



**THE CHILDREN'S MERCY HOSPITAL**

Uniform Guidance Single Audit Report

June 30, 2018

(With Independent Auditors' Reports Thereon)

# THE CHILDREN'S MERCY HOSPITAL

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The Children's Mercy Hospital and Affiliates' audited consolidated financial statements, as of and for the years ended June 30, 2018 and 2017, are separately attached hereto.	



KPMG LLP  
Suite 1100  
1000 Walnut Street  
Kansas City, MO 64106-2162

**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 *Government Auditing Standards***

The Board of Directors  
The Children's Mercy Hospital:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of The Children's Mercy Hospital and Affiliates (the Hospital), which comprise the consolidated balance sheet as of June 30, 2018, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 12, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



**Purpose of this Report**

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

KPMG LLP

Kansas City, Missouri  
October 12, 2018



KPMG LLP  
Suite 1100  
1000 Walnut Street  
Kansas City, MO 64106-2162

**Independent Auditors' Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

The Board of Directors  
The Children's Mercy Hospital:

**Report on Compliance for Each Major Federal Program**

We have audited The Children's Mercy Hospital's (the Hospital) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended June 30, 2018. The Hospital's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

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

*Auditors' Responsibility*

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

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

*Opinion on Each Major Federal Program*

In our opinion, The Children's Mercy Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control Over Compliance**

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hospital's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance



for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance.

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

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

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

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

We have audited the consolidated financial statements of the Hospital as of and for the year ended June 30, 2018, and have issued our report thereon dated October 12, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*KPMG LLP*

Kansas City, Missouri  
February 28, 2019

**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2018

**(1) Summary of Auditors' Results**

- (a) Type of report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: Unmodified
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: No
  - Significant deficiencies: None reported
- (c) Noncompliance material to the financial statements: No
- (d) Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses: No
  - Significant deficiencies: None reported
- (e) Type of report issued on compliance for major programs: Unmodified
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): No
- (g) Major programs:
  - Research and Development Cluster – various CFDA numbers
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- (i) Auditee qualified as a low-risk auditee: Yes

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None

**(3) Findings and Questioned Costs Relating to Federal Awards**

None

**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2018

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal CFDA number</u>	<u>Contract or Pass-through identifying number</u>	<u>Pass-through awards</u>	<u>Direct awards</u>	<u>Total federal expenditures</u>	<u>Amounts provided to subrecipients</u>
Research and Development Cluster:						
Agency for Healthcare Research & Quality:						
Agency for Healthcare Research & Quality	93.226	R21HS023980	\$ —	71,852	71,852	16,829
Cincinnati Children's Hospital	93.226	134795	22,537	—	22,537	—
University of Rochester	93.226	416938	25,033	—	25,033	—
Total Agency for Healthcare Research & Quality			<u>47,570</u>	<u>71,852</u>	<u>119,422</u>	<u>16,829</u>
Centers for Disease Control:						
The American Academy of Pediatrics	93.185	772104-CMH	45,359	—	45,359	—
The American Academy of Pediatrics	93.733	772103-CMH	6,025	—	6,025	—
The University of Alabama – Birmingham	93.RD	000517420-005	15,609	—	15,609	—
Total Centers for Disease Control			<u>66,993</u>	<u>—</u>	<u>66,993</u>	<u>—</u>
Health Resources and Service:						
Shrewsbury	93.110	WA00414831/OSP2016179	15,095	—	15,095	—
University of Texas Health Science Center at Houston	93.110	0010176L	18,370	—	18,370	—
Total Health Resources and Service			<u>33,465</u>	<u>—</u>	<u>33,465</u>	<u>—</u>
National Cancer Institute:						
Hackensack University Medical Center	93.393	2018-CA212189-CMH	10,203	—	10,203	—
National Cancer Institute	93.393	R21CA194492	—	102,051	102,051	74,047
The Regents of the University of California – San Francisco	93.393	8836SC	3,723	—	3,723	—
University of Kansas Medical Center Research Institute, Inc.	93.393	ZAC00080	6,784	—	6,784	—
Subtotal 93.393			<u>20,710</u>	<u>102,051</u>	<u>122,761</u>	<u>74,047</u>
University of Kansas Medical Center Research Institute, Inc.	93.394	FY2017-099	10,626	—	10,626	—
University of Kansas Medical Center Research Institute, Inc.	93.394	FY2017-099-M1	2,869	—	2,869	—
Subtotal 93.394			<u>13,495</u>	<u>—</u>	<u>13,495</u>	<u>—</u>
Children's Hospital of Philadelphia	93.395	N/A	16,377	—	16,377	—
Children's Hospital of Philadelphia	93.395	9500100715-XX	8,900	—	8,900	—
Children's Hospital of Philadelphia	93.395	9500080215-13C	22,656	—	22,656	—
Children's Hospital of Philadelphia	93.395	9500080217-06C	15,000	—	15,000	—
Children's Hospital of Philadelphia	93.395	9500080215-12C	59,687	—	59,687	—
Children's Hospital of Philadelphia	93.395	962093-RSUB	10,796	—	10,796	—
Subtotal 93.395			<u>133,416</u>	<u>—</u>	<u>133,416</u>	<u>—</u>
University of Kansas Medical Center Research Institute, Inc.	93.397	ZPJ00010	33,966	—	33,966	—
Total National Cancer Institute			<u>201,587</u>	<u>102,051</u>	<u>303,638</u>	<u>74,047</u>



