

Children's Hospital Los Angeles

Consolidated Financial Statements as of and for
the Years Ended June 30, 2021 and 2020, and
Schedule of Expenditures of Federal Awards and
OMB Uniform Grant Guidance Compliance Reports
for the Year Ended June 30, 2021, and
Independent Auditors' Reports

CHILDREN'S HOSPITAL LOS ANGELES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Children's Hospital Los Angeles:

We have audited the accompanying consolidated financial statements of Children's Hospital Los Angeles and its subsidiaries (the "Hospital"), which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of activities, 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 statement 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 financial position of Children's Hospital Los Angeles and its subsidiaries as of June 30, 2021 and 2020, and the results of their operations, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, 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 CP

November 18, 2021

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2021 AND 2020 (In thousands)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 104,430	\$ 122,040
Patient accounts receivable (Note 1)	179,246	192,762
Contract assets (Note 4)	45,831	38,544
Current portion of pledges receivable—net (Note 9)	17,211	20,885
Grants receivable	20,998	33,730
Receivables under government and state programs (Note 6)	23,937	17,613
Current portion of trustee-held funds (Notes 7, 8, and 10)	6,847	6,983
Hospital Fee Program receivable (Note 19)	114,914	177,368
Other current assets	<u>47,139</u>	<u>35,233</u>
Total current assets	<u>560,553</u>	<u>645,158</u>
ASSETS LIMITED AS TO USE (Notes 7 and 8):		
Investments	1,020,058	714,378
Unitrust investments	<u>4,136</u>	<u>3,382</u>
Total assets limited as to use—net of current portion	<u>1,024,194</u>	<u>717,760</u>
PLEDGES RECEIVABLE—Net of current portion—net (Note 9)	<u>45,678</u>	<u>55,235</u>
OTHER ASSETS (Notes 1, 18, and 20)	<u>76,920</u>	<u>21,612</u>
PROPERTY, PLANT, AND EQUIPMENT—Net (Note 11)	<u>991,353</u>	<u>976,488</u>
TOTAL	<u>\$ 2,698,698</u>	<u>\$ 2,416,253</u>

(Continued)

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2021 AND 2020 (In thousands)

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses (Note 20)	\$ 113,011	\$ 81,809
Salaries, wages, and related liabilities	108,565	85,517
Current portion of long-term debt (Note 13)	1,450	1,390
Payables under government programs (Note 6)	29,752	4,618
Hospital Fee Program payables (Note 19)	42,323	44,695
Deferred revenue and other liabilities	<u>18,147</u>	<u>22,816</u>
Total current liabilities	313,248	240,845
LONG-TERM DEBT—Net of current portion (Notes 1 and 13)	455,281	458,159
LIABILITY UNDER UNITRUST AGREEMENTS	1,228	1,509
INTEREST RATE SWAP (Note 13)	12,889	17,348
OTHER NONCURRENT LIABILITIES (Notes 6, 14, and 20)	<u>97,440</u>	<u>18,186</u>
Total liabilities	<u>880,086</u>	<u>736,047</u>
COMMITMENTS AND CONTINGENCIES (Note 14)		
NET ASSETS:		
Without donor restrictions	1,280,373	1,212,071
With donor restrictions (Note 15)	<u>538,239</u>	<u>468,135</u>
Total net assets	<u>1,818,612</u>	<u>1,680,206</u>
TOTAL	<u>\$ 2,698,698</u>	<u>\$ 2,416,253</u>

See notes to consolidated financial statements.

(Concluded)

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2021 AND 2020 (In thousands)

	2021	2020
REVENUES (Note 4):		
Patient service revenue (Note 4)	\$ 715,637	\$ 805,665
Hospital Fee Program revenue (Note 19)	<u>274,774</u>	<u>259,527</u>
Net patient service revenue (Note 4)	990,411	1,065,192
Grants, contracts, and other	146,020	146,125
Unrestricted gifts and bequests	49,154	39,285
COVID-19 Provider Relief Funds (Note 2)	97,527	26,907
Investment income used for operations, research, and education	14,820	16,852
Net assets released from restrictions used for operations, research, and education	<u>28,201</u>	<u>31,388</u>
Total revenues	<u>1,326,133</u>	<u>1,325,749</u>
EXPENSES (Note 17):		
Salaries and employee benefits (Note 16)	684,895	685,554
Professional fees and purchased services	254,390	251,983
Supplies	186,317	173,602
Hospital Fee Program (Note 19)	51,706	53,776
Other (Note 20)	<u>77,924</u>	<u>78,018</u>
Total expenses before depreciation, amortization, and interest	<u>1,255,232</u>	<u>1,242,933</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE DEPRECIATION, AMORTIZATION, AND INTEREST	<u>70,901</u>	<u>82,816</u>
DEPRECIATION, AMORTIZATION, AND INTEREST:		
Depreciation and amortization	57,804	62,725
Interest	<u>19,720</u>	<u>19,556</u>
Total depreciation, amortization, and interest	<u>77,524</u>	<u>82,281</u>
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	<u>(6,623)</u>	<u>535</u>
OTHER GAINS (LOSSES):		
Other investment income—net of fees (Note 7)	78,983	11,731
Net investment income used for operations, research, and education	(14,820)	(16,852)
Interest rate swap mark-to-market gain (loss) (Note 13)	4,459	(5,123)
Other (losses) gains	<u>(775)</u>	<u>787</u>
Total other gains (losses)	<u>67,847</u>	<u>(9,457)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES AND OTHER GAINS (LOSSES)	<u>\$ 61,224</u>	<u>\$ (8,922)</u>

See notes to consolidated financial statements.

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020 (In thousands)

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Excess (deficit) of revenues over expenses and other gains (losses)	\$ 61,224	\$ (8,922)
Net assets released from restrictions used for purchase of property and equipment	12,222	7,725
Transfers and other	<u>(5,144)</u>	<u>1,782</u>
Increase in net assets without donor restrictions	<u>68,302</u>	<u>585</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Restricted grants, gifts, and bequests	50,031	73,115
Provision for uncollectible pledges (Note 9)	(830)	(114)
Net investment income on restricted gifts and endowments (Note 7)	7,503	6,134
Net realized and unrealized gain on restricted investments (Note 7)	53,288	7,136
Net assets released from restrictions used for operations, research, and education	(28,201)	(31,388)
Net assets released from restrictions used for purchase of property and equipment	(12,222)	(7,725)
Transfers and other	332	(88)
Change in value of split-interest agreements	<u>203</u>	<u>(94)</u>
Increase in net assets with donor restrictions	<u>70,104</u>	<u>46,976</u>
CHANGE IN NET ASSETS	138,406	47,561
NET ASSETS—Beginning of year	<u>1,680,206</u>	<u>1,632,645</u>
NET ASSETS—End of year	<u>\$ 1,818,612</u>	<u>\$ 1,680,206</u>

See notes to consolidated financial statements.

CHILDREN'S HOSPITAL LOS ANGELES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020 (In thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 138,406	\$ 47,561
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation of property, plant, and equipment	57,579	62,497
Amortization of right-of-use asset	17,782	-
Amortization of bond cost, discount, and premium	(1,428)	(1,451)
Net realized and unrealized gain on investments	(124,596)	(9,051)
Loss on disposal of property and equipment—net	895	-
Contributions restricted for purchases of long-lived assets	(101)	(565)
Restricted contributions and other changes	(8,949)	(38,953)
Interest rate swap mark-to-market (gain) loss	(4,459)	5,123
Changes in operating assets and liabilities:		
Patient accounts receivable and contract assets	6,229	25,485
Pledges receivable—net	13,231	(1,050)
Grants receivable	12,732	(24,359)
Hospital Fee Program receivables	62,454	(2,643)
Other current assets	(908)	(1,953)
Other assets	4,458	(4,963)
Accounts payable and accrued expenses	13,730	9,407
Salaries, wages, and related liabilities	23,048	10,368
Payables under government and state programs	18,810	(7,047)
Hospital Fee Program payable	(2,372)	18,049
Deferred revenue	(4,669)	11,210
Other liabilities	33,640	(1,413)
Operating lease liabilities	(17,308)	-
Net cash provided by operating activities	<u>238,204</u>	<u>96,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(344,182)	(1,290,736)
Sale of investments and maturities of debt securities	163,099	1,204,270
Cost of property, plant, and equipment acquired	(82,527)	(84,300)
Transfers from trustee-held funds	136	61
Net cash used in investing activities	<u>(263,474)</u>	<u>(170,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(1,390)	(1,325)
Contributions restricted for purchase of long-lived assets	101	565
Proceeds from restricted contributions and other changes	8,949	38,953
Net cash provided by financing activities	<u>7,660</u>	<u>38,193</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(17,610)	(36,260)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>122,040</u>	<u>158,300</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 104,430</u>	<u>\$ 122,040</u>
SUPPLEMENTAL INFORMATION RELATING TO NONCASH ITEMS—		
Property and equipment acquisitions included in accounts payable	<u>\$ 3,932</u>	<u>\$ 2,798</u>

See notes to consolidated financial statements.

CHILDREN'S HOSPITAL LOS ANGELES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—Children's Hospital Los Angeles (CHLA or the "Hospital"), a not-for-profit (NFP) corporation organized under the laws of the State of California, is a tax-exempt organization.

CHLA is the direct controlling entity of CHLA Holdings, LLC; Children's Health System of Los Angeles, LLC; CHLA Health Network, LLC; CHLA Medical Foundation; CHLA International, LLC; CHLA Teaching Clinics, LLC; CHLA ESBT; CHLA Foundation, LLC; 4520 Sunset Blvd, LLC; and 4470 Sunset Blvd, LLC. The purpose of CHLA Holdings, LLC is to hold title to property, collect income therefrom, and turn over the entire amount thereof, less expenses, to CHLA. The purpose of Children's Health System of Los Angeles, LLC is to provide or arrange for the provision of health care services and educational and research activities associated with such health care services by CHLA and, to date, has had no activity. The purpose of CHLA Health Network, LLC is to manage, coordinate, and demonstrate high-value patient and family centered pediatric care through the clinical integration of CHLA and the physicians on the medical staff of CHLA and in CHLA's market. CHLA Medical Foundation is a nonpublic benefit corporation and is organized and operated exclusively for charitable purposes and, to date, has had no activity. The purpose of CHLA International, LLC is to further the international health care programs of CHLA. The purpose of CHLA Teaching Clinics, LLC is to provide, manage, coordinate, and enhance the quality of pediatric patient care through the operation of multiple teaching clinics that are exempt from licensure under Section 1206(g) of the California Health & Safety Code. CHLA ESBT is an Electing Small Business Trust that was set up for retaining Helms-Howard Inc. stock. CHLA has 8.33% ownership interest in Helms-Howard Inc.

CHLA has a controlling interest in Virtual Pediatric Intensive Care Unit Systems, LLC (VPS), owning 98% of VPS. The purpose of VPS is to provide quality reports utilizing a clinical database dedicated to standardized data sharing and benchmarking among pediatric intensive care units. CHLA also has 50% ownership interest in Tarzana Pediatric Venture, LLC ("Tarzana") with Providence Tarzana Medical Center owning the remaining 50% ownership interest. The purpose of Tarzana is to enhance the level of pediatric care in the San Fernando Valley and surrounding communities in Ventura County and in northern Los Angeles County. CHLA's interest in Tarzana was terminated effective July 1, 2020.

CHLA is the sole statutory member of the CHLA Foundation, LLC. CHLA Foundation, LLC's purpose includes fund-raising on behalf of the Hospital and collaborating with the Hospital's management in determining its activities in support of its fund-raising. It is not intended to directly receive donations from the public; however, any donations received by the CHLA Foundation, LLC shall be transferred to the Hospital at the sole and absolute discretion of the Hospital and, to date, has had no activity.

CHLA is the sole member of 4520 Sunset Blvd, LLC. The purpose of 4520 Sunset Blvd, LLC is to hold certain real estate properties for the future expansion and development of CHLA.

CHLA is the sole member of 4470 Sunset Blvd, LLC. The purpose of 4470 Sunset Blvd, LLC is to hold certain real estate properties for the future expansion and development of CHLA.

The Hospital's principal mission is to promote and advance the state of children's health, focusing on tertiary and quaternary specialties in patient care, research, and education.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Excess (Deficit) of Revenues over Expenses and Other Gains (Losses)—Management considers excess (deficit) of revenues over expenses and other gains (losses) to be the Hospital's performance indicator. Consistent with industry practice, changes in net assets without donor restrictions excluded from this total would include any revenues recognized from permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets), and extraordinary funds received directly from public sources.

Net Patient Service Revenue—Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others, including estimated variable consideration for retroactive adjustments due to terms under reimbursement agreements with third-party payors, settlement of audits, reviews, and investigations. Retroactive adjustments are estimated and accrued in the period in which the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital determines performance obligations based on the nature of the services provided. Patient service revenue is recognized for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations. Generally, performance obligations satisfied over time relate to patients in the Hospital receiving inpatient acute care services. Performance obligations are measured from admission to the point when there are no further services required for the patient, which is generally the time of discharge. Revenue is recognized for performance obligations satisfied at a point in time, which generally relate to patients receiving outpatient services, when (1) services are provided and (2) the Hospital does not believe the patient requires additional services. Because the patient service performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-50-14(a), *Revenue from Contracts with Customers (Topic 606)*, and, therefore, the Hospital is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period, except for certain patients who may have much longer lengths of stay.

The Hospital determines the transaction price, which involves significant estimates and judgement, based on gross charges utilizing standard billing rates for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients, and implicit price concessions provided primarily to uninsured or underinsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The Hospital determines its estimate of implicit price concessions based on historical collection experience with these classes of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than on an individual contract basis. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

Revenues under the traditional fee-for-service Medicaid programs, including California's Medicaid program ("Medi-Cal"), are based primarily on prospective payment systems, plus an outlier payment for individual patients whose medical conditions are costlier to treat than those of patients with the same diagnosis.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, or investigations.

Revenues under managed care plans are based primarily on payment terms involving predetermined rates per diagnosis, per diem rates, discounted fee-for-service rates, and/or other similar contractual arrangements. These revenues are also subject to review and possible audit by the payers, which can take several years before they are completely resolved. The payers are billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustment on a patient-by-patient basis in the ordinary course of business by the payers following their review and adjudication of each particular bill. The Hospital estimates the discounts for contractual allowances. At the end of each month, the Hospital estimates its expected reimbursement for patients of managed care plans based on the applicable contract terms. Contractual allowance estimates are periodically reviewed for accuracy by taking into consideration known contract terms, as well as payment history. The Hospital believes that the estimation and review process enables them to identify instances on a timely basis where such estimates need to be revised. The Hospital does not believe there were any adjustments to estimates of patient bills that were material to revenues.

