILY ADVISORY BOARD IS WILL LIKELY BE INVOLVED IN THE NEXT CHNA PROCESS.

Form and Line Reference	Explanation
PART VI, LINE 3	ARKANSAS CHILDREN'S HOSPITAL'S PATIENT ACCOUNTS DEPARTMENT USES ITS BEST EFFORTS TO ASSIST PATIENTS/GUARANTORS IN MEETING THEIR FINANCIAL RESPONSIBILITY FOR SERVICES PROVIDED AT ACH THE ACH POLICY IS TO ACT WITH INTEGRITY IN ALL ENDEAVORS, TREATING ALL PATIENTS AND THEIR FAMILIES WITH DIGNITY, RESPECT, AND COMPASSION THE STANDARD PROCESS INCLUDES OFFERING FINANCIAL ASSISTANCE TO ELIGIBLE FAMILIES NOTICES REGARDING THE FINANCIAL ASSISTANCE PROGRAM ARE POSTED IN ENGLISH AND SPANISH IN ALL OF OUR REGISTRATION AREAS THE GUARANTOR STATEMENTS AND OUR WEBSITE CONTAIN INFORMATION ABOUT THIS PROGRAM THERE ARE FINANCIAL COUNSELORS AVAILABLE TO ALL THE REGISTRATION AREAS OF THE HOSPITAL TO ASSIST IN COMPLETING MEDICAID, CMS, SSI INTENTS, AND FINANCIAL ASSISTANCE APPLICATIONS

Form and Line Reference	Explanation
PART VI, LINE 4	<p>AS THE ONLY PEDIATRIC MEDICAL CENTER IN ARKANSAS, ACH SERVES PATIENTS THROUGHOUT THE STATE AND, ON OCCASION, FROM OTHER STATES AND COUNTRIES ACH DRAWS APPROXIMATELY 74% OF ITS OUTPATIENT POPULATION AND 58.4% OF ITS INPATIENT POPULATION FROM THE CENTRAL PART OF THE STATE (PULASKI COUNTY AND THE SURROUNDING COUNTIES OF LONOKE, FAULKNER, JEFFERSON, AND SALINE), AS WELL AS FROM WHITE COUNTY IN NORTH CENTRAL ARKANSAS, GARLAND COUNTY IN EAST CENTRAL ARKANSAS, AND BENTON, SEBASTIAN AND WASHINGTON COUNTIES IN THE NORTHWEST CORNER OF THE STATE. HOWEVER, ACH SERVES PATIENTS IN EVERY COUNTY ACROSS THE STATE AS WELL. BASED ON THE U.S. CENSUS BUREAU 2010 CENSUS DATA, POPULATION TOTALS WERE 2,915,918 FOR THE STATE OF ARKANSAS AND 382,748 FOR PULASKI COUNTY. ESTIMATED 2013 CENSUS DATA INDICATED POPULATION TOTALS TO BE 2,958,765 FOR ARKANSAS AND 391,536 FOR PULASKI COUNTY. ALSO ACCORDING TO ESTIMATED 2013 CENSUS DATA, APPROXIMATELY 24% OF THE ARKANSAS POPULATION WAS UNDER 18 YEARS OF AGE AND 6.5% WAS UNDER THE AGE OF 5. THE UNEMPLOYMENT RATE FOR THE STATE OF ARKANSAS FOR CALENDAR YEAR 2013 WAS 7.4%. THE PER CAPITA PERSONAL INCOME FOR THE STATE OF ARKANSAS FOR 2013 WAS \$22,170. THE PERCENT OF ALL PEOPLE IN POVERTY IN AR WAS 19.2% AND THE PERCENT OF CHILDREN 18 OR YOUNGER IN POVERTY WAS 27.9%. ARKANSAS CHILDREN'S HOSPITAL (ACH) DEFINES ITS COMMUNITY AS ALL CHILDREN WHO RESIDE IN THE STATE. CHILDREN SERVED BY ACH COME FROM DIVERSE COMMUNITIES, RANGING FROM NORTHWEST ARKANSAS' BOOMING BUSINESS INDUSTRY TO THE PERSISTENT POVERTY OF THE MISSISSIPPI DELTA. RACIAL AND ETHNIC SUBCULTURES VARY ACROSS THE STATE INCLUDING A GROWING HISPANIC POPULATION IN THE NORTH AND WEST TO A LARGER AFRICAN AMERICAN POPULATION IN THE SOUTH AND EAST. IN GENERAL, ARKANSAS CHILDREN FARE WORSE THAN OTHERS IN THE U.S. IN TERMS OF HEALTH RISK FACTORS AND OUTCOMES, HIGHLIGHTING A NEED FOR INVESTMENTS IN PUBLIC HEALTH INITIATIVES. DESPITE THE PRESENCE OF LARGE PRIVATE EMPLOYERS INCLUDING THE CORPORATE HOMES FOR WAL-MART, TYSON FOODS, AND JONES TRUCK LINES, AND A STRONG AGRICULTURAL ECONOMY, THE CONSEQUENCES OF POVERTY ARE FELT IN MOST COMMUNITIES IN THE STATE. THE 709,964 ARKANSAS CHILDREN UNDER AGE 18 REPRESENT 24.2% OF THE TOTAL POPULATION. DEMOGRAPHIC SHIFTS ARE OCCURRING RAPIDLY, THE HISPANIC CHILD POPULATION GREW DRAMATICALLY FROM 3.0% IN 2000 TO 9.3% IN 2010, AND THE NUMBER OF AFRICAN AMERICAN CHILDREN UNDER AGE 18 ALSO GREW FROM 15.7% TO 19.3% DURING THE SAME PERIOD. THE RATE OF POVERTY IN ARKANSAS IS 20% - THE FOURTH WORST IN THE NATION. CHILDREN FARE WORSE, WITH 28.3% OF CHILDREN UNDER AGE 18 AND 32.1% OF CHILDREN UNDER AGE 5 LIVING IN POVERTY. WITH A PRIMARILY RURAL POPULATION LIVING IN MANY SMALL AND MEDIUM-SIZED COMMUNITIES, ACCESS TO HEALTH CARE SERVICES PRESENTS A VERY REAL CHALLENGE. ARKANSAS SAW THE LARGEST DECLINE IN UNINSURED KIDS OF ALL STATES FROM 1990-2012, WITH JUST 6% OF CHILDREN LACKING COVERAGE AS OF 2012. APPROXIMATELY 60% OF ACH PATIENTS RELY ON PUBLICLY FUNDED HEALTH COVERAGE. THE ANNIE E. CASEY FOUNDATION RANKS ARKANSAS 36TH IN THE NATION FOR EDUCATION, AND FEWER THAN HALF OF ARKANSAS CHILDREN ATTEND PRE-K.</p>

Form and Line Reference	Explanation
PART VI, LINE 5	<p>ARKANSAS CHILDREN'S HOSPITAL IS THE ONLY PEDIATRIC MEDICAL CENTER IN ARKANSAS AND ONE OF THE LARGEST IN THE UNITED STATES SERVING CHILDREN FROM BIRTH TO AGE 21. THE CAMPUS SPANS OVER 30 CITY BLOCKS AND HOUSED 342 OPERATING BEDS IN FY14. THE STAFF IS COMPRISED OF APPROXIMATELY 500 PHYSICIANS, 95 RESIDENTS IN PEDIATRIC SPECIALTIES AND MORE THAN 4,400 EMPLOYEES. THE PRIVATE, NONPROFIT HEALTHCARE FACILITY BOASTS AN INTERNATIONALLY RENOWNED REPUTATION FOR MEDICAL BREAKTHROUGHS AND INTENSIVE TREATMENTS, UNIQUE SURGICAL PROCEDURES AND FORWARD-THINKING MEDICAL RESEARCH - ALL DEDICATED TO FULFILLING ITS MISSION. ACH SERVES AS THE PEDIATRIC TEACHING AFFILIATE OF UAMS AND IS HOME TO THE UAMS DEPARTMENT OF PEDIATRICS. ACH IS THE CLASSROOM WHERE MEDICAL STUDENTS STUDY THE PEDIATRIC COMPONENT OF ALL DISCIPLINES. UAMS FACULTY ON ACH CAMPUS ARE PRACTICING PHYSICIANS AS WELL AS TEACHERS TO UAMS STUDENTS IN MEDICINE, NURSING, PHARMACY AND ALLIED HEALTH. THE GOAL OF ACH IS TO IMPROVE THE LIVES OF CHILDREN BY PROVIDING THE BEST IN WELL-CHILD CARE AS WELL AS EMERGENCY MEDICINE AND ACUTE CARE TO RESTORE, ENHANCE AND SUSTAIN A CHILD'S HEALTH. INPATIENT SERVICES INCLUDE INFANT/TODDLER, CARDIOVASCULAR INTENSIVE CARE, NEONATAL INTENSIVE CARE, PEDIATRIC INTENSIVE CARE, INTERMEDIATE CARE, GENERAL MEDICINE, ORTHOPEDICS, HEMATOLOGY/ONCOLOGY, SURGERY/AMBULATORY SURGERY, NEUROSCIENCE, PROGRESSIVE/REHABILITATION, BURN CENTER, RENAL DIALYSIS, ADOLESCENT & YOUNG ADULT, EMERGENCY MEDICINE, AND EXTRACORPOREAL MEMBRANE OXYGENATION (ECMO). ACH OFFERS MORE THAN 70 SPECIALTY AND SUBSPECIALTY CLINICS, LOCATED ON THE MAIN CAMPUS, WEST LITTLE ROCK, NORTHWEST ARKANSAS, AND OTHER AREAS OF THE STATE. THESE INCLUDE ADOLESCENT & SPORTS MEDICINE, ASTHMA/ALLERGY, AUDIOLOGY/SPEECH PATHOLOGY, GENETICS, CARDIOLOGY, GASTROENTEROLOGY, HIGH RISK NEWBORN, OTOLARYNGOLOGY, CYSTIC FIBROSIS/PULMONARY, OPHTHALMOLOGY, SPINA BIFIDA, AND NUTRITION RESEARCH. IN FY2011, A PRIMARY CARE CLINIC WAS OPENED IN THE CITY OF LOWELL, LOCATED IN NORTHWEST ARKANSAS. THE LOWELL LOCATION INCLUDES 12 EXAMINATION ROOMS STAFFED BY FOUR PHYSICIANS, AND ADJACENT CLINIC SPACE FOR LANGUAGE DEVELOPMENT AND PHYSICAL, OCCUPATIONAL, AND SPEECH THERAPIES. THIS PRIMARY CARE CLINIC AND EXPANDED SERVICES IN NORTHWEST ARKANSAS WERE OFFERED IN AN EFFORT TO MEET THE NEEDS OF APPROXIMATELY 7,000 CHILDREN IN NORTHWEST ARKANSAS WITHOUT A PRIMARY CARE PHYSICIAN. IN FY2013, A CLINIC WAS OPENED IN JONESBORO, AR TO SERVE THE CHILDREN OF NORTHEAST ARKANSAS. THIS STATEWIDE PRESENCE WILL GROW AS ACH CONTINUES TO EXPAND ITS REACH INTO COMMUNITIES IN NEED OF ITS SERVICES WITH INNOVATIVE NEW STRATEGIES. THE NATURAL WONDERS PARTNERSHIP COUNCIL (NWPC), NOW IN ITS EIGHTH YEAR, SERVES AS A CENTER OF MULTIPLE ACTIVITIES DESIGNED TO IMPROVE THE HEALTH STATUS OF CHILDREN IN OUR STATE. THE NWPC IS NATIONALLY RECOGNIZED AS AN OUTSTANDING EXAMPLE OF HOW A CHILDREN'S HOSPITAL CAN USE ITS RESOURCES AND REPUTATION AS A COMMUNITY LEADER TO BRING FOCUS AND COORDINATED ACTION TO A VARIETY OF ISSUES FACING CHILDREN AND THEIR FAMILIES. THE NWPC CONTINUES ITS EFFORTS IN INJURY PREVENTION, HEALTH LITERACY, COORDINATED SCHOOL HEALTH, AND HOME VISITING, INFANT MORTALITY AND INFANT DEATH REVIEWS, SCHOOL WELLNESS PROGRAMS, "TEXTING CAN WAIT", FOOD INSECURITY, AND TEENAGE PREGNANCY PREVENTION. THE NWPC CONTINUES TO SERVE AS THE PREFERRED FORUM FOR INFORMING, STRATEGIZING, AND SHARING INFORMATION ABOUT ISSUES IMPORTANT TO THE HEALTH AND DEVELOPMENT OF CHILDREN IN ARKANSAS. THE ACH INJURY PREVENTION CENTER (IPC) CONTINUES TO BUILD SYNERGY AROUND VARIOUS EFFORTS, COMBINING A COMPREHENSIVE APPROACH THAT INCLUDES EDUCATION, AWARENESS, AND ADVOCACY. THE IPC HAS BEEN ABLE TO CONTINUE AND EXPAND EFFORTS THAT INCLUDE SAFER TEEN DRIVING, ALL-TERRAIN VEHICLE SAFETY EDUCATION, CHILD PASSENGER SAFETY, AND SAFETY BABY SHOWERS (LEARNING PARTIES FOR EXPECTANT MOTHERS AND THEIR SUPPORT SYSTEMS, WHICH FOCUS ON HOME AND CHILD PASSENGER SAFETY). THE CENTER'S EFFORTS HAVE GENERATED MANY PROGRAM EVENTS, ACTIVITIES, BROCHURES, FACT SHEETS, AND MANY OTHER USEFUL EDUCATIONAL MATERIALS FOR STATEWIDE DISTRIBUTION (INCLUDING RURAL AREAS). ALSO, THE IPC DEVELOPS AND MANAGES THE STATEWIDE INJURY PREVENTION PROGRAM (SIPP) FOR THE ARKANSAS TRAUMA SYSTEM. SIPP PROMOTES VIOLENCE PREVENTION AND INJURY PREVENTION ACROSS THE AGE SPECTRUM THROUGHOUT ARKANSAS BY PROVIDING COMMUNITIES WITH INFORMATION AND PROGRAMS THAT ARE PROVEN TO BE EFFECTIVE IN PREVENTING VIOLENCE AND INJURY. IN ADDITION, CONTINUING EDUCATION ACTIVITIES AND TRAINING CONTINUE TO BE AVAILABLE TO PHYSICIANS, MEDICAL STUDENTS, NURSES, MEDICAL APPLICATIONS OF SCIENCE STUDENTS, EMERGENCY MEDICAL SERVICES AND ARKANSAS DEPARTMENT OF HEALTH PROFESSIONALS. LIKEWISE, THE IPC IS LEADING THE EFFORTS OF THE INFANT DEATH REVIEW TEAM FOR THE STATE TO BETTER UNDERSTAND AND PREVENT INFANT MORTALITY. ARKANSAS CHILDREN'S HOSPITAL CONTINUES TO SUPPORT STATEWIDE DENTAL HEALTH EFFORTS TO IMPROVE PEDIATRIC ORAL HEALTH IN ARKANSAS. TO</p>