**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2018

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Contract or Pass-through identifying number	Pass-through awards	Direct awards	Total federal expenditures	Amounts provided to subrecipients
National Center for Advancing Translational Sciences:						
New York University School of Medicine	93.350	00003979	\$ 1,011	—	1,011	—
University of Kansas Medical Center Research Institute	93.350	ZPBU00006-Mille	8,739	—	8,739	—
University of Kansas Medical Center Research Institute	93.350	ZPBU0003-JONES	2,500	—	2,500	—
University of Kansas Medical Center Research Institute	93.350	ZPBU0006	312	—	312	—
University of Kansas Medical Center Research Institute	93.350	ZPBU0003	6,499	—	6,499	—
University of Kansas Medical Center Research Institute	93.350	ZPBK00000	139,300	—	139,300	—
University of Kansas Medical Center Research Institute	93.350	ZPBU0007	13,145	—	13,145	—
University of Kansas Medical Center Research Institute	93.350	ZPBU0000	68,416	—	68,416	—
University of Kansas Medical Center Research Institute	93.350	ZPBU00006-LEWIS	4,037	—	4,037	—
Total National Center for Advancing Translational Sciences			243,959	—	243,959	—
National Center for Immunization and Respiratory Diseases:						
National Center for Immunization and Respiratory Diseases	93.185	U01IP001057	—	720,046	720,046	—
National Center for Immunization and Respiratory Diseases	93.533	U01IP001057	—	243,743	243,743	—
Academic Pediatric Association	93.733	H23IP000950	12,689	—	12,689	—
Academic Pediatric Association	93.733	H23IP000950	40,807	—	40,807	—
Subtotal 93.733			53,496	—	53,496	—
Total National Center for Immunization and Respiratory Diseases			53,496	963,789	1,017,285	—
National Center on Birth Defects:						
Washington University	93.283	WU-17-81	1,392	—	1,392	—
Washington University	93.283	WU-18-85	135,422	—	135,422	—
Total National Center on Birth Defects			136,814	—	136,814	—
National Eye Institute:						
Jaeb Center for Health Research	93.867	IXT1	25,012	—	25,012	—
Jaeb Center for Health Research	93.867	CO2	1,974	—	1,974	—
Jaeb Center for Health Research	94.867	IXT5	11,495	—	11,495	—
Jaeb Center for Health Research	93.867	15080354	2,355	—	2,355	—
Jaeb Center for Health Research	93.867	PON1	1,262	—	1,262	—
Total National Eye Institute			42,098	—	42,098	—
National Heart, Lung, and Blood Institute:						
National Heart, Lung, and Blood Institute	93.837	R01HL126099	—	648,561	648,561	288,469
National Heart, Lung, and Blood Institute	93.837	R01HL128374	—	376,654	376,654	9,889
New England Research Institutes, Inc.	93.837	PHN FUEL	44,115	—	44,115	—
New England Research Institutes, Inc.	93.837	PHN FUEL OLE	31,420	—	31,420	—
New England Research Institutes, Inc.	93.837	PHN 24/MAR/2015	4,864	—	4,864	—