Generally, patients who are covered by third-party payers are responsible for related copays, coinsurance, and deductibles, which vary in amount. The Hospital also provides services to uninsured patients and offer uninsured patients a discount from standard charges. The Hospital estimates the transaction price for patients with copays, coinsurance, and deductibles and for those who are uninsured based on historical collection experience and current market conditions. Under the Hospital's uninsured discount programs, the discount offered to certain uninsured patients is recognized as a policy discount, which reduces net operating revenues at the time the self-pay accounts are recorded. The uninsured patient accounts, net of policy discounts recorded, are further reduced to

their net realizable value at the time they are recorded through implicit price concessions based on historical collection trends for self-pay accounts and other factors that affect the estimation process. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of the change. Although outcomes vary, the Hospital's policy is to attempt to collect amounts due from patients, including copays, coinsurance, and deductibles due from patients with insurance, at the time of service while complying with all federal and state statutes and regulations.

The Hospital's charity care and uninsured discount policies remained unchanged during the years 2021 and 2020 (see Note 5).

Cash and Cash Equivalents—Cash and cash equivalents, including highly liquid instruments with original maturities of three months or less at the date of purchase are recorded at cost, which approximates market value. The Hospital holds deposits in excess of Federal Deposit Insurance Corporation limits. Uninsured and uncollateralized deposits were approximately \$89.4 million and \$107.4 million at June 30, 2021 and 2020, respectively. These deposits are held by creditworthy, high-quality financial institutions.

Patient Accounts Receivable—Patient accounts receivable are recorded on an accrual basis at net realizable value upon billing for services provided to patients.

Contract Assets—Amounts related to services provided to patients for which the Hospital has not yet billed and that do not meet the conditions of unconditional right to payment at the end of the reporting period are contract assets. The Hospital's contract assets consist primarily of services provided to patients who are still receiving inpatient care in the Hospital's facilities at the end of the reporting period at estimated net realizable value.

Pledges Receivable—The Hospital accounts for pledges in accordance with ASC 958-605, *Not-For-Profit Entities—Revenue Recognition*, amended by Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Pledges due within 12 months are included in current assets, and pledges due after 12 months are included in noncurrent assets. The pledges due beyond one year are reported at their net present value using risk-free interest rates at the date of such pledges. For the year 2021, the discount rates in effect on outstanding pledges receivable varied between 0.01% and 3.2%. For the year 2020, the discount rates in effect on outstanding pledges receivable varied between 0.2% and 3.7%. Pledges are reported net of an estimated allowance for uncollectible amounts.

Inventories—Inventories are stated at the lower of cost or net realizable value, which is determined using the weighted-average method, and are included in other current assets in the accompanying consolidated balance sheets. The carrying value of inventories is approximately \$13.6 million and \$12.9 million as of June 30, 2021 and 2020, respectively.

Property, Plant, and Equipment—Property, plant, and equipment acquired by purchase are recorded at cost. Donated items are recorded at estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets. Estimated useful lives by classification are as follows:

Land improvements	3–20 years
Buildings and improvements	5–40 years
Equipment	3–20 years
Computer equipment	3–5 years

Asset Impairment—In accordance with FASB ASC 360, *Property, Plant, and Equipment*, the Hospital evaluates long-lived assets for possible impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows. If the estimated future undiscounted cash flows are less than the carrying value of the assets, the Hospital calculates the amount of an impairment if the carrying value of the long-lived assets exceeds the fair value of the assets. No asset impairments were recorded during the years ended June 30, 2021 and 2020.

Assets Limited as to Use—Assets limited as to use relate to investments of assets restricted by donors or designated by the board of directors of CHLA (the “Board of Directors”) for future capital improvements, patient care, research, and other uses. The net assets over which the Board of Directors retains control may subsequently be used for other purposes at the Board of Directors’ discretion. Assets held by trustees under indenture agreements, escrow deposits, and various unitrusts are also included within assets limited as to use, except for the current portion of any trustee-held funds, which are classified separately.

Investments consist primarily of equity and debt securities purchased by the Hospital and unitrust accounts, for which the Hospital has been designated as trustee and beneficiary. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value, based upon publicly quoted market prices or quotations of similar securities (see Note 8). Investments for which readily determinable market values do not exist are recorded based upon the net asset value (NAV) per share of the underlying fund, determined by the Hospital, with the assistance of fund managers, the general partners, or third-party service providers, using methods and significant assumptions the Hospital considers appropriate based on its understanding of the underlying characteristics of the investments. These types of investments include private investment funds and commingled funds.

The Hospital classifies its investments in debt securities as trading, and as such, all net unrealized holding gains or losses without donor restrictions are recorded in other gains (losses) in the period in which they occur. All net unrealized holding gains or losses without donor restrictions are also recorded in other gains (losses) in the period in which they occur in accordance with ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*.

Investment income (which includes interest and dividends) and realized and unrealized gains and losses are included in the excess (deficit) of revenues over expenses and other gains (losses), unless the income or gain (loss) is restricted by donor or law. Such restricted investment income is included in the increase (decrease) in net assets with donor restrictions in the consolidated statements of changes in net assets.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

Hospital Fee Program—In January 2010, the State of California enacted legislation that provides for supplemental Medi-Cal payments to certain hospitals funded by a quality assurance fee (QAF) paid by participating hospitals as well as matching federal funds (the “Hospital Fee Program”). Funds received and fees paid under the Hospital Fee Program are recognized in the excess (deficit) of revenues over

expenses and other gains (losses) at the inception of the program based on modeling that is part of the program approval submission that has been provided to hospitals by the state hospital association. Funds or fees not received or paid based on the model are included in the consolidated balance sheets as Hospital Fee Program receivables and Hospital Fee Program payables, respectively (see Note 19).

Proposition 52 in November 2016 made the Hospital Fee Program permanent in California and based on the Hospital's historical experience during the first four rounds of the program, for the fifth round (covering the period from January 1, 2017, through June 30, 2019), the Hospital recognized revenue and expenses once overall program approval was received from the Centers for Medicare and Medicaid Services ("CMS"). CMS granted overall approval for the fifth round of the program in December 2017. The State of California submitted its waiver application and state plan amendment for round six of the program, which covers the period from July 1, 2019, to December 31, 2021, in October 2019. CMS granted overall approval of the sixth round of the program in February 2020. The Hospital recognized revenue and expenses at the inception of the program (July 1, 2019) based on the model distributed on October 1, 2019. The Hospital continues to await for details of round seven expected to start on January 1, 2022. California Department of Health Care Services (DHCS) is recommending a 12-month program and assumes reviews and approvals by CMS will be shorter for this round compared to prior rounds.

The Hospital Fee Program is administered pursuant to the Hospital's contract with the DHCS and various Medi-Cal-managed care plans to provide health care service to Medi-Cal beneficiaries. The supplemental reimbursement provided in the program is considered in determining the transaction price for services provided to Medi-Cal beneficiaries.

ASC 606, Revenue from Contracts with Customers, requires an entity to estimate an amount of variable consideration. The Hospital has concluded that the variable consideration will be determined using the most likely amount method because the Hospital's estimation methodology using the amounts due and payable based on the model included with the state waiver application, correspondence from the California Hospital Association (CHA), and historical experience with rounds one through four represent the single most likely outcome for the contract. The Hospital, based on its experience, has a reasonable basis to conclude that its estimation methodology best predicts the amount of consideration the Hospital is entitled to receive, including an assessment that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with any final retroactive adjustments is subsequently resolved.

The Hospital's primary obligation under the patient service agreements is to deliver health care services for a stipulated fee. The Hospital's performance obligations with respect to the programs are satisfied over time ratably over the program period as defined in the waiver application and California Medicaid state plan amendment.

Accrued Self-Insurance Claims—In the years ended June 30, 2021 and 2020, the Hospital was self-insured for some employee medical health care claims and workers' compensation claims. Self-insurance claims filed and claims incurred but not reported are accrued based upon management's estimates for self-insured claims incurred using actuarial assumptions followed in the insurance industry and the Hospital's historical experience. The Hospital purchases reinsurance policies to insure for both medical health care claims and workers' compensation claims incurred above the self-insured retention limits per claim.

Net Assets without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Hospital are

classified as net assets without donor restrictions. These net assets may be used at the discretion of the Hospital's management and the Board of Directors.

Net Assets with Donor Restrictions—Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose, and are classified as net assets with donor restrictions. This category also includes net assets with donor-imposed restrictions that are to be maintained by the Hospital in perpetuity.

Unconditional promises to give cash and other assets to the Hospital are reported at fair market value at the date the promise is received. Conditional promises to give are reported at fair market value at the date the conditions are satisfied. The gifts are reported as net assets with donor restrictions, if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

Unitrust Agreements—The Hospital has been designated as trustee for several trusts. The trust agreements generally require the Hospital to make payments to beneficiaries based on stipulated interest rates, which range from 4.6% to 15.0% during the years ended June 30, 2021 and 2020, applied to the fair market value of the trust assets determined either annually or at inception of the trust.

Interest Rate Swap—The Hospital accounts for its interest rate swap in accordance with ASC 815, *Derivatives and Hedging*. ASC 815 requires all derivatives to be recorded in the consolidated balance sheets at fair value as either assets or liabilities depending on the rights or obligations under the contract. The Hospital has not designated its derivative financial instrument as a hedge. Accordingly, all unrealized gains and losses are recognized as other gains and losses in the accompanying consolidated statements of activities.

Grants and Contracts Revenues—Grants and contracts revenues generally are recognized as revenues without donor restrictions and grants receivable when the research or educational expenses are incurred or when the contract period has ended, whichever occurs first.

Graduate Medical Education—The Hospital underwrites a large part of the cost of training allied health professionals, physicians, and residents in its emergency rooms, clinics, and inpatient areas. The Hospital recognized revenue of \$15.9 million and \$12.6 million in federal graduate medical education funds during the years ended June 30, 2021 and 2020, respectively, which was included as part of grants, contracts, and other in the consolidated statements of activities.

Fund-raising—The Hospital sponsors various philanthropic activities, such as fund-raising events in addition to maintaining a foundation staff, whose sole purposes are to solicit grants and private donations and maintain relations with donors and the community. During the years ended June 30, 2021 and 2020, the Hospital incurred \$18.0 million and \$20.2 million, respectively, in fund-raising costs.

Functional Expenses—The costs of providing program and other activities have been summarized on a functional basis in Note 17. Accordingly, certain costs (primarily information technology and finance) have been allocated among hospital and research and education program services, management and general, and fund-raising support services based on the functional department for which they are incurred. Departmental expenses may include various allocations of costs based on direct assignment, expenses, or other methods.

Income Taxes—The Hospital is recognized by the Internal Revenue Service as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as charitable organizations qualifying under Section 501(c)(3) and similar California statutes. Income from the Hospital’s limited liability corporations, CHLA ESBT and CHLA Medical Foundation (C corporation) are taxable to CHLA. The income tax provision recorded in the accompanying consolidated financial statements is immaterial for the years ended June 30, 2021 and 2020.

The Hospital accounts for income taxes in accordance with ASC 740, *Income Taxes*. It is the Hospital’s policy to classify the expense related to interest and penalties, if any, to be paid on underpayments of income taxes within other expenses. The Hospital has evaluated its uncertain tax positions and there were no material penalties or interest recognized for the years ended June 30, 2021 and 2020. The Hospital’s income tax returns for the years ended June 30, 2018, through June 30, 2021, are subject to examination by both the federal and state tax jurisdictions.

Reclassifications—Certain prior-year amounts have been reclassified to conform to the current-year presentation. Such changes included combining certain line items that were previously presented separately in 2020 within net patient service revenue at Note 4, and reclassifying certain 2020 current liabilities to the payables under government programs line item newly presented during 2021.

Recently Issued Accounting Pronouncements—In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which affects any entity that enters into a lease (as that term is defined in ASU No. 2016-02), with some specified scope exceptions. The main difference between the guidance in ASU No. 2016-02 and previous guidance is the recognition of lease assets and lease liabilities by lessees for certain leases classified as operating leases under current guidance. The ASU is effective for the Hospital’s consolidated financial statements for the year ended June 30, 2021. The Hospital adopted Topic 842 using the modified retrospective approach effective July 1, 2020. The Hospital elected the package of transition provisions and practical expedients available, which allow to carryforward historical statements of whether contracts are or contain leases, lease classification, and initial direct costs. See Note 20 for further information.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Topic 350): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the requirements for deferring implementation costs incurred in a cloud computing arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Hospital adopted ASU No. 2018-15 for the year ended June 30, 2021, and the impact was immaterial to the consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increase transparency of contributed nonfinancial assets for NFP entities through enhancements in presentation and disclosure requirements. NFP entities will now be required to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial contributions. NFPs will also be required to disclose various information related to contributed nonfinancial assets. The Hospital adopted the standard for the year ended June 30, 2021, and the impact was immaterial to the consolidated financial statements.

Subsequent Events—The Hospital has evaluated subsequent events through November 18, 2021, the date the consolidated financial statements were issued (see Note 12).

2. COVID-19 PANDEMIC

In January 2020, the Secretary of the US Department of Health and Human Services (HHS) declared a national public health emergency due to a novel strain of coronavirus. In March 2020, the World Health Organization declared the outbreak of COVID-19, a disease caused by this coronavirus, a pandemic. Consequently, the Hospital began restricting visitors to patients, essential health care personnel, screening associates and permitted visitors, and modifying operations to comply with social distancing guidelines due to the pandemic. The pandemic and the Hospital's response efforts began to adversely impact patient occupancy and related revenue, and increase expenditures, beginning in mid-March 2020, as compared to typical levels. The pandemic has significantly affected the Hospital's facilities, employees, patients, communities, business operations, and financial performance, as well as the US economy and financial markets.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into legislation. The CARES Act provides for \$100 billion to health care providers, including hospitals on the front lines of the COVID-19 pandemic. Of this allocated amount, \$30 billion was distributed immediately to providers based on their proportionate share of patient service revenue for the year ended June 30, 2018. The Hospital received approximately \$26.6 million in funding from The Provider Relief Fund ("Relief Fund") and \$0.3 million from other government sources that offered government assistance to eligible providers throughout the health care system in support of certain expenses or lost revenue attributable to the coronavirus pandemic. HHS does not generally intend to recoup funds if a provider's lost revenue and increased expenses exceed the amount of provider relief funding the provider has received. HHS reserves the right to audit Relief Fund recipients in the future to ensure that this requirement is met and collect any Relief Fund amounts that were made in error or exceed lost revenue or increased expenses due to the pandemic. Failure to comply with the terms and conditions may be grounds for recoupment. These funds were recognized as COVID-19 Provider Relief Funds in the consolidated statement of activities for the year ended June 30, 2020. For the year ended June 30, 2021, the Hospital recognized \$97.5 million in funding from the Relief Fund. On several occasions from September 2020 through March 2021, HHS released revised and updated guidance for providers that accepted funding from the Relief Fund. Such revisions included, but were not limited to, modifications to the methodology for determining lost revenues and COVID-19-related costs in connection with the funds received as well as revisions to the policy for transferring certain categories of funds among providers with a hospital system. If the terms and conditions related to the Relief Fund substantially change in the future, it could impact the amounts received and recognized to date, including potential repayments. Management will continue to monitor compliance with such terms and conditions established by HHS.