Form and Line Reference	Explanation
PART VI, LINE 5	<p>AVOID DUPLICATION AND INCREASE SYNERGY AROUND ORAL HEALTH ISSUES, THE HOSPITAL PARTNERS WITH MANY OF THE MEMBERS OF THE ORAL HEALTH COALITION ACH DENTAL OUTREACH PROGRAM CONTINUES TO PROVIDE THREE MOBILE CLINICS THAT VISIT VARIOUS UNDERSERVED AREAS IN SOUTHWEST, NORTHWEST, AND CENTRAL ARKANSAS, PROVIDING COMPREHENSIVE DENTAL CARE TO THOSE IN URGENT NEED ACH CONTINUES THE ACH DENTAL SEALANT PROGRAM WHICH FOCUSES ON PROVIDING DENTAL SEALANTS TO ELEMENTARY SCHOOL AGE STUDENTS IN ARKANSAS PUBLIC SCHOOLS THIS STATEWIDE COLLABORATION IS IN ITS FIFTH YEAR AND CONTINUES TO SEE AN INCREASED NUMBER OF CHILDREN AROUND ARKANSAS ACH CONTINUES ITS WORK IN THE AREA OF HEALTH LITERACY WITH THE CONTINUATION OF THE HEALTHTEACHER COM PROGRAM IN PUBLIC SCHOOLS ACROSS ARKANSAS THE HEALTHTEACHER COM PARTNERSHIP CONTINUES TO FOCUS ON INCREASING SCHOOL ENGAGEMENT AND ACTIVE USER ENGAGEMENT THERE HAS BEEN CONTINUED POSITIVE RESPONSE FROM TEACHERS, NURSES AND OTHER LEADERS IN THE HEALTHTEACHER SCHOOLS AS WELL AS CONTINUED HIGH LEVELS OF POSITIVE CULTURE CHANGE IN THE CLASSROOM INNOVATIVE IMPROVEMENTS HAVE ENHANCED THE PROGRAM, SUCH AS GONODDLE, WHICH PROMOTES PHYSICAL ACTIVITY IN THE CLASSROOM FOR STUDENTS</p>

Form and Line Reference	Explanation
PART VI, LINE 6	ACH IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM ACH AND THE UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES (UAMS) ARE INVOLVED IN AN AFFILIATION AGREEMENT IN THE PURSUIT OF PROFESSIONAL EDUCATION, RESEARCH, AND CLINICAL CARE FOR CHILDREN ALL PEDIATRIC SUB-SPECIALTY WORK IS CONDUCTED ON THE ACH CAMPUS WITH ACH PROVIDING SPACE, SUPPORTING STAFF AND SERVICES AND FUNDING FOR MAJOR EDUCATIONAL AND CLINICAL EXPERTISE

Form and Line Reference	Explanation
<p>SCHEDULE H, PART VI, LINE 5 - CONTINUED</p>	<p>THE EXPANSION OF EVIDENCE-BASED HOME VISITING PROGRAMS IN ARKANSAS, DUE TO THE SUCCESSFUL APPLICATION FOR MATERNAL, INFANT, EARLY CHILDHOOD HOME VISITING (MIECHV) SERVICES, IS MOVING AHEAD AND GARNERING ARKANSAS NATIONAL ATTENTION A UNIQUE PUBLIC-PRIVATE PARTNERSHIP HAS EMERGED BETWEEN THE ARKANSAS DEPARTMENT OF HEALTH AND ACH (REPRESENTING THE ARKANSAS HOME VISITING NETWORK) TO IMPLEMENT THIS MAJOR PROGRAM EXPANSION PROGRAM SITES HAVE BEEN SELECTED, STAFF HIRED AND TRAINED, A MAJOR MANAGEMENT INFORMATION SYSTEM HAS BEEN DEVELOPED AND INTRODUCED TO THE FIELD, AN EVALUATION MODEL HAS BEEN IMPLEMENTED, AND A HOME VISITING TRAINING INSTITUTE HAS BEEN DEVELOPED A COMMUNITY-BASED INTAKE MODEL TO BETTER "FIT" FAMILIES TO THE BEST PROGRAM IS BEING USED IN THE LITTLE ROCK PROMISE NEIGHBORHOOD NATIONAL INTEREST HAS BEEN FOCUSED ON THESE DEVELOPMENTS IN ARKANSAS THIS REPRESENTS AN EXPANSION OF OVER \$3 MILLION PER YEAR FOR THE STATE IN THIS AREA, IN ADDITION TO THE \$1.4 MILLION OF FEDERAL DOLLARS GOING TO THE ARKANSAS DEPARTMENT OF HEALTH FOR EXPANSION OF THEIR NURSE-FAMILY PARTNERSHIP PROGRAM IN SEVEN ARKANSAS COUNTIES AS PART OF THE NATURAL WONDERS PROGRAM, ACH IS LEADING A GROUP OF STAKEHOLDERS IN ADDRESSING FOOD INSECURITY THE ARKANSAS HUNGER RELIEF ALLIANCE, ONE OF ACH'S PARTNERS, IS LEADING THE ARKANSAS EFFORTS FOR THE "NO KID HUNGRY" CAMPAIGN, WHICH INCLUDES A COMPREHENSIVE APPROACH TO ENDING FOOD INSECURITY IN AMERICA IN ADDITION, ACH CONTINUES TO ACCEPT APPLICATIONS FOR SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) ON THE ACH CAMPUS IN FY2013, ACH BECAME THE ONLY HOSPITAL IN THE NATION TO IMPLEMENT A SUMMER FEEDING PROGRAM, PROVIDING 1,728 MEALS TO CHILDREN ON CAMPUS IN THAT FISCAL YEAR AND 6,254 IN FY2014 COMMUNITY OUTREACH PROGRAMS ARE JUST ANOTHER WAY ACH CONTINUES TO MAKE A POSITIVE IMPACT ON CHILDREN THROUGHOUT THE STATE ACH HAS TAKEN A PROACTIVE LEADERSHIP ROLE IN REACHING CHILDREN AND FAMILIES WITH INFORMATIVE AND FUN HEALTH EDUCATION THROUGH SEVERAL STATEWIDE OUTREACH PROGRAMS WITH A FOCUS ON WELLNESS, PREVENTION, AND HEALTH PROMOTION</p>

Additional Data

Software ID:
Software Version:
EIN: 71-0236857
Name: ARKANSAS CHILDREN'S HOSPITAL

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

Form and Line Reference	Explanation
ARKANSAS CHILDREN'S HOSPITAL	PART V, SECTION B, LINE 1J IN ADDITION TO THE ITEMS CHECKED IN BOXES A - I, OTHER INFORMATION WAS INCLUDED IN THE NEEDS ASSESSMENT AS THE ONLY PEDIATRIC HOSPITAL IN THE STATE OF ARKANSAS, ACH CONSIDERS ITS COMMUNITY TO BE ALL CHILDREN IN THE STATE, ESTIMATED AT 710,000 THE NEEDS ASSESSMENT ALSO INCLUDES DETAILED INFORMATION ABOUT THE NEIGHBORHOOD IMMEDIATELY SURROUNDING THE HOSPITAL GIVEN THE ORGANIZATION'S ROLE IN SUPPORTING ITS NEIGHBORHOOD LIMITED INFORMATION WAS ALSO INCLUDED REFERENCING THE HEALTH STATUS OF ADULTS SINCE PEDIATRIC HEALTH STATUS CAN BE CLOSELY LINKED TO THAT OF ADULTS IN THE HOUSEHOLD LASTLY, THE NEEDS ASSESSMENT INCLUDED INTERVENTIONS SUGGESTED BY THE COMMUNITY THAT THE HOSPITAL COULD CONSIDER AS IT DEVELOPED ITS IMPLEMENTATION PLAN

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

Form and Line Reference	Explanation
ARKANSAS CHILDREN'S HOSPITAL	<p>PART V, SECTION B, LINE 3 THE HOSPITAL CONSIDERED BOTH SECONDARY AND PRIMARY DATA AS IT DETERMINED THE HEALTH NEEDS OF ARKANSAS' CHILDREN SECONDARY DATA SETS REVIEWED INCLUDE THE U S CENSUS BUREAU,THE ANNIE E CASEY KIDS' COUNT DATA CENTER, ARKANSAS STATE AGENCIES DATABASES, THE ARKANSAS STATISTICAL ABSTRACT, THE YOUTH RISK BEHAVIOR SURVEY, ARKANSAS CHILDREN'S HOSPITAL PEDIATRIC HEALTH INFORMATION SYSTEM, AND A VARIETY OF LOCAL ORGANIZATIONS' RESEARCH PRIMARY DATA WAS ALSO COLLECTED TO DETERMINE PERCEIVED NEEDS OF THE COMMUNITY FOCUS GROUPS, KEY STAKEHOLDER INTERVIEWS, AND A PHONE SURVEY SYNTHESIZED THE INPUT OF COMMUNITY MEMBERS, EDUCATORS, AND PROFESSIONALS WITH A WIDE VARIETY OF EXPERTISE IN THE HEALTH NEEDS OF CHILDREN EIGHT FOCUS GROUPS WERE HELD IN THE CITIES OF BATESVILLE, FORREST CITY, GURDON, LAVACA, JONESBORO , SPRINGDALE, AND LITTLE ROCK, ARKANSAS GENERALLY THESE GROUPS INCLUDED PARENTS, SCHOOL OFFICIALS, COMMUNITY LEADERS, AND ELECTED OFFICIALS ANONYMITY WAS ASSURED AS A MEANS OF OBTAINING HONEST AND FRANK INPUT THEREFORE, SPECIFIC NAMES WILL NOT BE PUBLISHED KEY STAKEHOLDER INTERVIEWS WERE HELD WITH 23 INDIVIDUALS THESE INCLUDE THE FOLLOWING EXECUTIVE DIRECTOR OF ARKANSAS COMMUNITY HEALTH CENTERS, DIRECTOR OF THE ARKANSAS DEPARTMENT OF HEALTH, ASSOCIATE MEDICAL DIRECTOR OF ARKANSAS BLUE CROSS/BLUE SHIELD, THE COMMISSIONER OF ARKANSAS DEPARTMENT OF EDUCATION, PROFESSOR AT THE COLLEGE OF PUBLIC HEALTH, SENIOR VICE PRESIDENT OF ARKANSAS FOUNDATION FOR MEDICAL CARE, ASSOCIATE DIRECTOR OF ARKANSAS STATE UNIVERSITY CHILDHOOD SERVICES, CHIEF OPERATING OFFICER FOR WHITE RIVER HEALTH CENTER, EXECUTIVE DIRECTOR OF BOYS, GIRLS, ADULTS COMMUNITY DEVELOPMENT CENTER, PROFESSOR OF PEDIATRICS AND DIRECTOR OF THE INJURY PREVENTION CENTER AT ACH, DIRECTOR OF SOCIAL WORK AT ACH, DIRECTOR OF DISEASE PREVENTION AND HEALTH PROMOTION AT ARKANSAS CENTER FOR HEALTH IMPROVEMENT, VICE PRESIDENT OF NURSING SERVICES AT ST BERNARD'S HOSPITAL, EXECUTIVE DIRECTOR OF THE ARKANSAS CHILDREN'S TRUST FUND, ASSOCIATE BRANCH CHIEF OF FAMILY HEALTH BRANCH OF THE ARKANSAS DEPARTMENT OF HEALTH, BUSINESS LEADER AND MEMBER OF RONALD MCDONALD CHILDREN'S CHARITY OF ARKOMA, VICE CHAIR OF ARKANSAS CHILDREN'S BEHAVIORAL HEALTH CARE COMMISSION, DIRECTOR OF DELTA AREA HEALTH EDUCATION CENTER AT UAMS, DIRECTOR OF THE DIVISION OF CHILDCARE AND EARLY CHILDHOOD EDUCATION WITH THE ARKANSAS DEPARTMENT OF HUMAN SERVICES, ASSOCIATE PROFESSOR OF PEDIATRICS AT UAMS, SECTION CHIEF OF THE TOBACCO PREVENTION AND CESSATION PROGRAMS WITH THE ARKANSAS DEPARTMENT OF HEALTH, DEAN OF THE CLINTON SCHOOL OF PUBLIC SERVICE, AND SEVERAL ACH "AMBASSADORS" WHO WERE CURRENT OR FORMER PATIENTS IN ADDITION, A TELEPHONE SURVEY OF 1,000 RANDOMLY SELECTED FAMILIES (250 FROM EACH OF THE STATE'S FOUR CONGRESSIONAL DISTRICTS) WAS CONDUCTED QUESTIONS FOCUSED ON VARIOUS TOPICS RELATED TO THE STATUS OF CHILDREN'S HEALTH AND ACCESS TO CARE MATTERS</p>

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

Form and Line Reference	Explanation
ARKANSAS CHILDREN'S HOSPITAL	PART V, SECTION B, LINE 5D THE CHNA IS ALSO MADE AVAILABLE THROUGH A NEWS CONFERENCE AND THE NATURAL WONDERS PARTNERSHIP COUNCIL AND MORE THAN TWO DOZEN COMPANIES THAT COLLABORATE IN THAT GROUP THE TECHNICAL NEEDS ASSESSMENT IS REPACKAGED INTO A FORMAT MORE SUITABLE FOR PUBLIC USE, WITH AN EFFORT TO MAKE THE ISSUES UNDERSTANDABLE TO A BROADER AUDIENCE THIS PUBLIC-FACING REPORT, "NATURAL WONDERS THE STATE OF CHILDREN'S HEALTH IN ARKANSAS" IS WIDELY DISTRIBUTED THROUGH THIS PARTNERSHIP AND MADE AVAILABLE FOR ANYONE THAT REQUESTS IT

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

Form and Line Reference	Explanation
ARKANSAS CHILDREN'S HOSPITAL	<p>PART V, SECTION B, LINE 6I THE FRANKLIN ELEMENTARY SCHOOL-BASED HEALTH CENTER BEGAN SERVING PATIENTS IN MARCH 2014, AND A NURSE PRACTITIONER WORKS AT THE SCHOOL 20 HOURS PER WEEK THE HOSPITAL EXCEEDED ITS PLANS FOR ADDRESSING FOOD INSECURITY ON THE ACH CAMPUS THROUGH A VARIETY OF INVESTMENTS TO REDUCE THE NUMBER OF THE COMMUNITY'S HUNGRY CHILDREN UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) MEALS ARE BEING PROVIDED TO CHILDREN YEAR-ROUND IN A GROUND-BREAKING EFFORT, AND THE HOSPITAL HAS ESTABLISHED NEW PARTNERSHIPS WITH A LOCAL PANTRY TO PROVIDE FOOD TO HUNGRY FAMILIES FAMILIES CAN NEWLY ENROLL IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) ON CAMPUS, THANKS TO PARTNERSHIPS WITH STATE AGENCIES THE FEDERALLY-FUNDED HOME VISITING NETWORK (\$3.3 MILLION) IS STILL IN OPERATION AND IS MOVING FORWARD WITH DEVELOPING NEW CAPACITY OTHER GRANTS THAT TOTAL ABOUT \$2.3 MILLION ANNUALLY INCLUDE A LARGE TRAUMA CENTER GRANT FROM THE STATE, BURN AND HEARING OUTREACH GRANTS, AND A STATEWIDE INJURY PREVENTION PROGRAM GRANT HOWEVER, THE HEALTHY BABY COALITION PROJECT ENDED AHEAD OF SCHEDULE DUE TO LIMITED IMPACT, WHICH IS A CHANGE FROM THE IMPLEMENTATION PLAN IN MAY 2014, ACH HOSTED A TWO-DAY SUMMIT TO RAISE AWARENESS OF THE STATE OF CHILDREN'S HEALTH IN ARKANSAS TO GROW NEW PARTNERSHIPS FOR COMMUNITY HEALTH INVESTMENTS THE EVENT, WHICH PROVIDED AN IN-DEPTH LOOK AT HEALTH AND WELLNESS ISSUES THAT AFFECT ARKANSAS CHILDREN, WAS WELL ATTENDED BY MORE THAN 150 HEALTH CARE AND EDUCATION STAKEHOLDERS, ADVOCATES, STATE AGENCY REPRESENTATIVES AND BUSINESS LEADERS THE AGENDA INCLUDED NATIONALLY RECOGNIZED SPEAKERS WHO ADDRESSED TOPICS BROADLY APPLICABLE TO ATTENDEES, INCLUDING TOXIC STRESS AND THE IMPORTANCE OF EARLY EDUCATION AND SUPPORT IN ENSURING OPTIMAL BRAIN DEVELOPMENT FOR CHILDREN</p>