**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2018

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Contract or Pass-through identifying number	Pass-through awards	Direct awards	Total federal expenditures	Amounts provided to subrecipients
Seattle Children's Hospital	93.837	11384SUB	\$ 3,351	—	3,351	—
University of Kansas Medical Center Research Institute	93.837	ZAR00010	24,846	—	24,846	—
Subtotal 93.837			108,596	1,025,215	1,133,811	298,358
Seattle Children's Hospital	93.838	10929SUB	15,001	—	15,001	—
The Brigham and Woman's Hospital	93.838	115959	16,335	—	16,335	—
Subtotal 93.838			31,336	—	31,336	—
ALL Children's Research Institute	93.839	ACRI 22-001	1,569	—	1,569	—
RTI International	93.839	0212456	12,144	—	12,144	—
Subtotal 93.839			13,713	—	13,713	—
Total National Heart, Lung, and Blood Institute			153,645	1,025,215	1,178,860	298,358
National Human Genome Research:						
National Human Genome Research	93.172	R25HG009651	—	15,795	15,795	—
Total National Human Genome Research			—	15,795	15,795	—
National Institute of Allergy and Infectious Diseases:						
Benaroya Research Institute at Virginia Mason	93.855	FY16ITN188	1,211	—	1,211	—
Benaroya Research Institute at Virginia Mason	93.855	FY17ITN188	22,309	—	22,309	—
Cellerant Therapeutics, Inc	93.855	R42AI108016	35,896	—	35,896	—
Duke	93.855	PRO 00045657	2,007	—	2,007	—
Massachusetts General Hospital	93.855	225488	2,675	—	2,675	—
Massachusetts General Hospital	93.855	229712	4,071	—	4,071	—
Vanderbilt University Medical Center	93.855	VUMC 59098	76,587	—	76,587	—
Subtotal 93.855			144,756	—	144,756	—
University of Iowa	93.RD	1001713615	15,800	—	15,800	—
University of Iowa	93.RD	W000915044	78	—	78	—
Subtotal 93.RD			15,878	—	15,878	—
Total National Institute of Allergy and Infectious Diseases			160,634	—	160,634	—
National Institute of Arthritis and Metabolic Diseases:						
Children's Hospital of Philadelphia	93.846	3210940919-XX	3,839	—	3,839	—
Children's Hospital of Philadelphia	93.846	3210940919-XX	13,145	—	13,145	—
Children's Hospital of Philadelphia	93.846	3210940919-04	1,650	—	1,650	—
Cincinnati Children's Hospital	93.846	138708	93,422	—	93,422	—
Total National Institute of Arthritis and Metabolic Diseases			112,056	—	112,056	—