The CARES Act also provides for the temporary suspension of the automatic 2% reduction of Medicare claim reimbursements for the period of May 1, 2020, through December 31, 2020, and the deferral of the employer share of social security tax (6.2%), effective for payments due after the enactment date. Fifty percent of the deferred payroll taxes are due on December 31, 2021, with the remaining due on December 31, 2022. As of June 30, 2021 and 2020, the Hospital has deferred approximately \$22.7 million and \$7.6 million, respectively, of social security taxes and amount are included in salaries, wages, and related liabilities in the Hospital's consolidated balance sheets.

The Hospital is continuing to closely monitor legislative actions at the federal, state, and local levels, including the CARES Act and other governmental assistance that might be available in response to the coronavirus pandemic.

The Hospital has taken, and continues to take, actions to enhance and preserve its liquidity in response to the pandemic. The Hospital entered into a new \$50 million revolving line of credit with a bank, secured under the Hospital's existing Master Trust Indenture (see Note 13) on May 29, 2020. No amounts were drawn or outstanding as of June 30, 2021 or 2020 (see Note 12).

3. AVAILABILITY AND LIQUIDITY

As of June 30, 2021 and 2020, the table below represents financial assets available for general expenditures (in thousands):

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 104,430	\$ 122,040
Net patient accounts receivable	179,246	192,762
Contract assets	45,831	38,544
Current portion of pledges receivable	17,211	20,885
Investments	<u>1,020,058</u>	<u>714,378</u>
Total financial assets	1,366,776	1,088,609
Less amounts not available to be used within one year—		
Donor-restricted endowment funds	<u>(298,677)</u>	<u>(259,786)</u>
Financial assets available to meet general expenditures		
within one year	<u>\$ 1,068,099</u>	<u>\$ 828,823</u>

As of June 30, 2021 and 2020, the Hospital's total days cash on hand measured 336 days and 253 days, respectively. The Hospital Fee Program receivable has been excluded from the table above, due to uncertainty in the timing of collection, which is based on CMS approvals; however, the expectation is such amounts will be received within one year. The investments held in board-designated endowment funds (see Note 15) have been included in the table above as certain assets are available for general expenditure within one year in the normal course of operations or board-designated amounts could be made available, if necessary. The Hospital also has a line of credit available to meet short-term needs (see Note 12).

4. NET PATIENT SERVICE REVENUE

The Hospital receives a significant portion of its revenues from Medi-Cal patients and programs related to Medi-Cal (Disproportionate Share Hospital (DSH) and the Hospital Fee Program).

	2021	2020
Medi-Cal	\$ 291,697	\$ 396,855
Hospital provider fee	274,774	259,527
DSH	<u>49,738</u>	<u>47,072</u>
Subtotal	616,209	703,454
Managed care	364,188	334,812
Other	<u>10,014</u>	<u>26,926</u>
Net patient service revenue	<u>\$ 990,411</u>	<u>\$ 1,065,192</u>

As of June 30, 2021 and 2020, the following table shows the net accounts receivable by payer:

	2021	2020
Medi-Cal	47 %	44 %
Managed care	48	33
Other	<u>5</u>	<u>23</u>
Total	<u>100 %</u>	<u>100 %</u>

The opening and closing balances of contract assets are as follows (in thousands):

	Contract Asset Balance
June 30, 2020	\$ 38,544
June 30, 2021	<u>45,831</u>
Increase	<u>\$ 7,287</u>
	Contract Asset Balance
June 30, 2019	\$ 56,847
June 30, 2020	<u>38,544</u>
Decrease	<u>\$ (18,303)</u>

The increase in the contract asset balance as of June 30, 2021, compared to June 30, 2020, is due to a higher volume of patients in house at the end of the year due to volume recovery from the COVID-19 pandemic. Approximately 72% and 74% of the Hospital's contract assets as of June 30, 2021 and 2020, respectively, meet the conditions for unconditional right to payment and are reclassified to patient receivables within 90 days.

5. CHARITY CARE AND COMMUNITY SERVICES

The Hospital strives to deliver quality health care in a manner that respects the dignity of the individual and family, regardless of ability to pay. Consistent with the Hospital's tax-exempt status and community service responsibilities, the Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates.

Under the Hospital's policy, charity care may be provided to people who are uninsured or underinsured, and cannot afford to pay for their own medical care. Since the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Hospital provides additional community support through the unpaid cost of public programs, which is defined as the cost of treating Medi-Cal program and indigent beneficiaries in excess of government payments. These costs are calculated through the Hospital's cost accounting system, utilizing standard costing for the services provided and step-down cost allocation methodologies. During the years ended June 30, 2021 and 2020, the unpaid cost of Medi-Cal programs totaled \$263.0 million (unaudited) and \$254.7 million (unaudited), respectively. The Medi-Cal program offsets some of these unpaid costs through the DSH program in the amounts of \$49.7 million and \$47.1 million during the years ended June 30, 2021 and 2020, respectively. In addition, the Hospital Fee Program provided revenue in the amounts of \$274.8 million and \$259.5 million gross of related expenses of \$51.7 million and \$53.8 million in the years ended June 30, 2021 and 2020, respectively (see Note 19).

The Hospital underwrites part of the cost of research that takes place in its facilities. The costs underwritten for research for the years ended June 30, 2021 and 2020, amounted to \$56.6 million (unaudited) and \$45.2 million (unaudited), respectively.

As described in Note 1, the Hospital underwrites a large part of the cost of training allied health professionals, physicians, and residents in its facilities. The costs underwritten for training for the years ended June 30, 2021 and 2020, were \$27.3 million (unaudited) and \$16.8 million (unaudited), respectively.

The Hospital also sponsors various community services to benefit the physically, mentally, and genetically disabled as part of its charitable mission. These services include parental counseling, educational seminars, family support groups, and an outreach organization for families administered by the Hospital in an agency relationship and funded by the State of California. Additionally, a large number of health-related educational programs are provided for the benefit of the community, including health enhancements and wellness, telephone information services, and programs designed to improve the general standards of the health of the community.

6. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Hospital to concentrations of credit risk consist primarily of marketable securities, private investment funds, patient accounts receivable, and pledges receivable. The Hospital's investment portfolios are managed primarily by professional investment managers within the guidelines established by the Board of Directors. These guidelines limit the amounts that may be invested in any one issuer.

Concentration of credit risk with respect to patient accounts receivable from nongovernment payors is limited due to the large number of payors composing the Hospital's patient base.

A significant portion of the Hospital's net patient service revenue is derived from Medi-Cal patients, comprising 62% and 66% of the total, in the years ended June 30, 2021 and 2020, respectively. Excluding the impact of the Hospital Fee Program, revenues from the Medi-Cal program composed of 48% and 55% of total net patient service revenues for the years ended June 30, 2021 and 2020, respectively. The State of California reimburses for inpatient services using a methodology that pays based on diagnosis-related group (DRG). Most inpatient services are reimbursed based upon Medi-Cal All Patient Refined-DRG per-discharge rates. Outpatient services are reimbursed based upon statewide fee schedules.

The California Hospital Fee Program accounted for 28% and 24% of total net patient service revenues in the years ended June 30, 2021 and 2020, respectively. This revenue is included in total Medi-Cal patient revenue discussed in the paragraph above.

The State of California provides for supplemental Medi-Cal payments to hospitals that serve a disproportionately high percentage of Medi-Cal and other low-income patients through DSH. As discussed in Note 5, the Hospital has recorded \$49.7 million and \$47.1 million in the years ended June 30, 2021 and 2020, respectively, in net patient service revenue relating to DSH.

Certain government payors provide for payments to the Hospital at tentative rates, with final settlement determined after submission of annual reports by the Hospital and audits thereof by the payors. As of June 30, 2021 and 2020, settlement amounts receivable of \$23.9 million and \$17.6 million, respectively, are included in receivables under government and state programs, and payables, including estimates resulting from Medi-Cal cost report audits, of \$29.8 million and \$4.6 million, respectively, are included in payables under government programs and \$33.5 million and \$0, respectively, within other noncurrent liabilities in the accompanying consolidated balance sheets.

7. INVESTMENTS

The carrying amounts of investments as of June 30, 2021 and 2020, are as follows (in thousands):

	2021	2020
Current portion of trustee-held funds (Note 10)	\$ 6,847	\$ 6,983
Cash equivalents and short-term investments	104,540	84,436
Mutual funds	465,518	149,352
Equity securities	28,608	180,330
Debt securities	375,982	245,470
Private investment funds	46,861	56,015
Commingled funds	2,685	2,157
	<u>1,024,194</u>	<u>717,760</u>
Assets limited as to use—net of current portion	<u>1,024,194</u>	<u>717,760</u>
Total investments	<u>\$ 1,031,041</u>	<u>\$ 724,743</u>

The cash and cash equivalents included in investments at June 30, 2021 and 2020, represent cash held by the Hospital's investment managers that will be invested based on the Hospital's long-term investment strategy.

Investment income and gains and losses for assets limited as to use, cash equivalents, and other investments for the years ended June 30, 2021 and 2020, are composed of the following (in thousands):

	2021	2020
Investment income—net of fees	\$ 7,676	\$ 9,816
Realized gain on sale of investments—net	5,807	32,540
Unrealized gain (loss) on investments—net	<u>65,500</u>	<u>(30,625)</u>
Without donor restriction net investment gain	<u>78,983</u>	<u>11,731</u>
Investment income—net of fees	7,503	6,134
Realized gain on sale of investments—net	5,418	25,303
Unrealized gain (loss) on investments—net	<u>47,870</u>	<u>(18,167)</u>
With donor restriction net investment gain	<u>60,791</u>	<u>13,270</u>
Total	<u>\$ 139,774</u>	<u>\$ 25,001</u>

8. FAIR VALUE MEASUREMENTS

The Hospital reports fair value measurements in accordance with ASC 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value in accordance with existing GAAP, and provides expanded disclosures about fair value measurements. Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value and the level of market price observability.

Due to the short-term nature of cash and cash equivalents; patient accounts receivable; Hospital Fee Program balances; receivables and payables under government and state programs; accounts payable and accrued expenses; and salaries, wages, and related liabilities, their carrying values approximate their fair values.

Pledges receivable are discounted at the current market interest rate at the time of receipt, which approximates their fair value.

The fair values of liabilities under unitrust agreements are determined by utilizing discount rates commensurate with the corresponding investments at the time of receipt, which approximate their fair value.

Long-term debt is carried at amortized cost on the consolidated financial statements; however, in accordance with ASC 820, the Hospital is required to disclose the fair value. The fair values of the Hospital's long-term debt, including the 2017 and 2012 bonds, are based on current trading values at or near the last business day of the fiscal year. At June 30, 2021, the fair value was \$491.4 million compared to the carrying value of \$456.7 million. At June 30, 2020, the fair value was \$483.3 million compared to the carrying value of \$459.5 million.

Investments measured and reported at fair value using level inputs, as defined by ASC 820, are classified and disclosed in one of the following categories:

Level 1—Quoted prices in active markets for identical investments available as of the reporting date.

Level 2—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3—Pricing inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following is a description of valuation inputs and techniques that the Hospital utilizes to determine the fair value of each major category of assets and liabilities in accordance with ASC 820:

Mutual Funds—Registered with the Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940. To the extent valuation adjustments are not applied, mutual funds are categorized as Level 1.

Equity Securities (US and Foreign)—Equity securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange, and to the extent valuation adjustments are not applied to these securities, they are categorized as Level 1. Equity securities traded on inactive markets and valued using other observable inputs are categorized as Level 2.

Debt Securities (Corporate Bonds)—Investment-grade bonds are valued using inputs and techniques, which include third-party pricing vendors, dealer quotations, and recently executed transactions in securities of the issuer or comparable issuers. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. Values for high-yield bonds are based primarily on pricing vendors and dealer quotations from relevant market makers. The

dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit-quality assessments; daily trading activity; and the activity of the underlying equities, listed bonds, and sector-specific trends. To the extent that these inputs are observable and timely, the values of corporate bonds are categorized as Level 2.

Debt Securities (US Treasury Notes and Trustee-Held Funds)—US Treasury notes are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that the values are actively quoted, they are categorized as Level 1.

Investment Funds (Private Investment Funds and Commingled Funds)—Investment funds are valued based upon the NAV per share (or its equivalent) of the underlying fund as provided by the investment manager. Such funds are excluded from the fair value hierarchy-level categories.

Derivative Instruments—The fair values of interest rate swaps are estimated using various inputs, including quotations from various dealers and counterparties, and pricing models that use certain observable inputs, such as the creditworthiness of the counterparties, default probabilities, yield curves, and credit curves. The pricing models utilized generally do not entail material subjectivity because the methodologies employed do not necessitate significant judgments. If the pricing inputs are observed from actively quoted markets, the derivative values are categorized as Level 2. Interest rate swaps are valued in accordance with the terms of each contract based on current interest rate spreads. Market standard pricing models are used for valuing interest rate swaps.