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

Form and Line Reference	Explanation
ARKANSAS CHILDREN'S HOSPITAL	PART V, SECTION B, LINE 7 THE CHNA IDENTIFIED SEVERAL AREAS FOR WHICH A COLLABORATIVE STRATEGY IS THE BEST APPROACH TO SOLVING COMPLEX SOCIAL ISSUES THE HOSPITAL WORKS THROUGH THE NATURAL WONDERS PARTNERSHIP COUNCIL (NWPC) TO DETERMINE LEADERSHIP IN VARIOUS ISSUE AREAS AND TO PROVIDE A FORUM IN WHICH COLLABORATIONS ARE DEVELOPED WHILE ACH PLAYS A LEADERSHIP ROLE IN SEVERAL AREAS INCLUDING INJURIES, PARENTING, AND ORAL HEALTH, FOR OTHER AREAS, THERE ARE MORE NATURAL LEADERS ACH PROVIDES SPECIALTY CARE, RESEARCH, AND EDUCATION SERVICES IN MANY OF THE AREAS IDENTIFIED IN THE CHNA AREAS IN WHICH ACH PLAYS A SUPPORTING/PARTNERSHIP ROLE, RATHER THAN A LEADERSHIP ROLE, INCLUDE - HIGH SCHOOL GRADUATION RATE - MENTAL HEALTH - FOOD INSECURITY - SEXUAL HEALTH - SUBSTANCE ABUSE - ACCESS TO CARE - OBESITY - ASTHMA CARE - HOMELESSNESSSOME ISSUES ARE OVERLY COMPLEX REGARDING POVERTY, THE HOSPITAL'S IMPLEMENTATION PLAN RECOGNIZES THAT POVERTY IS BEYOND THE SCOPE AND RESOURCES OF ACH TO MAKE A SIGNIFICANT IMPACT

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

Form and Line Reference	Explanation
ARKANSAS CHILDREN'S HOSPITAL	PART V, SECTION B, LINE 14G THE FINANCIAL ASSISTANCE POLICY ITSELF IS NOT ATTACHED TO THE BILLING INVOICES, HOWEVER, THE FOLLOWING INFORMATION IS NOTED ON THE STATEMENTS ARKANSAS CHILDREN'S HOSPITAL PROVIDES FINANCIAL ASSISTANCE TO OUR PATIENTS AND FAMILIES THAT QUALIFY, APPLICATION FORMS ARE AVAILABLE AT ALL REGISTRATION AREAS OR BY CONTACTING CUSTOMER SERVICE (PHONE NUMBER IS INCLUDED), IF PATIENTS ARE NOT ELIGIBLE FOR INSURANCE OR A GOVERNMENT ASSISTANCE PROGRAM, ARKANSAS CHILDREN'S HOSPITAL OFFERS A PROMPT PAY DISCOUNT AS WELL IN ADDITION, FINANCIAL COUNSELORS ASSIST FAMILIES IN APPLYING FOR MEDICAID, SSI, AND CHILDREN'S MEDICAL SERVICES

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

Form and Line Reference	Explanation
ARKANSAS CHILDREN'S HOSPITAL	PART V, SECTION B, LINE 20D AN AVERAGE OF THE CONTRACT RATES WAS USED

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
ARKANSAS CHILDREN'S HOSPITAL

Employer identification number
71-0236857

Part I General Information on Grants and Assistance

1

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

☒ Yes ☐ No

2

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2

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

16

3

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

1

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) MEALS	2541	2,790	179,276	COST	MEALS FOR FAMILIES/LACTATING MOTHERS
(2) INSURANCE PREMIUMS	55		123,720	COST	PAYMENT OF PREMIUMS FOR PATIENT'S FAMILIES ALLOWED BY COBRA
(3) TRANSPORTATION COSTS (BUS TOKENS, CAB FARE, GAS CARDS)	1581	47,329		COST	
(4) FUNERAL EXPENSES	14	8,313		COST	
(5) RENT, MORTGAGE EXPENSE, UTILITIES, LODGING	71	8,805		COST	
(6) CAR SEATS FOR INFANTS AND CHILDREN	608		31,890	COST	CAR SEATS FOR INFANTS AND CHILDREN
(7) GROCERY GIFT CARDS AND OTHER MISC ASSISTANCE	186	17,519		COST	

Part IV

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

Return Reference	Explanation
PART I, LINE 2	THE HOSPITAL CONSIDERS REQUESTS FROM NON-PROFIT OR GOVERNMENTAL ENTITIES FOR PROGRAMS OR ACTIVITIES THAT ALIGN WITH ITS PLAN TO ADDRESS NEEDS AS IDENTIFIED IN THE CHNA OR THAT OTHERWISE SUPPORT THE HOSPITAL'S MISSION THE HOSPITAL ANTICIPATES THAT THESE NON-PROFIT OR GOVERNMENTAL ENTITIES WILL MONITOR THE USE OF FUNDS IN ACCORDANCE WITH NON-PROFIT OR GOVERNMENTAL REQUIREMENTS THE HOSPITAL PROVIDES SOME ASSISTANCE TO INDIGENT FAMILIES THE HOSPITAL'S SOCIAL WORK DEPARTMENT EVALUATES THE NEED ON A CASE BY CASE BASIS AND PROVIDES THE APPROPRIATE ASSISTANCE, WHICH IS TYPICALLY FOOD, CLOTHING, SHELTER, OR TRAVEL VOUCHERS CASH OR CASH EQUIVALENT ASSISTANCE IS SOMETIMES PROVIDED THE ASSISTANCE PROVIDED IS DOCUMENTED BY THE HOSPITAL'S SOCIAL WORK DEPARTMENT

Additional Data

Software ID:
Software Version:
EIN: 71-0236857
Name: ARKANSAS CHILDREN'S HOSPITAL

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ARKANSAS ADVOCATES FOR CHILDREN & FAMILIES 1400 WEST MARKHAM SUITE 306 LITTLE ROCK, AR 72201	71-0492205	501(C)(3)	11,540				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ARKANSAS CENTER FOR HEALTH IMPROVEMENT (UAMS) 1401 W CAPITOL AVE SUITE 300 LITTLE ROCK, AR 72201	71-6046242	GOV'T ENTITY	200,000				HEALTH IMPROVEMENT PROGRAMS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION 1 CHILDRENS WAY LITTLE ROCK, AR 72202	71-0568795	501(C)(3)	1,006,250				ENDOWMENT AND GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE 13 CHILDRENS WAY LITTLE ROCK,AR 72202	71-0694931	501(C)(3)	3,508,787	1,382,322	FMV	INDIRECT SUPPORT	GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HOME INSTRUCTION FOR PARENTS OF PRESCHOOL YOUNGSTERS (HIPPY) 1221 BISHOP LITTLE ROCK,AR 72202	13-3672592	501(C)(3)	5,000	37,888	FMV	PROVIDE OFFICE SPACE & PHONE	GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
JUNIOR LEAGUE OF LITTLE ROCK 401 SOUTH SCOTT STREET LITTLE ROCK, AR 72201	71-0245505	501(C)(3)	13,370				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LITTLE ROCK POLICE DEPARTMENT 600 W MARKHAM LITTLE ROCK, AR 72201	71-6014465	GOV'T ENTITY	7,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
RONALD MCDONALD HOUSE CHARITIES 1009 WOLFE STREET LITTLE ROCK, AR 72202	71-0525252	501(C)(3)	9,908				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NEW FUTURES FOR YOUTH 323 CENTER STREET SUITE 1275 LITTLE ROCK, AR 72201	71-0664490	GOV'T ENTITY	25,000				CENTRAL LR PROMISE NEIGHBORHOOD

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CAMP ALDERSGATE 2000 ALDERSGATE ROAD LITTLE ROCK, AR 72205	68-0560043	501(C)(3)	19,104	1,249	FMV	MEDICAL SUPPLIES	GENERAL SUPPORT AND CAMPS FOR CHILDREN WITH PHYSICAL CONDITIONS

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS PO BOX 79334 BALTIMORE,MD 21279	51-0120256	501(C)(6)	26,260				GME ADVOCACY

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CHILDREN'S PROTECTION CENTER 1123 BISHOP LITTLE ROCK, AR 72202	26-1086937	501(C)(3)		23,323	FMV	PROVIDE OFFICE SPACE	GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CLINTON FOUNDATION 1200 PRESIDENT CLINTON AVE LITTLE ROCK, AR 72201	31-1582024	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HEIFER INTERNATIONAL 1 WORLD AVENUE LITTLE ROCK, AR 72201	35-1019477	501(C)(3)	4,000	1,379	COST	PROVIDE SUPPLIES FOR MEETING	GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNIVERSITY OF ARKANSAS AT LITTLE ROCK 2801 SOUTH UNIVERSITY LITTLE ROCK, AR 72204	71-0236904	GOV'T ENTITY	7,060				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
WOMEN'S FOUNDATION OF ARKANSAS 200 RIVER MARKET AVENUE SUITE 100 LITTLE ROCK,AR 72201	30-0034070	501(C)(3)	5,140				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ACANSA ARTS FESTIVAL 1501 NORTH UNIVERSITY SUITE 209 LITTLE ROCK, AR 72207	71-0589695	501(C)(3)	8,000				GENERAL SUPPORT

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ARKANSAS CHILDREN'S HOSPITAL

Employer identification number
71-0236857

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	CHARTER TRAVEL IS USED FOR STAFF TO TRAVEL TO THE NORTHWEST PART OF THE STATE, PRIMARILY TO THE ACH CLINIC LOCATED IN LOWELL, AR. UTILIZATION OF CHARTER TRAVEL, RATHER THAN HAVING STAFF DRIVE TO THE LOCATION, IS OCCASIONALLY DEEMED THE MOST EFFICIENT METHOD OF TRAVEL. STAFF WHO TRAVEL TO THIS LOCATION MAY INCLUDE EMPLOYEES LISTED AS OFFICERS AND KEY EMPLOYEES, AS WELL AS PHYSICIANS, NURSES, AND OTHER ADMINISTRATIVE OR PATIENT CARE STAFF. TAX INDEMNIFICATION AND GROSS-UP PAYMENTS ARE DUE TO THE EDUCATION LOAN FORGIVENESS AMOUNT FOR LORI BROWN, SVP AND CNO, BEING GROSSED-UP FOR RELATED INCOME TAXES IN ACCORDANCE WITH HER EMPLOYMENT AGREEMENT. IN FY14, AS PART OF THE HIRING OF THE NEW CEO, THE RELATED CONTRACT HAD AN ALLOWANCE FOR TEMPORARY LIVING AND RELOCATION ASSISTANCE. TEMPORARY LIVING COSTS WERE \$2,090. THESE COSTS WERE PROPERLY TAXED.
PART I, LINE 4B	ARKANSAS CHILDREN'S HOSPITAL HAS SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS TO PROVIDE EXECUTIVES WITH RETIREMENT AND DEATH BENEFITS. THE PLANS ARE INTENDED TO CONSTITUTE UNFUNDED PLANS FOR A SELECT GROUP OF MANAGEMENT OR HIGHLY COMPENSATED EMPLOYEES WITHIN THE MEANING OF TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED. THE ORIGINAL SUPPLEMENTAL RETIREMENT PLAN (SERP) WAS FROZEN TO NEW PARTICIPANTS IN FY14, HOWEVER, TWO EXECUTIVES REMAINED IN THE PLAN. DURING THE 2013 TAX YEAR, THE FOLLOWING ACH REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE: DAVID BERRY, SR., VP/COO; GENA WINGFIELD, SR., VP/CFO; SCOTT GORDON, EXECUTIVE VP, VESTED IN HIS SUPPLEMENTAL RETIREMENT PLAN IN 2011 AT AGE 63 DUE TO HAVING 20 YEARS OF SERVICE, THEREFORE THE PLAN VALUE WAS TAXABLE INCOME TO HIM AND PAYMENT WAS MADE FROM THE PLAN BENEFIT TO OFFSET THE TAX LIABILITY. THE TAX WITHHOLDING AND APPLICABLE INTEREST ON THE TAX WITHHOLDING AMOUNT WAS DEDUCTED FROM THE FINAL PAYMENT OF THE LUMP-SUM BENEFIT AMOUNT, WHICH IS GENERALLY NOT PAID UNTIL THE EARLIER OF TERMINATION OF EMPLOYMENT OR ATTAINMENT OF NORMAL RETIREMENT AGE OF 65. THE FINAL PAYMENT (GROSS AMOUNT \$72,340.46) WAS MADE IN TAX YEAR 2013 AND WAS REFLECTED IN HIS 2013 W-2. THE AMOUNT OF COMPENSATION REPORTED AS DEFERRED IN PRIOR FORM 990 WAS \$41,768. JONATHAN BATES, M.D., PRESIDENT/CEO, RETIRED IN JULY OF 2013 AND VESTED IN HIS SUPPLEMENTAL RETIREMENT PLAN AT AGE 67. HIS 2013 W-2 REFLECTS THE LUMP-SUM PAYMENT OF THE ENTIRE VESTED BALANCE (\$2,421,469), WITH APPROPRIATE TAXES (FEDERAL, STATE, FICA) PROPERLY WITHHELD. THE AMOUNT REPORTED AS DEFERRED IN PRIOR FORM 990 WAS \$1,231,283. EFFECTIVE 6/30/2014, ACH INITIATED A NEW EXECUTIVE COMPENSATION PLAN, THE "DEFERRED COMPENSATION PLAN" (DCP). THE DCP IS A 457(F) NONQUALIFIED SUPPLEMENTAL RETIREMENT PLAN, PROVIDING ANNUAL CONTRIBUTIONS TO CERTAIN EXECUTIVES AT A PERCENTAGE OF THEIR BASE SALARY IN EFFECT ON JUNE 30 OF THE PLAN YEAR. PER THE PLAN DOCUMENT, EACH DCP CONTRIBUTION FOR A PLAN YEAR AND ITS ASSOCIATED EARNINGS VEST ON THE EARLIER OF - THE FIRST DAY OF THE PLAN YEAR FOLLOWING THREE YEARS OF SERVICE, WHICH BEGINS ON THE FIRST DAY OF THE PLAN YEAR FOR WHICH THE CONTRIBUTION IS CREDITED - ATTAINMENT OF AGE 65 AND AT LEAST 3 YEARS OF SERVICE AS A DCP PARTICIPANT - DEATH OR PERMANENT DISABILITY - INVOLUNTARY TERMINATION (OTHER THAN FOR CAUSE) - PLAN TERMINATION FOR TAX YEAR 2013 (FISCAL YEAR 2014), THE FOLLOWING ACH REPORTABLE EMPLOYEES WERE ELIGIBLE TO PARTICIPATE IN THE DCP PLAN: MARCELLA DODERER, PRES/CEO; DAVID BERRY, SR., VP/COO; GENA WINGFIELD, SR., VP/CFO.
FORM 990, PART VII, SECTION A, LINE 5	DIRECTORS WILLIAM MORROW, M.D., JAY DESHPANDE, M.D., RICK JACKSON, M.D., AND CHARLES GLASIER, M.D. WERE COMPENSATED BY UAMS AS EMPLOYEES FOR SERVICES RENDERED TO ARKANSAS CHILDREN'S HOSPITAL (ACH) AND FOR WHICH ACH REMITTED PAYMENT LISTED AS "REPORTABLE COMPENSATION FROM THE ORGANIZATION" IN PART VII. DIRECTOR RICHARD JACOBS, M.D., COMPENSATED BY UAMS AS THE CHAIRMAN OF THE UAMS DEPARTMENT OF PEDIATRICS, IS A MEMBER OF VARIOUS ACH ADMINISTRATIVE COMMITTEES, HOWEVER, THE "REPORTABLE COMPENSATION FROM THE ORGANIZATION" LISTED IN PART VII IS FOR COMPENSATION FOR HIS ROLE AS PRESIDENT OF THE ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE, A RELATED ORGANIZATION. THE AMOUNTS NOTED AS COMPENSATION IN SCHEDULE J FOR THE PHYSICIANS NOTED ABOVE WERE THE DESIGNATED AMOUNTS PER THE RELATED CONTRACTS WITH UAMS.