**THE CHILDREN'S MERCY HOSPITAL**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal CFDA number</u>	<u>Contract or Pass-through identifying number</u>	<u>Pass-through awards</u>	<u>Direct awards</u>	<u>Total federal expenditures</u>	<u>Amounts provided to subrecipients</u>
National Institute of Biomedical Imaging and Bioengineering: National Institute of Biomedical Imaging and Bioengineering	93.286	R03EB019552	\$ —	36,876	36,876	—
Total National Institute of Biomedical Imaging and Bioengineering			—	36,876	36,876	—
National Institute of Child Health and Human Development:						
Cincinnati Children's Hospital	93.865	139307	93,501	—	93,501	—
Cornell	93.865	16091646-04	7,002	—	7,002	—
Duke University	93.865	200405	2,800	—	2,800	—
National Institute of Child Health and Human Development	93.865	K23HD083405	—	111,340	111,340	—
National Institute of Child Health and Human Development	93.865	T32HD069038	—	69,437	69,437	—
National Institute of Child Health and Human Development	93.865	UG1HD068284	—	(4,481)	(4,481)	—
National Institute of Child Health and Human Development	93.865	U54HD090258	—	838,974	838,974	213,012
National Institute of Child Health and Human Development	93.865	R03HD088776	—	69,970	69,970	4,404
National Institute of Child Health and Human Development	93.865	CMHHD089922	9,999	—	9,999	—
Rady Children's Hospital	93.865	3282-S1-A1	18,800	—	18,800	—
Rady Children's Hospital	93.865	3282-S1-A2	8,644	—	8,644	—
Rand Corporation	93.865	9920170041	87,418	—	87,418	14,386
Rti International	93.865	0212456	45,772	—	45,772	—
University of Kansas Medical Center Research Institute	93.865	QP867590	13,877	—	13,877	—
University of Kansas Medical Center Research Institute	93.865	ZAM00030	27,139	—	27,139	—
University of Kansas Medical Center Research Institute	93.865	QF862090	17,130	—	17,130	—
University of Kansas Medical Center Research Institute	93.865	ZAM00030	47,971	—	47,971	—
University of Kansas Medical Center Research Institute	93.865	QF862093	12,310	—	12,310	—
Washington University	93.865	UWSC8373	72,199	—	72,199	—
Woman & Infants Hospital of Rhode Island	93.865	9373	29,109	—	29,109	—
Subtotal 93.865			493,671	1,085,240	1,578,911	231,802
Duke University	93.RD	203-8476	29,578	—	29,578	—
Duke University	93.RD	210424	10,500	—	10,500	—
Duke University	93.RD	225492	675	—	675	—
Duke University	93.RD	203-9766	40,330	—	40,330	—
Subtotal 93.RD			81,083	—	81,083	—
Total National Institute of Child Health and Human Development			574,754	1,085,240	1,659,994	231,802
National Institute of Diabetes and Digestive and Kidney Diseases:						
Nationwide Children's Hospital	93.847	952616	9,038	—	9,038	—
Children's Hospital of Philadelphia	93.847	FP19413_SUB02_02 962467 – RSUB	763	—	763	—

**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2018

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Contract or Pass-through identifying number	Pass-through awards	Direct awards	Total federal expenditures	Amounts provided to subrecipients
Children's Hospital of Philadelphia	93.847	3200370521	\$ 49,486	—	49,486	—
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	U01DK066143	—	1,154,959	1,154,959	489,164
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	U01DK106984	—	290,330	290,330	—
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	R01DK107490	—	286,042	286,042	8,293
The Regents of the University of California, San Diego	93.847	64698034	28,186	—	28,186	—
The University of Michigan	93.847	3003656166	18,593	—	18,593	—
University of Kansas Medical Center Research Institute	93.847	QP865570	77,791	—	77,791	—
University of Kansas Medical Center Research Institute	93.847	ZAP00000	70,422	—	70,422	—
University of Missouri Kansas City	93.847	0064383/00048951	73,885	—	73,885	—
Subtotal 93.847			<u>328,164</u>	<u>1,731,331</u>	<u>2,059,495</u>	<u>497,457</u>
University of South Florida	93.RD	TN-01	86,593	—	86,593	—
University of South Florida	93.RD	TN-07	760	—	760	—
University of South Florida	93.RD	TN-10	764	—	764	—
University of South Florida	93.RD	TN-18	213	—	213	—
University of South Florida	93.RD	TN-16	825	—	825	—
University of South Florida	93.RD	TN-20	2,188	—	2,188	—
University of South Florida	93.RD	TN01 PATHWAY	1,477	—	1,477	—
Subtotal 93.RD			<u>92,820</u>	<u>—</u>	<u>92,820</u>	<u>—</u>
Total National Institute of Diabetes and Digestive and Kidney Diseases			<u>420,984</u>	<u>1,731,331</u>	<u>2,152,315</u>	<u>497,457</u>
National Institute of General Medical Sciences:						
Children's Hospital Medical Center	93.859	133106	69	—	69	—
Indiana University, Purdue	93.859	5622	60,034	—	60,034	—
National Institute of General Medical Sciences:	93.859	R24GM123930	—	346,285	346,285	3,178
Total National Institute of General Medical Sciences			<u>60,103</u>	<u>346,285</u>	<u>406,388</u>	<u>3,178</u>
National Institute of Mental Health:						
The Brigham and Woman's Hospital	93.242	113010	12,353	—	12,353	—
University of Kansas Medical Center Research Institute	93.242	ZAK00000	15,309	—	15,309	—
University of Missouri Kansas City	93.242	0064585/00051653	21,369	—	21,369	—
Washington University	93.242	WU-18-10	17,325	—	17,325	—
Total National Institute of Mental Health			<u>66,356</u>	<u>—</u>	<u>66,356</u>	<u>—</u>
National Institute of Neurological Disorders and Stroke:						
University of Kansas Medical Center Research Institute	93.853	Qb855875	6,000	—	6,000	—
Total National Institute of Neurological Disorders and Stroke			<u>6,000</u>	<u>—</u>	<u>6,000</u>	<u>—</u>