The following tables present information about the Hospital's invested assets and related liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020, and indicate the fair value hierarchy of the valuation techniques utilized by management to determine such fair value (in thousands):

Assets	2021					
	Investments at Fair Value			Fair Value	Investments at NAV	Total
	Level 1	Level 2	Level 3			
Investments:						
Cash equivalents and short-term investments	\$104,540	\$ -	\$ -	\$104,540	\$ -	\$ 104,540
Mutual funds—						
Global (US and foreign) equity funds	135,730	-	-	135,730	-	135,730
Fixed-income funds	329,788	-	-	329,788	-	329,788
Equity securities—						
US equity securities	28,416	192	-	28,608	-	28,608
Debt securities—						
Corporate bonds	39,491	185,698	-	225,189	-	225,189
Government bonds	150,340	453	-	150,793	-	150,793
Investments measured at NAV:						
Private investment funds—						
Foreign equity funds	-	-	-	-	40,690	40,690
Hedge funds—alternative investments	-	-	-	-	3,319	3,319
Private equity funds	-	-	-	-	1,716	1,716
Venture capital funds	-	-	-	-	1,136	1,136
Commingled funds—						
Common stock	-	-	-	-	2,128	2,128
Corporate bonds	-	-	-	-	557	557
	<u>788,305</u>	<u>186,343</u>	<u>-</u>	<u>974,648</u>	<u>49,546</u>	<u>1,024,194</u>
Trustee-held funds	<u>6,847</u>	<u>-</u>	<u>-</u>	<u>6,847</u>	<u>-</u>	<u>6,847</u>
Total investments	<u>\$795,152</u>	<u>\$186,343</u>	<u>\$ -</u>	<u>\$981,495</u>	<u>\$49,546</u>	<u>\$1,031,041</u>
Liabilities						
Interest rate swap liability	<u>\$ -</u>	<u>\$(12,889)</u>	<u>\$ -</u>	<u>\$(12,889)</u>	<u>\$ -</u>	<u>\$(12,889)</u>

Assets	2020					
	Investments at Fair Value			Fair Value	Investments at NAV	Total
	Level 1	Level 2	Level 3			
Investments:						
Cash equivalents and short-term investments	\$ 84,436	\$ -	\$ -	\$ 84,436	\$ -	\$ 84,436
Mutual funds—						
Global (US and foreign) equity funds	94,959	-	-	94,959	-	94,959
Fixed-income funds	54,393	-	-	54,393	-	54,393
Equity securities—						
US equity securities	180,194	136	-	180,330	-	180,330
Debt securities—						
Corporate bonds	29,414	112,439	-	141,853	-	141,853
Government bonds	103,617	-	-	103,617	-	103,617
Investments measured at NAV:						
Private investment funds—						
Foreign equity funds	-	-	-	-	47,934	47,934
Hedge funds—alternative investments	-	-	-	-	5,520	5,520
Private equity funds	-	-	-	-	1,584	1,584
Venture capital funds	-	-	-	-	977	977
Commingled funds—						
Common stock	-	-	-	-	1,518	1,518
Corporate bonds	-	-	-	-	639	639
	<u>547,013</u>	<u>112,575</u>	<u>-</u>	<u>659,588</u>	<u>58,172</u>	<u>717,760</u>
Trustee-held funds	<u>6,983</u>	<u>-</u>	<u>-</u>	<u>6,983</u>	<u>-</u>	<u>6,983</u>
Total investments	<u><u>\$553,996</u></u>	<u><u>\$112,575</u></u>	<u><u>\$ -</u></u>	<u><u>\$666,571</u></u>	<u><u>\$58,172</u></u>	<u><u>\$724,743</u></u>
Liabilities						
Interest rate swap liability	<u><u>\$ -</u></u>	<u><u>\$(17,348)</u></u>	<u><u>\$ -</u></u>	<u><u>\$(17,348)</u></u>	<u><u>\$ -</u></u>	<u><u>\$(17,348)</u></u>

Transfers in or out are recognized based on the beginning fair value of the year in which they occurred. There were no significant transfers on investments between Level 1 and Level 2 during the years ended June 30, 2021 and 2020. There were no transfers to or transfers from Level 3 investments during the years ended June 30, 2021 and 2020.

The Hospital classified \$49.5 million and \$58.2 million of investments measured at the NAV per share (or its equivalent), for which the practical expedient was applied, as of June 30, 2021 and 2020, respectively (see Note 1). As of June 30, 2021, substantially all of the investments measured at NAV can be redeemed daily and have no redemption restrictions or unfunded capital commitments.

9. PLEDGES RECEIVABLE

Outstanding pledges and contributions receivable from various corporations, foundations, and individuals as of June 30, 2021 and 2020, are reported net of an estimated allowance for uncollectible pledges and are as follows (in thousands):

	2021	2020
Pledges due:		
In less than one year	\$ 18,557	\$ 21,132
In one to five years	37,210	42,804
After five years	14,666	20,544
Discount on pledges	(5,573)	(7,219)
Allowance for uncollectible pledges	<u>(1,971)</u>	<u>(1,141)</u>
Total net pledges receivable	<u>\$ 62,889</u>	<u>\$ 76,120</u>

10. TRUSTEE-HELD FUNDS

As of June 30, 2021 and 2020, the current portion of trustee-held funds amounted to \$6.8 million and \$7 million, respectively, related to interest and a portion of principal due on the Series 2017A and Series 2012A Bonds, and interest income earned on the 2017A Project Fund, which can only be used to redeem the bonds in accordance with the agreement.

11. PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment as of June 30, 2021 and 2020, is as follows (in thousands):

	2021	2020
Buildings and improvements	\$ 1,112,833	\$ 1,107,850
Equipment	549,313	514,924
Accumulated depreciation	<u>(954,734)</u>	<u>(900,508)</u>
Property, plant, and equipment—net	707,412	722,266
Construction in progress	156,893	127,174
Land	<u>127,048</u>	<u>127,048</u>
Total property, plant, and equipment—net	<u>\$ 991,353</u>	<u>\$ 976,488</u>

12. LINES OF CREDIT

On May 29, 2020, the Hospital entered into a \$50 million revolving line of credit with a bank, secured under the Hospital's existing Master Trust Indenture (see Note 13). Borrowings under the line bear interest at London InterBank Offered Rate (LIBOR), plus 0.90%. Accrued interest is due monthly with principal due at maturity (May 27, 2022). No amounts were drawn or outstanding as of June 30, 2021.

On July 10, 2020, the Hospital entered into a \$70 million revolving line of credit with a bank, secured by interests in certain investment funds. Borrowings under the line bear interest at LIBOR, plus 1.25%. Accrued interest is due monthly with principal due at maturity (July 10, 2021). No amounts were drawn or outstanding as of June 30, 2021. The line of credit was terminated upon maturity (July 10, 2021).

13. LONG-TERM DEBT

Long-term debt as of June 30, 2021 and 2020, consists of the following obligations (in thousands):

	2021	2020
Revenue Bond Series 2017, consisting of Series 2017A Revenue Bonds issued for \$274,520, with serial maturities between 2030 and 2049, interest payable semiannually at various fixed rates, and Series 2017B Variable Rate Revenue Bonds issued for \$52,180, with serial maturities from 2049 to 2051, and interest payable monthly, both series collateralized by a pledge of gross revenues and a mortgage of the Hospital's real and personal assets, and other cash and investments—net of unamortized premium of \$17,595 and \$18,544 at June 30, 2021 and 2020, respectively.	\$341,702	\$342,528
Revenue Bond Series 2012, consisting for Series 2012A Revenue Bonds issued for \$120,760, with serial maturities through 2034, interest payable semiannually at various fixed rates, collateralized by a pledge of gross revenues and a mortgage of the Hospital's real and personal assets, and other cash and investments—net of unamortized premium of \$3,397 and \$4,101 at June 30, 2021 and 2020, respectively.	115,029	117,021
Less portion classified as current	<u>(1,450)</u>	<u>(1,390)</u>
Long-term debt—net of current portion	<u>\$455,281</u>	<u>\$458,159</u>

On June 6, 2017, the Hospital issued California Health Facilities Financing Authority Revenue Bonds (CHLA) for \$326.7 million, consisting of Series 2017A Revenue Bonds (the "Series 2017A Bonds") for \$274.5 million and Series 2017B Variable Rate Revenue Bonds (the "Series 2017B Bonds") for \$52.2 million. The bonds were issued at a premium of \$21.5 million. Financing costs are amortized over the life of the bonds. The Series 2017A Bonds bear fixed interest rates ranging from 4% to 5%, with interest payable semiannually and have serial maturity dates beginning in August 2030 and through 2049. The Series 2017B Bonds, which mature in 2051, bear interest at a Bank-Bought index rate, with a spread of 0.99%, consisting of a LIBOR index rate, for a Bank-Bought index rate period consisting of a LIBOR index rate period, commencing on June 6, 2017, and ending on June 5, 2024. The bonds are subject to mandatory tender for purchase on June 6, 2024. Interest is payable monthly, with weekly rates ranging from 1.05% to 1.11%, annualized, for the year ended June 30, 2021, and 1.11% to 2.67%, annualized, for the year ended June 30, 2020. The proceeds from the Series 2017A Bonds and Series 2017B Bonds were used to (i) refund the outstanding principal amount of the Series 2012B Variable Rate Revenue Bonds (the "Series 2012B Bonds"), the outstanding principal amount of the Series 2010A Bonds, and the outstanding principal amount of the Series 2007 Bonds; (ii) finance the project (includes the purchase of equipment, the upgrade of the Hospital's information system, and the interior renovations of various facilities); and (iii) pay certain of the costs of issuance on the bonds.

On August 15, 2012, the Hospital issued California Health Facilities Financing Authority Revenue Bonds (CHLA) for \$172.4 million, consisting of Series 2012A Revenue Bonds (the "Series 2012A Bonds") for \$120.8 million and Series 2012B Bonds for \$51.6 million. The bonds were issued at a premium of \$10.5 million. Financing costs are amortized over the life of the bonds. The Series 2012A Bonds bear

fixed interest rates ranging from 3% to 5%, with interest payable semiannually and have serial maturity dates beginning November 2015 through 2034. The proceeds from the Series 2012A Bonds and Series 2012B Bonds were used to refund (i) the outstanding principal amount of the Series 2010B Bonds, (ii) the outstanding principal amount of the Series 2009A Bonds, and (iii) the outstanding principal amount of the 1999 Certificates. In June 2017, the Hospital refunded the Series 2012B Bonds, with the proceeds of the sale of the Series 2017A Bonds and 2017B Bonds.

The swap agreement is currently used to hedge the variable interest rate portion of the Series 2017B Bonds. This interest rate swap has a notional amount of \$44.8 million and matures on February 15, 2034. The agreement effectively adjusts the Hospital's interest costs by swapping the variable interest rate on the Series 2017B Bonds to a fixed rate of 3.626%. The interest rate swap agreement had a fair value of (\$12.9) million and \$(17.3) million at June 30, 2021 and 2020, respectively, which represents the estimated amount the Hospital would pay to terminate the swap via a competitively priced assignment. Because the swap is not designated as a cash flow hedge in accordance with ASC 815, the change in fair value is reported as interest rate swap mark-to-market loss in the accompanying consolidated statements of activities. As of June 30, 2021 and 2020, the Hospital has posted \$8.2 million and \$12.8 million, respectively, of collateral related to the swap agreement, which is included in other assets in the accompanying consolidated balance sheets.

Pursuant to the Master Indenture, the Hospital has pledged its gross revenues as security for all of its long-term debt. The Master Indenture provides for limitations on the incurrence of additional indebtedness, unless certain conditions are met, and requires the Hospital to maintain an annual long-term debt service coverage ratio of at least 1.10x. The Hospital complied with all covenant requirements pursuant to the Master Indenture at June 30, 2021 and 2020. The aggregate principal maturities and sinking fund requirements of long-term debt as of June 30, 2021, are as follows (in thousands):

**Years Ending
June 30**

2022	\$ 1,450
2023	8,540
2024	8,970
2025	9,410
2026	9,880
Thereafter	<u>400,695</u>
Total principal maturities	438,945
Net unamortized premium	20,991
Unamortized bond issuance costs	<u>(3,205)</u>
Total	<u>\$ 456,731</u>

The premiums on the 2012 and 2017 Bonds are being amortized over their respective lives using the effective interest method. Net discount and premium amortization during the years ended June 30, 2021 and 2020, amounted to \$1.7 million and \$1.7 million, respectively.

Cash paid for interest during the years ended June 30, 2021 and 2020, amounted to \$21.0 million and \$21.7 million, respectively.

14. COMMITMENTS AND CONTINGENCIES

Since 1994, the Hospital has been insured on a claims-made basis for both professional/general liability coverage and directors' and officers' coverage with per claim deductible amounts of \$250 thousand and \$25 thousand, respectively. An estimated liability of claims incurred but not reported of \$4.9 million and \$4.5 million as of June 30, 2021 and 2020, respectively, has been accrued and is included in other noncurrent liabilities in the accompanying consolidated balance sheets.

The Hospital is self-insured for workers' compensation benefits for employees. Annual expense and funding under this program are based on past claims experience and projected losses. Insurance coverage, in excess of the per occurrence, self-insured retention, has been secured with insurers. Actuarial estimates of uninsured losses for the workers' compensation program are \$14.2 million and \$13.2 million at June 30, 2021 and 2020, respectively, and include an estimate for claims incurred but not reported. These amounts are included in other noncurrent liabilities in the accompanying consolidated balance sheets, net of the current portions of \$3.6 million and \$3.2 million as of June 30, 2021 and 2020, respectively, which are included in salaries, wages, and related liabilities. These amounts are gross of estimated reinsurance recoverables, totaling \$442 thousand and \$541 thousand as of June 30, 2021 and 2020, respectively, which are included in other assets in the accompanying consolidated balance sheets.

The Hospital self-insured a portion of its employees for group medical benefits. Actuarial estimates of claims incurred but not reported for the group insurance program were \$5.1 million and \$4.1 million as of June 30, 2021 and 2020, respectively, which are included in salaries, wages, and related liabilities. These amounts are gross of estimated reinsurance recoverables, totaling \$801 thousand and \$634 thousand as of June 30, 2021 and 2020, respectively, which are included in other current assets in the accompanying consolidated balance sheets.

From time to time, the Hospital is subject to legal proceedings, claims, and litigation arising in the ordinary course of business. The Hospital defends itself vigorously against any such claims. Although the outcome of these matters is currently not determinable, management expects that any losses that are probable or have a reasonable possibility of being incurred in excess of amounts already accrued in its consolidated balance sheets would not be material to the consolidated financial statements as a whole.

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020, are available for the following purposes (in thousands):

	2021	2020
Hospital programs	\$ 434,660	\$ 344,108
Capital projects	40,690	47,907
Other programs	<u>62,889</u>	<u>76,120</u>
Total net assets with donor restrictions	<u>\$ 538,239</u>	<u>\$ 468,135</u>

The investment earnings from net assets with donor restrictions are restricted for Hospital clinical research and academic programs, as well as capital projects, while the corpus may not be expended.