Additional Data

Software ID:
Software Version:
EIN: 71-0236857
Name: ARKANSAS CHILDREN'S HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JONATHAN BATES MD PRESIDENT/CEO (PARTIAL YEAR)	(i) (ii)	2,658,468 0	72,000 0	3,302 0	5,000 0	620 0	2,739,390 0	1,231,283 0
MARCELLA DODERER PRESIDENT/CEO	(i) (ii)	239,100 0	108,513 0	428 0	0 0	8,700 0	356,741 0	0 0
JAYANT DESHPANDE MD SVP AND CMO	(i) (ii)	0 0	0 0	470,275 0	0 0	0 0	470,275 0	0 0
RICHARD JACOBS MD ACHRI PRESIDENT/UAMS DOP CHAIR	(i) (ii)	0 0	0 0	0 229,131	0 0	0 0	0 229,131	0 0
RICK JACKSON MD CHIEF OF STAFF	(i) (ii)	0 0	0 0	645,000 0	0 0	0 0	645,000 0	0 0
GENA WINGFIELD SVP AND CFO	(i) (ii)	385,761 0	40,000 0	943 0	29,503 0	10,110 0	466,317 0	0 0
CHARLES LARRY BECKIUS VP FACILITIES	(i) (ii)	185,943 0	19,000 0	962 0	14,600 0	6,698 0	227,203 0	0 0
DAVID BERRY SVP AND COO	(i) (ii)	382,947 0	40,000 0	943 0	47,736 0	10,110 0	481,736 0	0 0
LORI BROWN CHIEF NURSING OFFICER (PARTIAL YEAR)	(i) (ii)	252,019 0	25,000 0	895 0	5,000 0	1,601 0	284,515 0	0 0
SCOTT GORDON EXECUTIVE VICE PRESIDENT	(i) (ii)	425,890 0	25,000 0	3,624 0	16,500 0	9,997 0	481,011 0	41,768 0
CYNTHIA HOLLAND VP ANCILLARY SERVICES	(i) (ii)	180,240 0	17,000 0	731 0	14,075 0	6,697 0	218,743 0	0 0
KATHERINE LEA VP PATIENT CARE SERVICES	(i) (ii)	156,768 0	16,000 0	201 0	12,218 0	5,555 0	190,742 0	0 0
DARRELL LEONHARDT CHIEF INFORMATION OFFICER	(i) (ii)	245,651 0	20,000 0	3,090 0	13,183 0	9,756 0	291,680 0	0 0
LEE ANNE EDDY SVP/CHIEF NURSING OFFICER	(i) (ii)	202,657 0	25,000 0	272 0	10,617 0	4,788 0	243,334 0	0 0
MARY SALASSI- SCOTTER VP PATIENT CARE SERVICES	(i) (ii)	154,553 0	16,000 0	568 0	12,165 0	6,513 0	189,799 0	0 0
CHARLES E JOHNSON DIRECTOR - CV SURGERY	(i) (ii)	216,000 0	3,605 0	375 0	13,027 0	1,639 0	234,646 0	0 0
CARL CHIPMAN RN FIRST ASST CV SURGERY	(i) (ii)	217,517 0	4,449 0	2,441 0	9,762 0	6,847 0	241,016 0	0 0
JAMES KOONCE DENTIST	(i) (ii)	316,099 0	497 0	4,191 0	16,252 0	5,064 0	342,103 0	0 0
KIRT SIMMONS ORTHODONTIST	(i) (ii)	249,601 0	500 0	1,041 0	16,250 0	5,089 0	272,481 0	0 0
ANDREE TROSCLAIR VP OF HUMAN RESOURCES	(i) (ii)	196,875 0	20,000 0	778 0	15,228 0	4,787 0	237,668 0	0 0

Schedule K
(Form 990)

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
ARKANSAS CHILDREN'S HOSPITAL

Employer identification number
71-0236857

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	PULASKI COUNTY ARKANSAS	71-6006487	745392HD5	05-28-2009	109,526,869	SEE SCHEDULE K, PART VI		X		X		X
B	PULASKI COUNTY ARKANSAS	71-6006487	745392GK0	12-08-2005	33,917,692	SEE SCHEDULE K, PART VI		X		X		X
C	PULASKI COUNTY ARKANSAS	71-6006487	745392HR4	11-17-2010	31,051,199	SEE SCHEDULE K, PART VI		X		X		X
D	ARKANSAS DEVELOPMENT FINANCE AUTHORITY	71-0503641		09-05-2013	19,800,000	SEE SCHEDULE K, PART VI		X		X		X

Part II

Proceeds

		A	B	C	D		
1	Amount of bonds retired	10,930,000	5,505,000	12,635,000	1,142,721		
2	Amount of bonds legally defeased						
3	Total proceeds of issue	111,070,517	34,659,477	31,051,199	19,800,000		
4	Gross proceeds in reserve funds	7,398,857					
5	Capitalized interest from proceeds	439,815					
6	Proceeds in refunding escrows						
7	Issuance costs from proceeds	1,296,277	307,020	192,600			
8	Credit enhancement from proceeds	1,876,252	603,623	206,911			
9	Working capital expenditures from proceeds						
10	Capital expenditures from proceeds	100,097,782	33,748,834		19,800,000		
11	Other spent proceeds			30,651,688			
12	Other unspent proceeds						
13	Year of substantial completion	2012		2006		2010	
		Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X	X	X
15	Were the bonds issued as part of an advance refunding issue?		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X	X			X		
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?			X					
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶			0 070 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5			0 070 %					
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X			

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME PULASKI COUNTY, ARKANSAS DATE THE REBATE COMPUTATION WAS PERFORMED 07/18/2013 ISSUER NAME PULASKI COUNTY, ARKANSAS DATE THE REBATE COMPUTATION WAS PERFORMED 08/03/2010

Return Reference	Explanation
SCHEDULE K SUPPLEMENTAL INFORMATION	PART I, LINE A - DESCRIPTION OF PURPOSE PROCEEDS USED TO ACCOMPLISH THE UTILITY PROJECT AND THE SOUTH WING PROJECT THE UTILITY PROJECT INCLUDES MAJOR INFRASTRUCTURE IMPROVEMENTS, INCLUDING ADDED CAPACITY FOR THE SOUTH WING THE SOUTH WING PROJECT IS NEW CONSTRUCTION THAT ADDED APPROXIMATELY 243,114 SQUARE FEET INCLUDING A NEW EMERGENCY DEPARTMENT, ADDITIONAL OUTPATIENT CLINIC AREAS AND A NET ADDITION OF 54 INPATIENT BEDS PART I, LINE B - DESCRIPTION OF PURPOSE THE PROJECT GENERALLY INCLUDED THE CONSTRUCTION OF A FOUR STORY PARKING DECK, CONSTRUCTION OF A 116,525 SQUARE FOOT OFFICE BUILDING, THE ACQUISITION OF TWO MAGNETIC RESONANCE IMAGING SYSTEMS, AND THE ACQUISITION OF OPERATING ROOM EQUIPMENT PART I, LINE C - DESCRIPTION OF PURPOSE TO REFUND HOSPITAL REVENUE BONDS (ARKANSAS CHILDREN'S HOSPITAL PROJECT), SERIES 2002A AND SERIES 2002B REFUNDING, ISSUED 7/31/2002 PART I, LINE D - DESCRIPTION OF PURPOSE PROCEEDS USED TO PURCHASE TWO SIKORSKY S-76D HELICOPTERS TO BE USED FOR MEDICAL TRANSPORT PART II, LINE 3, BOND A - TOTAL PROCEEDS DIFFER FROM ISSUE PRICE DUE TO CUMULATIVE INVESTMENT EARNINGS PART II, LINE 3, BOND B - TOTAL PROCEEDS DIFFER FROM ISSUE PRICE DUE TO CUMULATIVE INVESTMENT EARNINGS PART II, LINE 4 - THE AMOUNTS SHOWN HERE CONSIST SOLELY OF DEBT SERVICE RESERVE FUNDS THE ORGANIZATION ALSO HAS THE FOLLOWING AMOUNTS IN BONA FIDE DEBT SERVICE FUNDS AS OF 6/30/2014 SERIES 2009 \$2,593,746, SERIES 2005 \$722,697, SERIES 2010 \$993,174 PART II, LINE 13 - BOND D - YEAR OF SUBSTANTIAL COMPLETION THE HELICOPTERS WERE ACCEPTED IN NOVEMBER 2013 IN "GREEN" CONDITION AS THEY WERE NOT CONFIGURATED AND EQUIPPED FOR MEDICAL TRANSPORT AT THAT STAGE BOTH HELICOPTERS ARE EXPECTED TO BE ACCEPTED AS READY FOR SERVICE IN MAY 2015 PART IV, LINE 6, BOND A - SUCH AMOUNTS WERE APPROPRIATELY YIELD RESTRICTED

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered**
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,
or Form 990-EZ, Part V, line 38a or 40b.
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**
▶ **Information about Schedule L (Form 990 or 990-EZ) and its instructions is at**
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization ARKANSAS CHILDREN'S HOSPITAL	Employer identification number 71-0236857
--	--

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) LORI BROWN	KEY EMPLOYEE	ADVANCED HEALTHCARE EDUCATION		X	71,409	0		No		No	Yes	
Total ▶ \$												

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) WINDSTREAM	PERFORMANCE OF SERVICES	1,155,872	SEE PART V WINDSTREAM IS A TELECOMMUNICATIONS SERVICES COMPANY AND DIRECTOR JEFF GARDNER IS CHAIRMAN OF THE BOARD OF WINDSTREAM TRANSACTIONS WITH INTERESTED PERSONS WERE PERFORMED IN ACCORDANCE WITH THE ACH BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY		No
(2) JENNIFER J BECKIUS	FAMILY MEMBER	30,781	SEE PART V JENNIFER J BECKIUS IS A FAMILY MEMBER OF KEY EMPLOYEE LARRY BECKIUS, HOWEVER, CONSISTENT WITH ARKANSAS CHILDREN'S HOSPITAL POLICY, SHE DOES NOT WORK WITHIN MR BECKIUS'S LINE OF AUTHORITY		No
(3) MISTY DAWN BERRY	FAMILY MEMBER	44,555	SEE PART V MISTY DAWN BERRY IS A FAMILY MEMBER OF KEY EMPLOYEE DAVID BERRY, HOWEVER, CONSISTENT WITH ARKANSAS CHILDREN'S HOSPITAL POLICY, SHE DOES NOT WORK WITHIN MR BERRY'S LINE OF AUTHORITY		No

Part V Supplemental Information

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

Return Reference	Explanation
------------------	-------------

SCHEDULE O
(Form 990 or 990-EZ)**Supplemental Information to Form 990 or 990-EZ****2013****Open to Public
Inspection****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.****▶ Attach to Form 990 or 990-EZ.****▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.**Name of the organization
ARKANSAS CHILDREN'S HOSPITAL**Employer identification number**

71-0236857

**Return
Reference****Explanation**

FORM 990,
PART VI,
SECTION A,
LINE 1

THE EXECUTIVE COMMITTEE CONSISTS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, WHO ALSO SERVES AS CHAIRMAN OF THE EXECUTIVE COMMITTEE, THE VICE CHAIRMAN, THE SECRETARY, THE TREASURER, THE IMMEDIATE PAST CHAIRMAN, THE VICE-CHAIRMAN OF THE BOARD OF DIRECTORS OF ARKANSAS CHILDREN'S HOSPITAL FOUNDATION, INC, THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ARKANSAS CHILDREN'S RESEARCH INSTITUTE, INC, AND THREE ADDITIONAL MEMBERS OF THE BOARD OF DIRECTORS ELECTED BY THE BOARD AT ITS ANNUAL MEETING. THE ACH MEDICAL DIRECTOR, THE ACH CHIEF OF STAFF, THE UAMS CHAIRMAN OF THE DEPARTMENT OF PEDIATRICS, AND THE ACH PRESIDENT/CHIEF EXECUTIVE OFFICER ARE ALSO EX-OFFICIO MEMBERS OF THE EXECUTIVE COMMITTEE WITHOUT VOTE. THE EXECUTIVE COMMITTEE HAS THE POWER TO TRANSACT ALL REGULAR BUSINESS OF THE HOSPITAL DURING THE PERIOD BETWEEN THE MEETINGS OF THE BOARD, SUBJECT TO ANY PRIOR LIMITATIONS IMPOSED BY THE BOARD AND WITH THE UNDERSTANDING THAT ALL MATTERS OF MAJOR IMPORTANCE WILL BE REFERRED TO THE BOARD OF DIRECTORS. THE EXECUTIVE COMMITTEE REVIEWS THE BUDGET PREPARED BY THE FINANCE COMMITTEE AND SUBMITS IT TO THE BOARD WITH THE EXECUTIVE COMMITTEE'S RECOMMENDATION AT THE LAST MEETING BEFORE THE END OF THE FISCAL YEAR. THE EXECUTIVE COMMITTEE RECEIVES A MONTHLY REPORT FROM THE FINANCE COMMITTEE CHAIRMAN RELATING TO THE MONTHLY FINANCIAL REPORTS. THE EXECUTIVE COMMITTEE HAS FINAL OVERSIGHT OF LONG RANGE PLANNING ACTIVITIES AND IS ALSO RESPONSIBLE FOR REVIEWING LEGAL ACTIVITIES INVOLVING THE HOSPITAL. MINUTES OF THE EXECUTIVE COMMITTEE MEETINGS ARE SUBMITTED TO THE BOARD, AND ITS ACTIONS ARE SUBJECT TO APPROVAL OR DISAPPROVAL AS SOON AS PRACTICAL AT A REGULAR BOARD MEETING. FORM 990, PART VI, SECTION A, LINE 2. ALTHOUGH NOT CONSIDERED COVERED RELATIONSHIPS AS NOTED IN PART VI, SECTION A, LINE 2, THE FOLLOWING DIRECTORS WERE ALL EMPLOYEES OF THE UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES (UAMS) DURING THE TAX YEAR: JAYANT DESHPANDE, M.D., CHARLES GLASIER, M.D., RICK JACKSON, M.D., RICHARD JACOBS, M.D., ROBERT MORROW, M.D., AND DANIEL RAHN, M.D.