**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2018

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal CFDA number</u>	<u>Contract or Pass-through identifying number</u>	<u>Pass-through awards</u>	<u>Direct awards</u>	<u>Total federal expenditures</u>	<u>Amounts provided to subrecipients</u>
National Institute of Nursing Research:						
Indiana University	93.361	N/A	\$ 56,081	—	56,081	—
Rand Corporation	93.361	9920170072	26,400	—	26,400	—
University of Kansas Medical Center Research Institute	93.361	ZAD00070	54,319	—	54,319	—
Total National Institute of Nursing Research			<u>136,800</u>	<u>—</u>	<u>136,800</u>	<u>—</u>
National Institute on Aging:						
The University of Florida	93.866	UFDSP00011773	5,138	—	5,138	—
Total National Institute on Aging			<u>5,138</u>	<u>—</u>	<u>5,138</u>	<u>—</u>
National Institute on Alcohol Abuse and Alcoholism:						
Brown University	93.273	00000758	7,374	—	7,374	—
Total National Institute on Alcohol Abuse and Alcoholism			<u>7,374</u>	<u>—</u>	<u>7,374</u>	<u>—</u>
National Institute on Deafness:						
The University of Utah	93.173	10041913-026	5,353	—	5,353	—
Total National Institute on Deafness			<u>5,353</u>	<u>—</u>	<u>5,353</u>	<u>—</u>
National Library of Medicine:						
The University of Utah	93.879	N/A	10,496	—	10,496	—
Total National Library of Medicine			<u>10,496</u>	<u>—</u>	<u>10,496</u>	<u>—</u>
Office of the Director, National Institutes of Health:						
Women & Infants Hospital of Rhode Island	93.310	9525	102,359	—	102,359	—
Total Office of the Director, National Institutes of Health			<u>102,359</u>	<u>—</u>	<u>102,359</u>	<u>—</u>
Office State, Tribal, Local, Territories:						
The American Academy of Pediatrics	93.424	755140-CMH	28,985	—	28,985	—
Total Office State, tribal, local, territories			<u>28,985</u>	<u>—</u>	<u>28,985</u>	<u>—</u>
Total Research and Development Cluster			<u>2,677,019</u>	<u>5,378,434</u>	<u>8,055,453</u>	<u>1,121,671</u>
Other Federal Programs:						
Department of Agriculture						
MODHSS WIC & Community Nutrition	10.559	ERS467-3257S	14,615	—	14,615	—
Total MODHSS WIC & Community Nutrition			<u>14,615</u>	<u>—</u>	<u>14,615</u>	<u>—</u>
Department of Defense:						
Office of Naval Research:						
National Marrow Donor Program	12.300	326 – RITN	23,618	—	23,618	—
Total Office of Naval Research			<u>23,618</u>	<u>—</u>	<u>23,618</u>	<u>—</u>