As of June 30, 2021, the Hospital's endowment consisted of 334 individual funds established for various purposes. The total endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Hospital is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Hospital considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Hospital has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Hospital and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Hospital
- 7) The investment policies of the Hospital

The endowment net assets composition by type of fund as of June 30, 2021 and 2020, is as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
2021			
Donor-restricted endowment funds	\$ 498	\$ 298,179	\$ 298,677
Board-designated endowment funds	<u>453,843</u>	<u>-</u>	<u>453,843</u>
Total funds	<u>\$ 454,341</u>	<u>\$ 298,179</u>	<u>\$ 752,520</u>
2020			
Donor-restricted endowment funds	\$ (59)	\$ 259,845	\$ 259,786
Board-designated endowment funds	<u>390,481</u>	<u>-</u>	<u>390,481</u>
Total funds	<u>\$ 390,422</u>	<u>\$ 259,845</u>	<u>\$ 650,267</u>

The changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets—July 1, 2019	<u>\$ 394,129</u>	<u>\$ 219,465</u>	<u>\$ 613,594</u>
Investment return:			
Investment income	42,357	17,020	59,377
Unrealized gain	<u>(30,625)</u>	<u>(10,460)</u>	<u>(41,085)</u>
Total investment return—net	11,732	6,560	18,292
Contributions	-	40,290	40,290
Transfer to board-designated endowment funds	39,285	-	39,285
Amounts appropriated for expenditure	(54,724)	(6,478)	(61,202)
Other changes—net	<u>-</u>	<u>8</u>	<u>8</u>
Endowment net assets—June 30, 2020	<u>390,422</u>	<u>259,845</u>	<u>650,267</u>
Investment return:			
Investment income	13,483	7,410	20,893
Unrealized gain	<u>65,500</u>	<u>27,994</u>	<u>93,494</u>
Total investment return—net	78,983	35,404	114,387
Contributions	-	9,765	9,765
Transfer to board-designated endowment funds	49,154	-	49,154
Amounts appropriated for expenditure	(64,218)	(6,604)	(70,822)
Other changes—net	<u>-</u>	<u>(231)</u>	<u>(231)</u>
Endowment net assets—June 30, 2021	<u>\$ 454,341</u>	<u>\$ 298,179</u>	<u>\$ 752,520</u>

The description of the amounts classified as net assets with donor restrictions as of June 30, 2021 and 2020, is as follows (in thousands):

	2021	2020
Net assets with donor restrictions—the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA:		
With purpose restrictions—not related to capital acquisitions	\$ 212,060	\$ 203,408
With purpose restrictions—for capital acquisitions	3,587	3,587
Without purpose restrictions	<u>29,124</u>	<u>29,125</u>
 Total endowment funds classified as net assets with donor restrictions net assets	 <u>\$ 244,771</u>	 <u>\$ 236,120</u>
 Net assets with donor restrictions—the portion of perpetual endowment funds under SPMIFA—with purpose restrictions	 <u>\$ 53,408</u>	 <u>\$ 23,725</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Hospital to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions. As of June 30, 2021, certain endowment funds had a fair value less than the original gift value, which had an original gift value of \$435 thousand, a current fair value of \$428 thousand, and a deficiency of \$7 thousand. As of June 30, 2020, certain endowment funds had a fair value less than the original gift value, which had an original gift value of \$20.4 million, a current fair value of \$19.9 million, and a deficiency of \$505 thousand. These deficiencies resulted from unfavorable market fluctuations and/or continued appropriations for certain programs that were deemed prudent by the Hospital.

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real rate of return of greater than 5.5% (net of fees and adjusted for inflation), as calculated based on rolling five-year periods. Actual returns in any given year may vary from this amount.

To satisfy 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) and current yield (interest and dividends). The Hospital targets a diversified asset allocation intended to achieve its long-term return objectives within prudent risk constraints.

The Hospital has a policy of appropriating for distribution each year a portion of its endowment fund's average fair value over the prior 12 quarters as of the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing its policy, the Hospital considered the long-term expected return on its endowment. The rate of appropriation for distribution was 4.25% for the years ended June 30, 2021 and 2020. The Hospital permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or relevant laws and regulations.

16. EMPLOYEE BENEFIT PLANS

The Hospital maintains a defined contribution plan for the benefit of its employees. All employees are eligible to defer a percentage of their salaries, up to the maximum amount allowed by the Internal Revenue Service. Employees who have satisfied minimum service requirements are eligible to receive an employer contribution from the Hospital. The Hospital matches 100% of employee contributions up to the first 3% of employee pay for participating employees. Beginning July 1, 2020, and extending through June 30, 2021, the Hospital matching portion of the program was suspended. The Hospital's contribution expense was \$12 million for the year ended June 30, 2020.

17. FUNCTIONAL EXPENSES

Functional expenses for the years ended June 30, 2021 and 2020, are as follows (in thousands):

	Program Services		Support Services		2021 Total Expenses
	Hospital	Research and Education	Management and General	Fundraising	
Salaries and employee benefits	\$452,956	\$ 70,876	\$148,446	\$12,617	\$ 684,895
Professional fees and purchased services	125,463	49,226	76,030	3,671	254,390
Supplies	167,438	4,727	14,128	24	186,317
Hospital Fee Program	51,706	-	-	-	51,706
Depreciation and amortization	53,409	1,751	2,644	-	57,804
Interest	18,696	-	1,024	-	19,720
Other	43,506	5,941	26,808	1,669	77,924
Total	<u>\$913,174</u>	<u>\$132,521</u>	<u>\$269,080</u>	<u>\$17,981</u>	<u>\$1,332,756</u>

	Program Services		Support Services		2020 Total Expenses
	Hospital	Research and Education	Management and General	Fundraising	
Salaries and employee benefits	\$477,936	\$ 59,418	\$135,750	\$12,450	\$ 685,554
Professional fees and purchased services	118,398	44,664	85,177	3,744	251,983
Supplies	158,422	4,266	10,850	64	173,602
Hospital Fee Program	53,776	-	-	-	53,776
Depreciation and amortization	58,131	1,741	2,853	-	62,725
Interest	18,521	-	1,035	-	19,556
Other	44,010	7,729	22,332	3,947	78,018
Total	<u>\$929,194</u>	<u>\$117,818</u>	<u>\$257,997</u>	<u>\$20,205</u>	<u>\$1,325,214</u>

18. RELATED-PARTY TRANSACTIONS

Pediatric Management Group (PMG) is a California limited liability company that manages the practice of Children's Hospital Los Angeles Medical Group (CHLAMG) based at the Hospital. The Hospital has recorded payables to PMG and CHLAMG in the amount of \$1.9 million, net of receivables, at June 30, 2021. The Hospital has recorded net receivables from PMG and CHLAMG in the amount of \$315 thousand at June 30, 2020, which are included in other current assets in the accompanying consolidated balance sheets. These receivables and payables relate to expenses incurred by the Hospital on behalf of PMG and/or CHLAMG.

19. HOSPITAL FEE PROGRAM

In October 2010, CMS substantially approved the Hospital Fee Program and the State of California began its implementation. The supplemental payments encompass fee-for-service payments directly from the DHCS as well as payments routed through managed care plans.

To date, there have been six segments (or “rounds”) of the Hospital Fee Program, covering the service period from April 2009 through December 2021 in segments of varying duration. Each round of legislation is subject to CMS review and approval. The Hospital incurs two types of expenses related to the Hospital Fee Program, the largest of which is the QAF that is paid directly to the State of California and then matched by federal funds. A pledge payment is made to the California Health Foundation and Trust (CHFT). The CHFT is a NFP entity created by CHA for several purposes, one of which is to aggregate and distribute financial resources to support charitable activities at various hospitals and health systems in California. Hospital Fee Program pledge payments received by the CHFT are aggregated from all participating hospitals and used to “make whole” those participants in the program who have made QAF payments to the state in excess of fee-for-service program revenue returned. The Hospital recognizes QAF and CHFT pledge expenses upon approval of the related coverage period by CMS.

Significant timing differences have occurred between revenue recognition in the consolidated financial statements and related cash transactions. The Hospital recognized \$114.9 million in receivables and \$42.3 million in payables as of June 30, 2021, related to this program. The Hospital recognized \$177.4 million in receivables and \$44.7 million in payables as of June 30, 2020, related to this program.

The following table shows financial activity related to the Hospital Fee Program both as recognized in the consolidated statements of activities and based on cash receipts and disbursements (in thousands):

Statement of Activities		Fee for Service	Managed Care	Total Revenues	QAF	CHFT Pledge	Total Expenses	Net Revenue/ Proceeds
FY 2020	Round 3	\$ -	\$ -	\$ -	\$ -	\$ (722)	\$ (722)	\$ 722
	Round 5	-	6,354	6,354	-	-	-	6,354
	Round 6	<u>188,109</u>	<u>65,064</u>	<u>253,173</u>	<u>51,641</u>	<u>2,857</u>	<u>54,498</u>	<u>198,675</u>
		<u>\$188,109</u>	<u>\$71,418</u>	<u>\$259,527</u>	<u>\$51,641</u>	<u>\$ 2,135</u>	<u>\$53,776</u>	<u>\$205,751</u>
FY 2021	Round 4	\$ -	\$ -	\$ -	\$ -	\$ (3,288)	\$ (3,288)	\$ 3,288
	Round 5	-	4,289	4,289	-	-	-	4,289
	Round 6	<u>192,047</u>	<u>78,438</u>	<u>270,485</u>	<u>53,963</u>	<u>1,031</u>	<u>54,994</u>	<u>215,491</u>
		<u>\$192,047</u>	<u>\$82,727</u>	<u>\$274,774</u>	<u>\$53,963</u>	<u>\$ (2,257)</u>	<u>\$51,706</u>	<u>\$223,068</u>
Cash Activities								
FY 2020	Round 3	\$ -	\$ -	\$ -	\$ -	\$ (722)	\$ (722)	\$ 722
	Round 5	81,261	81,568	162,829	19,352	762	20,114	142,715
	Round 6	<u>94,054</u>	<u>-</u>	<u>94,054</u>	<u>15,080</u>	<u>1,254</u>	<u>16,334</u>	<u>77,720</u>
		<u>\$175,315</u>	<u>\$81,568</u>	<u>\$256,883</u>	<u>\$34,432</u>	<u>\$ 1,294</u>	<u>\$35,726</u>	<u>\$221,157</u>
FY 2021	Round 4	\$ -	\$ -	\$ -	\$ -	\$ (3,288)	\$ (3,288)	\$ 3,288
	Round 5	-	22,538	22,538	3,294	45	3,339	19,199
	Round 6	<u>238,090</u>	<u>76,600</u>	<u>314,690</u>	<u>51,926</u>	<u>2,102</u>	<u>54,028</u>	<u>260,662</u>
		<u>\$238,090</u>	<u>\$99,138</u>	<u>\$337,228</u>	<u>\$55,220</u>	<u>\$ (1,141)</u>	<u>\$54,079</u>	<u>\$283,149</u>

20. LEASES

Effective July 1, 2020, the Hospital adopted Topic 842, which required leases with durations longer than a year to be recognized on the balance sheet using the modified retrospective approach. Prior-period financial statement amounts and disclosures have not been adjusted to reflect the provisions of the new standard. The Hospital made accounting policy elections, including a short-term lease exception policy, permitting the Hospital to not apply the recognition requirements of this standard to short-term leases (i.e., leases with expected terms of 12 months or less), and an accounting policy to account for lease and certain nonlease components as a single component for certain classes of assets.

As of July 1, 2020, the Hospital recorded a noncash transaction to reflect \$72.9 million of right-of-use (ROU) assets associated with operating leases in noncurrent other assets, \$16.7 million of current lease liabilities within accounts payable and accrued expenses, and \$56.1 million of long-term lease liabilities within other noncurrent liabilities in the consolidated balance sheet.

The Hospital leases real estate for physician practices, office space, and patient service areas; these agreements typically have initial lease terms of five to 10 years. Equipment lease agreements typically have initial terms of five years. The Hospital determines if an arrangement to lease real estate and equipment is an operating or finance lease at inception of the contract. ROU assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. For lease terms greater than one year, at commencement date, lease liabilities are recognized based on the present value of lease payments over the lease term, and ROU assets are recognized as the present value of the lease payments plus initial direct costs and prepayments, less any lease incentives received. Many leases include rental escalation clauses and renewal options that are factored into estimated lease payments when appropriate.

As of June 30, 2021, the following table summarizes the lease-related assets and liabilities recorded on the consolidated balance sheet (in thousands):

Lease-Related Assets and Liabilities	Classification on Consolidated Balance Sheet	
Operating lease ROU assets	Other assets	<u>\$ 60,521</u>
Lease liabilities—current	Accounts payable and accrued expenses	\$ 15,662
Lease liabilities—noncurrent	Other noncurrent liabilities	<u>45,333</u>
Total operating lease liabilities		<u>\$ 60,995</u>

The Hospital utilized the private company accounting policy elective to use the risk-free rate to discount the lease payments. As of June 30, 2021, the weighted-average discount rate was 0.58%.

As of June 30, 2021, the weighted-average remaining lease term of all operating leases was five years.

At June 30, 2021, the components of the expenses related to leases and their classification in the consolidated statement of activities were as follows:

Component of Lease Expense	Purchased Services	Supplies	Other Expenses	Total
Operating lease expense	\$ 3,717	\$ 3,387	\$ 15,053	\$ 22,157
Variable and short-term lease expense	<u>-</u>	<u>-</u>	<u>667</u>	<u>667</u>
Total	<u>\$ 3,717</u>	<u>\$ 3,387</u>	<u>\$ 15,720</u>	22,824
Less sublease income				<u>(2,730)</u>
Total lease expense				<u>\$ 20,094</u>

At June 30, 2021, the cash flow and other information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities—operating cash outflows from operating and short-term leases	\$ 17,308
ROU assets obtained in exchange for lease obligations—operating leases	5,488

At June 30, 2021, the future maturities of lease liabilities were as follows:

Years Ending June 30	
2022	\$ 15,524
2023	12,992
2024	12,227
2025	10,901
2026	7,945
Thereafter	<u>2,420</u>
Total	62,009
Less present value discount	<u>(1,014)</u>
Lease liability	<u>\$ 60,995</u>

Future minimum lease payments under noncancelable operating leases at June 30, 2020, was (in thousands):

**Years Ending
June 30**

2021	\$ 11,533
2022	9,298
2023	8,107
2024	8,223
2025	8,437
Thereafter	<u>6,885</u>
Total	<u>\$ 52,483</u>

The following table lists minimum lease payment amounts due under sublease arrangements at June 30, 2021 (in thousands):

**Years Ending
June 30**

2022	\$ 1,637
2023	355
2024	146
2025	146
2026	156
Thereafter	<u>543</u>
Total	<u>\$ 2,983</u>

At June 30, 2021, there were no leases entered into that had not yet commenced.