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3	THE HOSPITAL'S SVP/CHIEF QUALITY AND CHIEF MEDICAL OFFICER POSITION IS HELD BY DR JAY DESHPANDE WHO HOLDS FACULTY APPOINTMENTS IN THE UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, COLLEGE OF MEDICINE DEPARTMENTS OF PEDIATRICS AND ANESTHESIOLOGY AS HE IS A UAMS EMPLOYEE, THE HOSPITAL REIMBURSES UAMS FOR HIS ROLE, WHICH IS TO HELP BROADEN AND STRENGTHEN THE HOSPITAL'S QUALITY EFFORTS AND OVERALL QUALITY PROGRAM FOR PATIENT CARE

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4	THE ACH BY LAWS WERE UPDATED TO REFLECT THE FOLLOWING CHANGES - CONSOLIDATION OF THE DUTIES OF THE COMPENSATION COMMITTEE TO INCLUDE APPROVAL (IN ADDITION TO REVIEW) OF SENIOR EXECUTIVE STAFF COMPENSATION AND BENEFITS IN ADDITION, THE COMPENSATION COMMITTEE WILL SET THE TERMS OF EMPLOYMENT, COMPENSATION, AND BENEFITS FOR THE CHIEF EXECUTIVE OFFICER - DOCUMENTED THAT THE COMPENSATION COMMITTEE WILL ACT IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THE COMPENSATION COMMITTEE CHARTER APPROVED BY THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	HOSPITAL MANAGEMENT REVIEWS THE DRAFT FORM 990 AND RECONCILES IT TO THE HOSPITAL'S INTERNAL FINANCIALS AND CONSOLIDATED AUDIT REPORT. THE REVIEWED DRAFT OF THE FORM 990 IS PRESENTED TO THE FINANCE COMMITTEE BY HOSPITAL MANAGEMENT. IF THE REVIEW BY THE COMMITTEE RESULTS IN REVISIONS TO THE FORM 990, THOSE REVISIONS ARE MADE. THE FORM 990 TO BE FILED IS THEN PROVIDED TO THE ENTIRE BOARD PRIOR TO FILING.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	<p>THE HOSPITAL HAS A BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY THAT IS REVIEWED WITH ALL NEW BOARD MEMBERS DURING THEIR BOARD ORIENTATION. IN ADDITION, PERIODICALLY EXTERNAL COUNSEL WILL REVIEW THE POLICY WITH THE FULL BOARD DURING A REGULAR BOARD MEETING. ANNUAL DISCLOSURE OF POTENTIAL CONFLICTS OR AFFIRMATIVE CONFIRMATION THAT NONE EXIST IS REQUIRED OF ALL BOARD MEMBERS. THE ANNUAL DISCLOSURES ARE REVIEWED AND APPROVED BY A MAJORITY OF THE DISINTERESTED DIRECTORS ON THE EXECUTIVE COMMITTEE. ALL CONFLICT DISCLOSURES ARE THEN COMPILED AND LISTED IN THE BOARD BOOK AT THE NEXT REGULARLY SCHEDULED MEETING. DETERMINATION OF WHETHER A LISTED CONFLICT IS MATERIAL IS DETERMINED BY THE CORPORATE COMPLIANCE OFFICER, WITH ADVICE FROM LEGAL COUNSEL IF STILL UNCERTAIN. DURING THE YEAR, WHILE BOARD MEMBERS MAY PARTICIPATE IN INITIAL DISCUSSION, BOARD MEMBERS WHO HAVE A CONFLICT ARE PROHIBITED FROM PARTICIPATING IN DELIBERATIONS AND DECISIONS IN THE RELATED TRANSACTION AND ABSTAIN FROM VOTING, WHICH IS NOTED IN THE MINUTES.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>COMPENSATION FOR THE ORGANIZATION'S CEO, SENIOR VICE PRESIDENTS, VICE PRESIDENTS, AND KEY EMPLOYEES IS REVIEWED BY THE COMPENSATION COMMITTEE WHICH IS ESTABLISHED THROUGH THE BYLAWS OF ARKANSAS CHILDREN'S HOSPITAL TO DISCHARGE THE DUTY OF THE BOARD IN FULFILLING ITS OVERSIGHT RESPONSIBILITIES FOR DETERMINING THE ADEQUACY AND REASONABLENESS OF THE COMPENSATION PAID THE CEO AND OTHER EMPLOYEES THAT THE COMMITTEE BELIEVES ARE IN A POSITION TO EXERCISE A SUBSTANTIAL INFLUENCE OVER THE AFFAIRS OF THE HOSPITAL. THE COMMITTEE IS COMPOSED OF MEMBERS WHO PERSONALLY RECEIVE NO COMPENSATION, FEES, OR OTHER BENEFITS FROM THE HOSPITAL, RELATED ORGANIZATIONS OR FROM THE UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES. THE COMMITTEE MAY RELY UPON REASONED WRITTEN OPINIONS OF QUALIFIED LEGAL, ACCOUNTING, VALUATION AND EXECUTIVE COMPENSATION EXPERTS. THE COMMITTEE HAS THE SOLE AUTHORITY TO RETAIN AND TERMINATE ANY SPECIAL ADVISORS USED TO ASSIST IN THE EVALUATION OF COMPENSATION. THE COMMITTEE CONTEMPORANEOUSLY, WITH MAKING ITS DETERMINATION OF REASONABLENESS WITH RESPECT TO THE COMPENSATION OF DISQUALIFIED PERSONS, DOCUMENTS IN A WRITTEN REPORT TO THE EXECUTIVE COMMITTEE AND THE BOARD, THE BASIS FOR ITS DECISION.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST AS REQUIRED

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PHYSICIAN'S REMUNERATION PROGRAM SERVICE EXPENSES 73,602,890 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 73,602,890 OTHER FEES FOR SERVICE PROGRAM SERVICE EXPENSES 14,478,445 MANAGEMENT AND GENERAL EXPENSES 4,699,851 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 19,178,296

Return Reference	Explanation
FORM 990, PART XI, LINE 9	UNEXPENDED GRANT CARRY OVER ADJUSTMENTS 113,918 ACH FUNDS INVESTED THROUGH ACHF - 20,000,000

Return Reference	Explanation
FORM 990, PART XII, LINE 3B	THE CONSOLIDATED ORGANIZATION IS REQUIRED TO UNDERGO AN AUDIT AS SET FORTH IN THE SINGLE AUDIT ACT AND OMB CIRCULAR A-133 AND DID UNDERGO THAT REQUIRED AUDIT

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ARKANSAS CHILDREN'S HOSPITAL

Related Organizations and Unrelated Partnerships

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number

71-0236857

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) ARKANSAS CHILDREN'S HOSPITAL FOUNDATION 1 CHILDRENS WAY LITTLE ROCK, AR 72202 71-0568795	FUNDRAISING	AR	501(C)(3)	LINE 7	ARKANSAS CHILDREN'S HOSPITAL	Yes	
(2) ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE 13 CHILDRENS WAY LITTLE ROCK, AR 72202 71-0694931	RESEARCH	AR	501(C)(3)	LINE 11A, I	ARKANSAS CHILDREN'S HOSPITAL	Yes	
(3) ARKANSAS CHILDREN'S HOSPITAL BUILDING RESEARCH FACILITY INC 1 CHILDRENS WAY LITTLE ROCK, AR 72202 91-1940376	BUILDING MANAGEMENT	AR	501(C)(3)	LINE 11A, I	ARKANSAS CHILDREN'S HOSPITAL	Yes	
(4) ARKANSAS CHILDREN'S HOSPITAL AUXILIARY 1 CHILDRENS WAY LITTLE ROCK, AR 72202 71-0606585	FUNDRAISING	AR	501(C)(3)	LINE 11A, I	ARKANSAS CHILDREN'S HOSPITAL		No

Part III

Identification of Related Organizations Taxable as a Partnership

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) CHILDREN'S HEALTHCARE SYSTEM INC 1 CHILDRENS WAY LITTLE ROCK, AR 72202 58-6304957	MANAGEMENT SERVICES	AR	ARKANSAS CHILDREN'S HOSPITAL	C	157,962	403,335	50 000 %	Yes	

Part V

Transactions With Related Organizations

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

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

1

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

a

Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

Lease of facilities, equipment, or other assets to related organization(s)

k

Lease of facilities, equipment, or other assets from related organization(s)

l

Performance of services or membership or fundraising solicitations for related organization(s)

m

Performance of services or membership or fundraising solicitations by related organization(s)

n

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

Other transfer of cash or property to related organization(s)

s

Other transfer of cash or property from related organization(s)

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

No

1e

Yes

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

No

1q

Yes

1r

Yes

1s

Yes

2

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Schedule R (Form 990) 2013

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

[illegible]

Part VII **Supplemental Information**

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

Return Reference	Explanation
------------------	-------------

Additional Data

Software ID:

Software Version:

EIN: 71-0236857

Name: ARKANSAS CHILDREN'S HOSPITAL

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
CHILDREN'S HEALTHCARE SYSTEM INC	A	5,092	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	B	1,006,250	FMV
ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE	B	3,508,787	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	C	16,674,899	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	M	5,206,091	COST
CHILDREN'S HEALTHCARE SYSTEM INC	M	159,750	FMV
ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE	N	1,382,322	COST
ARKANSAS CHILDREN'S HOSPITAL AUXILIARY	N	147,423	COST
CHILDREN'S HEALTHCARE SYSTEM INC	O	197,017	FMV
ARKANSAS CHILDREN'S HOSPITAL AUXILIARY	O	253,919	FMV
ARKANSAS CHILDREN'S HOSPITAL BUILDING RESEARCH FACILITY INC	O	96,472	FMV
ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE	O	189,757	FMV
ARKANSAS CHILDREN'S HOSPITAL AUXILIARY	Q	63,193	FMV
ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE	Q	1,288,510	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	Q	505,877	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	R	20,040,352	FMV
ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE	S	26,050,264	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	S	3,190,155	FMV
ARKANSAS CHILDREN'S HOSPITAL BUILDING RESEARCH FACILITY INC	S	144,823	FMV
ARKANSAS CHILDREN'S HOSPITAL AUXILIARY	S	1,353,935	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	E	163,714,022	BOOK VALUE
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	O	265,342	FMV
CHILDREN'S HEALTHCARE SYSTEM INC	Q	51,808	FMV
ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE	R	67,509	FMV
ARKANSAS CHILDREN'S HOSPITAL FOUNDATION	N	1,706,900	COST

Arkansas Children's Hospital,
Arkansas Children's Hospital
Foundation, Arkansas Children's
Hospital Research Institute, and
Arkansas Children's Hospital
Building Research Facility

Consolidated Financial Statements as of and for the
Years Ended June 30, 2014 and 2013, Supplemental
Schedules for the Year Ended June 30, 2014, and
Independent Auditors' Reports

**ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS CHILDREN'S
HOSPITAL FOUNDATION, ARKANSAS CHILDREN'S HOSPITAL
RESEARCH INSTITUTE, AND ARKANSAS CHILDREN'S HOSPITAL
BUILDING RESEARCH FACILITY**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2014 AND 2013:	
Balance Sheets	3-4
Statements of Operations	5
Statements of Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-25
SUPPLEMENTAL SCHEDULES FOR THE YEAR ENDED JUNE 30, 2014:	26
Consolidated Schedule of Expenditures of Federal and State Awards	27-32
Schedule of Units of Service	33
Notes to Consolidated Schedule of Expenditures of Federal and State Awards and Schedule of Units of Service	34
Consolidated Schedule of Findings and Questioned Costs	35
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	36-37
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE	38-39



Deloitte & Touche LLP
Suite 1120
111 Center Street
Little Rock, AR 72201
USA

Tel: +1 501 371 3000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Boards of Directors,
Arkansas Children's Hospital,
Arkansas Children's Hospital Foundation,
Arkansas Children's Hospital Research Institute, and
Arkansas Children's Hospital Building Research Facility
Little Rock, Arkansas

We have audited the accompanying consolidated financial statements of Arkansas Children's Hospital, Arkansas Children's Hospital Foundation, Arkansas Children's Hospital Research Institute and Arkansas Children's Hospital Building Research Facility (collectively, the "Hospital"), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 Hospital'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 Hospital'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 consolidated financial position of the Hospital as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

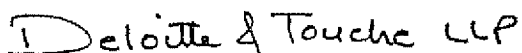
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated Schedule of Expenditures of Federal and State Awards and Schedule of Units of Service are presented for purposes of additional analysis and are 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 information is fairly stated, in all material respects, in relation to the 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 21, 2014 on our consideration of the Hospital's internal control over financial reporting and on our tests of their 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 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 the Hospital's internal control over financial reporting and compliance.

Deloitte & Touche LLP

October 21, 2014

**ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS CHILDREN'S
HOSPITAL FOUNDATION, ARKANSAS CHILDREN'S HOSPITAL
RESEARCH INSTITUTE, AND ARKANSAS CHILDREN'S HOSPITAL
BUILDING RESEARCH FACILITY**

**CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2014 AND 2013**

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 63,266,597	\$ 81,026,609
Accounts receivable:		
Patient, less allowances for uncollectible accounts of \$3,212,669 and \$1,769,832 in 2014 and 2013, respectively	48,158,543	50,585,370
Other receivables	24,717,953	24,080,455
Investments — at fair value	243,225,659	217,833,075
Assets whose use is limited which are required for current liabilities	7,690,487	9,455,126
Pledges receivable — current portion	4,986,745	5,717,512
Estimated third-party payor settlements — current portion	84,222,681	73,944,122
Inventories	7,925,875	7,448,404
Other current assets	6,206,175	3,699,299
Total current assets	<u>490,400,715</u>	<u>473,789,972</u>
ASSETS WHOSE USE IS LIMITED		
Board designated investments	216,498,676	175,625,483
Restricted investments:		
Temporarily restricted endowment	38,503,837	33,906,874
Permanently restricted endowment	37,392,482	33,441,917
Investments held by trustee under bond agreements	<u>11,670,032</u>	<u>12,314,226</u>
Total assets whose use is limited	304,065,027	255,288,500
Less amounts classified as a current asset	<u>(7,690,487)</u>	<u>(9,455,126)</u>
Assets whose use is limited — net	<u>296,374,540</u>	<u>245,833,374</u>
PLEDGES RECEIVABLE — Noncurrent	<u>17,329,057</u>	<u>16,892,739</u>
PROPERTY, PLANT, AND EQUIPMENT		
Land and improvements	37,418,145	37,406,345
Buildings	363,253,537	356,797,878
Equipment	188,028,609	152,012,652
Construction in progress	<u>8,479,401</u>	<u>9,310,532</u>
Total property, plant and equipment	597,179,692	555,527,407
Less accumulated depreciation	<u>(298,541,262)</u>	<u>(271,885,582)</u>
Property, plant, and equipment — net	<u>298,638,430</u>	<u>283,641,825</u>
OTHER NONCURRENT ASSETS	<u>28,437,481</u>	<u>17,324,852</u>
TOTAL	<u>\$ 1,131,180,223</u>	<u>\$ 1,037,482,762</u>

(Continued)

**ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS CHILDREN'S
HOSPITAL FOUNDATION, ARKANSAS CHILDREN'S HOSPITAL
RESEARCH INSTITUTE, AND ARKANSAS CHILDREN'S HOSPITAL
BUILDING RESEARCH FACILITY**

**CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2014 AND 2013**

	2014	2013
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 29,283,142	\$ 27,064,977
Accrued interest	2,430,805	2,475,126
Accrued expenses and other liabilities	25,201,769	26,105,091
Due to physicians	366,910	514,573
Current portion of long-term debt	<u>7,146,748</u>	<u>6,980,000</u>
Total current liabilities	64,429,374	63,139,767
NONCURRENT LIABILITIES:		
Obligations under capital leases	194,014	-
Long-term debt — Net of current portion	<u>156,567,274</u>	<u>145,139,947</u>
Total liabilities	<u>221,190,662</u>	<u>208,279,714</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	781,737,718	706,017,233
Temporarily restricted	88,923,441	87,222,363
Permanently restricted	<u>39,328,402</u>	<u>35,963,452</u>
Total net assets	<u>909,989,561</u>	<u>829,203,048</u>
TOTAL	<u>\$ 1,131,180,223</u>	<u>\$ 1,037,482,762</u>

See notes to consolidated financial statements.

(Concluded)

**ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS CHILDREN'S
HOSPITAL FOUNDATION, ARKANSAS CHILDREN'S HOSPITAL
RESEARCH INSTITUTE, AND ARKANSAS CHILDREN'S HOSPITAL
BUILDING RESEARCH FACILITY**

**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
UNRESTRICTED REVENUES AND GAINS:		
Net patient service revenue	\$ 476,790,718	\$ 457,136,577
Provision for bad debt	(3,116,333)	(2,921,187)
Net patient service revenue less provision for bad debts	473,674,385	454,215,390
Specific purpose grants	28,460,649	30,175,206
Supplemental Medicaid reimbursement	27,628,434	27,341,445
Other	21,777,204	21,351,325
County and state appropriations	8,650,791	8,566,787
Net assets released from restrictions and used for operations	5,336,674	5,770,775
Total unrestricted revenues and gains	565,528,137	547,420,928
EXPENSES:		
Salaries and wages	232,308,410	223,181,318
Employee benefits	44,616,209	43,347,855
Supplies and pharmaceuticals	82,476,104	77,996,252
Professional fees	75,055,101	72,442,628
Purchased services	39,269,388	41,441,246
Depreciation and amortization	27,284,330	27,593,770
Interest	7,347,239	7,565,429
Utilities	5,358,113	6,037,675
Fixed asset impairment		3,270,586
Insurance	2,302,155	2,204,566
Other	11,782,238	11,419,364
Expenses incurred from temporarily restricted contributions	5,336,674	5,262,233
Expenses incurred from board designated contributions	1,401,475	1,286,834
Total expenses	534,537,436	523,049,756
INCOME FROM OPERATIONS	30,990,701	24,371,172
NONOPERATING REVENUES, GAINS, EXPENSES AND LOSSES:		
Unrestricted contributions	6,653,638	4,097,306
Income from investments	14,323,523	12,453,190
Other income	221,267	180,775
Fundraising expenses	(5,493,372)	(5,567,134)
Net nonoperating revenues, gains, expenses and losses	15,705,056	11,164,137
EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	\$ 46,695,757	\$ 35,535,309

See notes to consolidated financial statements.

**ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS CHILDREN'S
HOSPITAL FOUNDATION, ARKANSAS CHILDREN'S HOSPITAL
RESEARCH INSTITUTE, AND ARKANSAS CHILDREN'S HOSPITAL
BUILDING RESEARCH FACILITY**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
BALANCE — June 30, 2012	<u>\$ 665,922,211</u>	<u>\$ 78,760,398</u>	<u>\$ 30,391,335</u>	<u>\$ 775,073,944</u>
Excess of revenues and gains over expenses and losses	35,535,309	-	-	35,535,309
Net assets released from restrictions and used for operations	-	(5,770,775)	-	(5,770,775)
Net change in unrealized gains on investments	2,761,828	1,289,398	-	4,051,226
Restricted contributions	-	12,837,783	4,112,011	16,949,794
Income from restricted investments	-	1,026,016	-	1,026,016
Gain (loss) on sale of restricted investments	-	1,249,133	(4,501)	1,244,632
Net assets released from restrictions and used for purchase of property and equipment	2,950,375	(2,950,375)	-	-
Annuity reserve	(3,989)	-	-	(3,989)
Unexpended grant carryover	-	1,206,430	-	1,206,430
Other than temporary impairment on restricted investments	-	(487,014)	-	(487,014)
Grant funds used to purchase capital assets	224,722	-	-	224,722
Other	152,753	-	-	152,753
Transfer of net assets	<u>(1,525,976)</u>	<u>61,369</u>	<u>1,464,607</u>	<u>-</u>
Change in net assets	<u>40,095,022</u>	<u>8,461,965</u>	<u>5,572,117</u>	<u>54,129,104</u>
BALANCE — June 30, 2013	<u>706,017,233</u>	<u>87,222,363</u>	<u>35,963,452</u>	<u>829,203,048</u>
Excess of revenues and gains over expenses and losses	46,695,757	-	-	46,695,757
Net assets released from restrictions and used for operations	-	(5,336,674)	-	(5,336,674)
Net change in unrealized gains on investments	15,792,417	3,639,672	-	19,432,089
Restricted contributions	-	15,301,719	1,382,573	16,684,292
Income from restricted investments	-	866,263	-	866,263
Gain (loss) on sale of restricted investments	-	1,459,062	(821)	1,458,241
Net assets released from restrictions and used for purchase of property and equipment	12,847,231	(12,847,231)	-	-
Unexpended grant carryover	-	(382,073)	-	(382,073)
Other than temporary impairment on restricted investments	-	(241,893)	-	(241,893)
Grant funds used to purchase capital assets	1,619,321	-	-	1,619,321
Other	(3,219)	(5,591)	-	(8,810)
Transfer of net assets	<u>(1,231,022)</u>	<u>(752,176)</u>	<u>1,983,198</u>	<u>-</u>
Change in net assets	<u>75,720,485</u>	<u>1,701,078</u>	<u>3,364,950</u>	<u>80,786,513</u>
BALANCE — June 30, 2014	<u>\$ 781,737,718</u>	<u>\$ 88,923,441</u>	<u>\$ 39,328,402</u>	<u>\$ 909,989,561</u>

See notes to consolidated financial statements

**ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS CHILDREN'S
HOSPITAL FOUNDATION, ARKANSAS CHILDREN'S HOSPITAL
RESEARCH INSTITUTE, AND ARKANSAS CHILDREN'S HOSPITAL
BUILDING RESEARCH FACILITY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ 80,786,513	\$ 54,129,164
Adjustments to reconcile change in total net assets to net cash provided by operating activities		
Depreciation and amortization	27,284,330	27,593,770
Net realized and unrealized gains on investments	(27,708,805)	(10,400,919)
Net unrealized (gains) losses on other assets	(192,741)	33,213
Provision for bad debt	3,116,333	2,921,187
Other than temporary impairment of investments	1,724,635	2,513,949
Loss on disposition of fixed assets	90,899	173,755
Contributions for permanently restricted endowments and capital assets	(7,049,876)	(7,085,530)
Fixed asset impairment	-	3,270,586
Amortization/accretion of bond premium/discount	(83,204)	(84,668)
Changes in operating assets and liabilities		
Accounts receivable	(1,327,004)	(10,153,122)
Estimated third-party payor settlements	(21,082,703)	(14,929,450)
Pledges receivable	294,449	(1,456,613)
Inventories	(477,471)	270,581
Other assets	(2,711,681)	4,071
Accounts payable	1,675,964	(6,009,695)
Accrued expenses, interest, and other liabilities	(1,095,306)	1,306,618
Net cash provided by operating activities	<u>53,244,332</u>	<u>42,096,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant, and equipment	(41,829,633)	(28,526,190)
Purchases of investments	(177,098,015)	(67,888,261)
Proceeds from maturities and sales of investments	128,268,880	74,293,943
Investments held by trustee under bond agreements — sales and maturities	1,478,078	-
Change in assets held by trustee under bond agreements — other	(833,884)	4,093,660
Net cash used in investing activities	<u>(90,014,574)</u>	<u>(17,826,848)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	19,800,000	-
Bond issuance costs	89,061	-
Contributions for permanently restricted endowments and capital assets	7,049,876	7,085,530
Principal payments on long-term debt	(8,122,721)	(6,765,000)
Capital lease obligation	194,014	-
Net cash provided by financing activities	<u>19,010,230</u>	<u>320,530</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(17,760,012)</u>	<u>24,590,519</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	81,026,609	56,436,090
End of year	<u>\$ 63,266,597</u>	<u>\$ 81,026,609</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Cash paid for interest	<u>\$ 7,663,070</u>	<u>\$ 7,635,454</u>
NONCASH OPERATING AND INVESTING ACTIVITIES — Purchases of property, plant, and equipment in accounts payable	<u>\$ 1,871,442</u>	<u>\$ 1,329,241</u>
NONCASH OPERATING ACTIVITIES — Unrealized (gains) losses on other assets	<u>\$ (192,741)</u>	<u>\$ 33,213</u>

See notes to consolidated financial statements

ARKANSAS CHILDREN'S HOSPITAL, ARKANSAS CHILDREN'S HOSPITAL FOUNDATION, ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE, AND ARKANSAS CHILDREN'S HOSPITAL BUILDING RESEARCH FACILITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

1. ORGANIZATION

Arkansas Children's Hospital (ACH) is a not-for-profit pediatric hospital. ACH is located in Little Rock and serves as the only quaternary health care facility for children in the state of Arkansas. The Arkansas Children's Hospital Foundation (ACHF) is a not-for-profit organization that exists as the fundraising branch of ACH. The Arkansas Children's Hospital Research Institute (ACHRI) and the Arkansas Children's Hospital Building Research Facility (BRFI) are not-for-profit organizations that operate to support, through charitable, scientific, and educational means, the mission of ACH.

ACH coordinates a variety of programs, services and initiatives which benefit children and families in the state. Under the Natural Wonders Partnership Collaboration, ACH has been instrumental in helping to significantly reduce the number of children killed in automobile accidents annually, improving the oral health of children through its mobile dental outreach efforts, improving health literacy teaching in over 600 schools in the state, and improving home visiting programs through the creation of the Arkansas Home Visiting Network. ACH has grants from the Arkansas Department of Health to implement an ambitious expansion of home visiting services and create a Home Visiting Training Institute.

ACH also manages the Home Instruction Program for Parents of Pre-School Youngsters (HIPPPY) and hosts the national offices of HIPPPY-USA. ACH is also a collaborative partner in many coalitions and groups in the state in efforts to improve the status of children's health. ACH is actively involved with many organizations in the state to deliver a wide variety of services to children.

ACH's Good Mourning program offers grief support for children who have experienced the death of a family member or friend, while the PalCare program offers palliative care to families facing end-of-life issues with their children.

The Pediatric Understanding and Learning through Simulation Education (PULSE) Center, a state-of-the-art simulation center, continues to provide training for those committed to the highest quality of pediatric care.

Through its community efforts, the ACH Outreach Department provided children and families throughout the state with informative health education programs relating to child safety, wellness and prevention activities, as well as seasonal information relating to health risks. Some of these efforts include: 1) Healthy Habits classroom presentations for elementary students with an emphasis on hygiene, fitness, and establishing a lifetime of good health at an early age; 2) Speaker's Bureau presentations from ACH health care professionals on a variety of topics related to children's health issues and offered to civic groups, social organizations, and parent or school-based groups; 3) Fire Safety House visits to schools and events to help educate children on the best ways to respond to a house-fire situation; 4) Burn Education programs in schools; 5) Child Passenger Safety education; 6) Booths at health fairs and community events offering information on such health and safety topics as Fire Safety, Car Seat Safety, Helmet Safety, and ATV Safety; and 7) Leadership of the statewide SAFE KIDS Coalition and the Injury Free Coalition for Kids-Little Rock.

ACH has been designated by the Arkansas Department of Health as the state's only pediatric Level I trauma center, an indication that it provides the highest standard of care for injured children. The achievement recognizes the hospital's dedication to providing optimal care for injured patients in and around Arkansas, as well as its dedication to advancing trauma research, education, injury prevention, and outreach.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation — The consolidated financial statements include the accounts of ACH, ACHF, ACHRI, and BRFI (the consolidated group is referred to as the "Hospital"). All significant transactions between these entities have been eliminated in consolidation.

Use of Estimates — The preparation of the consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Hospital considers all highly liquid investments, including money market mutual funds, with a maturity of less than three months when purchased to be cash equivalents.

Concentration of Credit Risk — The Hospital grants credit without collateral to its patients, most of whom are Arkansas residents and are insured under Medicaid or other third-party payor agreements. A significant portion (44% and 41% at June 30, 2014 and 2013, respectively) of its net patient receivables is due from the Medicaid and Medicare programs. The Hospital must comply with various reporting and operating regulations mandated by the state Medicaid program. Failure to comply with these regulations could result in the Hospital losing its eligibility to receive these funds. Management is not aware of any operations or activities that would jeopardize the Hospital's eligibility under this program.

The mix of net patient receivables as of June 30, 2014 and 2013, was as follows:

	2014	2013
Medicaid and Medicare	44 %	41 %
Other third-party payors (insurance and managed care)	51	54
Patients	<u>5</u>	<u>5</u>
Total mix of net patient receivables	<u>100 %</u>	<u>100 %</u>

Investments — Donated investments are reported at fair value at the date of receipt. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Unrestricted investment income (including — realized gains and losses on investments, interest and dividends) is included in the excess of revenues and gains over expenses and losses. Unrealized gains and losses on investments are excluded from the excess of revenues and gains over expenses and losses and are reported in the consolidated statements of changes in net assets, except for those losses on unrestricted investments which have been determined to be other-than-temporary that have been included in the excess of revenues and gains over expenses and losses.

Assets Whose Use is Limited — Assets whose use is limited include assets set aside to fund Board-created endowments. The Board of Directors (the “Board”) retains control over these assets and may subsequently use them for other purposes at its discretion. Assets whose use is limited also include assets held by trustees under bond agreements, as well as other permanently and temporarily restricted investments. These investments are stated at fair value.

Inventories — Inventories are carried at the lower of cost (first-in, first-out method) or market.

Property, Plant, and Equipment — Property, plant, and equipment acquisitions are recorded at cost and include interest on funds borrowed to finance construction of major capital additions. Depreciation is provided over the estimated useful life of each class of depreciable asset, and is computed using the straight-line method based on estimated useful lives of 3 to 20 years for equipment and 10 to 40 years for buildings and land improvements.

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

Impairment of Long-Lived Assets — The carrying value of long-lived assets (including property, plant, and equipment) are evaluated for impairment whenever events or changes in circumstances indicate that the net book value of an asset may not be recoverable from the estimated undiscounted future cash flows expected to result from its use and eventual disposition. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. As a result of the Hospital’s review of long-lived assets, no impairments were recorded as of June 30, 2014. Impairments of approximately \$3,271,000 were recorded to the carrying value of the Hospital’s two helicopters during the year ended June 30, 2013.

Asset Retirement Obligation — The presence of asbestos in the Hospital facilities was determined by an accredited engineer through the Hospital construction staff based on their knowledge of the architectural state of the facility, the age of the facility and whether any renovation had recently occurred. Due to the age of the facilities and inconsistent use of building materials, it cannot be known with certainty the exact amount of asbestos present that may need to be remediated. The Hospital believes that there is an indeterminate settlement date for the asset retirement obligation because it is conditional upon the Hospital undergoing major renovations or being demolished, and the range of time over which the Hospital may repair, renovate or demolish these areas is unknown. On an annual basis, scheduled projects are reviewed to determine if asbestos abatement will be necessary and if an amount can be reasonably estimated. The costs to abate asbestos as part of scheduled projects was estimated to be approximately \$462,000 and \$91,000 for the years ended June 30, 2014 and 2013, respectively.

Gifts and Bequests — Gifts and bequests which are not restricted by donors are classified in nonoperating gains. Gifts and bequests which are restricted for specific purposes by donors are recorded as additions to temporarily or permanently restricted net assets in the period the unconditional promise to give or gift is made. Expirations of donor-imposed restrictions are reported as reclassifications between temporarily restricted and unrestricted net assets and reported in the statements of changes in net assets as net assets released from restrictions.

Pledges Receivable — Promises to give, less an allowance for uncollectible amounts, are recorded as receivables in the year made at the present value of estimated future cash flows using a discount rate commensurate with the risks involved as a measure of fair value of unconditional promises to give. Pledges receivable are recorded at fair value at both June 30, 2014 and 2013.

Temporarily Restricted Net Assets — Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose.

Endowments — The Hospital's endowment fund consists of individual donor restricted endowment funds and funds designated by the Board to function as endowments. As discussed in Note 6, the net assets associated with endowment funds, including those funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions. Where the Board designates unrestricted funds to function as endowments, they are classified as unrestricted net assets. Temporarily restricted net assets include endowments whose use by the Hospital has been limited by donors to a specific time period or purpose, but for which the endowment documentation does not include specific language required by Arkansas law to permanently restrict the endowment. Permanently restricted endowments have been restricted by donors, according to Arkansas Code Section 28-69-607 of the Uniform Management of Institutional Funds Act (UMIFA), to be maintained by the Hospital in perpetuity.

In accordance with ASC 958, the Hospital classifies as permanently restricted net assets, (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Hospital's long-term investment objective is to invest all available assets in a manner that will allow them to grow to a level that can provide a total return sufficient to meet the financial needs of the Hospital and to support the Hospital's mission. The Hospital's Investment Committee determines a spend rate percentage for each fiscal year on all restricted endowment funds and unrestricted Board designated endowment funds that may be set aside for expenditure. If the market value of the restricted endowment fund and the unrestricted Board designated endowment is less than the original gift amount, only the interest and dividends will be expended up to the approved spend rate; however, the Investment Committee, at its discretion, may approve to fund the remaining spend rate with unrestricted earnings. However, if the market value is greater than the original gift amount, the Investment Committee may appropriate for expenditure the interest and dividends plus appreciation in the market value of the endowment funds over the original gift amount to fund the spend rate for that year.

To achieve its long-term rate of return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Hospital targets a diversified asset allocation to achieve its long-term objectives within conservative risk constraints.