**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2018

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal CFDA number</u>	<u>Contract or Pass-through identifying number</u>	<u>Pass-through awards</u>	<u>Direct awards</u>	<u>Total federal expenditures</u>	<u>Amounts provided to subrecipients</u>
Department of Housing and Urban Development: Housing and Urban Development – Office of Healthy Homes: Housing and Urban Development – Office of Healthy Homes	14.906	MOHHU0016	\$ —	141,908	141,908	8,024
Total Housing and Urban Development – Office of Healthy Homes			—	141,908	141,908	8,024
Department of the National Endowment for the Arts: National Endowment for the Arts: National Endowment for the Arts	45.024	16-3800-7001	—	8,512	8,512	—
Total National Endowment for the Arts			—	8,512	8,512	—
Department of Environmental Protection Agency: Environmental Protection Agency: Environmental Protection Agency	66.951	NE97740301	—	1,916	1,916	—
Total National Endowment for the Arts			—	1,916	1,916	—
Department of Health and Human Services: Administration for Children, Youth, and Families: University of Texas Health Science Center at San Antonio	93.643	159189/159087	(648)	—	(648)	—
Total Administration for Children, Youth, and Families			(648)	—	(648)	—
Center for Disease Control American College of Medical Toxicology	93.161	U61TS000238	141,639	—	141,639	—
American College of Medical Toxicology	93.161	U61TS000238	10,955	—	10,955	—
Centers for Disease Control	93.064	NU47OE00015	—	339,849	339,849	255,649
University of Texas Health Science Center at Houston	93.080	0011472L	27,628	—	27,628	—
Truman Medical Center	93.328		19,416	—	19,416	—
Total Centers for Disease Control			199,638	339,849	539,487	255,649
Centers for Medicare Medicaid: Children's National Medical Center	93.610	30002606-03	78,733	—	78,733	—
Children's National Medical Center	93.610	30002606-07	27,650	—	27,650	—
Total Centers for Medicare Medicaid			106,383	—	106,383	—
Health Resources and Services Administration: Washington University	93.365	WU-17-293	61,844	—	61,844	—
Kansas Department of Health	93.505	TIES	(1,315)	—	(1,315)	—
Kansas Department of Health	93.870	TIES	468,340	—	468,340	43,418
Total Health Resources and Services Administration			528,869	—	528,869	43,418

**THE CHILDREN'S MERCY HOSPITAL**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2018

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal CFDA number</u>	<u>Contract or Pass-through identifying number</u>	<u>Pass-through awards</u>	<u>Direct awards</u>	<u>Total federal expenditures</u>	<u>Amounts provided to subrecipients</u>
National Center for Immunization and Respiratory Diseases: National Center for Immunization and Respiratory Diseases	93.533	U01IP000460	\$ —	46,814	46,814	—
Total National Center for Immunization and Respiratory Diseases			—	46,814	46,814	—
USA Med Research Acquisition USA Med Research Acquisition	12.420	W81XWH-14-1-0374	—	7	7	—
Total USA Med Research Acquisition			—	7	7	—
Office of Population Affairs: Missouri Family Health Council	93.217	FPHPA076145	127,569	—	127,569	—
Total Office of Population Affairs			127,569	—	127,569	—
Total Other Federal Programs			1,000,044	539,006	1,539,050	307,091
Grand total			<u>\$ 3,677,063</u>	<u>5,917,440</u>	<u>9,594,503</u>	<u>1,428,762</u>

See accompanying notes to schedule of expenditures of federal awards.

## **THE CHILDREN'S MERCY HOSPITAL**

### Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

#### **(1) General**

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal programs of The Children's Mercy Hospital (the Hospital). The Hospital's reporting entity is defined in note 1 to the Hospital's consolidated financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the Schedule. The Hospital did not elect to use the 10% de minimus indirect cost rate as discussed in Uniform Guidance section 200.414 as the Hospital has a negotiated indirect cost rate with the Department of Health and Human Services.

#### **(2) Basis of Accounting**

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The Schedule is prepared using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and is an acceptable basis of accounting under the Uniform Guidance. The Hospital's financial statements are prepared using the accrual basis of accounting. The Hospital is able to reconcile amounts presented in its financial statements to the related amounts in the Schedule, as required by the Uniform Guidance.

Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. The pass-through ID numbers were noted in the Schedule when available.

#### **(3) Relationship to the Consolidated Financial Statements**

Federal awards are reported in the consolidated financial statements as other revenue and public assistance.