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SUPPLEMENTAL SCHEDULE

CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
RESEARCH AND DEVELOPMENT CLUSTER							
DEPARTMENT OF DEFENSE							
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	000013939			\$ -	\$ 4,243	\$ 981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RCF010156			90,134	130,790	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RCF010843				147,146	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RCF011603				95,046	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RCF011694			15,726	358,143	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RCZ008836	UNIVERSITY OF FLORIDA	UFDSP00010369		(417)	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RCZ011755	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000422086-011 TO5		500	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RCZ011876	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000422086-019		63,114	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RGF010067				118,369	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RGF011011				29,560	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RGPO09840	UNIVERSITY OF CALIFORNIA, LOS ANGELES	0350GTA375		4,260	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RGPO09849	CHILDREN'S RESEARCH INSTITUTE	30003070-01		517	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RGPO10915	UNIVERSITY OF ALABAMA AT BIRMINGHAM	516840006T		27,033	981,292
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	RGPO11587	UNIVERSITY OF SOUTHERN CALIFORNIA	109677543		2,988	981,292
Total Department of Defense					<u>105,860</u>	<u>981,292</u>	
NATIONAL SCIENCE FOUNDATION							
SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	47.075	RGPO11947	UNIVERSITY OF VIRGINIA	GA11335.PO#2130608		(42)	(42)
Total National Science Foundation					<u>-</u>	<u>(42)</u>	
ENVIRONMENTAL PROTECTION AGENCY							
SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM	66.509	RGPO10505	COLUMBIA UNIVERSITY	1GG011044-06		20,670	20,670
Total Environmental Protection Agency					<u>-</u>	<u>20,670</u>	
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
21ST CENTURY CURES ACT - BEAU BIDEN CANCER MOONSHOT	93.353	000012776	UNIVERSITY OF TEXAS SOUTHWESTERN MED CTR	GMO201108-PO00001902A		241,254	241,254
AGING RESEARCH	93.866	000013016	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	11890SC		24,513	163,032
AGING RESEARCH	93.866	000013768	UNIVERSITY OF SOUTHERN CALIFORNIA	142621931		42,542	163,032
AGING RESEARCH	93.866	000013871	UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE	RF00105-2021-0213		95,977	163,032
ALCOHOL RESEARCH PROGRAM	93.273	RGF010036			71,423	609,363	519,770
ALCOHOL RESEARCH PROGRAM	93.273	RGF011436			31,854	31,854	519,770
ALCOHOL RESEARCH PROGRAM	93.273	RGF011436				(121,447)	519,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	000012804	NATIONAL JEWISH HEALTH	20098205		28,424	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	000012878	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	11738SC		22,200	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	000013273				100,290	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	000013421	ST. JUDE CHILDREN'S HOSPITAL	112525031-8003157		542,660	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	000013425	UNIVERSITY OF CALIFORNIA, LOS ANGELES	1935 G YA537		37,031	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RCX011801				10,884	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF008279				(10,315)	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			1,299		3,325,770

(Continued)

CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			\$ 166,914	\$ -	\$ 3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			203,237		3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			119,032		3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			88,530		3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			63,260		3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			27,174		3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010603			27	1,389,626	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF008799	UNIVERSITY OF CALIFORNIA, LOS ANGELES	SUB: 84055C		1,843	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF009137	MASSACHUSETTS GENERAL HOSPITAL	SUB: 225488		(1,857)	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF009260				91	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010248	UNIVERSITY OF FLORIDA	UFDS00011369		164,148	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF010807	UNIVERSITY OF CALIFORNIA, LOS ANGELES	SUB: 1640GUC175		3,810	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF011522	ST. JUDE CHILDREN'S HOSPITAL	112525030-8001520		1,036,863	3,325,770
ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	93.855	RGF012244	MASSACHUSETTS GENERAL HOSPITAL	225488		72	3,325,770
ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH	93.846	RGF011566	LURIE CHILDREN'S HOSPITAL OF CHICAGO	901575-CHLA		7,978	7,978
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	RGF008625	UNIVERSITY OF KANSAS MED CENTER RES INST	SUB:QC865820		(805)	66,562
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	RGF009244	GEORGE WASHINGTON UNIVERSITY	WU-16-65		(11)	66,562
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	RGF010518	ST. JUDE CHILDREN'S HOSPITAL	112220019-77		56,672	66,562
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	RGF011326	UNIVERSITY OF SOUTHERN CALIFORNIA	107581463		10,706	66,562
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	000012930	EMORY UNIVERSITY	A396419		39,734	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	000013614	BOSTON CHILDREN'S HOSPITAL	GENFD0001928243		10,671	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	RCC008981	ALL CHILDREN'S RESEARCH INSTITUTE INC.	ACRI 12-001		5,056	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	RCZ010987	HARVARD UNIVERSITY	SUB: CHLAR34		3,010	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	RGF008095				10,718	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	RGF010602			113,784	437,012	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	RGF010679				(38,136)	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	RGF010541	UNIVERSITY OF PITTSBURGH	1R01HL131731-01A1		37,464	553,900
BLOOD DISEASES AND RESOURCES RESEARCH	93.839	RGF010988	CHILDREN'S HOSPITAL BOSTON	GENFD0001812640		48,371	553,900
CANCER BIOLOGY RESEARCH	93.396	RGF004643				75	494,359
CANCER BIOLOGY RESEARCH	93.396	RGF010824				495,336	494,359
CANCER BIOLOGY RESEARCH	93.396	RGF010824			61,260		494,359
CANCER BIOLOGY RESEARCH	93.396	RGF010748	UNIVERSITY OF CALIFORNIA, LOS ANGELES	1645GVA164		(1,052)	494,359
CANCER CAUSE AND PREVENTION RESEARCH	93.393	RGF011591			10,478		650,259
CANCER CAUSE AND PREVENTION RESEARCH	93.393	RGF012638			51,122	564,441	650,259
CANCER CAUSE AND PREVENTION RESEARCH	93.393	RGF011514	UNIVERSITY OF SOUTHERN CALIFORNIA	RAS		36,415	650,259
CANCER CENTERS SUPPORT GRANTS	93.397	000012738	UNIVERSITY OF TEXAS SOUTHWESTERN MED CTR	GMO 200902 PO#000001843A	280	219,766	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	000013087	UNIVERSITY OF SOUTHERN CALIFORNIA	129806534		103,193	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	000013184	UNIVERSITY OF SOUTHERN CALIFORNIA	SCON-00002255		118,415	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	000013381	UNIVERSITY OF SOUTHERN CALIFORNIA	75839370		84,390	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	RGF010193	UNIVERSITY OF SOUTHERN CALIFORNIA	75839370		55,404	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	RGF010208	UNIVERSITY OF SOUTHERN CALIFORNIA	75839370		149,065	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	RGF010215	USC—NORRIS	75839370		102,230	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	RGF010239	UNIVERSITY OF SOUTHERN CALIFORNIA	75839370		272,904	1,187,555
CANCER CENTERS SUPPORT GRANTS	93.397	RGF012502	UNIVERSITY OF SOUTHERN CALIFORNIA	75839370		82,188	1,187,555

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CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
CANCER DETECTION AND DIAGNOSIS RESEARCH	93.394	000013075	UNIVERSITY OF SOUTHERN CALIFORNIA	SCON-00002188	\$ -	\$ 34,431	\$ 87,106
CANCER DETECTION AND DIAGNOSIS RESEARCH	93.394	000013472	UNIVERSITY OF SOUTHERN CALIFORNIA	142510818		13,241	87,106
CANCER DETECTION AND DIAGNOSIS RESEARCH	93.394	RGPO12626	DANA-FARBER CANCER INSTITUTE	1308002		39,434	87,106
CANCER RESEARCH MANPOWER	93.398	TGF010052				217,169	605,202
CANCER RESEARCH MANPOWER	93.398	TGF011511			18,148	145,247	605,202
CANCER RESEARCH MANPOWER	93.398	TGF011638				242,786	605,202
CANCER TREATMENT RESEARCH	93.395	000012965	CHILDREN'S HOSPITAL OF PHILADELPHIA	2U10CA180866		61,366	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013023	CHILDREN'S HOSPITAL OF PHILADELPHIA	FP00026529 SUB647		7,571	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013031	CHILDREN'S HOSPITAL OF PHILADELPHIA	NCTNF00026529 SUB646		8,886	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013038	CHILDREN'S HOSPITAL OF PHILADELPHIA	FP00028127_SUB24		1,375	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013563	CHILDREN'S HOSPITAL OF PHILADELPHIA	RAS		192,334	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013564	CHILDREN'S HOSPITAL OF PHILADELPHIA	RAS		16,080	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013565	CHILDREN'S HOSPITAL OF PHILADELPHIA	RAS		221,833	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013566	CHILDREN'S HOSPITAL OF PHILADELPHIA	RAS		24,869	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013632	CHILDREN'S HOSPITAL OF PHILADELPHIA	FP00026529 SUB 670		7,719	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013654	CHILDREN'S HOSPITAL OF PHILADELPHIA	RAS		52,201	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013700	CHILDREN'S HOSPITAL OF PHILADELPHIA	FP00026529-SUB666		17,497	3,879,597
CANCER TREATMENT RESEARCH	93.395	000013730	CHILDREN'S HOSPITAL OF PHILADELPHIA	FP00026529 SUB681		6,076	3,879,597
CANCER TREATMENT RESEARCH	93.395	RCZ008632	ST. JUDE CHILDREN'S HOSPITAL	110068190-77		55,233	3,879,597
CANCER TREATMENT RESEARCH	93.395	RCZ010332	CHILDREN'S HOSPITAL OF PHILADELPHIA	SUB83 UM1CA097452		3,218	3,879,597
CANCER TREATMENT RESEARCH	93.395	RCZ010388	CHILDREN'S HOSPITAL OF PHILADELPHIA	ALTE1621 NIH		5,419	3,879,597
CANCER TREATMENT RESEARCH	93.395	RCZ010962	ST. JUDE CHILDREN'S HOSPITAL	SUB: 1100681907761550		(5,734)	3,879,597
CANCER TREATMENT RESEARCH	93.395	RCZ012248	CHILDREN'S HOSPITAL OF PHILADELPHIA	FP00025505_SUB01_01		36,972	3,879,597
CANCER TREATMENT RESEARCH	93.395	RCZ012642	CHILDREN'S HOSPITAL OF PHILADELPHIA	PO 20083441-RSUB		68,690	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF009394			(17,969)	311,539	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011024			344,529	344,529	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011025			186,480	297,298	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011025			90,905		3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011026				34,626	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011027			137,747	208,181	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011027			12,329		3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011028				16,233	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011029			33,898	144,172	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011030			77,312	91,786	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011774			15,500	677,382	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO06995	NATIONAL CHILDHOOD CANCER FOUNDATION	SUB: 021165		4,201	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO08478	CHILDREN'S HOSPITAL OF PHILADELPHIA	SUB855		2,345	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO08993				8,624	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO09751	DANA-FARBER CANCER INSTITUTE	1279002		(2,080)	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO09834				63,368	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO09837				(21,266)	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO10998	SEATTLE CHILDREN'S HOSPITAL	11993SUB		70,103	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO11161	NANOVALENT PHARMACEUTICALS, INC.	RGPO11161-A		465,072	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGPO11242	UNIVERSITY OF CALIFORNIA, LOS ANGELES	1645 G VA144		157,349	3,879,597

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CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
CANCER TREATMENT RESEARCH	93.395	RGF011507	UNIVERSITY OF HAWAII HILO	NCT01587300	\$ -	\$ 53,755	\$ 3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011508	UNIVERSITY OF HAWAII HILO	RAS		77,414	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF012044	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11909SUB		93,663	3,879,597
CANCER TREATMENT RESEARCH	93.395	RGF011024				(302)	3,879,597
CARDIOVASCULAR DISEASES RESEARCH	93.837	000012718				103,733	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	000012751				141,611	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	000012961				52,373	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RCZ009398	NEW ENGLAND RESEARCH INSTITUTE	PHN SVRIII		12,924	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RCZ011449	NEW ENGLAND RESEARCH INSTITUTE	PROTOCOL: FUELOLE		19,697	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF010261				3,842	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF010339			40,861	294,645	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF010339			89,614		1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF010515			8,029	204,256	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF011524			206,250	675,979	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF009195	UNIVERSITY OF CALIFORNIA, LOS ANGELES	1900GUA537		5,942	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF009436	YALE UNIVERSITY	GR101456 (CO		5,865	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF010713	YALE UNIVERSITY	GR103094		43,367	1,586,156
CARDIOVASCULAR DISEASES RESEARCH	93.837	RGF011637	CINCINNATI CHILDREN'S HOSPITAL MED. CTR.	FP00001653 PCGC DOWNS SUP		21,922	1,586,156
CENTERS FOR DISEASE CONTROL AND PREVENTION INVESTIGATIONS AND TECHNICAL ASSISTANCE	93.283	000012976	BOSTON CHILDREN'S HOSPITAL	0001758442		2,670	38,928
CENTERS FOR DISEASE CONTROL AND PREVENTION INVESTIGATIONS AND TECHNICAL ASSISTANCE	93.283	RCP010746	LEIDOS BIOMEDICAL RESEARCH INC.	SUB: 17X144Q		20,303	38,928
CENTERS FOR DISEASE CONTROL AND PREVENTION INVESTIGATIONS AND TECHNICAL ASSISTANCE	93.283	SGP009759	CENTER FOR COMPREHENSIVE CARE & DIAGNOSI	CIBDIX2015CDC-CHLA-5		15,955	38,928
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000012977	NATIONWIDE CHILDREN'S HOSPITAL	700171-0720-00		973	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000012747				25,099	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000012790	CINCINNATI CHILDREN'S HOSPITAL MED. CTR.	307942		71,179	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013029	NATIONWIDE CHILDREN'S HOSPITAL	700171-0720-00		1,163	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013077	UNIVERSITY OF SOUTHERN CALIFORNIA	134692388		10,562	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013292	NATIONWIDE CHILDREN'S HOSPITAL	700171-0720-00		5,668	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013316	CHILDREN'S HOSPITAL OF PHILADELPHIA	GRT-00000230 PO21231731		30,699	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013317			15,321	94,063	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013335	CHILDREN'S NATIONAL MEDICAL CENTER	30005566-02		4,673	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013343			2,712	57,461	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013510				82,930	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013556				124,681	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	000013763				140,890	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF008963				303,235	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF009124					4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF009152			(1,567)		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF009152			62,909		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF009152			118,863		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF009152			93,150	360,705	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF010326				27,816	4,202,393