Income Taxes — ACH, ACHF, ACHRI, and BRFI are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Once qualified as tax-exempt entities, ACH, ACHF, ACHRI, and BRFI are required to operate in conformity with the Code and its tax-exempt purposes to maintain their qualification.

Excess of Revenues and Gains over Expenses and Losses — The consolidated statements of operations include excess of revenues and gains over expenses and losses, which is an indicator of financial performance. Changes in unrestricted net assets which are excluded from excess of revenues and gains over expenses and losses, consistent with industry practice, include unrealized gains and losses on investments and contributions of long-lived assets used in operations (including assets acquired using grants restricted for capital purposes by the granting agency and contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Changes in net assets that are excluded from income from operations are derived from services other than providing health care services or coverage to patients that result in gains or losses unrelated to the Hospital's primary mission and are considered nonoperating. Nonoperating gains and losses include unrestricted contributions and related fundraising expenses, and income from investments.

Functional Expenses — The Hospital provides pediatric health care services primarily to residents of the state of Arkansas. Expenses related to providing these services for the years ended June 30, 2014 and 2013, are as follows:

	2014	2013
Program service	\$ 425,247,075	\$ 412,596,313
Grant-related	33,606,945	35,050,527
Management and general	<u>75,683,416</u>	<u>75,402,916</u>
Total expenses	<u>\$ 534,537,436</u>	<u>\$ 523,049,756</u>

Fair Value of Financial Instruments — Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair value amounts have been determined by the Hospital using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data and develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Hospital could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

For cash and cash equivalents, accounts receivable, accrued interest, estimated third-party payor settlements, accounts payable, and accrued interest payable, the carrying amount is a reasonable estimate of fair value due to the short-term nature of these assets and liabilities. Bonds payable, which have carrying values of approximately \$163,714,000 and \$152,120,000 as of June 30, 2014 and 2013, respectively, and fair values of approximately \$174,342,000 and \$160,506,000 at June 30, 2014 and 2013, respectively, are estimated using rates applicable to current bond issues of a similar nature.

Investments and assets whose use is limited are carried on the consolidated balance sheets at estimated fair value. Estimated fair values of investments and assets whose use is limited are based on quotes from published market sources. Pledges receivable are reported at the net present value of expected future cash flows which is considered a reasonable estimate of fair value. Other assets-mineral interests are reported at market value as determined by an independent appraiser using the Income Approach method.

The following tables set forth by level within the fair value hierarchy a summary of the Hospital's assets measured at fair value on a recurring basis at June 30, 2014 and 2013.

Fair Value Measurements at June 30, 2014, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Unrestricted, board designated endowment, temporarily, and permanently restricted investments:				
U.S. government obligations	\$ -	\$ 322,113,015	\$ -	\$ 322,113,015
Corporate stocks	148,510,821	-	-	148,510,821
Mutual funds	39,326,475	-	-	39,326,475
Corporate debt	-	20,049,087	-	20,049,087
Agencies	-	5,421,256	-	5,421,256
Certificates of deposit	200,000	-	-	200,000
Total	188,037,296	347,583,358	-	535,620,654
Funds held by trustee under bond agreements — mutual funds backed by U.S. Treasury securities, and state and local government series	11,670,032	-	-	11,670,032
Pledges receivable	-	-	22,315,802	22,315,802
Other assets:				
Mineral interests	-	958,000	-	958,000
Non-publicly traded stock	-	-	17,424	17,424
Total	-	958,000	17,424	975,424
Total assets	\$ 199,707,328	\$ 348,541,358	\$ 22,333,226	\$ 570,581,912

The following table is a reconciliation of the level 3 pledges receivable from June 30, 2013 to June 30, 2014.

Balance as of June 30, 2013	\$ 22,610,251
Net present value of new pledges	7,427,862
Pledge payments	(7,361,308)
Pledge write offs	(361,003)
Balance as of June 30, 2014	\$ 22,315,802

Fair Value Measurements at June 30, 2013, Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Unrestricted, board designated endowment, temporarily, and permanently restricted investments:				
U.S. government obligations	\$ -	\$ 317,301,079	\$ -	\$ 317,301,079
Corporate stocks	86,789,921	-	-	86,789,921
Mutual funds	29,283,417	-	-	29,283,417
Corporate debt	-	19,389,140	-	19,389,140
Agencies	-	7,843,792	-	7,843,792
Certificates of deposit	200,000	-	-	200,000
Total	116,273,338	344,534,011	-	460,807,349
Funds held by trustee under bond agreements — mutual funds backed by U.S. Treasury securities, and state and local government series	12,314,226	-	-	12,314,226
Pledges receivable	-	-	22,610,251	22,610,251
Other assets:				
Mineral interests	-	730,000	-	730,000
Non-publicly traded stock	-	-	46,682	46,682
Total	-	730,000	46,682	776,682
Total assets	\$ 128,587,564	\$ 345,264,011	\$ 22,656,933	\$ 496,508,508

The following table is a reconciliation of the level 3 pledges receivable from June 30, 2012 to June 30, 2013.

Balance as of June 30, 2012	\$ 21,153,638
Net present value of new pledges	9,487,516
Pledge payments	(7,914,216)
Pledge write offs	(116,687)
Balance as of June 30, 2013	\$ 22,610,251

Recently Issued Accounting Standards — On December 16, 2011, the FASB issued ASU 2011-11, *Disclosure About Offsetting Assets and Liabilities*, which contains new disclosure requirements regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new disclosures are designed to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under IFRSs. Generally, it is more difficult to qualify for offsetting under IFRSs than it is under U.S. GAAP because under U.S. GAAP certain derivative and repurchase agreement arrangements are granted exceptions from the general offsetting model. As a result, entities with significant financial instrument and derivative portfolios that report under IFRSs typically present positions on their balance sheets that are significantly larger than those of entities with similarly sized portfolios whose financial statements are

prepared in accordance with U.S. GAAP. To facilitate comparison between financial statements prepared under U.S. GAAP and IFRSs, the new disclosures will give financial statement users information about both gross and net exposures. This ASU, adopted effective July 1, 2013, had no impact on the Hospital's consolidated financial statements.

On October 22, 2012, the FASB Emerging Issues Task Force issued ASU 2012-05, *Not-for-Profit Entities. Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, to address the diversity in practice about how to classify cash receipts arising from the sale of certain assets, such as securities, in the statement of cash flows of not-for-profit entities (NFPs). NFPs should classify the sale of donated securities that are directed to be sold upon receipt in the near-immediate future and that can be sold in the near-immediate future (i.e., the financial asset can be converted to cash within days) as operating activities in the statement of cash flows. The amendments in this update are effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Retrospective application to all prior periods presented upon the date of adoption is permitted. Early adoption from the beginning of the fiscal year of adoption will be permitted. This ASU, adopted effective July 1, 2013, had no material impact on the Hospital's consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers*. The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." In applying the revenue model to contracts within its scope, an entity will: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The ASU applies to all contracts with customers except those that are within the scope of other topics in the FASB Accounting Standards Codification. Certain of the ASU's provisions also apply to transfers of nonfinancial assets, included in-substance nonfinancial assets that are not an output of an entity's ordinary activities (e.g., sales of (1) property, plant and equipment; (2) real estate; or (3) intangible assets). Entities may elect to use either full retrospective or a modified approach to adopt the ASU guidance. For nonpublic entities, this ASU is effective for annual periods beginning after December 15, 2017. Early application of ASU 2014-09 is not permitted. The Hospital is still evaluating the impact of adopting ASU 2014-09 to its consolidated financial statements, which is effective in fiscal year 2018.

3. CHARITY CARE AND NET PATIENT SERVICE REVENUE

The Hospital provides care to patients who meet certain criteria under its charity care policy. The Hospital Charity Care policy provides for free or discounted care for individuals with household incomes up to 400% of poverty levels. There are financial counselors available to all the registration areas of the hospital to assist in completing Medicaid, Tefra Program, Children's Medical Services, Supplemental Security Income intents and financial assistance applications. The Hospital allows interest free payments to be made until the outstanding balance is paid without time constraints and also does not report to external collection agencies or take other extraordinary collection efforts. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Records are maintained to identify and monitor the level of charity care the Hospital provides. These records include the amount of gross charges foregone for services under its charity care policy. The Hospital's estimated cost of caring for charity care patients for the years ended June 30, 2014 and 2013,

was approximately \$12,402,000 and \$14,553,000, respectively. Subsequent to year end, the hospital undergoes a cost accounting analysis to calculate the cost of service per type of procedure. The 2014 cost will be calculated based on the audited financial statement data; therefore, it was not available at the time of the issuance of the financial statements in order to disclose the 2014 amount. Therefore, the Hospital calculated the 2014 charity cost by using the 2013 actual allocated cost to charge ratio for charity care adjusted for overall changes in the current year cost profile and applying it to current year charity care charges.

Net Patient Service Revenue — Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Patient service revenue at established rates less third-party payor contractual allowances for the years ended June 30, 2014 and 2013, consisted of the following:

	2014	2013
Patient service revenue	\$ 821,493,767	\$ 775,099,147
Less contractual allowances:		
Medicaid and Medicare	(264,411,656)	(241,668,050)
Other third parties	<u>(80,291,393)</u>	<u>(76,294,520)</u>
Net patient service revenue	<u>\$ 476,790,718</u>	<u>\$ 457,136,577</u>

Contractual allowances represent the difference between the Hospital's standard charges and the amounts paid by the Medicaid program and other contractual payors.

The Hospital's gross patient service revenues were derived from the following payor sources for the years ended June 30, 2014 and 2013, and are as follows:

	2014	2013
Medicaid and Medicare	67 %	66 %
Other third-party payors	32	33
Patients	<u>1</u>	<u>1</u>
	<u>100 %</u>	<u>100 %</u>

Estimated Third-Party Payor Settlements — The Hospital provides care to patients under Medicaid, Medicare and other contractual arrangements. Certain inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed by the State of Arkansas based on an allowable cost reimbursement methodology. Regulations require annual retroactive settlements for these costs based on cost reports filed by the Hospital. These retroactive settlements are estimated and recorded in the consolidated financial statements in the year the service is provided. The estimated settlements at June 30, 2014, for the years ended June 30, 2014, 2013, 2012 and 2011, recorded at \$75,855,796, \$14,827,582, \$12,420,444 and \$12,620,500, respectively, net of reserve of \$13,117,801 could differ from actual settlements. Of the total net receivable of \$102,606,521 recorded as of June 30, 2014, \$18,383,840 is considered noncurrent and is therefore included in other non-current assets. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through the year ended June 30, 2010. Any differences between estimated settlements and actual settlements will be recorded in the year the cost report is settled by the intermediary, typically after the fiscal intermediary's

audit, or when information is available to management that a change in the estimate is warranted. During the years ended June 30, 2014 and 2013, net patient service revenue in the accompanying statements of operations increased by approximately \$3,842,000 and \$2,460,000, respectively, as a result of changes to prior year estimates from final Medicaid settlements and changes in management estimates for related reserves

The health care 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 and unasserted at this time. Federal government activity continues with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayment of previously billed collected revenues from patient services. Management believes that ACH is in compliance, in all material respects, with current laws and regulations; however, ACH has recorded reserves that may be used to offset potential repayments due to audit of Medicaid cost settlements or regulatory actions unknown and unasserted at this time.

Supplemental Medicaid Reimbursement — State Medicaid programs incur costs for payments to health care providers that provide medical services to Medicaid recipients, and the federal government pays a portion of those costs to each state based on a formula. Under these federal rules, states are permitted to pay hospitals up to a reasonable estimate of the amount that would have been paid using Medicare payment principles. This is known as the upper payment limit (UPL). The amount of supplemental Medicaid reimbursement recorded as unrestricted revenue for the years ended June 30, 2014 and 2013, was approximately \$27.628,000 and \$27.341,000, respectively.

4. INVESTMENTS

At June 30, 2014 and 2013, investments consisted of the following:

	2014			
	Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Unrestricted, board designated endowment, temporarily, and permanently restricted investments.				
U.S. government obligations	\$ 316,077,749	\$ 6,351,167	\$ (315,901)	\$ 322,113,015
Corporate stocks	89,519,398	58,991,423	-	148,510,821
Mutual funds	33,108,428	6,218,047	-	39,326,475
Corporate debt	19,532,628	516,459	-	20,049,087
Agencies	5,260,761	160,495	-	5,421,256
Certificates of deposit	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total	<u>\$ 463,698,964</u>	<u>\$ 72,237,591</u>	<u>\$ (315,901)</u>	<u>\$ 535,620,654</u>
Funds held by trustee under bond agreements	\$ 11,670,032	\$ -	\$ -	\$ 11,670,032

	2013			Estimated Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Unrestricted, board designated endowment, temporarily, and permanently restricted investments				
U.S. government obligations	\$ 308,926,956	\$ 8,806,706	\$ (432,583)	\$ 317,301,079
Corporate stocks	45,515,541	41,274,380	-	86,789,921
Mutual funds	26,645,080	2,899,996	(261,659)	29,283,417
Corporate debt	19,337,043	52,097	-	19,389,140
Agencies	7,500,387	343,405	-	7,843,792
Certificates of deposit	200,000	-	-	200,000
Total	<u>\$ 408,125,007</u>	<u>\$ 53,376,584</u>	<u>\$ (694,242)</u>	<u>\$ 460,807,349</u>
Funds held by trustee under bond agreements	<u>\$ 12,314,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,314,226</u>

The composition of investment returns for the years ended June 30, 2014 and 2013, is as follows:

	2014	2013
Income:		
Interest and dividend income	\$ 9,528,708	\$ 10,018,413
Net gains, including OTTI	5,663,026	3,038,590
Investment management fees	<u>(868,211)</u>	<u>(603,813)</u>
Income from investments — unrestricted	<u>\$ 14,323,523</u>	<u>\$ 12,453,190</u>
Other changes in net assets — net change in unrealized gains on investments	<u>\$ 19,432,089</u>	<u>\$ 4,051,226</u>

The Hospital's total investment portfolio held investments with a net unrealized gain position of approximately \$71,922,000 and \$52,682,000 at June 30, 2014 and 2013, respectively. At June 30, 2014, the Hospital's investment portfolio contained investments whose fair market value of \$61,907,545 was below cost with unrealized losses of \$315,901. At June 30, 2013, the Hospital's investment portfolio contained investments whose fair market value of \$53,697,466 was below cost with unrealized losses of \$694,242. Management considers declines in the fair value of externally managed investment securities below their cost to be other than temporarily impaired if the investment security is in a loss position. During the years ended June 30, 2014 and 2013, the Hospital decreased the carrying value of certain externally managed investments by approximately \$1,725,000 and \$2,514,000, respectively, due to other than temporary impairment (OTTI). For internally managed securities the Hospital would record OTTI if the Hospital does not expect to recover the entire amortized cost basis of the security or if they determine that a credit loss exists. During the years ended June 30, 2014 and 2013, no OTTI was recorded relative to internally managed securities. OTTI losses are recorded on a quarterly basis during the fiscal year and unrestricted OTTI amounts are recorded in the consolidated statements of operations.

The Trust Indentures related to the outstanding Bonds (see Note 5) require the establishment of certain funds to be held and controlled by an independent trustee as long as the bonds remain outstanding. Such funds are to be used to pay principal and interest on the debt and to finance construction.