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DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF010833			\$ -	\$ 814	\$ 4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011226			42,206	679,829	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011226			128,389		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011226			106,283		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011226			133,743		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011336			28,120	301,840	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011336			36,569		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011717			12,813	391,709	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF011717			17,056		4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF012063				424,599	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF012098				48,814	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGF012543			4,043	7,170	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP008561	TULANE UNIVERSITY	TULHSC555630-18/19		13,474	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP009917	CHILDREN'S HOSPITAL OF PHILADELPHIA	SUB: 3200880522		133	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP010392	CHILDREN'S HOSPITAL OF PHILADELPHIA	3200870519		7,928	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP010625	FRIENDS RESEARCH INSTITUTE INC.	5117718		133,145	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP010810	MINNESOTA HEALTH SOLUTIONS	MHS18-RIPVENT-08			4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP010831	FLORIDA STATE UNIVERSITY	R000002665		96,709	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP010857	UNIVERSITY OF TEXAS SOUTHWESTERN MED CTR	GMO160101		28,394	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP011334	CHILDREN'S HOSPITAL OF WISCONSIN	PO#203405445		113,629	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP011579	LURIE CHILDREN'S HOSPITAL OF CHICAGO	901558—CHILDREN'S HOSP.		21,700	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP012181	FLORIDA STATE UNIVERSITY	R02095		819	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP012211	UNIVERSITY OF SOUTHERN CALIFORNIA	115308716		18,410	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP012511	UNIVERSITY OF CALIFORNIA, DAVIS	A17-0003-S005-A02		73,611	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RGP012537	MAYO CLINIC	CHI-267654/PO 67301435		391,117	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	RSU009388	UNIVERSITY OF CALIFORNIA, DAVIS	SUB: 20160139105		(5,093)	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	TGF011910				112,082	4,202,393
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	TGP008588	UNIVERSITY OF UTAH	SUB: 10034012CHLA		(237)	4,202,393
COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH THROUGH SCHOOL-BASED HIV/STD PREVENTION AND SCHOOL-BASED SURVEILLANCE	93.079	000013424				103,989	342,325
COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH THROUGH SCHOOL-BASED HIV/STD PREVENTION AND SCHOOL-BASED SURVEILLANCE	93.079	TGF011352				238,336	342,325
COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH THROUGH SCHOOL-BASED HIV/STD PREVENTION AND SCHOOL-BASED SURVEILLANCE	93.790	SGP012547	CALIFORNIA INST. BEHAVIORAL HEALTH SOLU	0002434	15,500	234,461	234,461
COOPERATIVE AGREEMENTS TO PROMOTE ADOLESCENT HEALTH THROUGH SCHOOL-BASED HIV/STD PREVENTION AND SCHOOL-BASED SURVEILLANCE	93.790	SGP012547	CALIFORNIA INST. BEHAVIORAL HEALTH SOLU	0002434	66,019		234,461
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	000012745			8,480	254,959	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	000012794	EPIGEN BIOSCIENCES, INC.	00010721-000012794		33,028	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	000012807	VISIONARY PHARMACEUTICALS	110		87,829	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	000013058	MIMETAS	51511		26,120	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	000013440				9,372	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RCX003941				82,152	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RCZ006416				167	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RCZ008591				(127)	4,538,593

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DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RCZ011015	ARBOR RESEARCH COLLABORATIVE FOR HEALTH	CHLA1700320	\$ -	\$ 506	\$ 4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF005492				248	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF008571				(19,837)	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF009695				(62,801)	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF010398				(3,747)	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF010633				176,562	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF010786			109,973	672,493	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF010990				504	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF011634			41,963	414,899	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF011634			11,670		4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF011684			12,634	743,276	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF011685			118,728	428,546	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF011685			11,249		4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF011799				434,758	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF011923			42,722	340,110	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132				463,875	4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	RGF012132					4,538,593
DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH	93.286	000012699			14,513	165,667	249,324
DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH	93.286	000013013				83,657	249,324
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000012737				231,587	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000013095	UNIVERSITY OF CALIFORNIA, LOS ANGELES	1935 G YA097		35,901	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000013208			2,816	91,340	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000013208			10,594		4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000013347	UNIVERSITY OF PITTSBURGH	AWD00001273 (133662-2)		8,103	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000013439				93,610	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000013764	UNIVERSITY OF CALIFORNIA, SAN DIEGO	704033		1,720	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	000013765	SAN DIEGO STATE UNIVERSITY RESCH. FOUND.	704034		2,994	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF009146			17,979	280,331	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF009146			9,493		4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF009209			659,142	659,142	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF009209			772,076		4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF011158				105,422	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF011319				(10,246)	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF012526			36,732	1,703,393	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF012526			52,958		4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF012542			33,722	1,326,649	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF012667			49,046	102,015	4,818,331

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DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGPO10391	DREXEL UNIVERSITY	N/A	\$ -	\$ (22,858)	\$ 4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGPO12005	REGENTS OF THE UNIV. OF CALIFORNIA	121643071 (S9002388)		59,918	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGPO12034	DREXEL UNIVERSITY	800182		503,751	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGPO12237	UNIVERSITY OF PITTSBURGH	AWD00001273 (133661-2)		6,412	4,818,331
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	RGF009209				(360,853)	4,818,331
ENVIRONMENTAL HEALTH	93.113	000012884			39,157	231,907	274,861
ENVIRONMENTAL HEALTH	93.113	000013397	USC—KECK SCHOOL OF MEDICINE (KSOM)	133881487		11,698	274,861
ENVIRONMENTAL HEALTH	93.113	RGPO09643	COLUMBIA UNIVERSITY	SUB: 1GG008455-25		(2,161)	274,861
ENVIRONMENTAL HEALTH	93.113	RGPO12094	UNIVERSITY OF SOUTHERN CALIFORNIA	139160576		15,761	274,861
ENVIRONMENTAL HEALTH	93.113	RGPO12377	UNIVERSITY OF SOUTHERN CALIFORNIA	PO# 50900923 _133242229		17,656	274,861
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	000012753	COLUMBIA UNIVERSITY	6(GG015970-01)		18,097	928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	000013147			4,781		928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	000013147			30,155		928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	000013147			29,049	322,122	928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	000013147			25,886		928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	000013150			53,720	246,794	928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	000013150			18,642		928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	RCZ009383	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	SUB: 9797SC		76,724	928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	RCZ011214	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	SUB: 9797SC		185	928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	RGF011317				233,877	928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	RGPO09326	UNIVERSITY OF PITTSBURGH	CNVA00050115 (134296-1)		10,671	928,080
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	RGPO11234	UNIVERSITY OF PITTSBURGH	0050115 (131442-5)		19,610	928,080
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	000013461				114,913	1,642,323
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	000013562				(44,000)	1,642,323
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	RGF011519			19,765	349,794	1,642,323
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	RGF011519			127,879		1,642,323
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	RGF011519			51,140		1,642,323
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	RGF011721			36,517	1,212,508	1,642,323
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	RGF011721			8,156		1,642,323
FOOD AND DRUG ADMINISTRATION_RESEARCH	93.103	RGPO09645	NEW YORK MEDICAL COLLEGE	L-11,862		9,108	1,642,323
HEAD START	93.600	SGPO09678	UNIVERSITY OF SOUTHERN CALIFORNIA	PO 10522217 68797148		23,859	23,859
LUNG DISEASES RESEARCH	93.838	000013002				9,965	1,400,274

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DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
LUNG DISEASES RESEARCH	93.838	000013276			\$ -	\$ 1,453	\$ 1,400,274
LUNG DISEASES RESEARCH	93.838	000013619	MINNESOTA HEALTH SOLUTIONS	MHS-20NIVMASK1-14		24,259	1,400,274
LUNG DISEASES RESEARCH	93.838	000013767	UNIVERSITY OF SOUTHERN CALIFORNIA	140914014		6,488	1,400,274
LUNG DISEASES RESEARCH	93.838	RCZ007942	CHILDREN'S HOSPITAL BOSTON	SUB: 74159		7,418	1,400,274
LUNG DISEASES RESEARCH	93.838	RCZ009996	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11363SUB		(2,378)	1,400,274
LUNG DISEASES RESEARCH	93.838	RGF008440				8,959	1,400,274
LUNG DISEASES RESEARCH	93.838	RGF010323			15,660	477,490	1,400,274
LUNG DISEASES RESEARCH	93.838	RGF010323			8,930		1,400,274
LUNG DISEASES RESEARCH	93.838	RGF010739			320,982	702,346	1,400,274
LUNG DISEASES RESEARCH	93.838	RGF010762			18,359	100,285	1,400,274
LUNG DISEASES RESEARCH	93.838	RGF011093	UNIVERSITY OF SOUTHERN CALIFORNIA	N/A		63,155	1,400,274
LUNG DISEASES RESEARCH	93.838	SGP012491	CHILDREN'S HOSPITAL OF PHILADELPHIA	3201160619		834	1,400,274
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	RGF010079	MASSACHUSETTS GENERAL HOSPITAL	226858		(210)	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	TGF011266				222,069	2,106,658
MENTAL HEALTH RESEARCH GRANTS	93.242	000013420				183,993	1,643,709
MENTAL HEALTH RESEARCH GRANTS	93.242	000013422				271,677	1,643,709
MENTAL HEALTH RESEARCH GRANTS	93.242	RGF011256				196,440	1,643,709
MENTAL HEALTH RESEARCH GRANTS	93.242	RGF011590				945,250	1,643,709
MENTAL HEALTH RESEARCH GRANTS	93.242	RGF009315	UNIVERSITY OF SOUTHERN CALIFORNIA	64280435		(392)	1,643,709
MENTAL HEALTH RESEARCH GRANTS	93.242	RGF009351	VANDERBILT UNIVERSITY	UNIV58459		44,538	1,643,709
MENTAL HEALTH RESEARCH GRANTS	93.242	RGF011598	BROWN UNIVERSITY	00001273		117	1,643,709
MENTAL HEALTH RESEARCH GRANTS	93.242	RGF012675	BEHAVIOR IMAGING	N/A		2,086	1,643,709
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	000013266	DARTMOUTH-HITCHCOCK	GC10358-04-DGR15294		42,515	760,990
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	RGF011683				535,213	760,990
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	RGF010351	UNIVERSITY OF CALIFORNIA, LOS ANGELES	1557GV8076		168,174	760,990
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	RGF010417	UNIVERSITY OF SOUTHERN CALIFORNIA	1R01MD012252		1,075	760,990
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	RGF011306	COLUMBIA UNIVERSITY	8(GG011834-04)		14,013	760,990
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013153	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		1,235	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013154	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		58,955	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000012894	UNIVERSITY OF SOUTHERN CALIFORNIA	PO #50940321		5,992	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013153	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		46,499	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013154	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		13,538	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013155	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		69,002	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013156	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		176,005	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013158	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		553,165	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013159	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		3,284	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013160	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		926	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013161	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390			1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013163	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		3,000	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013164	UNIVERSITY OF SOUTHERN CALIFORNIA	133292390		1,166	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013367				30,414	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013382	UNIVERSITY OF SOUTHERN CALIFORNIA	81341895		26,809	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013388	UNIVERSITY OF SOUTHERN CALIFORNIA	81341895		12,805	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013399	UNIVERSITY OF SOUTHERN CALIFORNIA	PO# 50928932		15,552	1,314,492

(Continued)

CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013407	UNIVERSITY OF SOUTHERN CALIFORNIA	50910882	\$ -	\$ 31,818	\$ 1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013552	UNIVERSITY OF SOUTHERN CALIFORNIA	50910245		1,937	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013714	SEATTLE CHILDREN'S RESEARCH INSTITUTE	12505SUB		15,890	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	000013785	UNIVERSITY OF SOUTHERN CALIFORNIA	143246855		17,099	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RCZ012016	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11877SUB-12154SUB		107,607	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF008639				(1,707)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF008640				(956)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGN011544	USC - CTSI	PO 50689695		(259)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF006854	USC - CTSI	SUB: H50980		109	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF010039	USC - CTSI	SUB: 81987152		929	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF010041	USC - CTSI	UL1TR001855		1,163	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF010042	USC - CTSI	UL1TR000130		7,337	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF010151	UNIVERSITY OF SOUTHERN CALIFORNIA	SUB: 92097761		7,516	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF010611	UNIVERSITY OF CALIFORNIA, IRVINE	2018-3630		65,674	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF010853	UNIVERSITY OF SOUTHERN CALIFORNIA	50619324		(2,705)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF010901	USC - CTSI	SUB: 81987152		5,455	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011485	UNIVERSITY OF SOUTHERN CALIFORNIA	SUL1TR001855		41	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011486	UNIVERSITY OF SOUTHERN CALIFORNIA	SUL1TR001855		(368)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011487	UNIVERSITY OF SOUTHERN CALIFORNIA	RAS		(8,036)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011488	UNIVERSITY OF SOUTHERN CALIFORNIA	RAS		(248)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011489	UNIVERSITY OF SOUTHERN CALIFORNIA	RAS		19	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011490	UNIVERSITY OF SOUTHERN CALIFORNIA	RAS		837	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011493	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		1,095	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011494	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		975	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF011495	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152			1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012382	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		3,874	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012383	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		3,668	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012384	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		(121)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012385	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		4,431	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012386	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		8,289	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012387	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		2,108	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012388	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		17,584	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012389	UNIVERSITY OF SOUTHERN CALIFORNIA	81987152		(3,427)	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012390	UNIVERSITY OF SOUTHERN CALIFORNIA	SC CTSI VOUCHER 2		2,970	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	RGF012392	UNIVERSITY OF SOUTHERN CALIFORNIA	SC CTSI VOUCHER 4		4,499	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	TGP012464	UNIVERSITY OF SOUTHERN CALIFORNIA	81341895/118895911		1,048	1,314,492
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	TGP012465	UNIVERSITY OF SOUTHERN CALIFORNIA	81341895/118895911			1,314,492
NATIONAL INSTITUTE ON DEAFNESS AND OTHER COMMUNICATION DISORDERS	93.173	RGF009120				206,853	206,853
NURSING RESEARCH	93.361	RGF009730	MASSACHUSETTS GENERAL HOSPITAL	229712		22,111	103,988
NURSING RESEARCH	93.361	RGF011275	CHILDREN'S HOSPITAL OF PHILADELPHIA	3201511123/PO# 20043698		81,877	103,988
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGF008680	UNIVERSITY OF SOUTHERN CALIFORNIA	SUB: SAS3325749		195,452	440,350
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGF009337	UNIVERSITY OF SOUTHERN CALIFORNIA	SUB: 64742091		143,775	440,350
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGF011146	SEATTLE CHILDREN'S HOSPITAL	11958SUB		(14)	440,350
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGF011202	SEATTLE CHILDREN'S RESEARCH INSTITUTE	SUB: 11721SUB		40,118	440,350