Funds held by trustee under bond indenture agreements as of June 30, 2014 and 2013, were invested in federated government obligations, which are mutual funds backed by U.S. Treasury securities, and State and Local Government Series (SLGS) and consisted of the following:

	2014	2013
Series 2005 Bond Fund	\$ 722,697	\$ 723,156
Series 2009 Bond Fund	2,593,746	2,600,129
Series 2009 Debt Service Reserve Fund	7,360,415	7,360,415
Series 2010 Bond Fund	<u>993,174</u>	<u>1,630,526</u>
Total	<u>\$ 11,670,032</u>	<u>\$ 12,314,226</u>

5. LONG-TERM DEBT

A summary of long-term debt as of June 30, 2014 and 2013, is as follows:

	2014	2013
Pulaski County, Arkansas Hospital Revenue Bonds, Series 2005, due in variable amounts through March 1, 2035, bearing interest at fixed rates ranging from 3.20% to 5%, collateralized by Hospital revenues	\$ 27,865,000	\$ 28,645,000
Pulaski County, Arkansas Hospital Revenue Bonds, Series 2009, due in variable amounts through March 1, 2039, bearing interest at fixed rates ranging from 2% to 5.50%, collateralized by Hospital revenues	100,245,000	102,355,000
Pulaski County, Arkansas Hospital Revenue Refunding Bonds, Series 2010, due in variable amounts through March 1, 2022, bearing interest at rates ranging from 2% to 4%, collateralized by Hospital revenues	17,365,000	21,455,000
Arkansas Development Finance Authority Revenue Bonds Series 2013, due in amount of \$45,947 on October 1 and November 1, 2013 and \$184,074 on the first day of each successive month thereafter through September 2023, bearing interest at 1.95%, collateralized by two new helicopters.	18,657,279	-
Plus unamortized premium on Series 2005 and 2010 revenue bonds	1,100,702	1,212,521
Less unamortized discount on Series 2009 revenue bonds	<u>(1,518,959)</u>	<u>(1,547,574)</u>
Total	163,714,022	152,119,947
Less amounts due within one year	<u>(7,146,748)</u>	<u>(6,980,000)</u>
Long-term debt — less current maturities	<u>\$ 156,567,274</u>	<u>\$ 145,139,947</u>

The long-term debt agreements include certain restrictive covenants with which the Hospital must comply, including the debt service coverage ratio, total debt to capitalization, and days of unrestricted cash on hand. Management of the Hospital believes that it is in compliance with all applicable covenants at June 30, 2014 and 2013.

In September 2013, tax-exempt bonds were issued on behalf of the Hospital by the Arkansas Development Finance Authority (ADFA) and sold as a private placement for financing a loan to the Hospital for a portion of the cost of acquiring two Sikorsky S-76D helicopters by the Hospital

Pulaski County (Issuer) is authorized under the laws of Arkansas to issue revenue bonds to construct, acquire, and improve facilities used for hospitals. Pursuant to a lease agreement dated October 1, 1985, as amended and supplemented between the Issuer and Arkansas Children's Hospital, ACH has agreed to acquire, construct and equip the projects financed by certain bond issues. The Issuer has agreed under the lease agreement to lease the hospital facility financed by such bond issues to ACH in return for payments sufficient to pay the principal of and premium, if any, and interest on all bonds outstanding.

The total maturities shown differ from the amount on the balance sheet due to unamortized premiums of \$1,100,702 and unamortized discounts of \$1,518,959 at June 30, 2014. Scheduled maturities of long-term debt for the years ending June 30 are as follows:

2015	\$ 7,146,748
2016	6,782,946
2017	7,016,558
2018	7,405,094
2019	7,679,400
Thereafter	<u>128,101,533</u>
Total	<u>\$ 164,132,279</u>

6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2014	2013
Health care services:		
Capital expenditures	\$ 1,734,655	\$ 3,877,163
Children's House	3,999,624	-
South Wing Project	6,985,760	13,270,235
Research funding	16,556,422	16,440,042
Hospital operations	<u>59,646,980</u>	<u>53,634,923</u>
Total	<u>\$ 88,923,441</u>	<u>\$ 87,222,363</u>

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

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support health care and research services	<u>\$ 39,328,402</u>	<u>\$ 35,963,452</u>

Net assets restricted for the South Wing Project include pledges and cash gifts designated for the South Wing, which includes capital and non-capital components. Pledges designated for the South Wing Project as of June 30, 2014, were \$6,985,760. Pledges and cash gifts designated for the South Wing Project as of June 30, 2013, were \$9,291,156 and \$3,979,079, respectively.

During 2014 and 2013, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amount of \$5,336,674 and \$5,770,775, respectively. In addition, net assets were released from donor restrictions and used for the purchase of property and equipment in the amount of \$12,847,231 and \$2,950,375 for June 30, 2014 and 2013, respectively.

From time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When certain donor endowment deficits exist, they are classified as a reduction of unrestricted net assets in accordance with ASC Topic 958. Deficits associated with certain funds functioning as endowments, when they exist, are likewise classified as a reduction of unrestricted net assets. During the years ended June 30, 2014 and 2013, there were no deficits of this nature reported in unrestricted net assets in accordance with ASC Topic 320.

Other transfers of net assets at June 30, 2014 and 2013, were primarily due to revised donor agreements, satisfying donor restrictions, and the matching program.

	2014		
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets
Revised endowment agreements	\$ -	\$ (1,174,489)	\$ 1,174,489
Matching program	(1,048,438)	262,448	785,990
Other	(182,584)	159,865	22,719
Total	<u>\$ (1,231,022)</u>	<u>\$ (752,176)</u>	<u>\$ 1,983,198</u>

	2013		
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets
Revised endowment agreements	\$ -	\$ (170,300)	\$ 170,300
Matching program	(1,402,801)	105,000	1,297,801
Other	(123,175)	126,669	(3,494)
Total	<u>\$ (1,525,976)</u>	<u>\$ 61,369</u>	<u>\$ 1,464,607</u>

7. INSURANCE AND LEGAL

The Hospital is self-insured with respect to claims paid for employee health care. Estimates of health claims incurred but unpaid as of June 30, 2014 and 2013, are accrued based on the Hospital's past experience, as well as other considerations including the nature of claims and relevant trends. As of June 30, 2014 and 2013, the Hospital has accrued a liability for estimated incurred but unpaid claims of approximately \$1,088,000 and \$1,037,000, respectively. The expenses related to claims paid during the years ended June 30, 2014 and 2013, were approximately \$14,365,000 and \$13,476,000, respectively, and are included in employee benefits expense. The Hospital maintains stop-loss insurance coverage with respect to the employer share of medical insurance claim costs. Under the terms of stop-loss insurance for the plan years ending June 30, 2014 and 2013, the stop-loss insurance carrier is to reimburse 100% of the cost of each covered person's paid claims in excess of \$175,000 per year, up to a maximum annual benefit per person of \$1,825,000 for the plan year ended June 30, 2014, and \$1,075,000 for the plan year ended June 30, 2013; however, a plan level deductible called an "aggregating specific deductible" must be satisfied by the whole group medical insurance plan before

any reimbursements are paid to the Hospital by the stop-loss carrier for an individual stop-loss claim. The plan level aggregating specific deductible amount was \$350,000 for the fiscal years ended June 30, 2014 and 2013. The purpose of the aggregating specific deductible is to reduce annual fixed stop-loss premium costs during the plan year where the group medical insurance plan experiences low volume or no high dollar medical claims.

The Hospital is also self-insured with respect to workers' compensation. Losses from asserted claims and unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that consider the Hospital's prior experience and the nature of the claims. An estimated liability of \$223,089 and \$202,300 was accrued as of June 30, 2014 and 2013, respectively. The Hospital has pledged certificates of deposit of \$200,000 as collateral for such liabilities. The Hospital also maintains excess workers compensation coverage with an insurance company. Under the terms of this excess insurance, the insurer is to reimburse 100% of the cost of each employee's claim in excess of \$500,000. On an aggregate basis, the employer's limit is approximately \$4,135,000 for the two-year policy period. Once the aggregate limit has been met, the insurer will provide an additional \$2,000,000 of coverage. For indemnification or legal defense in a civil case, the employer liability limit is \$1,000,000 subject to a \$500,000 retention.

The Hospital is insured with respect to medical malpractice risks by a claims-made liability policy. An estimated liability of \$339,000 and \$324,000 was accrued as of June 30, 2014 and 2013, respectively, to cover policy deductibles. The Hospital's General and Professional Liability insurance coverage is limited, at June 30, 2014 and 2013, to \$1,000,000 per incident with a \$3,000,000 aggregate limit. The Hospital also carries an umbrella liability policy in the amount of \$10,000,000.

Under Arkansas law, the Hospital has been recognized as a charitable institution that is immune from tort liability or execution in the enforcement of a judgment in a tort action. There is no assurance that this doctrine of charitable immunity will be held to apply to the Hospital in future litigation, but previously decided case law would support such a holding.

There are no proceedings pending against the Hospital, or to its knowledge, threatened against it, which may not be adequately covered by the Hospital's reserves and insurance policies or which, in the opinion of management, could have a materially adverse effect on the Hospital's consolidated financial statements.

8. EMPLOYEE BENEFIT PLANS

The Hospital has a contributory tax-sheltered annuity plan for the benefit of substantially all of its employees. Employer contributions are made based on the employee's respective contributions, and are vested based on the years of service of the individual employees. Plan expense was approximately \$4,448,000 and \$4,146,000 for the years ended June 30, 2014 and 2013, respectively.

The Hospital has a Defined Contribution Retirement plan covering substantially all employees meeting certain eligibility requirements. Employer contributions to the plan are made at the discretion of the Board of Directors of the Hospital. The Hospital made contributions of 2% of eligible employees' compensation for fiscal years 2014 and 2013. Contributions accrued for the plan for the years ended June 30, 2014 and 2013, were approximately \$3,206,000 and \$3,541,000, respectively.

The Hospital has a non-qualified deferred compensation plan under IRC Section 457(b). The Hospital reports a liability in its consolidated balance sheets with a corresponding asset of \$2,192,000 and \$1,936,000 as of June 30, 2014 and 2013, respectively. The assets in the plan remain the property of the employer until paid or made available to participants, subject only to the claims of the Hospital's general creditors.

Arkansas Children's Hospital established individual Supplemental Executive Retirement Plans (SERPs) to provide key employees with retirement and death benefits. Each plan is a deferred benefit plan covering one key employee and the expense charged to earnings for fiscal years 2014 and 2013 for all plans was approximately \$48,000 and \$334,000, respectively, with the related liability included in "Accrued expenses and other liabilities." These expenses are calculated based on the present value of the estimated deferred compensation amount assigned to each plan based on a normal retirement age of 65 and actuarially based life expectancies. The 2014 expense was calculated based on the present value of the frozen accrued deferred benefit amount assigned to each plan. As of June 30, 2014 and 2013, the accumulated balance for the SERP liability was approximately \$357,000 and \$3,308,000, respectively. The SERP plans have been "frozen" as of June 30, 2014 and if the employee is then vested will be paid out in July 2016.

The Hospital established a non-qualified deferred compensation plan under IRC Section 457(f) effective June 30, 2014. The plan is a defined contribution plan which covers certain executive employees. The expense charged to earnings for fiscal year 2014 was approximately \$250,000 with the related liability included in "Accrued expenses and other liabilities." The expense is generally calculated based on a percentage of the annual base pay of the covered executive employees plus an amount for interest as determined in the plan.

9. RELATED-PARTY TRANSACTIONS

Several Hospital board members are employed by the University of Arkansas for Medical Sciences (UAMS). During the years ended June 30, 2014 and 2013, contracts for professional services between the Hospital and UAMS resulted in the Hospital incurring expenses of approximately \$91,000,000 and \$90,000,000, respectively, to UAMS. During the years ended June 30, 2014 and 2013, the Hospital also recorded revenue of approximately \$18,800,000 and \$19,300,000, respectively, from UAMS. In addition, the Hospital bills and collects physician outpatient professional fees for patients seen at the Hospital, which resulted in the Hospital recording \$15,260,000 of net revenue for the fees billed with \$14,300,000 of collected fees, net of expenses, being remitted to UAMS for the year ended June 30, 2014. In addition, the Hospital bills and collects physician outpatient professional fees for patients seen at the Hospital, which resulted in the Hospital recording \$14,900,000 of net revenue for the fees billed with \$14,000,000 of collected fees, net of expenses, being remitted to UAMS for the year ended June 30, 2013. As of June 30, 2014 and 2013, the Hospital's payable due to UAMS was approximately \$7,364,000 and \$5,205,000, respectively. As of June 30, 2014 and 2013, the Hospital's receivable due from UAMS was approximately \$3,104,000 and \$3,714,000, respectively. In addition, the Hospital held approximately \$367,000 and \$515,000 as of June 30, 2014 and 2013, respectively, on behalf of UAMS to be utilized by the physicians on the ACH campus.

During the years ended June 30, 2014 and 2013, the Hospital also paid approximately \$8,369,000 and \$9,223,000, respectively, to a company affiliated with a member of the ACHF Board of Directors for construction projects. In addition, during the years ended June 30, 2014 and 2013, the Hospital paid approximately \$1,156,000 and \$1,294,000, respectively, to a company affiliated with a member of the Board of Directors for telecommunication services. During the years ended June 30, 2014 and 2013, the Hospital paid approximately \$1,305,000 and \$1,438,000, respectively, for goods and services from various other related parties. Management considers all transactions with related parties to be at arm's length.

A physician hospital organization (PHO) has been established which is 50% owned by the Hospital and participating physicians, respectively. The PHO identifies contract opportunities for its members. Also, the Arkansas Children's Hospital Auxiliary raises funds for and renders services to the Hospital and its patients. The activities of these entities are not considered material in relation to the consolidated financial statements of the Hospital.

10. COMMITMENTS AND CONTINGENCIES

The Hospital receives federal awards to support its research efforts. These grants are subject to financial and compliance audits by the granting agencies. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time; although, Hospital management expects such amounts, if any, to be immaterial.

Under the terms of the S-76D helicopter sales agreement with Sikorsky Aircraft Corporation for the purchase of two helicopters, the Hospital has a commitment of \$3,698,694 at June 30, 2014. This payment is due upon the acceptance of the completion of services relative to the helicopters. No later than four months after acceptance, title to the Hospital's two used S-76C helicopters will pass to Sikorsky and Sikorsky will pay ACH the trade in value of \$3,600,000 for the two helicopters.

The Hospital leases various equipment and facilities under operating leases expiring at various dates in the future. Total rental expense for all operating leases was approximately \$2,421,000 and \$2,460,000 for the years ended June 30, 2014 and 2013, respectively.

A schedule by year of future minimum lease payments under operating leases as of June 30, 2014, that have initial or remaining terms in excess of one year is as follows:

**Years Ending
June 30**

2015	\$ 1,755,502
2016	1,737,542
2017	1,157,430
2018	653,345
2019	<u>581,068</u>
Total minimum payment required	<u>\$ 5,884,887</u>

11. DONOR-RESTRICTED GIFTS AND PLEDGES RECEIVABLE

Amounts of net pledges receivable (at net present value discounted at a rate of 3.25% for the years ended June 30, 2014 and 2013, respectively) as of June 30, 2014 and 2013, are as follows:

	2014	
	Temporarily Restricted Net Pledges Receivable	Permanently Restricted Net Pledges Receivable
Due in less than one year	\$ 4,539,080	\$ 447,665
Due in one to five years	8,188,123	1,488,254
Due in more than five years	<u>870,734</u>	<u>-</u>
Total	<u>\$ 13,597,937</u>	<u>\$ 1,935,919</u>

	2013	
	Temporarily Restricted Net Pledges Receivable	Permanently Restricted Net Pledges Receivable
Due in less than one year	\$ 4,940,405	\$ 777,107
Due in one to five years	6,928,942	1,737,132
Due in more than five years	<u>1,902,945</u>	<u>7,295</u>
Total	<u>\$ 13,772,292</u>	<u>\$ 2,521,534</u>

Maturities of trusts receivable are not shown above as the maturities of these receivables are dependent upon the life expectancies of the trustors. Pledges receivable include temporarily restricted trust receivables (at net present value), which totaled approximately \$6,782,000 and \$6,316,000 at June 30, 2014 and 2013, respectively.

The allowance for uncollectible pledges receivable totaled approximately \$1,675,000 and \$1,717,000 as of June 30, 2014 and 2013, respectively. The discount relating to pledges receivable totaled approximately \$1,395,000 and \$1,494,000 as of June 30, 2014 and 2013, respectively.

* * * * *