(Continued)

CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGP012212	UNIVERSITY OF UTAH	10044863-14	\$ -	\$ 12,009	\$ 440,350
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGP012243	UNIVERSITY OF SOUTHERN CALIFORNIA	64742091		21,947	440,350
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGP012287	SEATTLE CHILDREN'S HOSPITAL	11849SUB		1,029	440,350
ORAL DISEASES AND DISORDERS RESEARCH	93.121	RGP012356	SEATTLE CHILDREN'S HOSPITAL	12281SUB		26,034	440,350
RARE DISORDERS: RESEARCH, SURVEILLANCE, HEALTH PROMOTION, AND EDUCATION	93.315	RGF012021				58,609	72,393
RARE DISORDERS: RESEARCH, SURVEILLANCE, HEALTH PROMOTION, AND EDUCATION	93.315	RGF012146				13,784	72,393
RESEARCH ON HEALTHCARE COSTS, QUALITY AND OUTCOMES	93.226	000013318	USC - KECK SCHOOL OF MEDICINE (KSOM)	133279571		25,613	(145,463)
RESEARCH ON HEALTHCARE COSTS, QUALITY AND OUTCOMES	93.226	RCZ011883				(9,605)	(145,463)
RESEARCH ON HEALTHCARE COSTS, QUALITY AND OUTCOMES	93.226	RCZ011890				(161,471)	(145,463)
TRANS-NIH RESEARCH SUPPORT	93.310	RGP009855	COLUMBIA UNIVERSITY	1GG101662-01		23,668	23,681
TRANS-NIH RESEARCH SUPPORT	93.310	RGP012126	MASSACHUSETTS GENERAL HOSPITAL	233284		13	23,681
VISION RESEARCH	93.867	RGF009411				(11,014)	222,448
VISION RESEARCH	93.867	RGP010247	UNIVERSITY OF SOUTHERN CALIFORNIA	79612331		8,582	222,448
VISION RESEARCH	93.867	TGF012129				224,880	222,448
Total Department of Health and Human Services					<u>5,960,704</u>	<u>36,927,552</u>	
Total Research and Development Cluster					<u>6,066,564</u>	<u>37,929,472</u>	
HEALTH CENTER PROGRAM CLUSTER							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
CONSOLIDATED HEALTH CENTERS (COMMUNITY HEALTH CENTERS, MIGRANT HEALTH CENTERS, HEALTH CARE FOR THE H	93.224	000012931	NORTHEAST VALLEY HEALTH CORPORATION	N/A		217,064	339,854
CONSOLIDATED HEALTH CENTERS (COMMUNITY HEALTH CENTERS, MIGRANT HEALTH CENTERS, HEALTH CARE FOR THE H	93.224	000013295	NORTHEAST VALLEY HEALTH CORPORATION	N/A		212,137	339,854
CONSOLIDATED HEALTH CENTERS (COMMUNITY HEALTH CENTERS, MIGRANT HEALTH CENTERS, HEALTH CARE FOR THE H	93.224	SGP012121	NORTHEAST VALLEY HEALTH CORPORATION	H80CS00139		(89,347)	339,854
Total Department of Health and Human Services					<u>-</u>	<u>339,854</u>	
Total Health Center Program Cluster					<u>-</u>	<u>339,854</u>	

(Continued)

CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
PROGRAMS NOT CLUSTERED							
DEPARTMENT OF JUSTICE							
CRIME VICTIM ASSISTANCE	16.575	000013135	CAL OES (OFFICE OF EMERGENCY SERVICES)	HX20 19 1185	\$ 6,000	\$ 393,534	\$ 479,970
CRIME VICTIM ASSISTANCE	16.575	000013135	CAL OES (OFFICE OF EMERGENCY SERVICES)	HX20 19 1185	119,167		479,970
CRIME VICTIM ASSISTANCE	16.575	000013345	CHILDREN'S ADVOCACY CENTERS OF CALIFORNI	CACC		61,025	479,970
CRIME VICTIM ASSISTANCE	16.575	SGG012501	CAL OES (OFFICE OF EMERGENCY SERVICES)	HX19 18 1185	1,918	25,411	479,970
CRIME VICTIM ASSISTANCE	16.575	SGG012501	CAL OES (OFFICE OF EMERGENCY SERVICES)	HX19 18 1185	21,667		479,970
Total Department of Justice					148,752	479,970	
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	000012715	UNIVERSITY OF FLORIDA	SUB00001875		5,877	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	000012906				212,392	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	RGP008083	CENTER FOR COMPREHENSIVE CARE & DIAGNOSI	PROGINC 340B		370,300	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	SGP007645	CENTER FOR COMPREHENSIVE CARE & DIAGNOSI	CIBDIX2012HRSA-CHLA-9		51,645	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	TGF009673				762,780	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	TGF010274				475,424	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	TGF010929				6,381	2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	TGF010929			5,866		2,106,658
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	TGP010492	UNIVERSITY OF CALIFORNIA, LOS ANGELES	T76MC00014 1638XUA131			2,106,658
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	000013344	CALIFORNIA DEPT. OF PUBLIC HEALTH	20-10576		175,828	181,314
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	SCS010578	CALIFORNIA DEPT. OF PUBLIC HEALTH	17-10133A01			181,314
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	SCS011659	CALIFORNIA DEPT. OF PUBLIC HEALTH	17-10133		5,486	181,314
AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	93.092	SGF009994			1,488		727,340
AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	93.092	SGF009994			394,695		727,340
AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	93.092	SGF009994			2,083		727,340
AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	93.092	SGF009994			7,500	727,340	727,340
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	000013370	SIERRA HEALTH FOUNDATION	CA20MAT190		48,899	48,899
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	SCG012415	LOS ANGELES COUNTY	H-707261		270,401	682,301
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	SCG012432	LOS ANGELES COUNTY	PH-002767		313,431	682,301
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	SCG012448	LOS ANGELES COUNTY	PH-003020		98,469	682,301
BLOOD DISORDER PROGRAM: PREVENTION, SURVEILLANCE, AND RESEARCH COORDINATED SERVICES AND ACCESS TO RESEARCH FOR WOMEN, INFANTS, CHILDREN, AND YOUTH	93.080	000013588	CENTER FOR COMPREHENSIVE CARE & DIAGNOSI	CIBDIX2020CDC-CHLA-01		27,151	27,151
EMERGENCY MEDICAL SERVICES FOR CHILDREN	93.153	SCG010926	UNIVERSITY OF CALIFORNIA, LOS ANGELES	N/A		69,843	69,843
GRADUATE PSYCHOLOGY EDUCATION PROGRAMS	93.127	000012740	SEATTLE CHILDREN'S RESEARCH INSTITUTE	12172SUB		117,898	117,898
GRADUATE PSYCHOLOGY EDUCATION PROGRAMS	93.191	TGF009493				(195,736)	341,494
GRADUATE PSYCHOLOGY EDUCATION PROGRAMS	93.191	TGF012333				537,230	341,494
HEALTH EDUCATION TRAINING CENTERS CONTINUING EDUCATIONAL SUPPORT FOR HEALTH PROFESSIONALS SERVING IN UNDERSERVED COMMUNITIES	93.189	000012972	BOSTON CHILDREN'S HOSPITAL	K08HS26503		1,715	1,715
HIV CARE FORMULA GRANTS	93.917	SCG000183	L.A. CO. OAPP	H210841		338	338
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914	SCS007752	LOS ANGELES COUNTY	PH002337		7,810	7,810
HIV PREVENTION ACTIVITIES HEALTH DEPARTMENT BASED	93.940	SCG010256	CALIF DEPT OF HEALTH SERVICES	PH-003081-W1		2,609	761,088
HIV PREVENTION ACTIVITIES HEALTH DEPARTMENT BASED	93.940	SCS006549	OFFICE OF AIDS PROGRAMS AND POLICY	PH0008081		(8,752)	761,088
HIV PREVENTION ACTIVITIES HEALTH DEPARTMENT BASED	93.940	SCS009399	L.A. COUNTY DEPT. OF PUBLIC HEALTH	PH003436	83,449	767,231	761,088
NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS	93.889	8887-BIOTERRORISM				401,562	401,562

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CHILDREN'S HOSPITAL LOS ANGELES

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned by Funder Pass-Through Entity	Total Amount Provided to Sub-recipients	Federal Expenditures	Federal Program Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
NURSE EDUCATION, PRACTICE QUALITY AND RETENTION GRANTS	93.359	TGP011640	ALTAMED HEALTH SERVICES CORPORATION	N/A	\$ -	\$ 52,819	\$ 69,033
NURSE EDUCATION, PRACTICE QUALITY AND RETENTION GRANTS	93.359	TGP012047	ALTAMED HEALTH SERVICES CORPORATION	ANEW SUBCONTRACT		16,214	69,033
PUBLIC HEALTH SERVICE EVALUATION FUNDS	93.343	000013363			130,075	316,443	316,443
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	000012875				350,340	1,548,781
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	SGF010950				375,252	1,548,781
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	SGF011354				439,993	1,548,781
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	SGF012204				359,880	1,548,781
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	SGP010259	ST. JOHN'S WELL CHILD & FAMILY CENTER	TRANS*WSR		(95)	1,548,781
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	TGP010582	SUFFOLK UNIVERSITY	SUB: 165603610213		23,411	1,548,781
UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES EDUCATION, RESEARCH, AND SERVICE	93.632	SGF010830				588,166	588,166
COVID-19 PROVIDER RELIEF FUND - EXPENSE	93.498					17,834,986	25,107,293
COVID-19 PROVIDER RELIEF FUND - LOST REVENUE	93.498					<u>7,272,307</u>	25,107,293
Total Department of Health and Human Services					<u>625,157</u>	<u>32,883,268</u>	
Total Programs Not Clustered					<u>773,908</u>	<u>33,363,238</u>	
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>\$6,840,472</u>	<u>\$71,632,564</u>	

(Concluded)

CHILDREN'S HOSPITAL LOS ANGELES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes federal grant activity under federal government programs of Children's Hospital of Los Angeles for the year ended June 30, 2021. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.

2. EQUIPMENT EXPENDITURES

All capital expenditures are charged in the period in which the expenditure is incurred or as otherwise determined appropriate by and negotiated with the awarding agency.

3. PASS-THROUGH AWARDS

The Hospital receives certain federal awards from pass-through agencies where the amounts are commingled by the pass-through agency with other nonfederal funds and cannot be separately identified. The total amount of pass-through awards is included in the schedule of expenditures of federal awards.

4. SUBRECIPIENTS

The Hospital also provided federal awards to subrecipients, of which the amounts are presented in the schedule of expenditures of federal awards.

5. INDIRECT RATE

The Hospital has not elected to use 10% de minimis indirect cost rate.

6. CREDIT BALANCES

Net credit balances in the expenditures column are the result of timing differences from effective dates of awards to when the Hospital receives award notices, delays in receiving no-cost extensions, and supplemental expenditures and do not represent overbillings or overpayments on such awards. As a result of these circumstances, total federal expenditures of \$71,632,564 is shown net of \$1,233,151 of credit balances for the year ended June 30, 2021.

7. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

The Hospital has received donated personal protective equipment from the Los Angeles County Emergency Medical Services Agency through the Hospital Preparedness Program during the year ended June 30, 2020, purchased with federal assistance funds and has a fair value of approximately \$474 thousand. No donated personal protective equipment was received during the year ended June 30, 2021.

8. PROVIDER RELIEF FUNDS

Provider Relief Funds (CFDA 93.498)—The Hospital recognized revenue for reimbursements of expenditures and lost revenues from the U.S. Department of Health and Human Services (“HHS”) pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) Provider Relief Fund (“PRF”) program totaling \$97.5 million and \$26.6 million during the years ended June 30, 2021 and 2020, respectively, including \$0 and \$1.5 million of amounts receivable as of June 30, 2021 and June 30, 2020, respectively. Based on HHS Post-Payment Notice of Reporting Requirements, the Hospital submitted, on October 5, 2021, through the PRF reporting portal a total of \$17.8 million of PRF expenditures and \$7.3 million of lost revenues for payments received during Reporting Period 1 (defined by HHS as the period from April 10, 2020 through June 30, 2020, with a deadline to use the funds by June 30, 2021, and a deadline to submit through the reporting portal by November 30, 2021 (inclusive of a 60 day grace period). Any payments received subsequent to June 30, 2020 are subject to inclusion in the PRF reporting portal and in the schedule of expenditures of federal awards in periods subsequent to the Hospital’s fiscal year ended June 30, 2021, with the next Reporting Period 2 defined by HHS as the period from July 1, 2020 through December 31, 2020, with a deadline to use the funds by December 31, 2021, and a deadline to submit through the reporting portal by March 31, 2022.

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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*

To the Board of Directors of
Children's Hospital Los Angeles:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to consolidated financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Children's Hospital Los Angeles and its subsidiaries (the "Hospital"), which comprise the consolidated balance sheet as of June 30, 2021, and the related consolidated statements of activities, 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 November 18, 2021.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hospital's consolidated 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 their 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 consolidated 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.

Deloitte + Touche WP

November 18, 2021



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INDEPENDENT AUDITOR'S 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

To the Board of Directors of
Children's Hospital Los Angeles:

Report on Compliance for Each Major Federal Program

We have audited Children's Hospital Los Angeles (the "Hospital") compliance with the types of compliance requirements described in the US Office of Management and Budget *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, 2021. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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) 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 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 their major federal programs for the year ended June 30, 2021.

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 preceding paragraph 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 Children's Hospital Los Angeles (the "Hospital") as of and for the year ended June 30, 2021, and have issued our report thereon dated November 18, 2021, 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 as required by the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplemental schedule 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 supplemental schedule 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 supplemental schedule 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 supplemental schedule is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Deloitte + Touche WP

May 19, 2022

CHILDREN'S HOSPITAL LOS ANGELES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to consolidated financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Uniform Grant Guidance? _____ yes X no

Identification of major program:

CFDA Number(s)

93.498

Name of Federal Program or Cluster

Provider Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs

\$2,148,977

- Auditee qualified as low risk auditee? X yes _____ no

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.